Centre for Affordable Housing Finance in Africa

2017 YEARBOOK

HOUSING FINANCE IN AFRICA

A review of some of Africa's housing finance markets

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Centre for Affordable Housing Finance in Africa

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

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

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

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

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

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As African cities continue to grow, investors, financiers, and developers are increasingly interested in the opportunity. What does it look like? Where can it be found? What are the risks? And how can they be managed? The potential impact of investment in housing is obvious. **Good housing makes for good economies and healthy families, and the need is significant.** Housing affordability continues to be the key challenge, on both the finance and construction side. How do we bring the cost of housing closer to the affordability of the market? The answers can be found along the entire housing value chain.

Five things characterize the African housing market today. We see **increasing investor interest,** with a number of funds being established and projects being pursued, both by international and domestic capital. However, investors are tentative and continue to focus on higher value housing. **Poor targeting** has resulted in some projects not achieving their return expectations, as developers struggle to sell units. Whether this is dampening enthusiasm for the market is not clear, but the real loss is in the opportunity that exists. In this space, **scale is insufficient:** the housing projects currently underway across the continent are not even beginning to address the breadth of potential demand. One area in which there are interesting developments is in the **residential rental** sector: investors and developers, as well as governments are increasingly recognizing the importance of rental housing to support labour market mobility, within the bounds of affordability. The **untapped opportunity in the affordable market** is significant – if we delivered to the potential demand of households, who, in their current economies with existing finance could afford a US$7500 house, this would translate into 52 million houses across the continent. This generates almost US$400 billion of economic activity just with the construction. This is an important number around which policy makers, investors, lenders, and developers should focus their minds. What will it take?

We know it will take a lot: weaknesses exist all along the housing value chain. These are things that need to be addressed by both the public and the private sector. In terms of policy, we can already see changes – **improvements in the policy and regulatory frameworks** across Africa are evident. On the private sector side, a number of initiatives this year are demonstrating the opportunity to be found in aggregation: **Real Estate Investment Trusts,** and the **SACCO** movement are interesting mechanisms to aggregate the breadth of the demand into investable initiatives, creating new opportunities.

To support further developments in these areas, however, **we need data:** public data, private data, openly available for tracking and analysis over the long term. The housing investment imperative in Africa is clearer than ever, and the opportunity is becoming increasingly real.

About this publication

The eighth edition of the Housing Finance in Africa Yearbook covers 54 African countries and five regions – an addition of three country profiles this year. We have again sought out new data and refined our approach to the affordability graphs using household consumption expenditure as an indicator. We have been monitoring the news so that the 2017 Yearbook reflects the current situation of housing finance markets on the African continent.

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

While the general aim of the Yearbook is to offer a broad overview of housing finance and housing development in Africa, special emphasis is placed on the key challenge of housing affordability, and the critical need for housing products and finance that are explicitly targeted at the income profiles of the majority. It also creates awareness of nascent and unrealised markets which are often deemed too risky to enter. The 2017 Yearbook explicitly illustrates the investment potential and wealth of information available and highlights constraints in availability of information. A continent wide survey illustrates key characteristics of the housing and housing finance sector in Africa.

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

At the same time, not all information collected can be included in the actual document. The data is released electronically – through our newsletters and interactive dashboards on our website. An example of an interactive dashboard is our Mortgage Affordability Calculator which calculates mortgage and housing affordability in Africa using data obtained from the Yearbook process. In addition, our Housing Finance Laws and Policies in Africa dashboard is a useful repository in understanding the regulatory environment in respective countries in Africa that influence the health of housing finance markets across the continent.

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

The Housing Finance in Africa Yearbook will also be launched in French in November 2017.

Sireena Ramparsad
Centre for Affordable Housing Finance in Africa
October 2017

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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
ALCB	African Local Currency Bond Fund
AMU	Arab Maghreb Union
AMT	Akiba Mashinani Trust
ANAT	National Land Development Agency, Mauritania
ANAMIF	Central Bank of the Republic of Guinea (BCRG) and the National Agency for Microfinance
ANDF	National Agency for Domain and Land (Agence nationale du domaine et du foncier
ANGT	Agence National de Grand Travaux
ANIP	The National Private Investment Agency
ANUTTC	Agence National de l'Urbanisme, des Travaux Toppographique et du Cadastre
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
BGD	Gabonese Development Bank
BGF	Bank Financing and Management, Burundi
BHB	Benin Housing Bank
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
BNA	Banco Nacional de Angola
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)
BSCA	Sino-Congolese Bank for Africa
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
BVMAC	Bourse des Valeurs Mobilieres deL'Afrique Centrate
BVMT	BVMT Tunisian stock exchange 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
CBOS	Central Bank of Sudan
CBR	Central Bank Rate
CCD	Caisse de Dépôts et de Développement
CCEI	Common Savings and Investment Fund
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)
CFE	Centre Financier aux Entrepreneurs
C-GIDD	Canback Global Income Distribution Database
CGAP	Consultative Group to Assist the Poor
CGD	Dreal Group
CHF	Common Humanitarian Fund
CIASA	Microfinance Unit, Credit and Information Scoring Agency
CIF	Climate Investment Fund, Madagascar
CIF	Land registration certificate, Djibouti
CIS	Collective Investment Schemes
CLIFF	Community Led Infrastructure Funding Facility
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
CNTG	National Confederation of Guinea Workers
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, Djibouti
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
CREFOGA	Credit Foncier of Gabon
CREPMF	Conseil Regional de l'epargne publique et des marches financiers (Regional Council of Savings Public and Financial Markets)
CRG	Central Bank of Guinea
CRJE	China Railway Jianchang Engineering
CRI	Collateral replacement indemnity
CRRH	Caisse Regionale de Refinancement Hypothecaire (regional Mortgage Refinance Fund), WAEMU
CRT	Togolese Pension Fund
CRM	Retirement Fund of Mali
CTA	Construction technical assistance
DFI	Development Finance Institution
DFID	Department for International Development
DID	Développement International Desjardins
DISED	National Department of Statistics and Population Studies, Djibouti
DNHU	National Directorate for Housing and Urbanization
DRC	Democratic Republic of Congo
DTI	Debt to Income ratio
DUAT	Direito de Uso de Aproveitamento da Terra (right to use and benefit from land), Mozambique
EAC	East African Community
EAMU	East African Community Monetary Union
EBH	Elgin, Brown & Hamer, Namibia
EBS	Electronic Banking Services company
ECAM	Enquête Camerounaise auprès des Ménages, or Household survey, Cameroon
ECF	Enhanced Credit Facility
ECOSAT	Encadrement des Constructions sociales et aménagement des terrrains, (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
EGTI	Empresa Gastora de Terrenos Infra-estruturados
EHFC	Egyptian Housing Finance Company
EIU	Economic Intelligence Unit
eMI	Engineering Ministries
EMRC	Egyptian Mortgage Refinance Company
EMSL	Ecobank Micro Finance Institution, Sierra Leone
ENDE	National Strategy for Development
EPA	Economic Partnership Agreement
EPS	Expanded Polystyrene
EU	European Union
FAEU	Fonds d'Amenagement et d'Equipement Urbain (Urban Development and Equipment Fund), Burundi
FDH	Housing Fund, Djibouti
FDI	Foreign direct investment
FECECAM	Fédération des Caisses d'Epargne et de Crédit Agricole Mutuel
FEDEP	Federal Urban Poor
FFH	Housing Development Fund
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)
FGL	Fonds de Garantie pour le Logement
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
FOPROLOS	Fonds pour la Promotion des Logements aux Salariés
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)
FSPE	Federation Syndicale Professionnelle De L'Education
FSRA	Financial Services Regulatory Authority
FSVs	Forced sale values
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 Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
Global Findex	Global Financial Inclusion Database

GLS	Government Loan Scheme
GNDI	Gross National Disposable Income
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
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
IOSCO	International Organisation of Securities Commissions
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
LEDFC	Liberia Enterprises Development Finance Company
LFS	Labour Force Survey, Liberia
LHLDC	Lesotho Housing and Land Development Corporation
LIC	Low income country
LIS	Lands Information system
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
MICO	Oasis Mutual investment Credit
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
MLHUD	Ministry of Lands, Housing and Urban Development
MLSP	Mass Land Servicing Programme
MLWE	Ministry of Lands, Water and the Environment
MINDAF	Ministry of State Property and Land Tenure, Cameroon
MOPH	Ministério das Obras Públicas e Habitação
MOU	Memorandum of Understanding
MPD	Movement for Democracy
MRLGHD	Ministry of Regional and Local Government, Housing and Rural Development
MSMEDF	Micro Small and Medium Enterprises Development Fund, Nigeria
MTSP	Money Transfer Service Provider
MUCODEC	Mutuelle Congolaise d'épargne et de Crédit
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
NHAC	National Housing Advisory Committee
NHAG	Namibian Housing Action Group
NHBT	National Housing Bond Trust, Zambia
NHC	National Housing Corporation, Kenya and Tanzania
NHCC	National Housing and Construction Company
NHDC	National Housing Development Company, Mauritius
NHE	National Housing Enterprise, Namibia
NHF	National Housing Fund, Gabon
NHF	National Housing Fund, Nigeria
NHFC	National Housing Finance Corporation
NHP	National Housing Programme, Egypt
NIDP	National Indicative Development Plan
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
NSA	Namibia Statistics Agency
NSSA	National Social Security Authority, Zimbabwe
NSSF	National Social and Security Fund, Uganda
NUA	New Urban Agenda
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)
OMV	Open market value
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
PACIE	Industrial and Energy Competiveness Support Programme
PAICV	African Party for the Independence of Cabo Verde
PCU	Project coordination unit
PDES	Economic Social Development plan, Niger
PDU	Urban Development Programme, Mauritania
PEEDU	Projet d'eau, d'électricité et de développement urbain
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
PNDES	National Economic and Social Development Plan
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
PROCAPEC	Agence de Promotion des Caisses Populaires d'Epargne et de Crédit
PRS	Permanent Residence Scheme, Mauritius
PSC	Private Sector Credit
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
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
SNI	Societe Nationale Immobiliere, Gabon
SNI	National Building Society, Gabon
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
SONIP	Sonangol Imobiliária e Propriedade
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
SIPIM	Societe ivoirienne de promotion immobilière
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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
TOP	Temporary occupation certificate holders, Djibouti
PROM	Togolese Sponsorship Corporation (Societe Togolaise de Promotion)
UAE	United Arab Emirates
UDP	Urban Development Project
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 (US$)	United States Dollar
UTB	Union Togolaise de Banque
VAT	Value added tax
WAEMU	West African Economic Monetary Union
WAMZ	West African Monetary Zone
WALR	Weighted average lending rates
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

As African cities continue to grow, investors, financiers, and developers are increasingly interested in the opportunity. The shift towards affordable housing is evident as market participants begin to explore where they might engage. Affordable housing offers the twin rewards of economic growth and poverty alleviation, establishing a point of consensus between a wide range of players, no matter the nature of the impact they seek. As the opportunity is better quantified, and the possibility for success more readily understood, challenges remain along the entire housing value chain.

Five things characterize the African housing market today. First, we see increasing investor interest, with a number of funds being established and projects being pursued, both by international and domestic capital. The focus continues to be on higher value housing, however. Poor targeting (second) has resulted in some projects not achieving their return expectations, as developers struggle to sell units. Whether this is dampening enthusiasm for the market is not clear, but the real loss is in the opportunity that exists. In this space, (third) scale is insufficient: the housing projects currently underway across the continent are not even beginning to address the breadth of potential demand. Fourth, the residential rental sector offers an interesting potential. Investors and developers, as well as governments are increasingly recognizing the importance of rental housing to support labour market mobility, within the bounds of affordability.

And fifth: untapped opportunity. It is significant. If we delivered to the potential demand of households, who, in their current economies with existing finance could afford a US$7500 house, this would translate into 52 million houses across the continent, generating almost US$400 billion of economic activity, just with the construction. This is an important number around which policy makers, investors, lenders, and developers should focus their minds.

Investor interest

Investors are interested, but tentative. We can see their interest in the number of property investment conferences that are highlighting the residential opportunity, the number of news articles that explore the potential, and critically, the development of new funds that are looking for an angle in. However, the share of capital that investors dedicate to housing and housing-related investments is still a fraction of their wider portfolios. It is worth considering why.

A study setting out the landscape of housing investment in the East African region found both local and foreign institutional investors. Local institutional investors include commercial banks, pension funds and stock markets. The study estimates that the banking sector in East Africa has about US$1.2 billion in capital available for long term lending. Pension funds have provided over US$100 million in medium term loans to commercial banks in East Africa for mortgage lending. And while stock markets are increasingly a source of interest, their impact is limited. As a result, local capital in the East African region is a fraction of the US$42.2 billion that is estimated to be needed to address the housing delivery potential in the region.

The majority of the twenty foreign institutional investors[1] that have invested in housing in the East African region between 2000 and 2017, were Development Finance Institutions. While these institutions' focus on housing has been driven by a very real commitment to the impact potential of this sector, their hesitancy is also evident in the scale of their investments. Between 2000-2017, an estimated US$40 billion was invested by twenty foreign institutional investors. Of this, US$4 billion (10 percent) was allocated to investments that have a direct impact on the housing and housing finance sector in the EAC. The funding target was for a range of activities, including equity, lines of credit to expand mortgage lending, construction finance for developers, feasibility studies, credit guarantees, technical assistance and other measures to stimulate investor confidence. The majority was targeted at Kenya, followed by Tanzania, Uganda, Rwanda, Burundi and South Sudan.

Two main challenges exist to deepening and broadening the investment landscape in the East African region: the high cost of investor funds, and the information asymmetry in the housing finance markets in the region. These two are related: in the absence of sound data that adequately quantifies both the risk and the opportunities, investors hedge their bets by looking for higher returns.

Poor targeting and insufficient scale

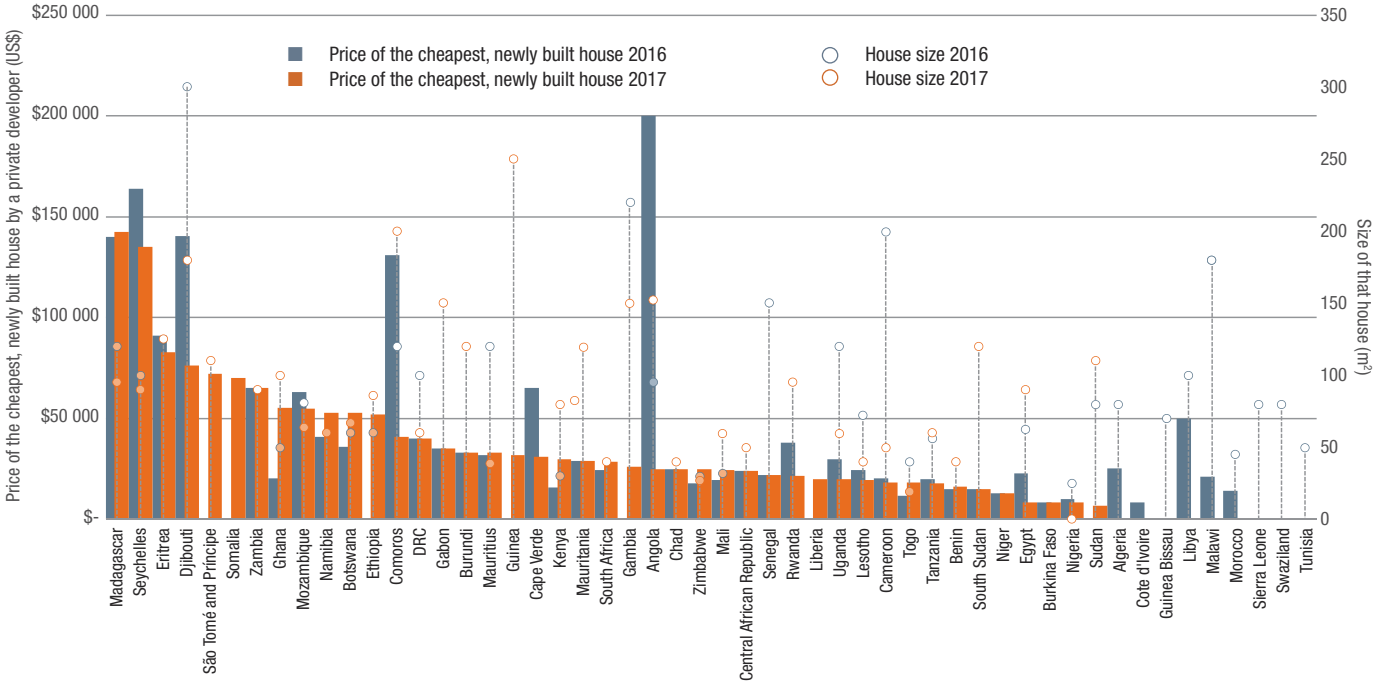
At the same time, it is not clear that the housing sector would have the ability to absorb more investment at this stage. The funds that do exist struggle to find viable projects, or developers with sufficient capacity to meet their investment terms. A simple review of housing development projects across the continent reveal a scale of development that is grossly inadequate. Shelter Afrique has noted that outside of South Africa, there are very few developers with the capacity to deliver more than 500 units per annum for more than three years. It is a classic chicken-and-egg situation: is development capacity limited by the lack of capital, or are low levels of investment a function of poor development capacity?

Where we do see scale, the efforts appear to be more dramatic than well placed. Take Angola's Kilamba development, that saw the delivery of 750 apartment blocks ranging from 5-13 floors for over 80 000 people, as well as schools, day care, clinics and shops about 30km from Luanda. Heralded as part of the government's 'Million House Programme' entry level units started at US$125 000. When the development remained largely unoccupied, the government reduced prices by 44 percent to US$70 000, and subsidised the interest rate on mortgages. What does this tell investors about the viability of what was labelled "affordable" housing delivery? Similarly, Vision City in Kigali, Rwanda, promises to deliver 22 000 units. Financed by the Rwanda Social Security Board, the project was designed for construction over eight years. The first phase of the project was completed by July this year, with about 30 percent initial occupancy. Units ranged from about US$177 000 for a two-bedroom apartment to about US$500 000 for a five-bedroom townhouse. Very soon, however, the prices were reduced by a third to encourage sales. Still, at US$124 000, the smallest unit was affordable only to 0.1 percent of the urban Rwandan population, at current mortgage rates.

[1] Kayiira, Duncan (2017) The Investment Landscape in the East African Region. Report prepared for CAHF.

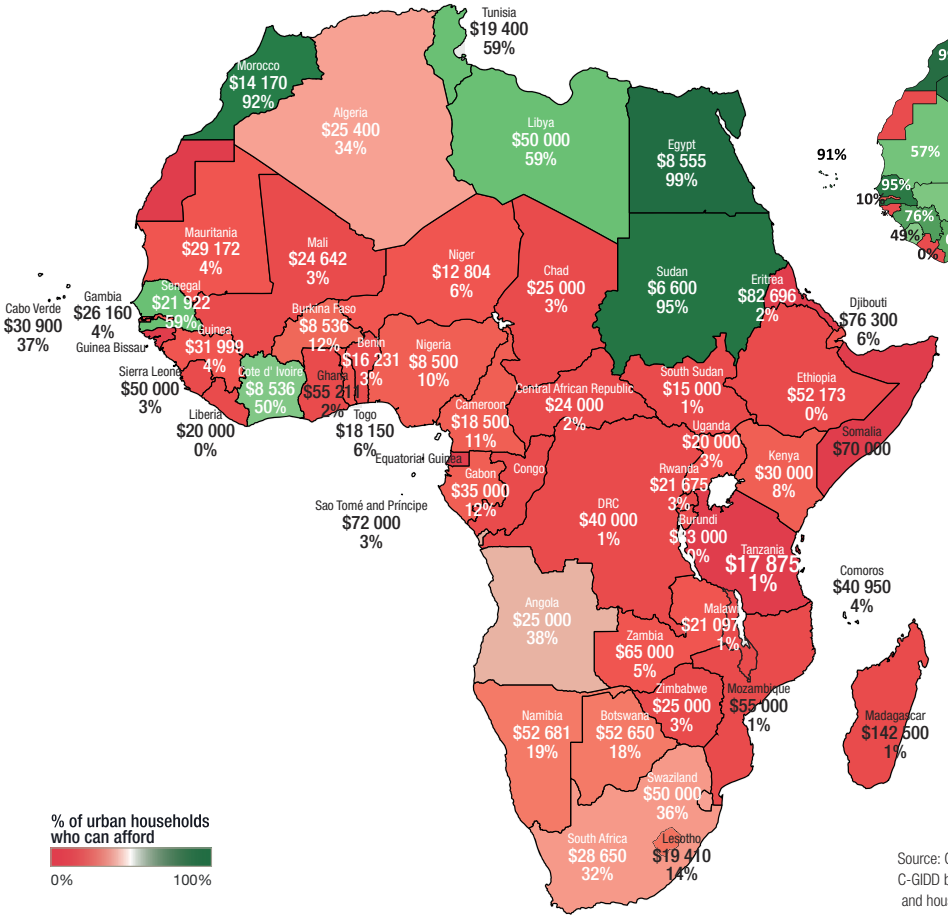
PRICE OF THE CHEAPEST, NEWLY BUILT HOUSE BY A FORMAL DEVELOPER: 2016 AND 2017

Source: CAHF Research, October 2017

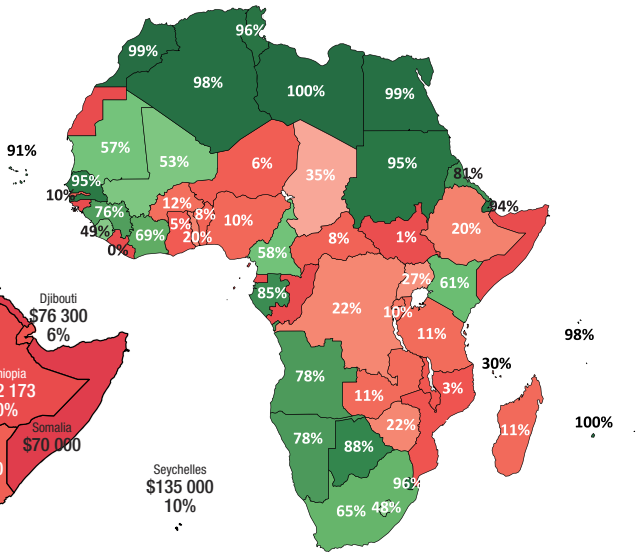


Housing affordability is a function of 3 things: household income, the price of the house, and the financing terms.

Proportion of urban households who might afford the cheapest (in US$) newly built house by a private developer, given current mortgage financing arrangements



Proportion of urban households who might afford a US$7500 house, given current mortgage financing arrangements



Source: CAHF Research, 2017 & CGIDD Income Data - https://www.cgidd.com/
C-GIDD by Canback & Company is the world's only comprehensive database with GDP and household income distribution data harmonised across countries and over time.

The challenge with stories like these is that their reputations extend beyond the projects themselves. When developers, and investors (and indeed, state pension funds) mis-target their developments, the reality of affordability undermines their projected returns. This then creates a precedent, setting up housing investment as high risk and affordability constrained. And yet, it may simply be that the wrong houses are being built for the latent demand that very clearly exists. Investors pull back, capital is unavailable, and we revert to a haphazard building process that fails to deliver what the market needs.

Annually, CAHF asks the experts contributing to this yearbook to define, from their perspective, the cost of the cheapest newly built house, built in this past year, by a private developer; and we ask for the size of that house. The data does not indicate the cheapest house that *can be* built, but rather the cheapest house that *is* being built. The distinction is important: developers choose their markets based on a variety of factors including their sense of local affordability, access to materials and finance, and their sense of local expectations. They may choose to build a more expensive house because they feel it will sell more easily, given mortgage finance that is available, for example. The data we received varies considerably, from a US$142 500 house in Madagascar, through to a US$6 600 house in Sudan. The data changes, too. In 2016, the cheapest newly built house in Angola was US$200 000; this year, it is US$25 000. More affordable housing seems to be being built this year in a number of countries: the Seychelles, Djibouti, the Comoros, Cape Verde, Rwanda, Uganda, Lesotho and Egypt. More expensive housing is being built this year in Ghana, Namibia, and Botswana.

Housing affordability is a function of three things: the price of the house, the finance terms, and household income. Taking data from mortgage lenders across the continent and calculating loan terms against the price of the cheapest newly built house in each country, we were able to get a (very) rough estimate of affordability. Across the continent, the cheapest newly built housing is affordable to more than fifty percent of the urban population in only eight countries: Cote d'Ivoire, Senegal, Tunisia, Libya, Mauritius, Morocco, Sudan and Egypt. In twenty-nine countries, less than ten percent of the urban population can afford even the cheapest newly built house that is being built this year.

It is worth reconsidering housing affordability against a much cheaper house. In Nigeria, the Millard Fuller Foundation[2] has developed an incremental, starter house for Naira 2,4 million (about US$7 500). All else being equal, if this house were available across the continent, it would be affordable to more than 50 percent of the population in 24 countries. This latent demand is equivalent to about 52 million housing units.

A back-of-the-envelope calculation can offer a sense of potential. Across the continent, about 52 million households could afford, at current financing rates in their countries, a mortgage on a $7 500 house. Delivering this entirely would generate almost US$400 billion of economic activity just with the construction of that housing and its related infrastructure. If we imagined a 10-year delivery programme of 5 million houses per annum across the continent at this price, we could stimulate almost US$40 billion of direct economic impact annually. This could unleash US$22 billion in direct upstream economic activity (80 percent of which would be in manufacturing), and US$18 billion in construction sector economic value added, per annum. Labour remuneration of US$6.6 billion per annum would stimulate and sustain over 1,3 million jobs in Africa's economies, in the construction sector alone[3].

The potential is not evenly distributed across all of Africa's economies, nor is the potential to deliver at the scale suggested. However, the latent potential of just twelve African countries in this market for US$7 500 houses exceeds US$10 billion in total. Six of those have latent markets worth over US$30 billion.

Of course, this calculation presumes the availability of mortgages to finance the transactions – a critical piece in the puzzle. Africa's mortgage markets are tiny, and, for the most part, expensive. If, however, the necessary long term capital to enable such borrowing were available, and assuming that the total value was mortgaged at 80 percent, this would add over US$32 billion to Africa's mortgage markets per annum. The impact that this would have on the potential for domestic economies to intermediate, and the consequent downstream activities even in other sectors that this would facilitate, could change the continent's growth prospects dramatically.

The composition of mortgage markets, and specifically the terms at which mortgages are offered, is important. Even the US$7 500 house, would be unaffordable to more than 90 percent of the population in eight countries. This is where the impact of finance becomes evident. Only five percent of the urban population in Ghana, for example, would afford a US$7 500 house. In Ghana, the current mortgage interest rate is 33 percent over twenty years. Similarly in Malawi, where the mortgage interest rate is 34 percent, only three percent of the urban population would afford a US$7 500 house.

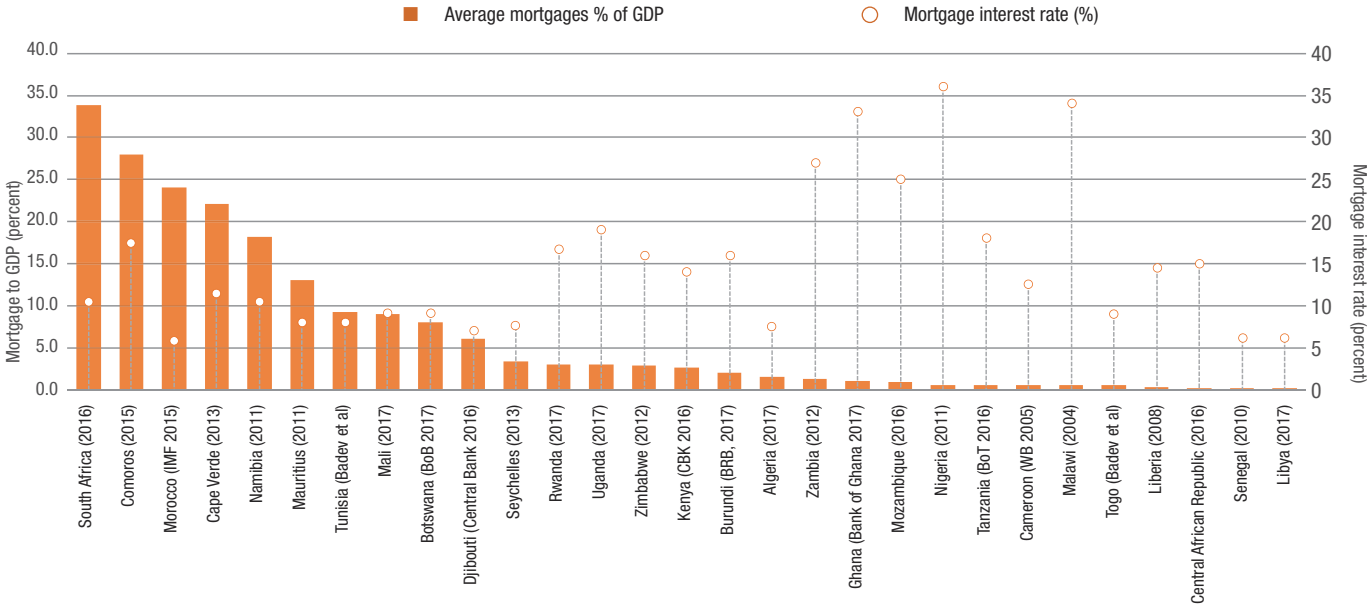
The consequence of this is reflected more widely than simply housing need. Looking at the relationship of mortgage to GDP figures, and mortgage interest rates, we see a definite clustering. With a few exceptions, economies with high mortgage interest rates have smaller mortgage to GDP ratios, and in most cases, a smaller GDP per capita.

[2] The Millard Fuller Foundation in Nigeria has developed a entry-level house for Naira 2,4 million, and has developed a 400-unit incremental housing project in Abuja. See http://www.mffhousing.com

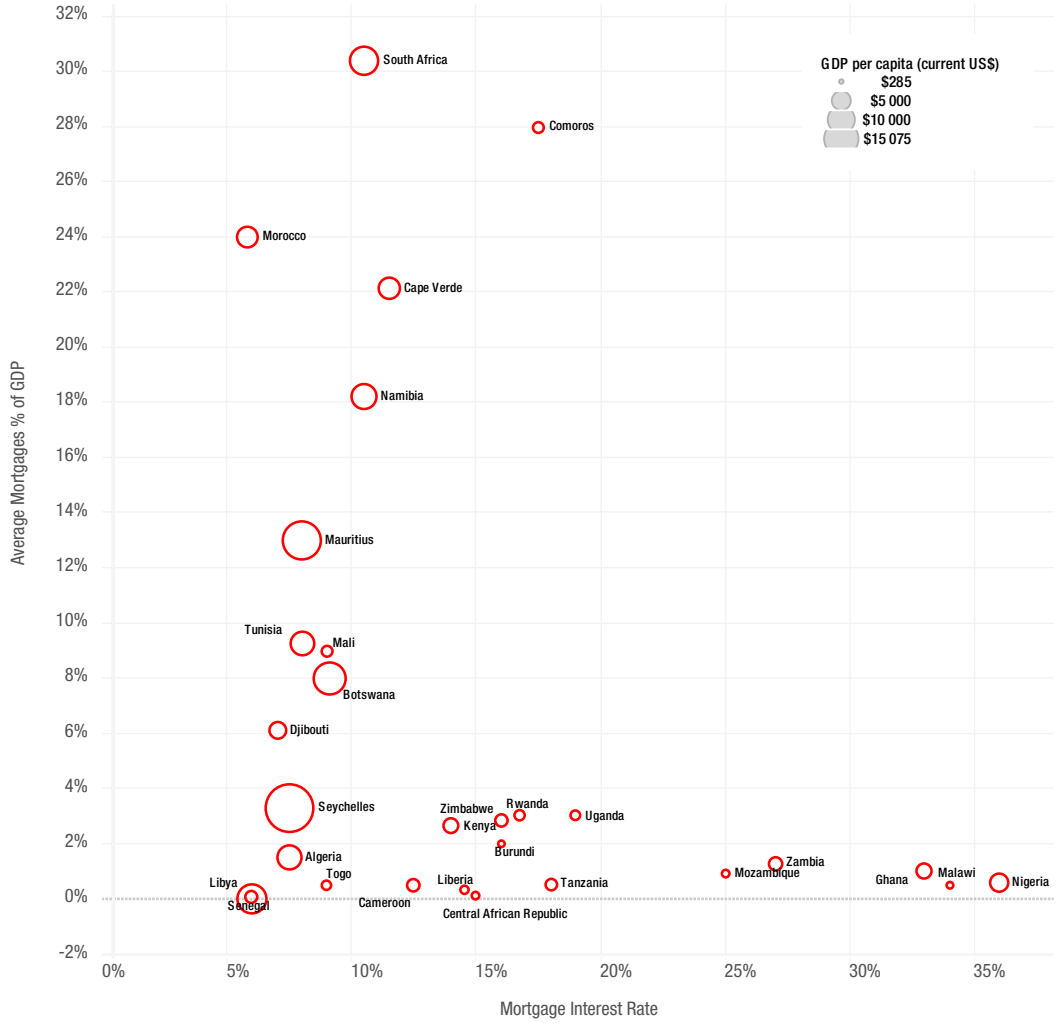
[3] This calculation is based on work done to build a Housing Economic Model in South Africa. See http://housingfinanceafrica.org/story-housing-economy-exploring-south-africas-housing-value-chains/ While South Africa's construction economy is not likely to be representative of what might be found in other countries, it is worth considering from a vision perspective. Current work to build a Housing Economic Model for Nigeria and Tanzania is underway, and may shed more light on the detail of the potential.

MORTGAGE TO GDP VS. PREVAILING MORTGAGE INTEREST

Source: CAHF Research, October 2017



AVERAGE MORTGAGES AS % OF GDP VS MORTGAGE INTEREST RATE (%)



Source: WDI (2016), CAHF Research (2017)

Rental

One way to overcome the constraints in the household mortgage sector, is to avoid them and finance housing differently. This is a strategy currently being pursued by a number of investors as they consider the residential rental opportunity.

In a CAHF study of residential rental markets in five countries, currently underway, it was found that in many cities, it is the majority of households that rent: 55 percent in Dar es Salaam, Tanzania; 46 percent in Kampala, Uganda; 47 percent in Dakar, Senegal; and 78 percent in Abidjan, Cote d'Ivoire[4]. Although most rental housing is made of permanent materials, a significant proportion of renting households live in overcrowded conditions with poor access to water and sanitation. Only 8 percent of renting households in Uganda have a flush toilet and 10 percent have piped water in their dwelling. In Tanzania, only 11 percent of renting households have piped water into their dwelling. Another 19 percent access water from a pipe in their yard or on their plot, and a further 21 percent access water from a stand pipe or public tap. Over half of renting households in Tanzania share their toilet facilities with more than five other households. Access to services by renting households appears to be better in Cote d'Ivoire and Senegal – but it is still insufficient.

In a paper published this year, World Bank economists argue that African cities are crowded, but not economically dense[5]. Investments in infrastructure, industrial and commercial structures, and formal housing, they say, have not kept pace with the concentration of people. Quoting an earlier paper, the authors argue that housing investment lags urbanisation by nine years. This notwithstanding, they also show that more than 30 percent of the land within 5km of many CBDs remains unbuilt. Addressing the rental challenge will require an explicit focus on infrastructure investment.

	Tanzania	Uganda	Cote d'Ivoire	Senegal
Percent of households in the capital city who rent	Dar es Salaam: 55	Kampala: 46	Abidjan: 78	Dakar: 47
Number of renting households in the capital city	Dar es Salaam: 590 000	Kampala: 163 000	Abidjan: 797 600	Dakar: 219 300
Avg monthly rental (US$)	18	27	51	N/A
Number of rooms for sleeping	1	1	1-2	1
Main material for walls	97% cement	71% burnt/stabilized brick	83% hard (cement)	98% cement bricks
Main material for roof	96% iron sheets	95% iron sheets	85% iron sheets	74% concrete/ cement
Main material for floors	96% cement	80% cement screed	70% cement	49% tiles
Connected to electricity grid	73	60	98	96
Flush toilet	21 (pour flush)	8	46	65
Piped water into dwelling	11	10	39	49
Household size	3.3 people	3.9	3.4	5
Percent overcrowded	40	52	26	47

While rentals do not appear to be very high, a surprising number of tenants appear to be struggling financially. Data from Tanzania suggests that just over a quarter of renting households (27 percent) "never have quite enough"; in Senegal, 24 percent of renting households said that their current income was insufficient and they needed to borrow to cover their expenses; 15 percent of renters in Abidjan (and 26 percent of renters in other urban areas in Cote d'Ivoire) said they were unemployed.

The various surveys that collect rental data are not uniform and the information available differs from one city to the next. In Dar es Salaam, a 2015 survey found that 68 percent of renter households lived within 10km of the city centre[6]. A 2015 survey in Cote d'Ivoire found that two thirds of tenants had occupied their dwellings from between 2-10 years. Twenty percent of heads of renting households in Abidjan worked in a store, kiosk or market; 15 percent worked in a formal office; and 4 percent worked in the construction sector. The residential rental sector is clearly significant - and yet we know very little about it. If investors and policy makers are to be better able to respond to the rental challenge and meet the demand not just for new investment but also ongoing maintenance, more uniform reporting mechanisms that consider and compare the data locally, regionally and internationally, should be put into place. This is an important growth area that policy makers as well as other housing sector participants should consider seriously.

4 CAHF's rental study is being undertaken by Eighty20 and is considering the quantification of rental markets in Tanzania, Uganda, Cote d'Ivoire, Senegal and Angola. Data sources include Tanzania Household Budget Survey, National Bureau of Statistics 2011/12; Uganda National Panel Survey 2013/14, Ugandan Bureau of Statistics; Listening to Africa Senegal 2014, World Bank; Living Standards Survey: Enquete Sur Le Niveau De Vie Des Menages En Cote d'Ivoire (ENV 2015), National Bureau of Statistics.

5 Lall, Somik Vinay, J. Vernon Henderson, and Anthony J. Venables. 2017. "Africa's Cities: Opening Doors to the World." World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0

6 Measuring Living Standards in Cities, Dar es Salaam, Tanzania 2015, World Bank

Mechanisms to aggregate demand

Africa's housing sector is a sector of very many small parts: households with very low incomes, developers with limited capacity to build, mortgage markets that grow by the hundreds of mortgages rather than the thousands. A key challenge therefore is aggregating the opportunity: amassing the small into the massive, sector wide opportunity that the latent demand – and the visual of our cities – suggests. This year, a number of initiatives are exploring different ways of organizing the value chain and structuring finance, to engage with the reality of small parts.

Real Estate Investment Trusts[7]

A Real Estate Investment Trust (REIT) is a company or trust that owns and often manages a portfolio of mortgages and / or real estate properties. It operates in accordance with certain rules and regulations that allow investors to invest in portfolios of mortgages or large-scale properties through the purchase of shares. The shareholders of a REIT earn a share of the income stream produced by the investment portfolio.

REITs aggregate diverse sources of funding and target them into real estate portfolios that extend beyond the limitations of individual projects. The regulations and legislation that govern REITs provide for preferential tax treatment and require high rates of profit distribution. Together, these unique factors enable REITs to raise finance from investors who otherwise might lack access to – or be reticent to engage in – real estate markets.

The REIT experience is still limited, and its potential to support affordable housing is not yet fully tested. Examples can be found in Ghana, Nigeria, Tanzania, South Africa, Kenya, Rwanda and Morocco. In South Africa, Indluplace is a REIT that specializes in residential rental, with a specific segment of its portfolio dedicated to the affordable market. It invests in existing, income-earning properties, offering an exit for residential developers. Ghana's HFC Bank established a hybrid, diversified REIT to channel long term funding into the development of affordable housing, but since about 2011, has shifted its focus to the upper end of the market and today, only 14 percent of its assets are in residential property. Similarly, Union Homes is a hybrid REIT in Nigeria which invests in the residential and commercial sector, focusing on residential on luxury apartments. In Tanzania, the Watumishi Housing Corporation was established as a development REIT to explicitly support the delivery of affordable housing for civil servants.

It is still early days, but the key challenge faced by all REITs involved in affordable housing – beyond the specific value chain challenges that exist for all market participants – is the skepticism of investors. Key enabling conditions for REITs in Africa – robust property rights, accurate deeds records, reliable valuations, appropriate rental market legislation, a vibrant economy and stable interest rates, not to mention sufficient stock, capable developers and a critical mass to enable liquidity and tradeability – do not exist in many contexts. This is a key issue for governments, at the national and local level, must address in their policy and legislation.

Savings and Credit Cooperatives[8]

The Savings and Credit Cooperative Organisation (SACCO) sector in Kenya is extensive. The 175 licensed and regulated SACCOs monitored by the SACCO Societies Regulatory Authority (SASRA) comprise an estimated 3,4 million members and hold total assets of Kshs 393 trillion (US$3.8 trillion) and core capital of Ksh 58 trillion (US$560 billion). Between 2015 and 2016, membership and total assets grew by 9 percent and 13 percent respectively. Core capital grew by 28 percent. FSD Kenya's 2016 FinAccess survey reported that while the majority of Kenyans (71 percent) used mobile financial services in 2015, about a third used Banks, and 13 percent used SACCOs. Seven years earlier, in 2009, SACCO usage was 9 percent.

The 15th edition of the Kenya Economic Update, released in April 2017, estimates that less than 10 percent of housing credit in the country comes in the form of mortgages from the banking sector.[9] The authors estimate that the remaining 90 percent of housing credit comes from SACCOs and the housing cooperative networks. The reason for this is both product design and pricing: SACCOs offer shorter, medium term (up to 7 years) loans at interest rates considerably lower (the World Bank estimates 12.6 percent annually) than the commercial mortgage lending banks. The loan quantum is based on up to three times what the member has saved with the SACCO. Typically, loans are unsecured, not linked to the property.

The Kenyan government has noted the opportunity, and in a statement on 17 September 2017, pledged to facilitate mass housing production of at least one million low cost affordable homes in five years, across the country, using the cooperative model. All eyes are on the role that SACCOs and housing cooperatives can play in shifting the affordable housing equation in favour of scale and affordability.

SACCOs rely almost entirely on member deposits, however. As a result, a key challenge they face, is access to longer term capital. It is in this regard that the World Bank is considering a liquidity facility to explicitly support the growth of SACCO capacity to provide housing finance. Can the SACCOs handle more capital, however? A key challenge for SACCOs will be improvements in terms of their risk management policies, debt collection procedures and corporate governance arrangements. While licensed and deposit-taking SACCOs are broadly meeting the statutory requirements in areas of capital adequacy, asset quality and liquidity measures, NPLs appear to be higher than for commercial banks. And, is the regulatory framework in Kenya adequate to meet investor requirements?

These are the questions that the Kenyan government – and governments across Africa where SACCOs operate – should be asking, and answering. SACCOs create a very interesting opportunity for aggregating household savings as a source of capital to support larger scale housing investments but this is a new investment target that investors are likely to be unfamiliar with.

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[7] For more information on residential REITs in Africa, see CAHF's work on the subject: http://housingfinanceafrica.org/projects/residential-real-estate-investment-trusts-africa. This section was compiled by a paper prepared for CAHF by Rebel Group (2017) Residential REITs and their potential to increase investment in and access to affordable housing in Africa. Report 2: Case studies of African REITs.

[8] CAHF has recently commissioned a case study on the role of SACCOs in housing in Kenya. This will be available soon. The data and analysis in this section was drawn from an early draft by Davina Wood (2017).

[9] World Bank (2017) Housing: Unavailable and Unaffordable. Kenya Economic Update, edition no. 15, April 2017

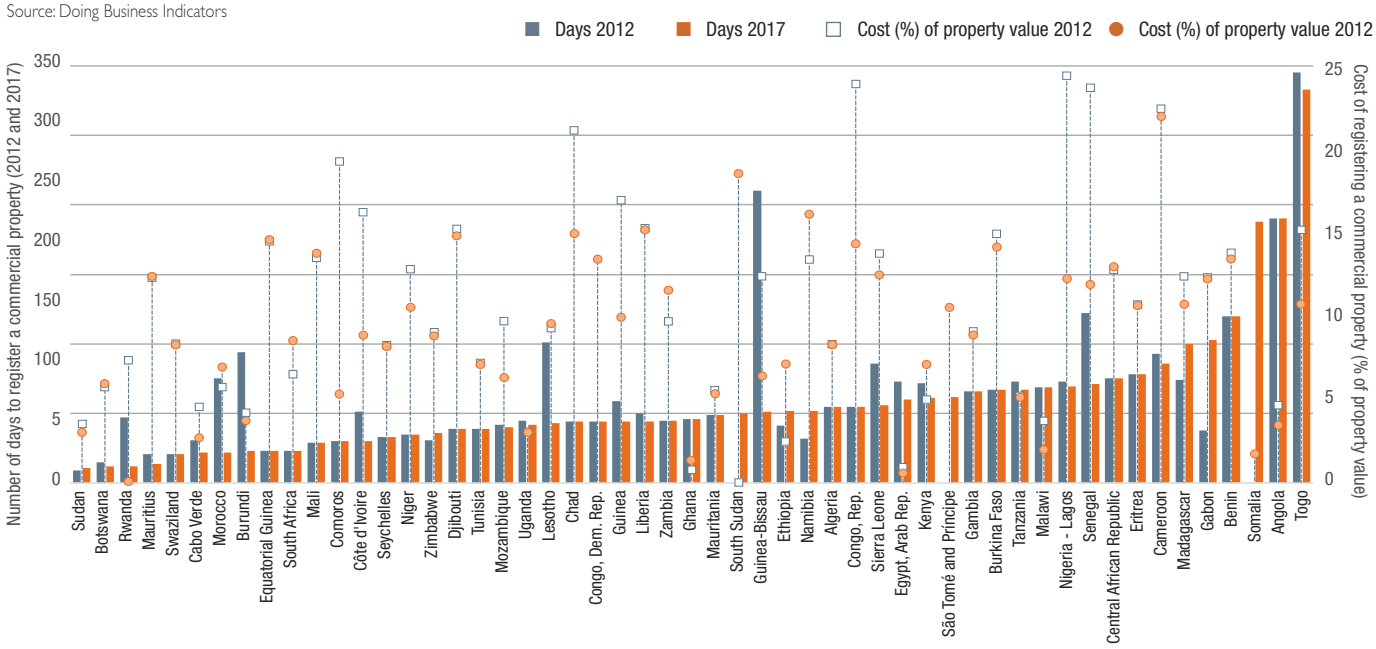
A critical role for government

However the private sector organises its efforts to deal with the reality of affordability and the constraints in accessing finance, the policy and regulatory environment remains hugely significant. Governments can have an enormous influence, whether through their fiscal policy, their taxation regimes, their land administration systems, housing policy, and so on, on the ability for scale and the price that is achieved. Very little data exists, however, on government effectiveness. Across the continent, CAHF has been able to source and download 48 policies and laws relating to finance, 34 relating to titles and tenure, 52 relating to infrastructure, 53 relating to construction, 53 to land, and 24 to sales and transfer. Are these all the right policies and laws, and do the give sufficient attention to the specificity of affordable housing? This requires a country-by-country analysis.

The World Bank Group's annual Doing Business Survey includes proxy indicators in this regard. Measuring the number of days it takes, and how much it costs, to register a warehouse (this, as a proxy for residential property, which is not currently studied), the Doing Business Indicators (DBI) between 2012 and 2017 show remarkable progress in Rwanda, Morocco, Burundi, Cote d'Ivoire, Lesotho, Guinea-Bissau, and Senegal in terms of time; and in Rwanda, the Comoros, Cote d'Ivoire, Chad, Guinea, Guinea-Bissau, Nigeria and Senegal in terms of the cost (percent of property value). In Madagascar and Gabon, the registration of a commercial property has become more expensive, and in Ethiopia, Namibia, and Kenya, also slower.

NUMBER OF DAYS, AND COST OF REGISTERING A COMMERCIAL PROPERTY: 2012 VS 2017

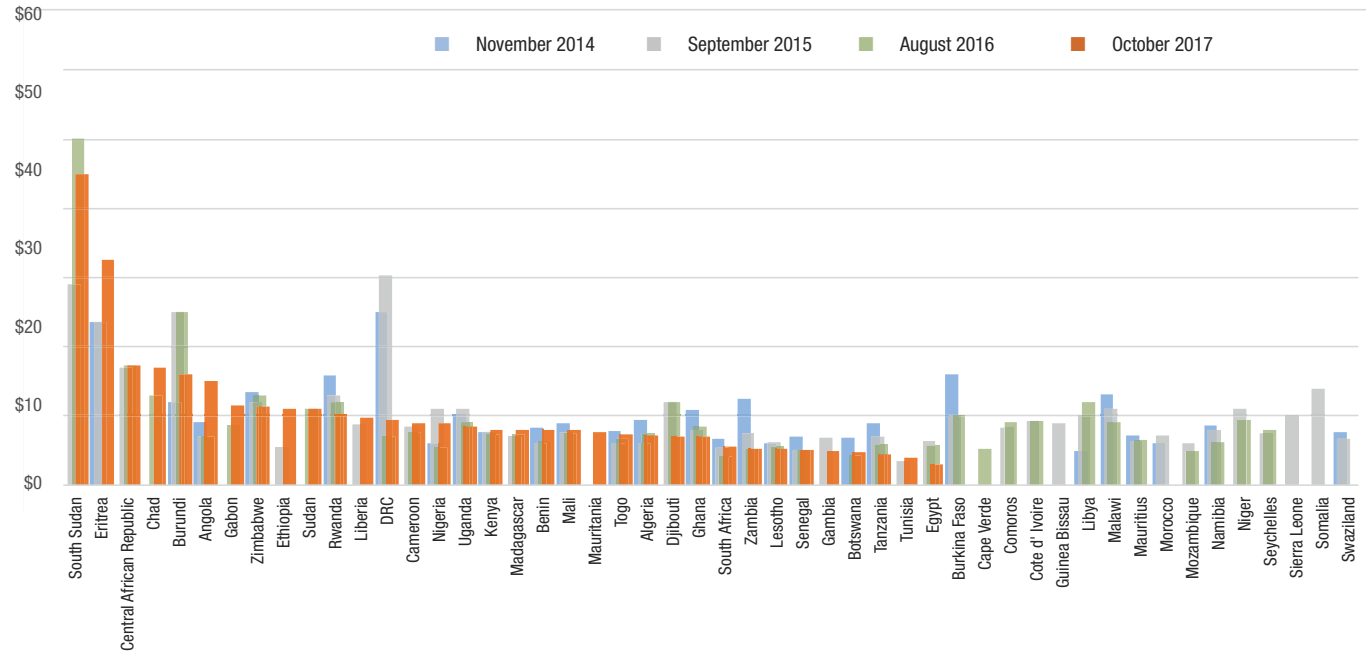
Source: Doing Business Indicators



Government policy, regulation and expenditure also has an impact on the price of key inputs into the housing value chain. For the past eight years, CAHF has been tracking the price of cement. It is coming down, significantly in most countries – see the orange bar in the graph below. However, in some countries, the 2017 price is above previous years – Eritrea, Chad, Angola, Ethiopia. High prices persist in South Sudan, Eritrea, the Central African Republic, Chad, even Burundi which came down in the past year, suggesting inefficient markets that are encumbered by any number of factors – transport routes, political violence, currency fluctuation, and so on.

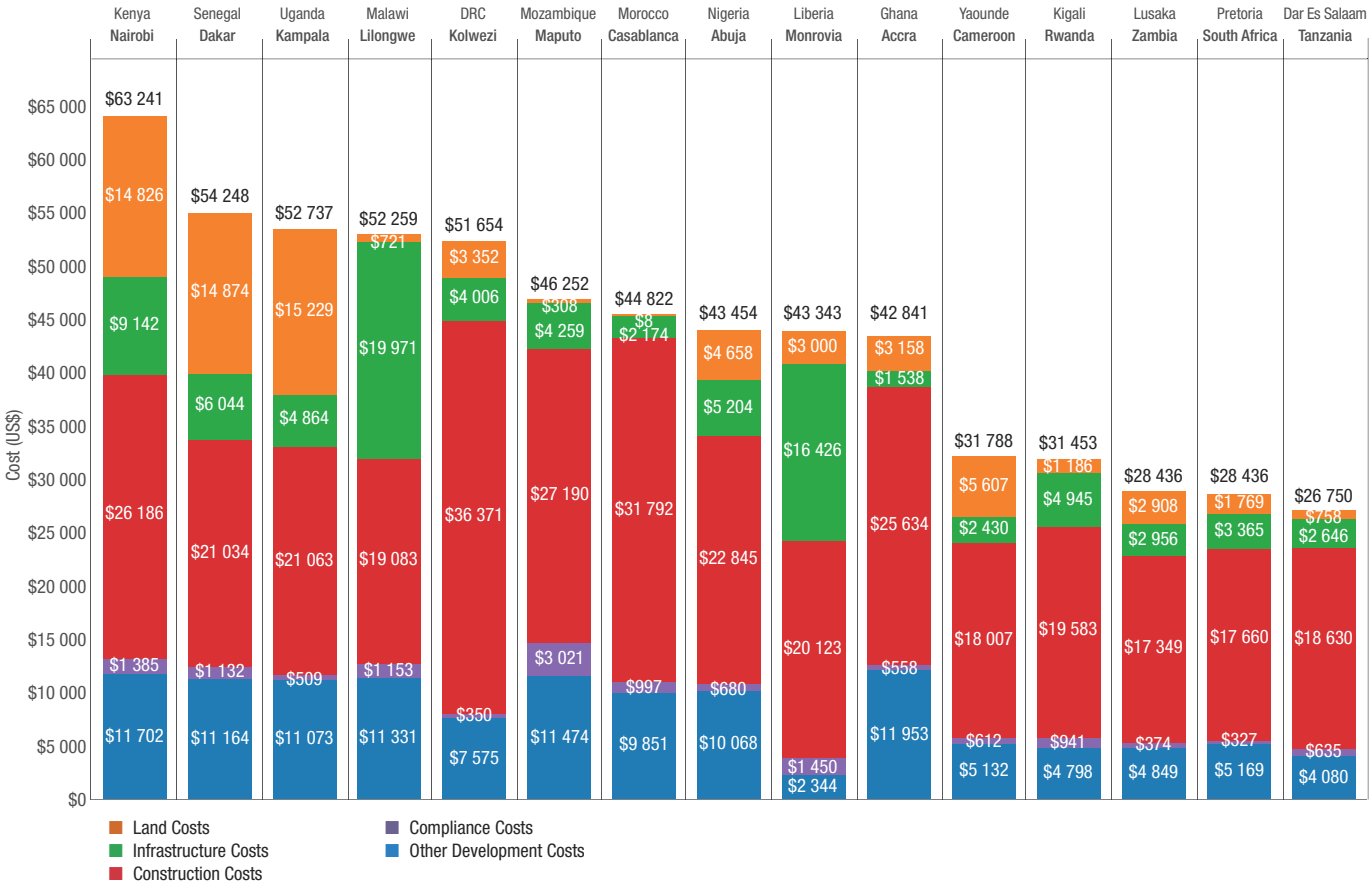
PRICE OF A 50KG BAG OF CEMENT (US$)

Source: CAHF Research, October 2017



The role of government policy is perhaps best seen in our work that has been trying to cost a standard "generic" house: a 46m² unit constructed with cement block and plastered walls, galvanized iron sheeting, concrete slab, with a 9m² verandah, on a 120m² plot of land, in a project of twenty units, across the main cities of sixteen countries. The specification was shared with quantity surveyors in each country, and costings of this house, using the same building materials and specifications, were sought.

THE COST OF PRODUCING A 'GENERIC' 55M² HOUSE IN MAIN CITIES ACROSS AFRICA



Source: CAHF Research, 2017

The study showed huge variation: next door to one another, Kenya and Tanzania occupy the position of the highest and lowest price house, respectively. The main difference there is in the cost of land and infrastructure, as well as other development costs, although a difference in construction costs is also evident. Land in Nairobi, Dakar, and Kampala is particularly significant as a proportion of the overall house cost. In Lilongwe and Monrovia, the key issue is infrastructure. The data bears further investigation, but the link to public policy is clear.

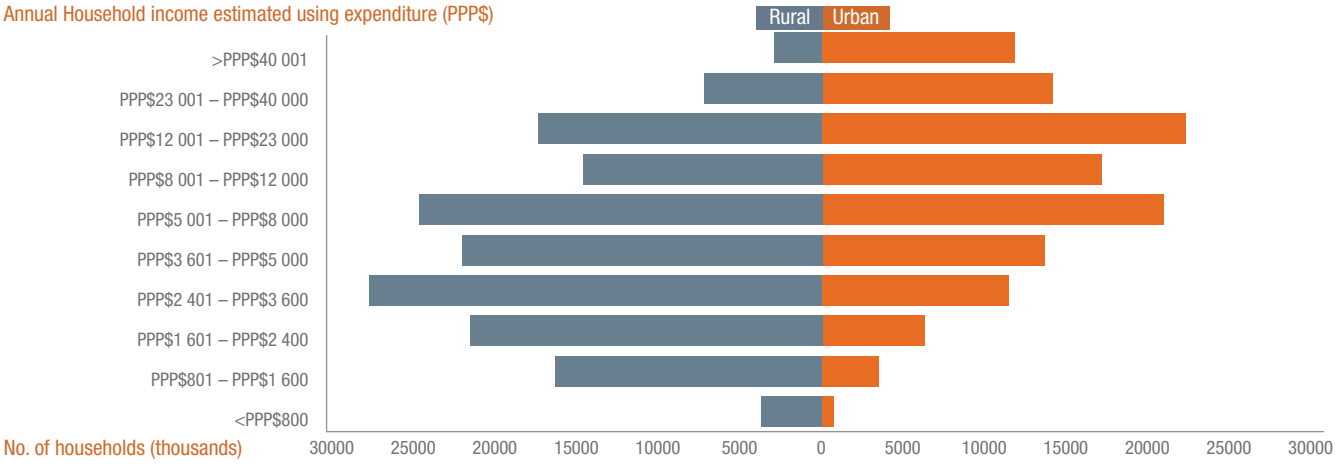
Focusing on the affordability opportunity

The only way that Africa's housing markets will begin to perform as their size and diversity suggests is possible, is if all players – government, the private sector, and households themselves – come to accept the reality of affordability, and view this as an opportunity rather than as a constraint.

Affordability is a perpetually elusive figure – not only does it vary from one country to the next, and indeed within countries, it also varies from household to household. We use proxies: a rough estimate of household income derived from consumption figures, segmented into bands that then offer the potential for different sorts of housing products, delivered all at once or incrementally, financed with a mortgage, other forms of secured finance, unsecured housing finance, or savings.

Our affordability graphs use C-GIDD (Canback Global Income Distribution Database) 2016 consumption data for households (in PPP$) 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.

AFRICA



Source https://www.cgidd.com/C-GIDD ,2017

An explanation of the approach adopted to compare housing affordability in different African countries

The task of comparing housing affordability in African countries is made more difficult because the cost of houses, and the incomes used to pay for them, are usually denominated in the local currency of the countries included in the analysis. For this reason, previous editions of this Yearbook used to convert relevant elements of the affordability calculations into a single, internationally-accepted currency – the United States dollar – using prevailing market exchange rates. However, currency markets seldom reflect movements in rates of exchange that are consistent with inflation differentials. Currency market exchange rates tend to be far more volatile over time than house prices and incomes expressed in local currency terms. This is especially true of countries – of which there are a number of examples in Africa - with comparatively narrow export bases whose currencies are unduly affected by the prevailing prices of their primary export commodities on international markets. Nigeria is a good example of this. Between August 2016 and August 2017, the Naira strengthened against the US dollar by just over 1%, but over the same period inflation in Nigeria increased by more than 16% while in the United States it was less than 2%. To reflect relative purchasing power, the Naira should have weakened against the US dollar by around 14%. However, in the previous twelve months (August 2015 to August 2016), the Naira weakened by 36% against the US dollar while the inflation differential between the two countries was close to 16%.

Because of the distortions that the use of prevailing market exchange rates can give rise to, it was decided to convert the affordability calculations in this Yearbook into international purchasing power parity (PPP) dollars. A PPP dollar is a notional currency that reflects the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country. Consistent use of PPP dollars over time will not only significantly reduce the volatility that was inherent in the previous US$-based calculations, but will also provide a more accurate reflection of the relative affordability of housing in each of the African countries included in the analysis – both in a particular year, and over time.

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

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

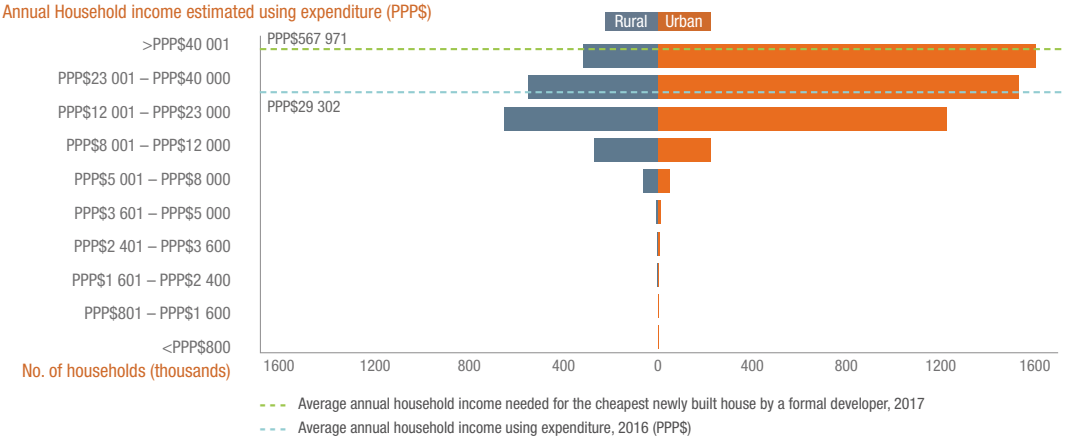
CAHF uses the Canback Global Income Distribution Database to calculate the affordability graphs in this Yearbook. For more information or to download the data directly visit www.cgidd.com

Keith Lockwood

The cost of the cheapest newly built house by a private developer is reflected here in PPP$, to enable cross-country comparisons. Local currency costs are reflected in the country profiles.

ALGERIA

Annual Household income estimated using expenditure (PPP$)



Population: 40 606 000

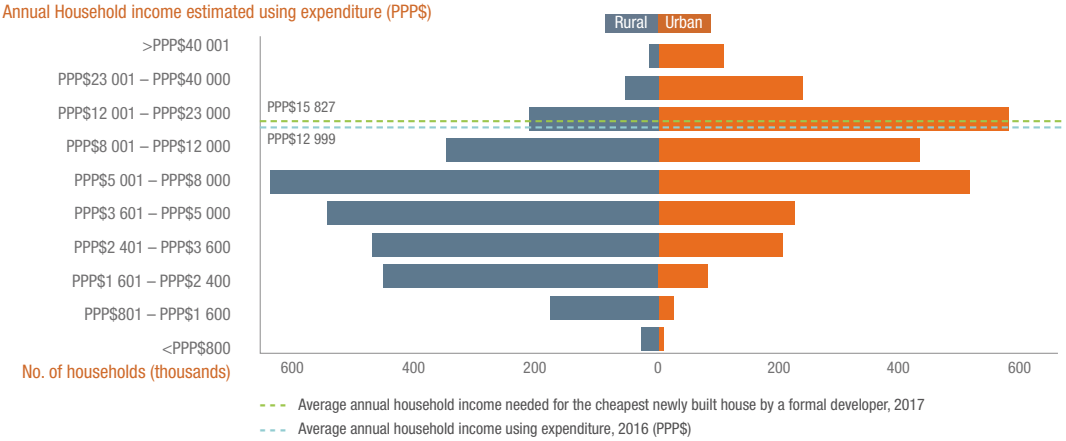
Urbanisation Rate (% p.a.) 2.64

Cost of Unit (PPP$) 1 863 319 (2016)

% of urban households that can afford this house: 34.5

ANGOLA

Annual Household income estimated using expenditure (PPP$)



Population: 28 813 000

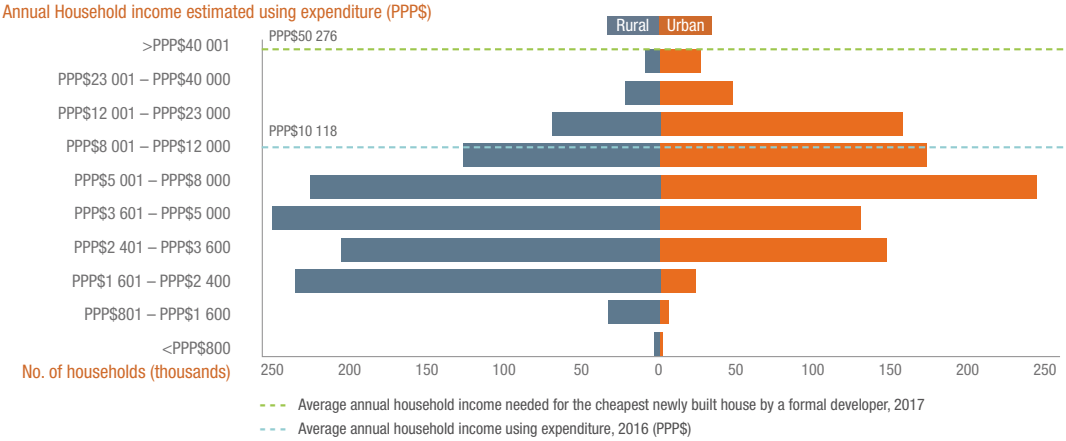
Urbanisation Rate (% p.a.) 5.10

Cost of Unit (PPP$) 39 631

% of urban households that can afford this house: 38.3

BENIN

Annual Household income estimated using expenditure (PPP$)



Population: 10 872 000

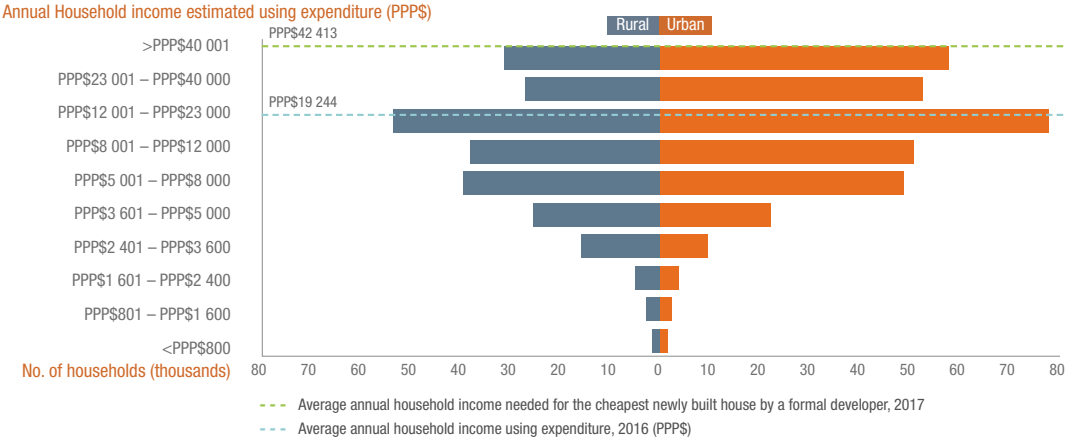
Urbanisation Rate (% p.a.) 3.77

Cost of Unit (PPP$) 41 321

% of urban households that can afford this house: 2.7

BOTSWANA

Annual Household income estimated using expenditure (PPP$)



Population: 2 250 000

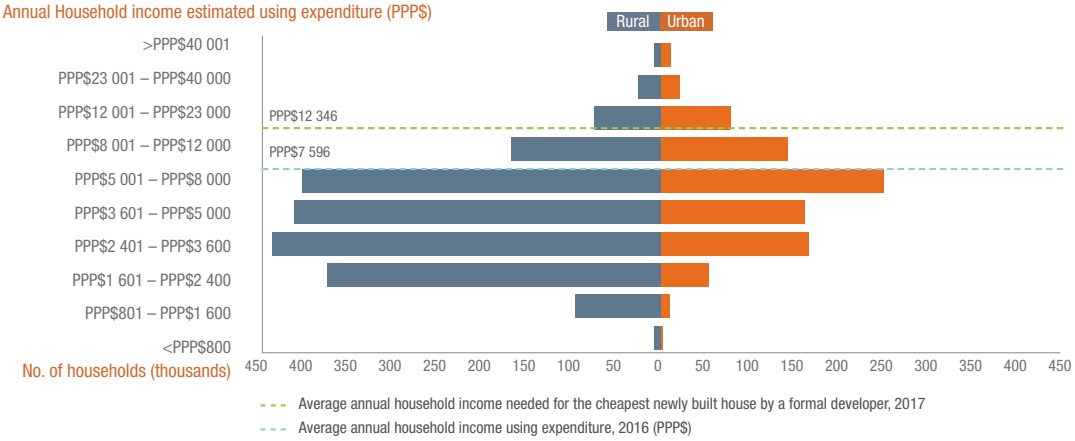
Urbanisation Rate (% p.a.) 2.30

Cost of Unit (PPP$) 125 992

% of urban households that can afford this house: 17.7

BURKINA FASO

Annual Household income estimated using expenditure (PPP$)



Population: 18 646 000

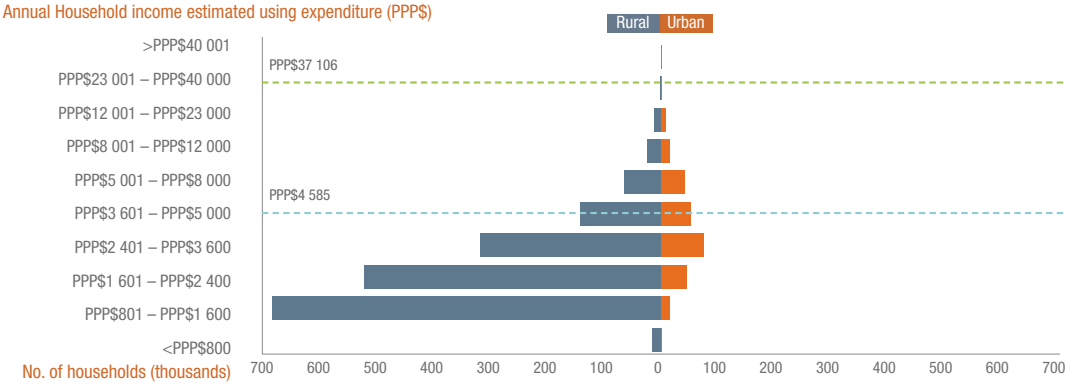
Urbanisation Rate (% p.a.) 5.65

Cost of Unit (PPP$) 22 163 (2016)

% of urban households that can afford this house: 12.2

BURUNDI

Annual Household income estimated using expenditure (PPP$)



Population: 10 524 000

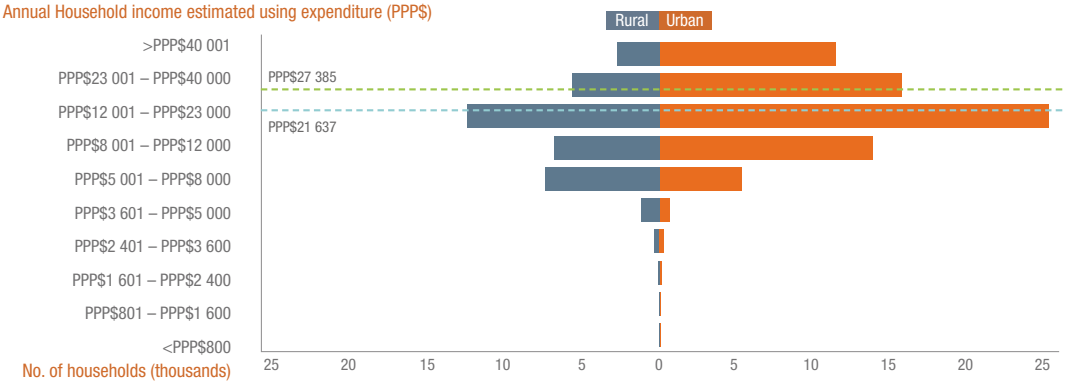
Urbanisation Rate (% p.a.) 5.61

Cost of Unit (PPP$) 78 571

% of urban households that can afford this house: 0.1

CABO VERDE

Annual Household income estimated using expenditure (PPP$)



Population: 539 000

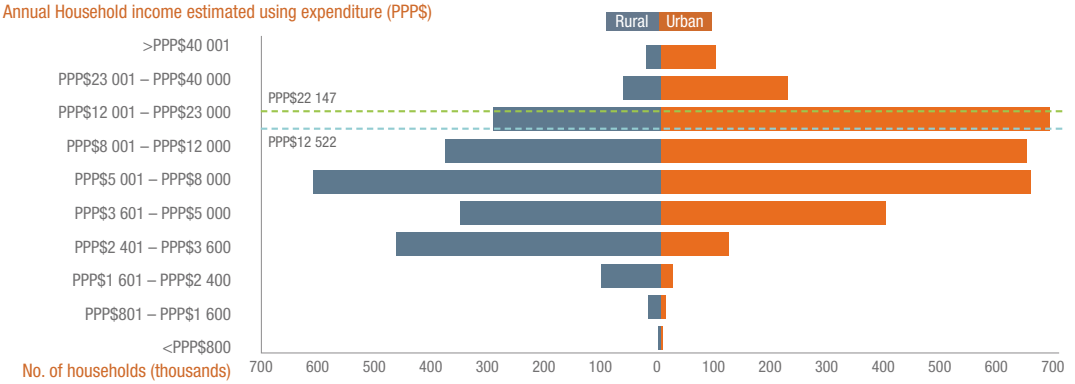
Urbanisation Rate (% p.a.) 2.24

Cost of Unit (PPP$) 63 623

% of urban households that can afford this house: 37.4

CAMEROON

Annual Household income estimated using expenditure (PPP$)



Population: 23 439 000

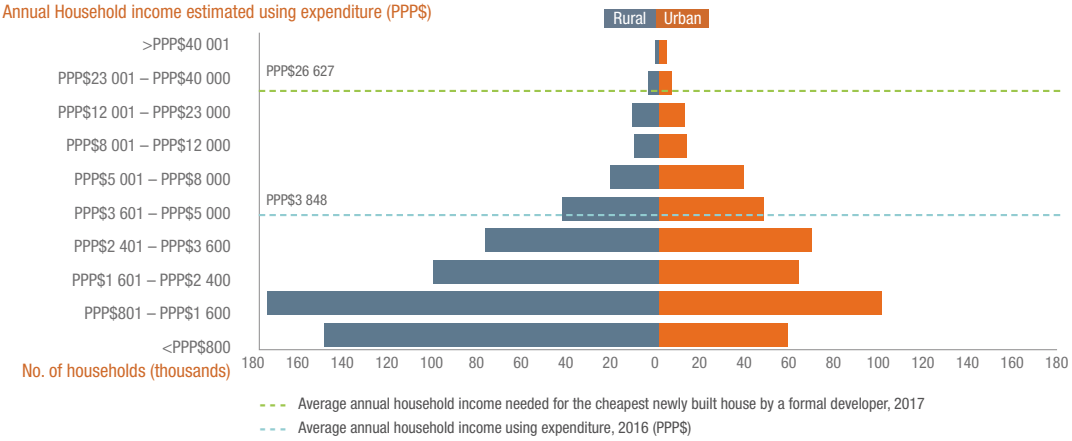
Urbanisation Rate (% p.a.) 3.63

Cost of Unit (PPP$) 45 905

% of urban households that can afford this house: 11.2

CENTRAL AFRICAN REPUBLIC

Annual Household income estimated using expenditure (PPP$)



Population: 4 594 000

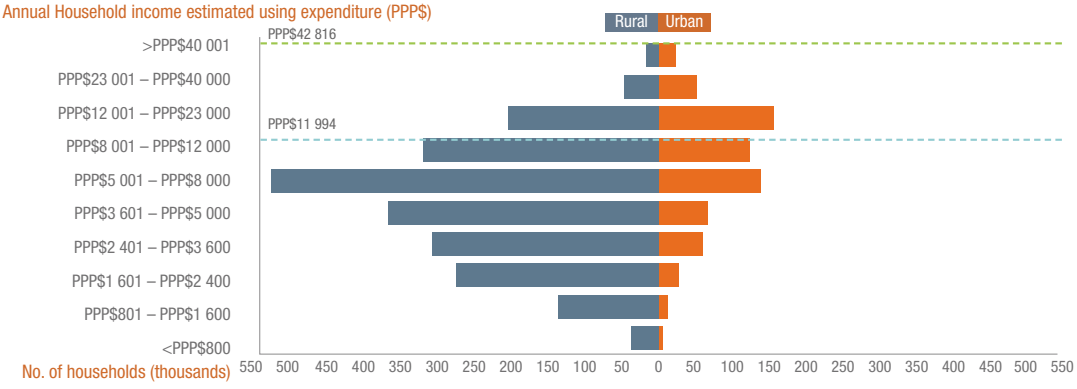
Urbanisation Rate (% p.a.) 1.80

Cost of Unit (PPP$) 39 564

% of urban households that can afford this house: 2.3

CHAD

Annual Household income estimated using expenditure (PPP$)



Population: 14 452 000

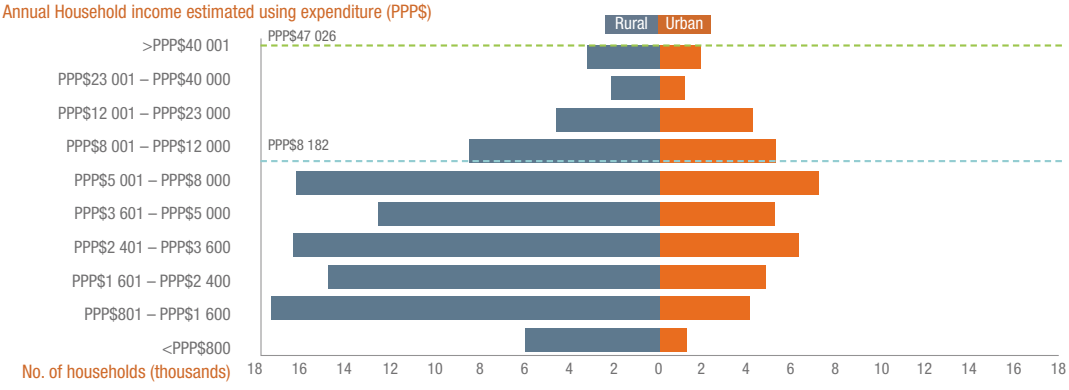
Urbanisation Rate (% p.a.) 3.77

Cost of Unit (PPP$) 68 695

% of urban households that can afford this house: 3.5

COMOROS

Annual Household income estimated using expenditure (PPP$)



Population: 795 601

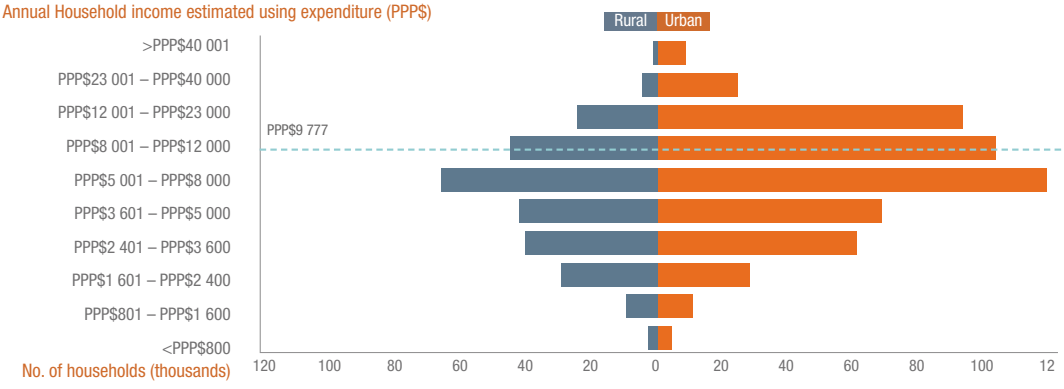
Urbanisation Rate (% p.a.) 2.72

Cost of Unit (PPP$) 78 409

% of urban households that can afford this house: 4.5

CONGO REPUBLIC

Annual Household income estimated using expenditure (PPP$)



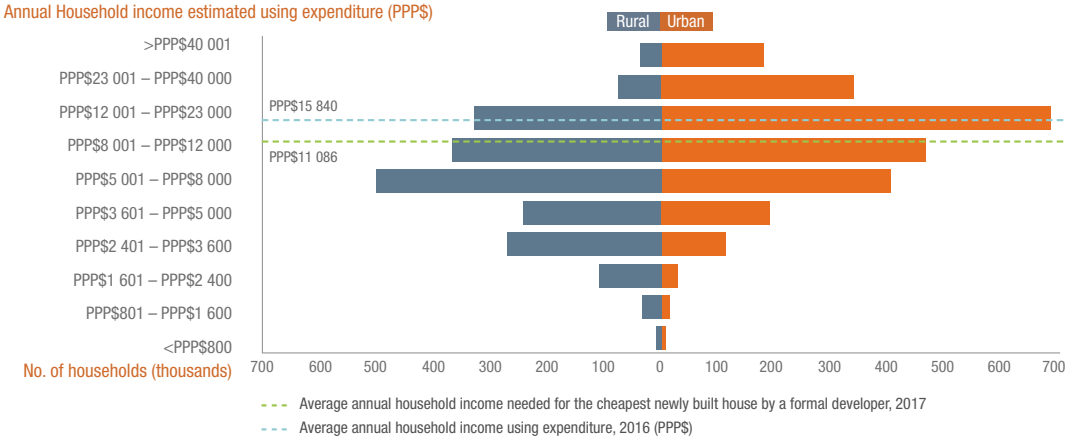
Population: 5 126 000

Urbanisation Rate (% p.a.) –

Cost of Unit (PPP$) –

% of urban households that can afford this house: –

COTE D'IVOIRE



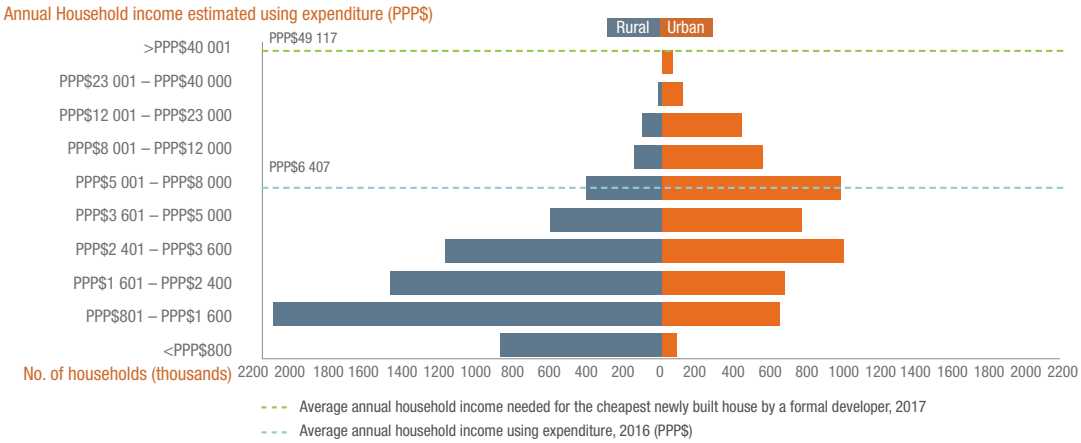
Population:
23 695 000

Urbanisation Rate (% p.a.)
3.77

Cost of Unit (PPP$)
20 007 (2016)

% of urban households that can afford this house:
49.7

DEMOCRATIC REPUBLIC OF CONGO



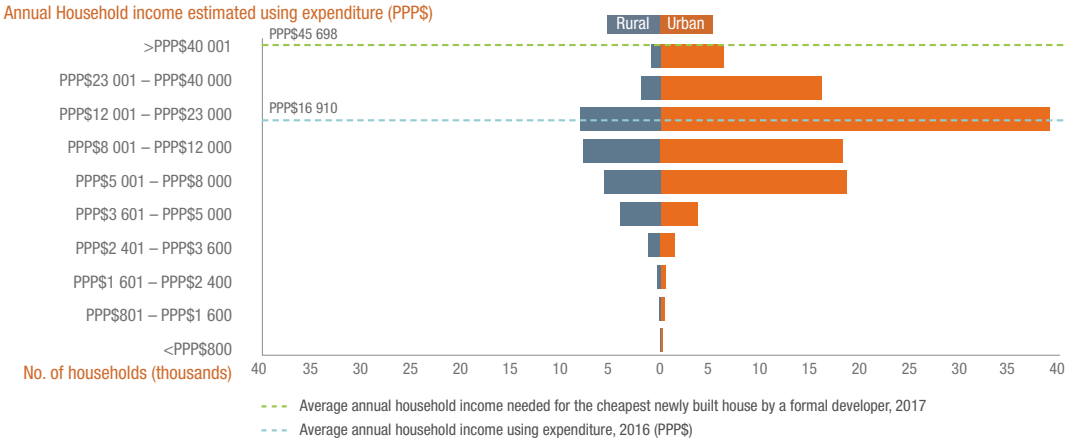
Population:
78 736 000

Urbanisation Rate (% p.a.)
4.50

Cost of Unit (PPP$)
48 159

% of urban households that can afford this house:
1.1

DJIBOUTI



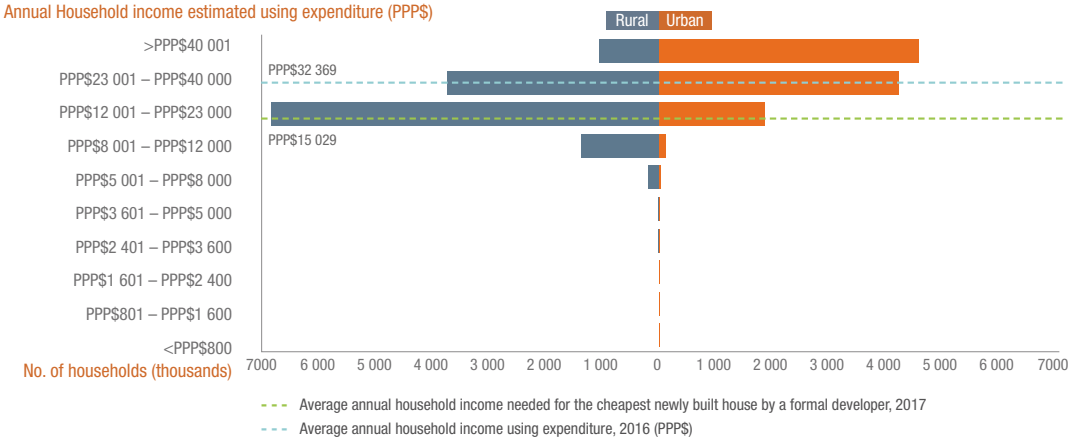
Population:
942 333

Urbanisation Rate (% p.a.)
1.71

Cost of Unit (PPP$)
134 480

% of urban households that can afford this house:
6.0

EGYPT,ARAB REP.



Population:
95 688 000

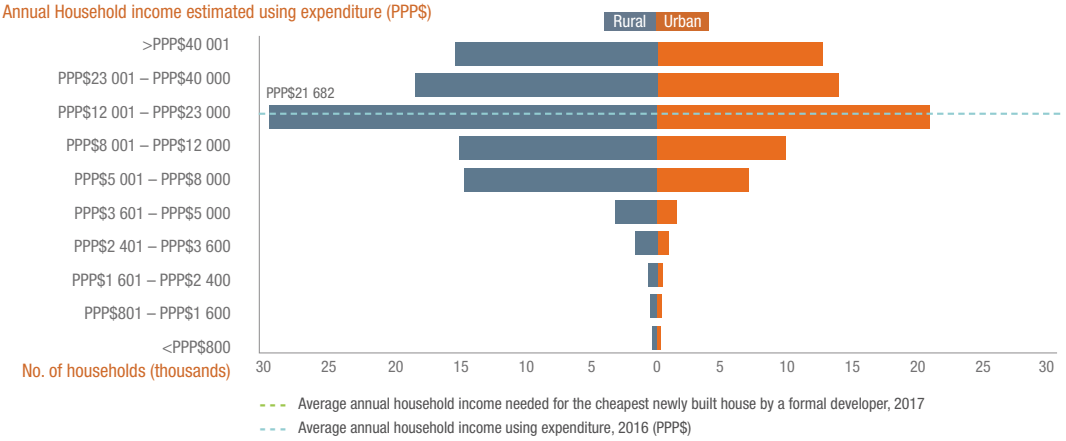
Urbanisation Rate (% p.a.)
2.22

Cost of Unit (PPP$)
52 027

% of urban households that can afford this house:
98.6

EQUATORIAL GUINEA

Annual Household income estimated using expenditure (PPP$)



Population: 1 221 000

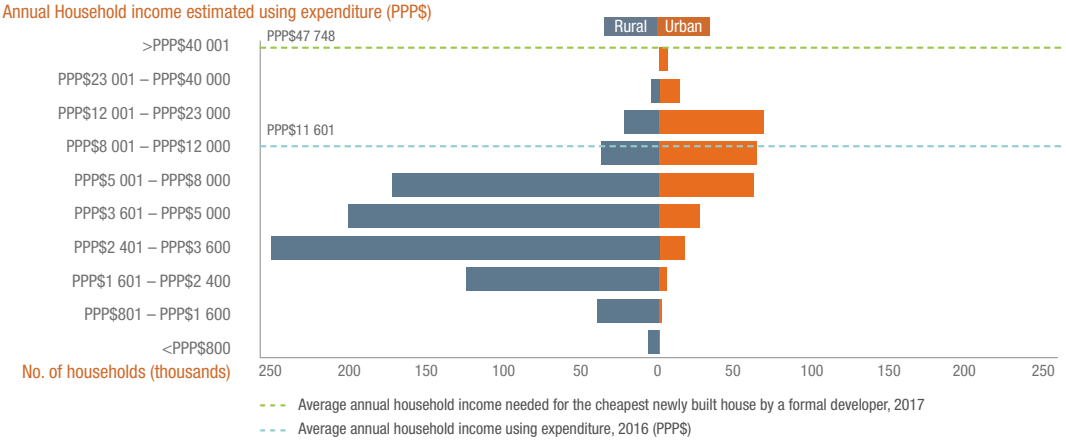
Urbanisation Rate (% p.a.) 4.30

Cost of Unit (PPP$) –

% of urban households that can afford this house: –

ERITREA

Annual Household income estimated using expenditure (PPP$)



Population: 6 700 000

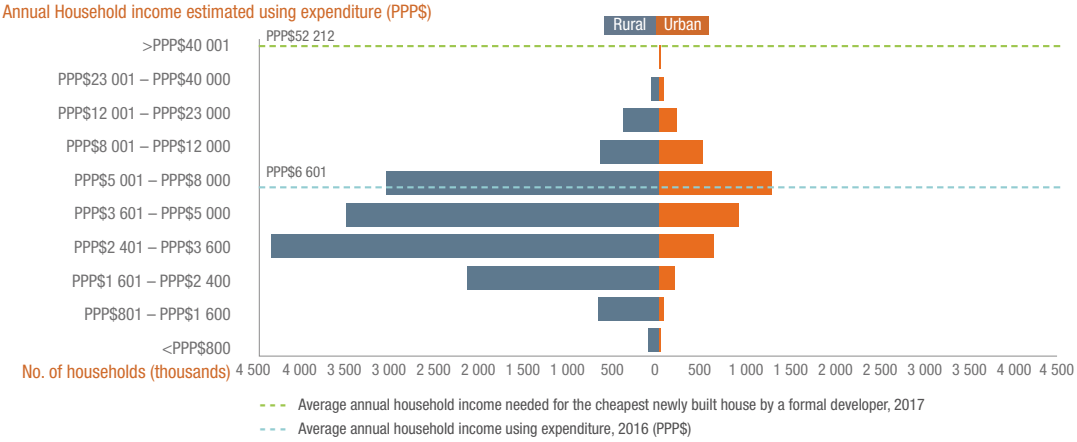
Urbanisation Rate (% p.a.) 3.95 (2011)

Cost of Unit (PPP$) 132 536

% of urban households that can afford this house: 2.1

ETHIOPIA

Annual Household income estimated using expenditure (PPP$)



Population: 102 403 000

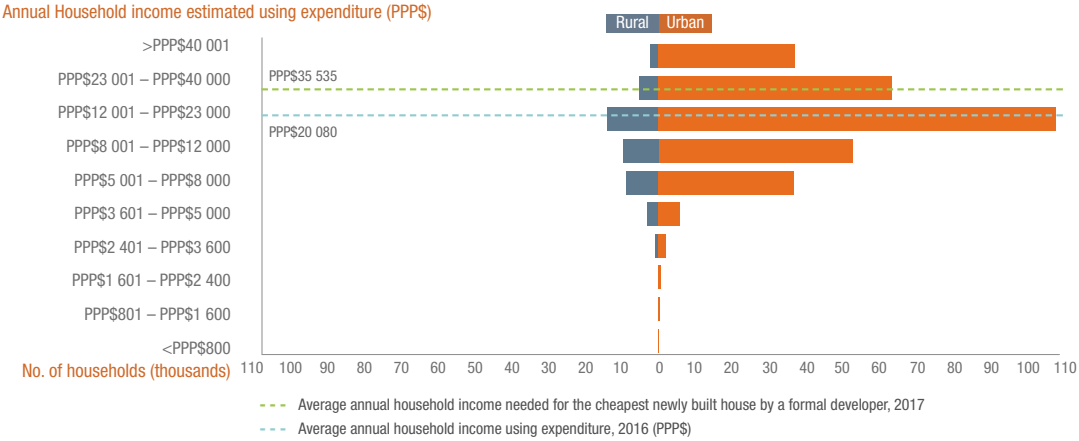
Urbanisation Rate (% p.a.) 4.79

Cost of Unit (PPP$) 136 503

% of urban households that can afford this house: 0.4

GABON

Annual Household income estimated using expenditure (PPP$)



Population: 1 979 000

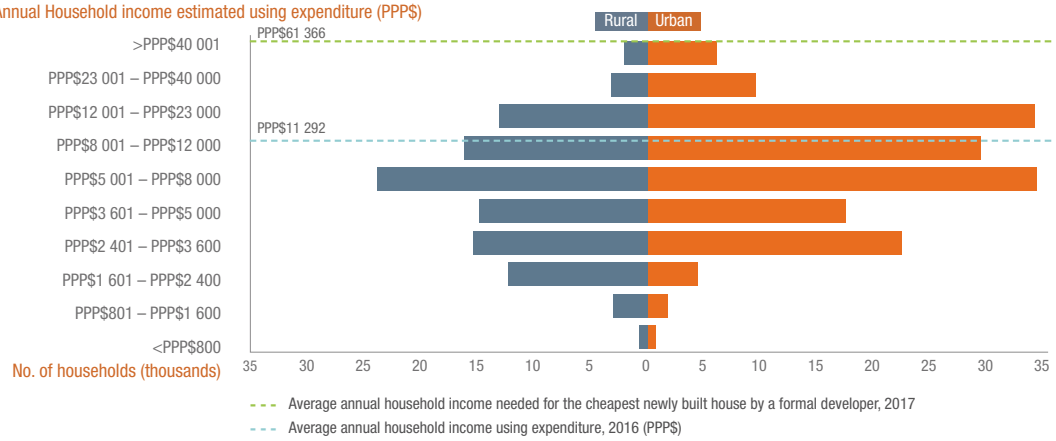
Urbanisation Rate (% p.a.) 2.78

Cost of Unit (PPP$) 85 945

% of urban households that can afford this house: 12.0

GAMBIA

Annual Household income estimated using expenditure (PPP$)



Population: 2 038 000

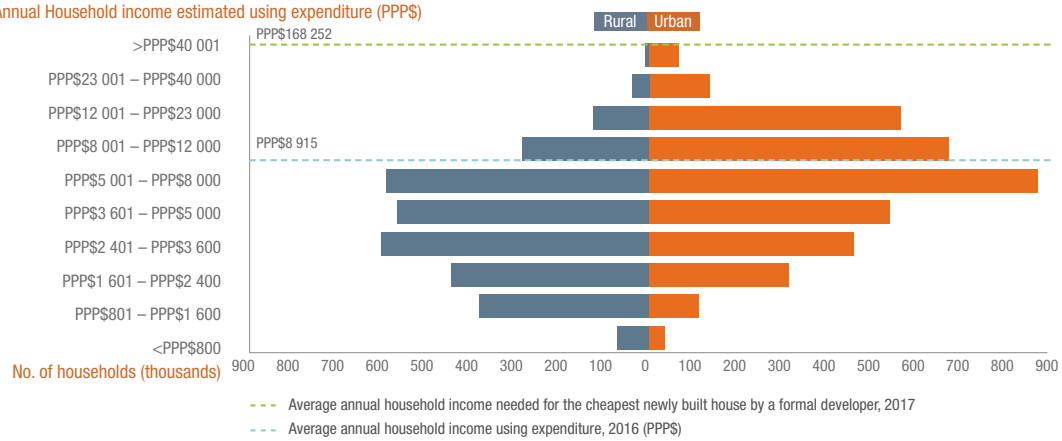
Urbanisation Rate (% p.a.) 4.02

Cost of Unit (PPP$) 91 884

% of urban households that can afford this house: 3.8

GHANA

Annual Household income estimated using expenditure (PPP$)



Population: 28 206 000

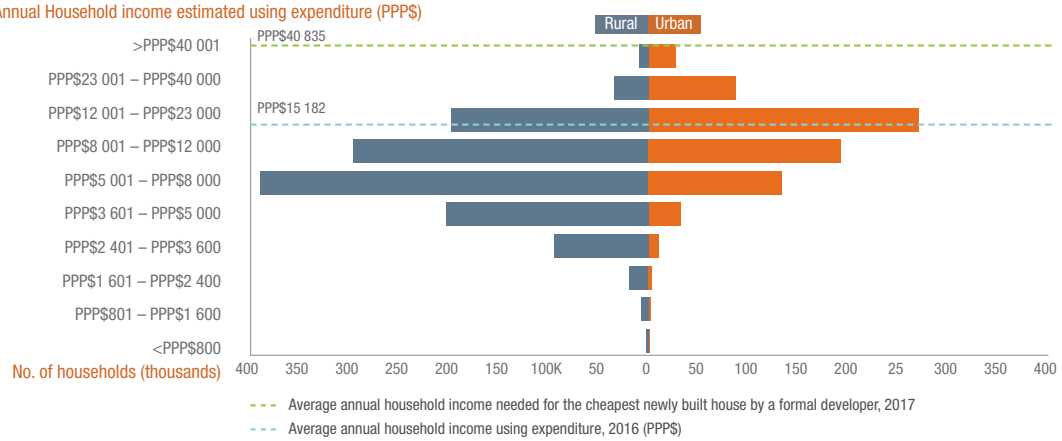
Urbanisation Rate (% p.a.) 3.41

Cost of Unit (PPP$) 158 798

% of urban households that can afford this house: 1.7

GUINEA

Annual Household income estimated using expenditure (PPP$)



Population: 12 400 000

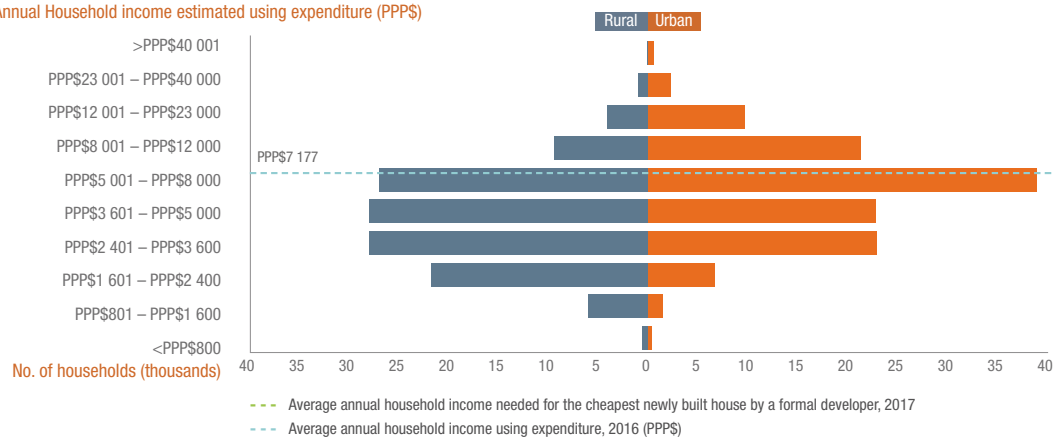
Urbanisation Rate (% p.a.) –

Cost of Unit (PPP$) 74 388

% of urban households that can afford this house: 3.5

GUINEA-BISSAU

Annual Household income estimated using expenditure (PPP$)



Population: 1 815 000

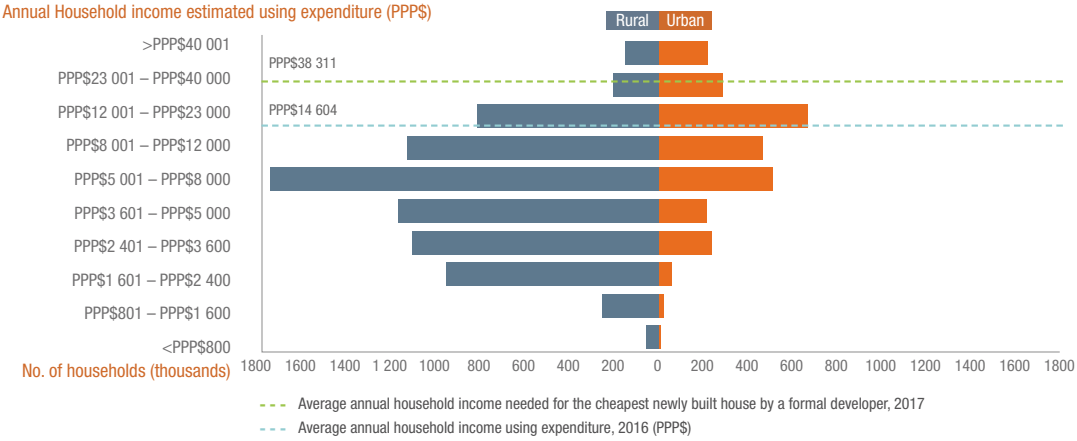
Urbanisation Rate (% p.a.) 4.05

Cost of Unit (PPP$) –

% of urban households that can afford this house: –

KENYA

Annual Household income estimated using expenditure (PPP$)



Population: 48 461 000

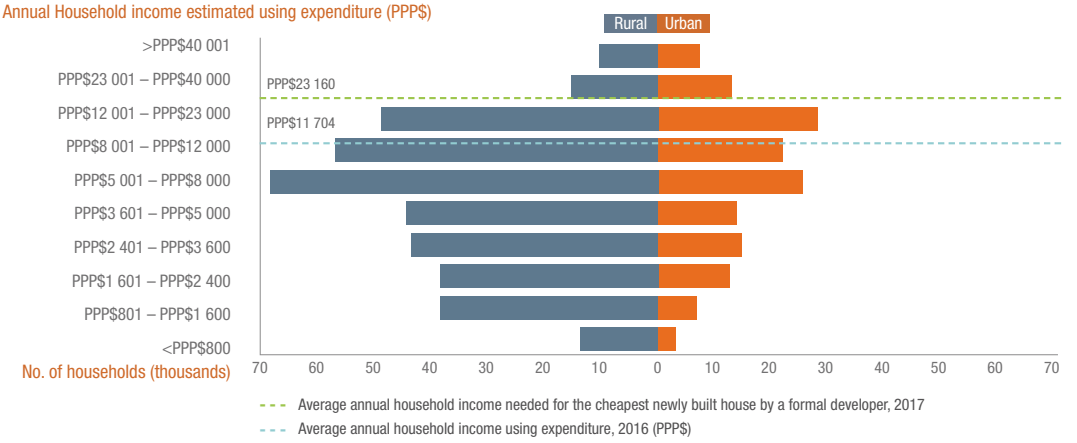
Urbanisation Rate (% p.a.) 4.24

Cost of Unit (PPP$) 65 365

% of urban households that can afford this house: 8.1

LESOTHO

Annual Household income estimated using expenditure (PPP$)



Population: 2 203 000

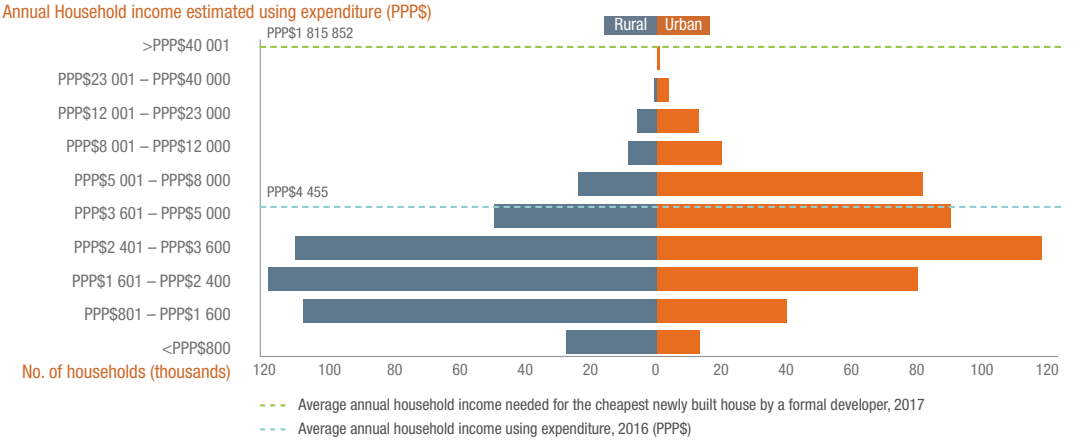
Urbanisation Rate (% p.a.) 3.25

Cost of Unit (PPP$) 52 410

% of urban households that can afford this house: 13.8

LIBERIA

Annual Household income estimated using expenditure (PPP$)



Population: 4 613 000

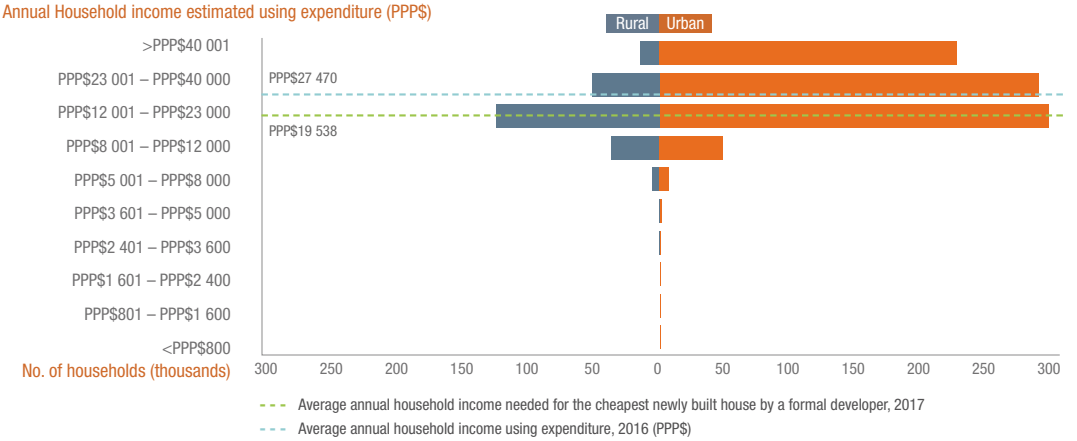
Urbanisation Rate (% p.a.) 3.31

Cost of Unit (PPP$) 2 903 041

% of urban households that can afford this house: 0.1

LIBYA

Annual Household income estimated using expenditure (PPP$)



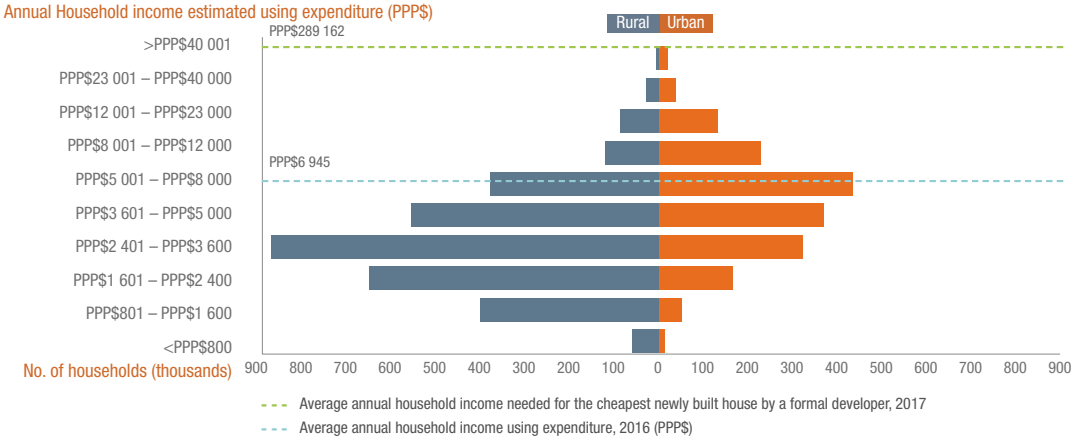
Population: 6 293 000

Urbanisation Rate (% p.a.) 1.18

Cost of Unit (PPP$) 79 099 (2016)

% of urban households that can afford this house: 59.3

MADAGASCAR



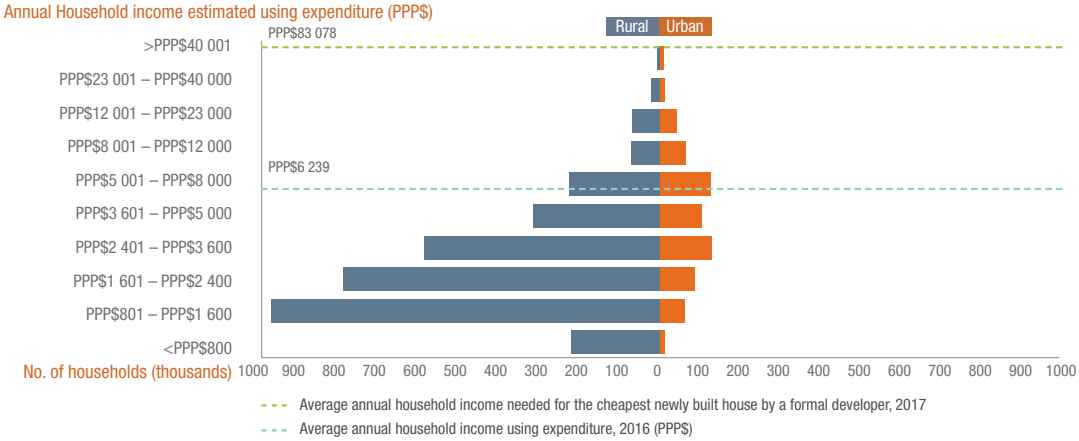
Population:
24 894 000

Urbanisation Rate (% p.a.)
4.48

Cost of Unit (PPP$)
491 658

% of urban households that can afford this house:
1.1

MALAWI



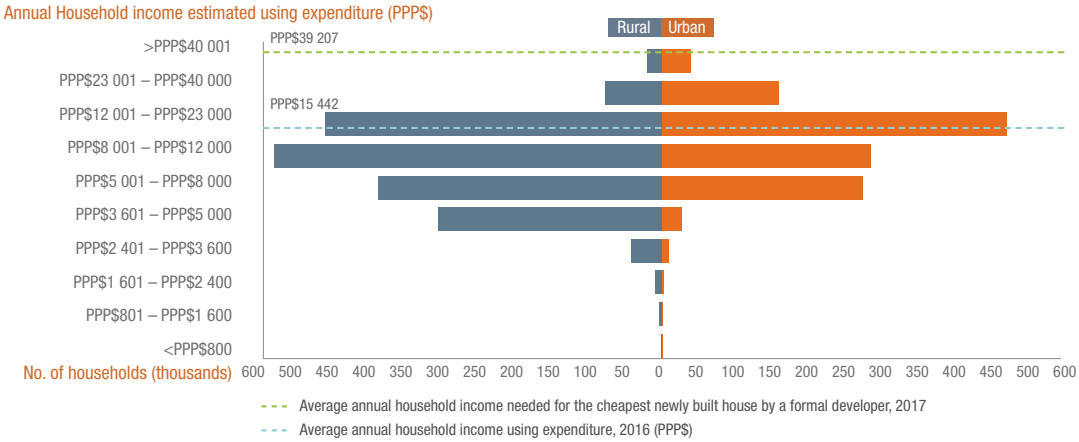
Population:
18 091 000

Urbanisation Rate (% p.a.)
4.02

Cost of Unit (PPP$)
75 411 (2016)

% of urban households that can afford this house:
1.3

MALI



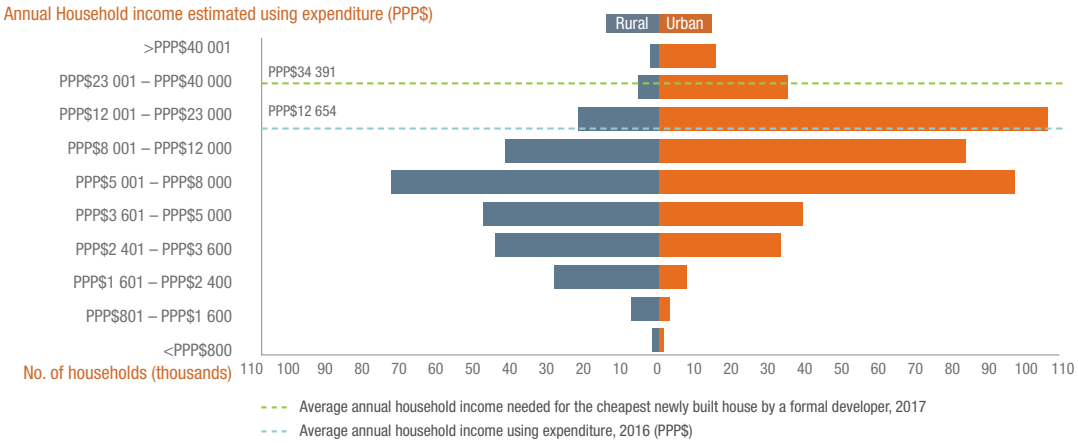
Population:
17 994 000

Urbanisation Rate (% p.a.)
4.88

Cost of Unit (PPP$)
62 815

% of urban households that can afford this house:
3.1

MAURITANIA



Population:
4 301 000

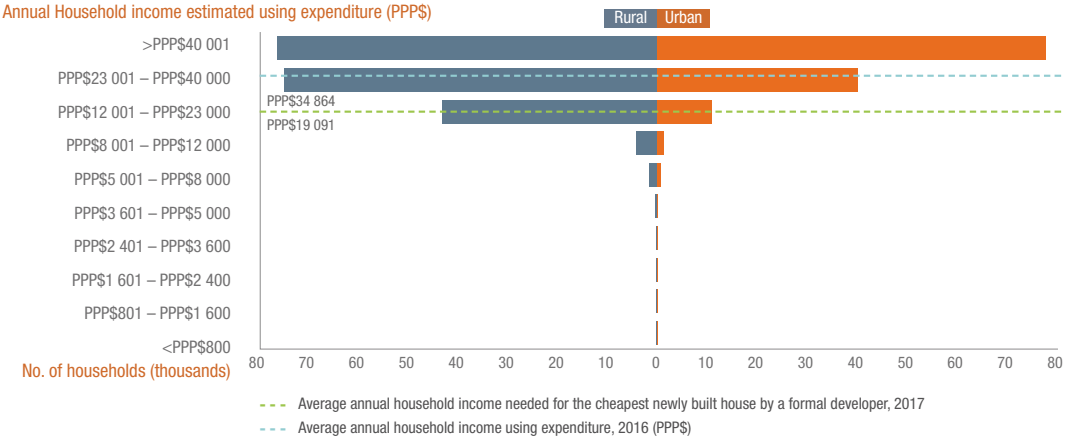
Urbanisation Rate (% p.a.)
3.77

Cost of Unit (PPP$)
96 792

% of urban households that can afford this house:
3.7

MAURITIUS

Annual Household income estimated using expenditure (PPP$)



Population:
1 263 000

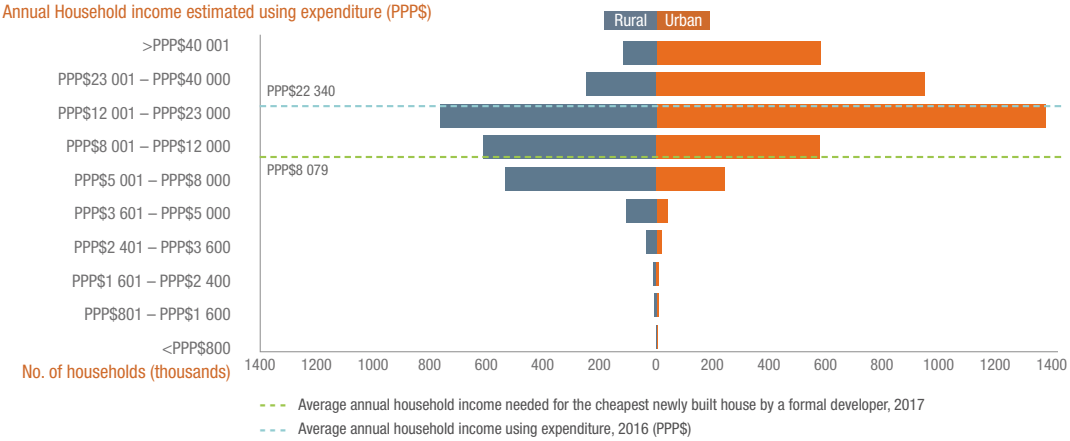
Urbanisation Rate (% p.a.)
-0.24

Cost of Unit (PPP$)
67 165

% of urban households that can afford this house:
89.6

MOROCCO

Annual Household income estimated using expenditure (PPP$)



Population:
35 276 000

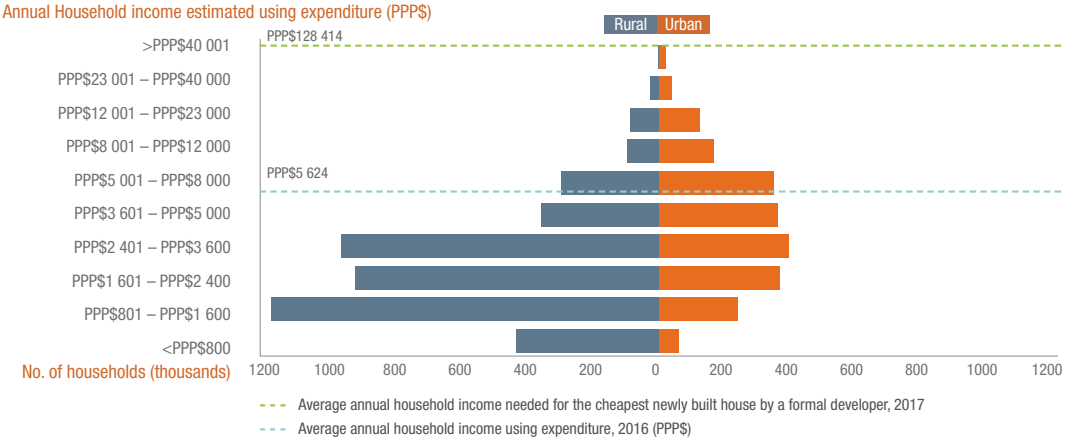
Urbanisation Rate (% p.a.)
2.16

Cost of Unit (PPP$)
37 417 (2016)

% of urban households that can afford this house:
91.8

MOZAMBIQUE

Annual Household income estimated using expenditure (PPP$)



Population:
28 829 000

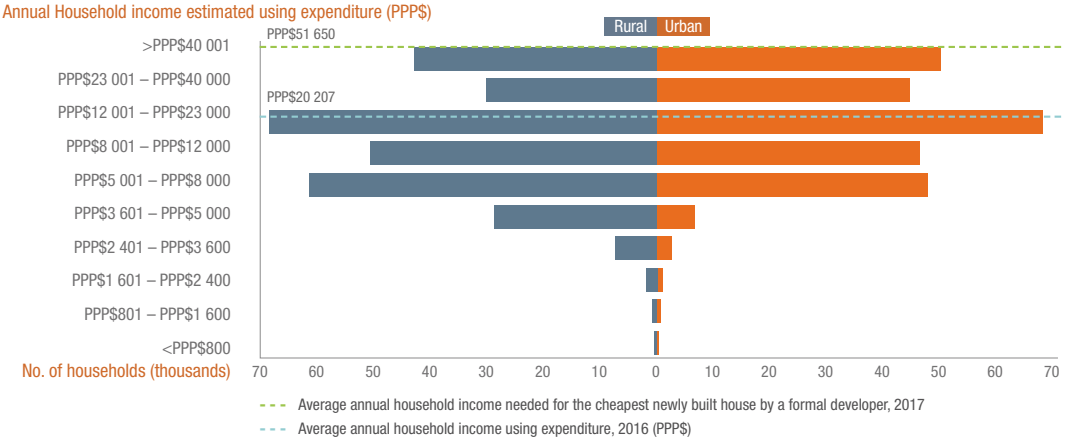
Urbanisation Rate (% p.a.)
3.79

Cost of Unit (PPP$)
158 666

% of urban households that can afford this house:
1.0

NAMIBIA

Annual Household income estimated using expenditure (PPP$)



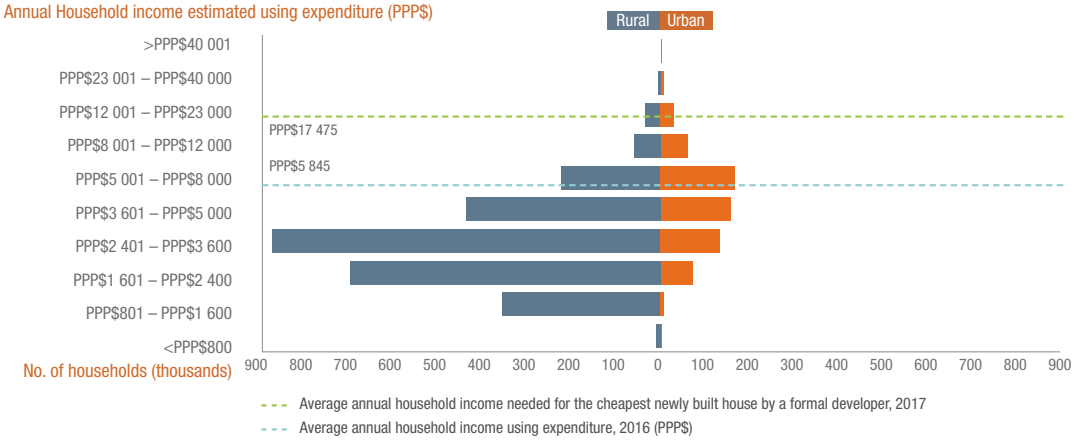
Population:
2 479 000

Urbanisation Rate (% p.a.)
4.26

Cost of Unit (PPP$)
111 875

% of urban households that can afford this house:
18.7

NIGER



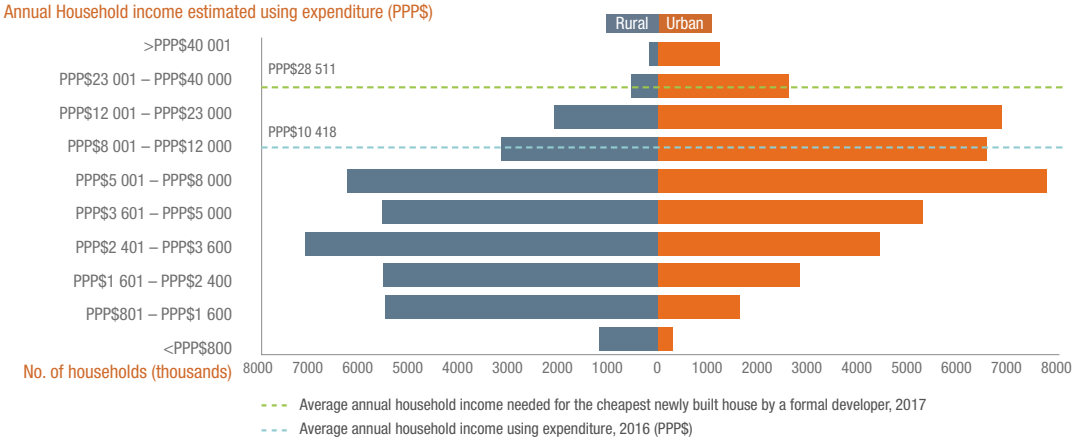
Population: 20 672 000

Urbanisation Rate (% p.a.) 5.30

Cost of Unit (PPP$) 32 301

% of urban households that can afford this house: 6.1

NIGERIA



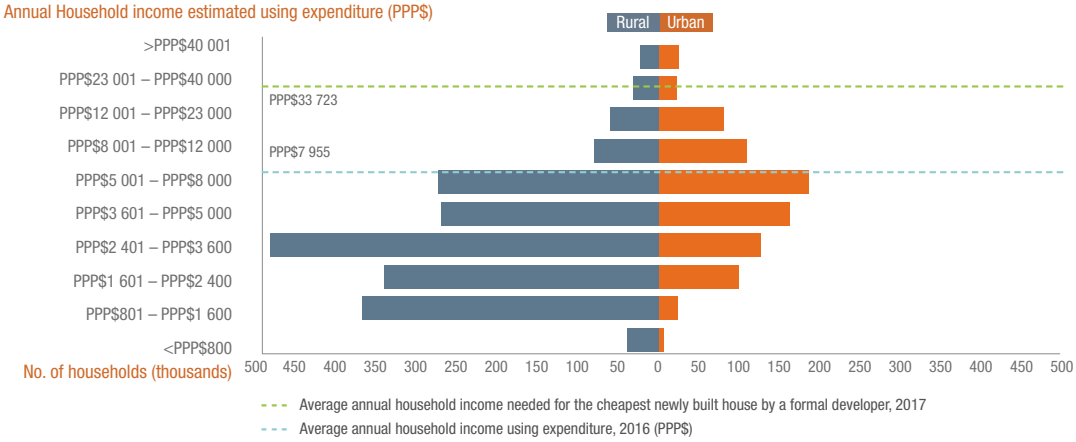
Population: 185 989 000

Urbanisation Rate (% p.a.) 4.32

Cost of Unit (PPP$) 28 225

% of urban households that can afford this house: 9.7

RWANDA



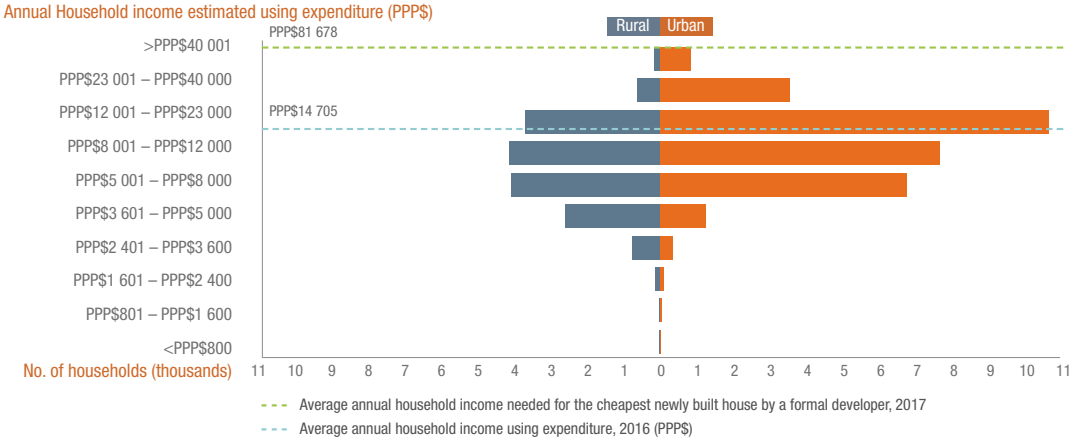
Population: 11 917 000

Urbanisation Rate (% p.a.) 5.74

Cost of Unit (PPP$) 60 043

% of urban households that can afford this house: 2.9

SÃO TOMÉ AND PRÍNCIPE



Population: 199 910

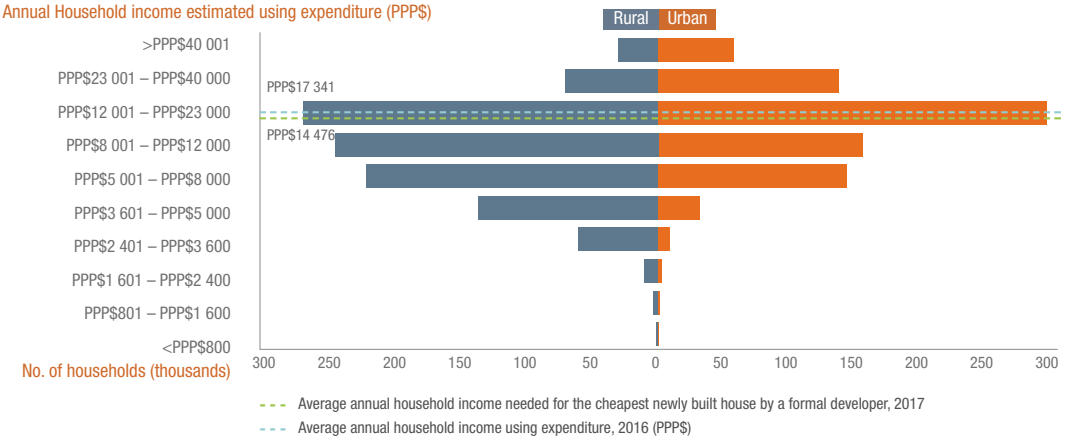
Urbanisation Rate (% p.a.) –

Cost of Unit (PPP$) 125 421

% of urban households that can afford this house: 2.7

SENEGAL

Annual Household income estimated using expenditure (PPP$)



Population: 15 411 000

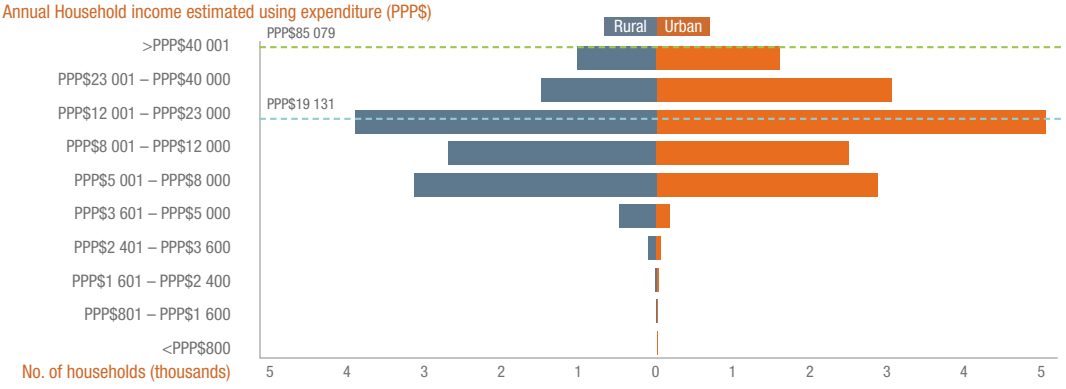
Urbanisation Rate (% p.a.) 3.64

Cost of Unit (PPP$) 55 346

% of urban households that can afford this house: 58.9

SEYCHELLES

Annual Household income estimated using expenditure (PPP$)



Population: 94 677

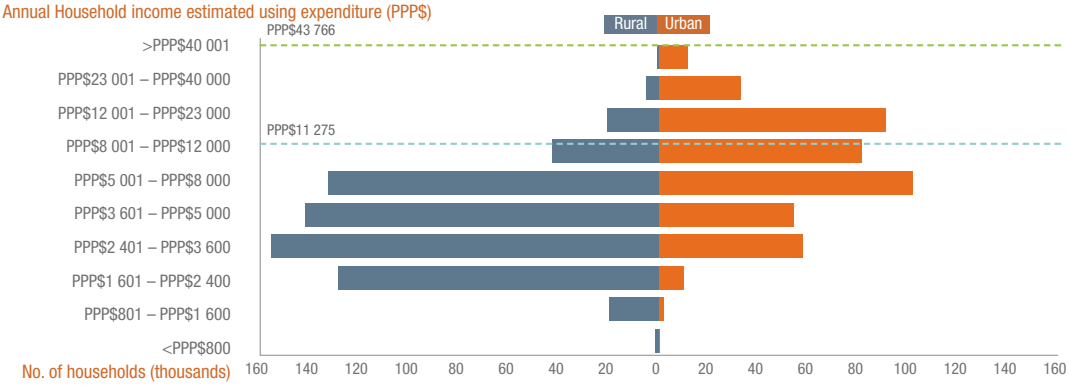
Urbanisation Rate (% p.a.) 1.94

Cost of Unit (PPP$) 255 395

% of urban households that can afford this house: 10.5

SIERRA LEONE

Annual Household income estimated using expenditure (PPP$)



Population: 7 396 000

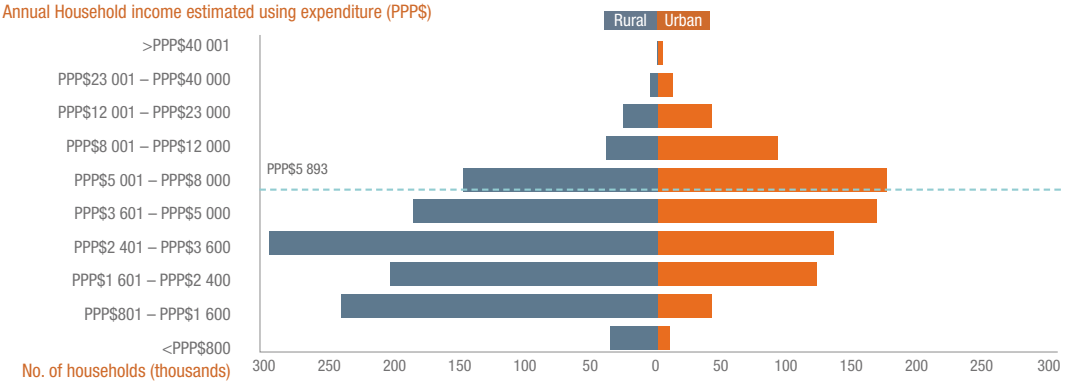
Urbanisation Rate (% p.a.) 3.11

Cost of Unit (PPP$) 132 834 (2016)

% of urban households that can afford this house: 2.6

SOMALIA

Annual Household income estimated using expenditure (PPP$)



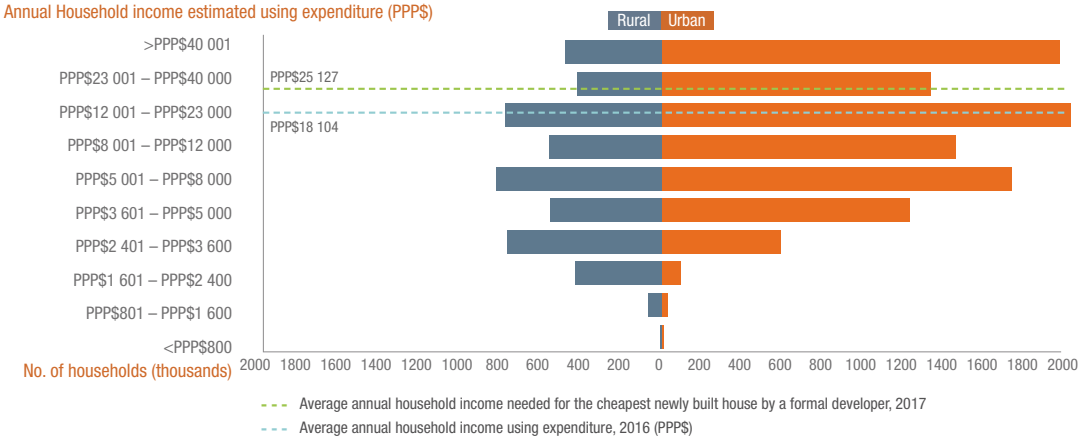
Population: 14 318 000

Urbanisation Rate (% p.a.) 4.11

Cost of Unit (PPP$) –

% of urban households that can afford this house: –

SOUTH AFRICA



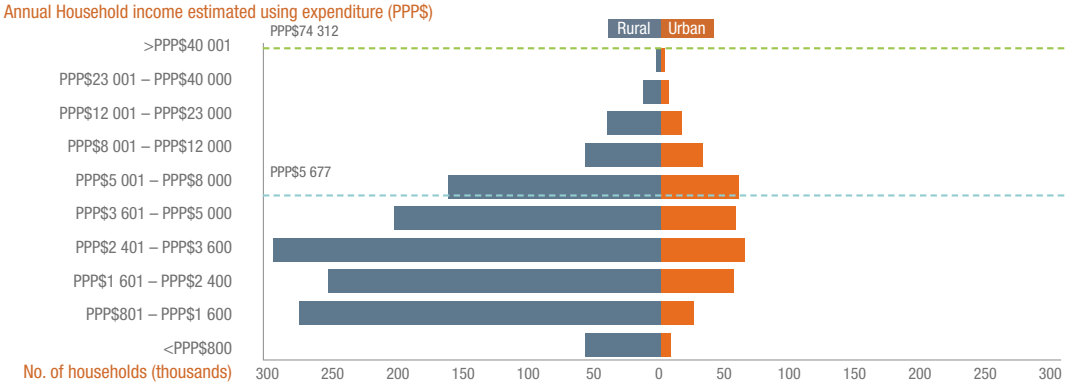
Population:
55 908 953

Urbanisation Rate (% p.a.)
2.38

Cost of Unit (PPP$)
64 631

% of urban households that can afford this house:
31.6

SOUTH SUDAN



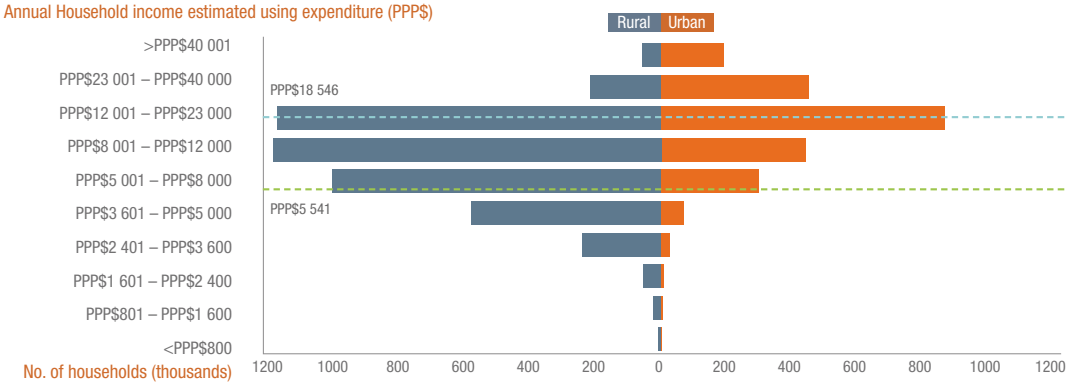
Population:
12 230 000

Urbanisation Rate (% p.a.)
4.09

Cost of Unit (PPP$)
88 966

% of urban households that can afford this house:
0.7

SUDAN



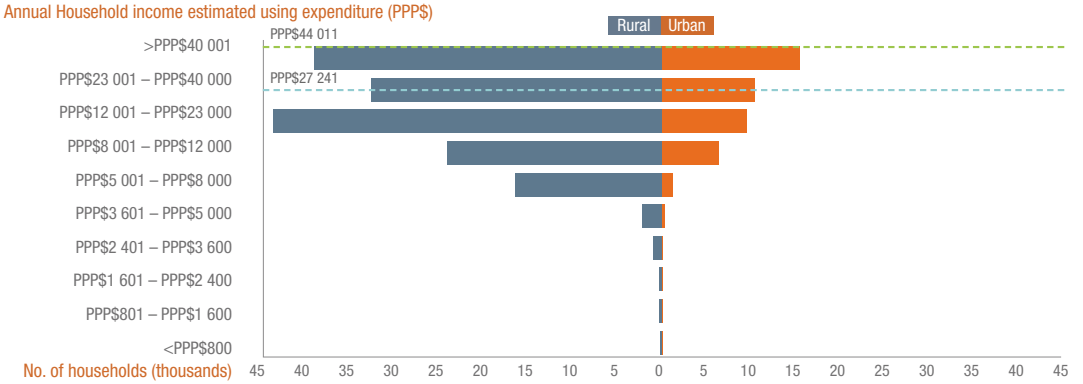
Population:
39 578 000

Urbanisation Rate (% p.a.)
2.97

Cost of Unit (PPP$)
10 437

% of urban households that can afford this house:
95.3

SWAZILAND



Population:
1 343 000

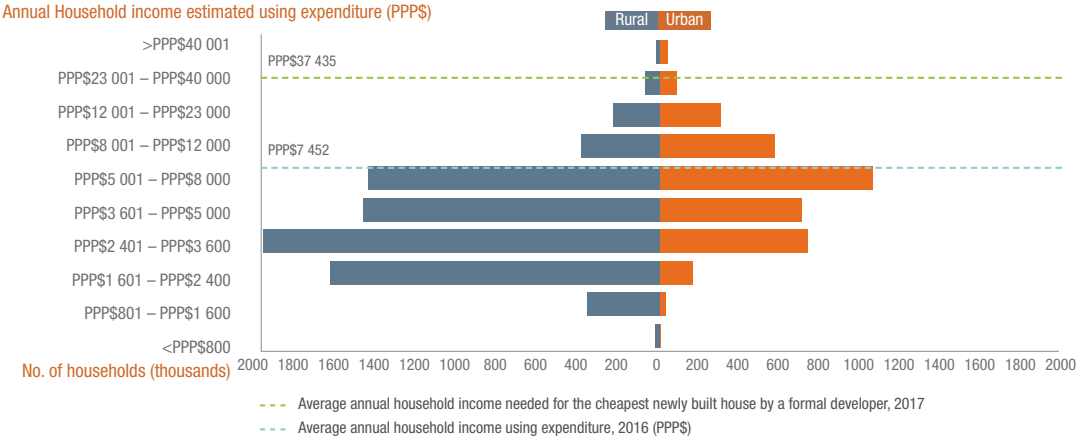
Urbanisation Rate (% p.a.)
1.84

Cost of Unit (PPP$)
130 502 (2016)

% of urban households that can afford this house:
35.5

TANZANIA

Annual Household income estimated using expenditure (PPP$)



Population: 55 572 000

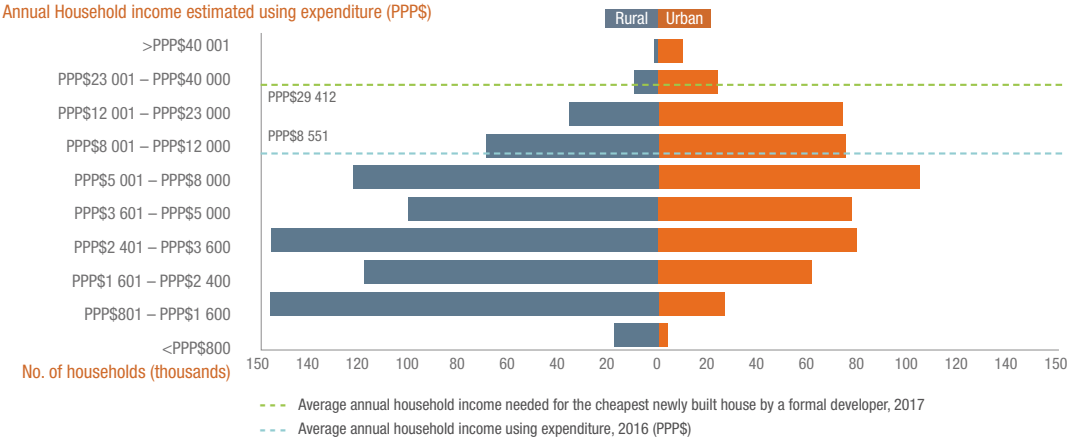
Urbanisation Rate (% p.a.) 5.31

Cost of Unit (PPP$) 56 848

% of urban households that can afford this house: 1.0

TOGO

Annual Household income estimated using expenditure (PPP$)



Population: 7 606 000

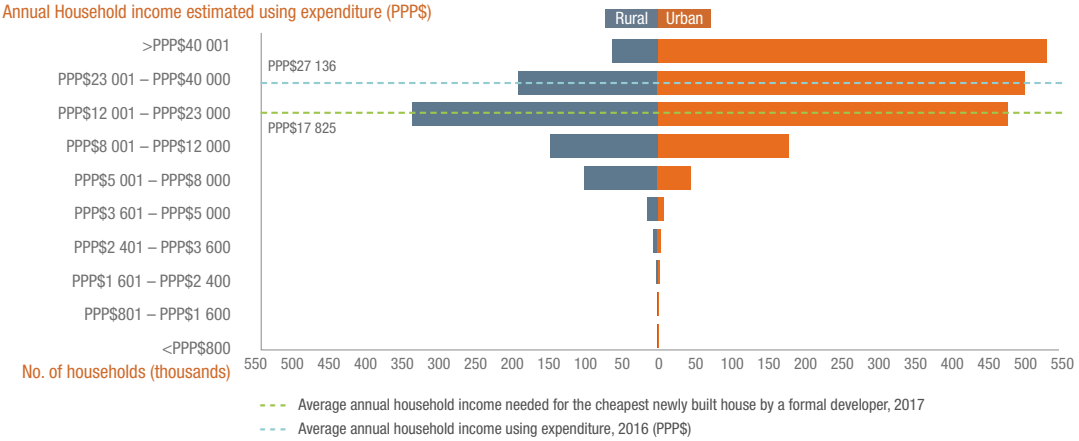
Urbanisation Rate (% p.a.) 3.76

Cost of Unit (PPP$) 44 432

% of urban households that can afford this house: 6.2

TUNISIA

Annual Household income estimated using expenditure (PPP$)



Population: 11 403 000

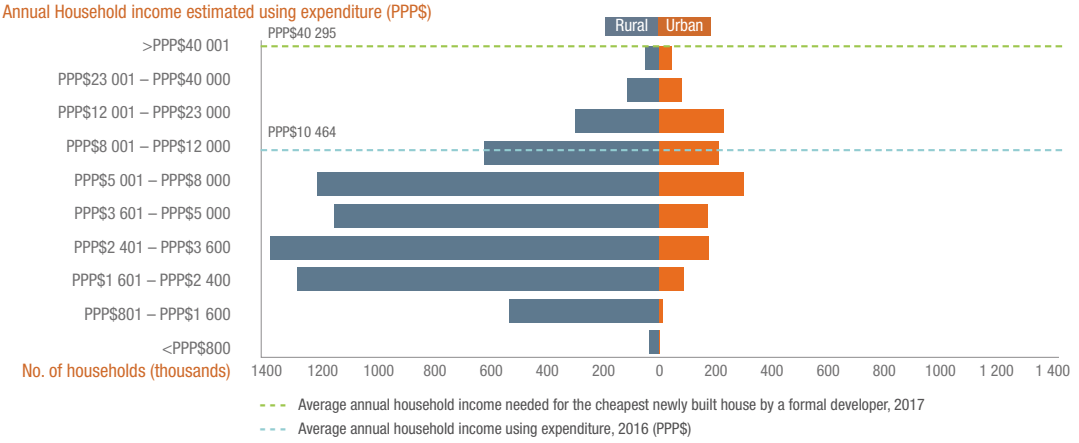
Urbanisation Rate (% p.a.) 1.45

Cost of Unit (PPP$) 67 955(2013)

% of urban households that can afford this house: 59,0

UGANDA

Annual Household income estimated using expenditure (PPP$)



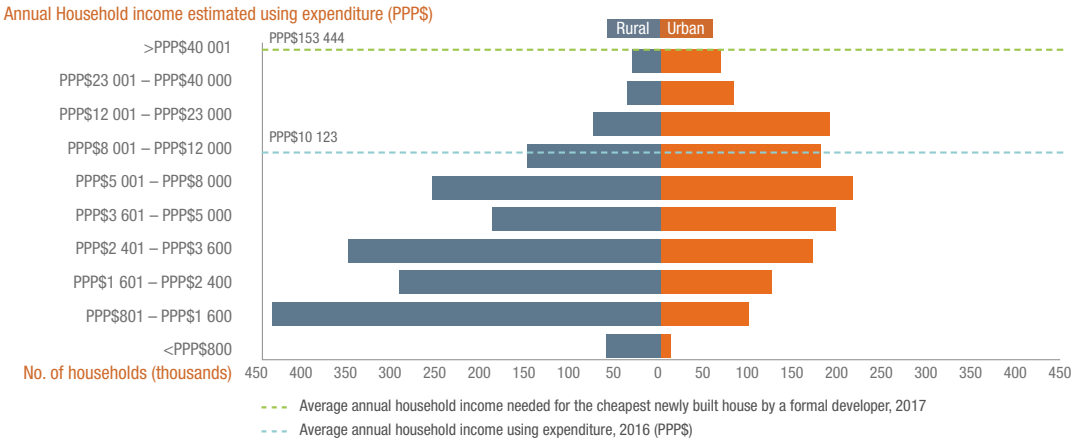
Population: 41 487 000

Urbanisation Rate (% p.a.) 5.40

Cost of Unit (PPP$) 65 418

% of urban households that can afford this house: 3.3

ZAMBIA



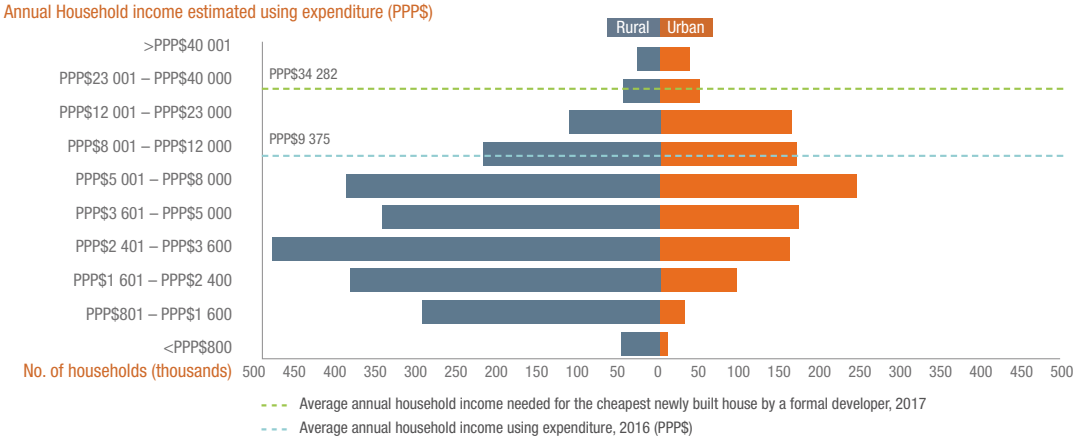
Population:
16 591 000

Urbanisation Rate (% p.a.)
4.11

Cost of Unit (PPP$)
172 673

% of urban households that can afford this house:
5.0

ZIMBABWE



Population:
16 150 000

Urbanisation Rate (% p.a.)
2.03

Cost of Unit (PPP$)
48 733

% of urban households that can afford this house:
3.2

Data and analytics for market development

A key challenge facing investors and policy makers, is the availability of sound data and market analytics over time. This deprives market participants of the capacity to target, plan, cost and execute projects, presenting a specific problem for low cost and affordable housing, where thin margins offer inadequate cushion for weak data. Better data, that is collected and stored more efficiently, would make the housing and housing finance markets in Africa work better for all market participants, including the poor.

Specific gaps include:

- **Market overview data** on who is investing in which parts of the housing delivery and financing value chains, for which types of residential real estate, in which countries or regions, targeting which submarkets, and with how much money or with which sorts of interventions. Quantification of volume and amounts being invested in each country in affordable housing and finance.
- **Market performance data,** segmented by target market, housing type or investment intervention, geography, etc.
- **Competitive market horizon:** the size, financial capacity, geographic reach and market share of participants in the housing sector and in the housing finance (mortgage, home equity, personal loan, consumer loan, microfinance and housing microfinance) sectors.

Data and the ability to quantify, track and analyse market activity is necessary market infrastructure to support increased investment in affordable housing across the continent. This is an ambitious focus – market infrastructure takes time to develop and is dependent on political will and investor interest. Government, the public sector and civil society all have a role to play in championing open data, creating a self-reinforcing cycle of market information, market interest, better information, more interest, and so on, which in turn will build market and investor support for affordable housing on the continent.

Explaining the indicators

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

- **Main Urban Centres:** These include the capital city of the country and any other large city. The United Nations World Urbanisation Prospects[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, all of whom will require housing.
- **Exchange Rate:** The rate for all currencies to the US dollar was provided by CAHF's country profile authors, or obtained through the forex website www.coinmill.com. For each country, the exchange rate used varies according to the period when the profile was written - generally between the months of July and September 2016. Note, however, that exchange rates can fluctuate widely.
- **Purchase Power Parity (PPP) Exchange Rate:** According to the International Monetary Fund (IMF), PPP is the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country.
- **Inflation Rate:** Inflation, as measured by the consumer price index, reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used. Data is drawn from Africa Economic Outlook.
- **Population:** Population counts all residents regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are midyear estimates, drawn from the World Bank's World Development Indicators.
- **Population growth rate:** This is the rate of growth of population, measured in the middle of the year, from one year to another. The data is drawn from the World Bank's World Development Indicators.
- **Urban population:** Refers to people living in urban areas as defined by national statistical offices. It is calculated using World Bank population estimates and urban ratios from the United Nations World Urbanisation Prospects.
- **Urbanisation rate:** Refers to the rate of increase in the country's urban population as defined by national statistical offices, expressed as a percentage. Uganda and Burkina Faso have the highest urbanisation rates in Africa, at just under six percent. Data is drawn from the World Bank's World Development Indicators.
- **GDP per capita:** This is the gross domestic product (GDP) divided by the midyear population. It provides a rough indication of the residents' standard of living, but misses the important factor of inequality. It must therefore be read together with the Gini Coefficient and the percent of the population living below the poverty line. This data is drawn from the World Bank's World Development Indicators.
- **GDP growth rate:** Is the annual percentage growth in GDP at market prices based on constant local currency. Aggregates are based on constant 2005 U.S. dollars. The GDP growth rate measures the growth in the economy. This data is also drawn from the World Bank's World Development Indicators.
- **GDP:** Is the sum of all value added, or simply the gross value of output, by all resident producers in the economy without making deductions for depreciation of assets or for depletion and degradation of natural resources, plus any product taxes and minus any subsidies not included in the value of the products. Data is expressed in current U.S. dollars, and drawn from the World Bank, Organisation for Economic Co-operation and Development, and United Nations.
- **GNI Per Capita, Atlas method:** GNI per capita is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population. GNI includes the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. To smooth fluctuations in prices and exchange rates, a special Atlas method of conversion is used by the World Bank. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the 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. 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. For this reason, some countries have established national poverty lines that better reflect the reality of poverty in their own local economies. This data is drawn from African Economic Outlook and is a rough measure of living standards.
- **Unemployment rate:** The share of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers. This data was drawn from African Economic Outlook.
- **GINI Coefficient:** This measures levels of inequality in a country, based on the extent to which the distribution of income or consumption expenditure among the population deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. The data relates to various years, depending on when the calculation was done for a particular country, and is drawn from the World Bank's World Development Indicators.

1 esa.un.org/unpd/wup/

- **Human Development Index (Global Ranking and score):** The Human Development Index is a composite statistic. It is a summary measure of average achievement in key dimensions of human development including life expectancy, education, and per capita income indicators. The HDI is the geometric mean of normalised indices for each of the three dimensions used to rank countries. The index score is drawn from the UN Development Programme. The global ranking is out of 187 countries.
- **Lending Interest Rate:** This is the prevailing interest rate in the country, charged as a percentage of the loan amount, that usually meets the short- and medium-term financing needs of the private sector. While the rate offered will differ from one lender to the next, and be adjusted to the creditworthiness of borrowers and objectives of the loan, the number offered is indicative of the state of lending in the country. The data is drawn from the World Bank's World Development Indicators or CAHF country profile authors.
- **Unsecured Lending Interest Rate:** is the interest rate in the country, charged on unsecured credit. This data was collected by the country-profile authors for CAHF.
- **Mortgage Interest Rate:** The rate of interest charged on a mortgage loan to purchase a property. Coupled with mortgage term and the loan to value ratio, this determines loan affordability and the percentage of the population that can afford to participate in the housing market unassisted. The mortgage interest rate is usually linked to prime, and is influenced by the central bank rate in the country. It also incorporates the cost of capital to a particular lender, and so varies from one lender to the next. This data was collected by the country-profile authors for CAHF.
- **Mortgage Term:** Given the size of the loan, mortgage terms are generally long, and can be anywhere up to 30 years. However, a lender's capacity to offer a long term loan is determined by their source of capital. If they rely on deposits, their ability to offer a long term loan is constrained. This is the classic challenge in most African countries: overcoming the capital mismatch where lenders use short term savings to fund long term loans. The liquidity facilities introduced in Egypt, Tanzania, Nigeria and the WAEMU region address this particular challenge. Generally, mortgage terms across the continent vary from five to 20 years.
- **Down Payment:** Is the initial payment the borrower makes to secure their rights to purchase a property. It is often required by a lender to demonstrate the borrower's own financial commitment, and is represented as a percentage of the purchase price of the property. This data was collected by the country-profile authors for CAHF.
- **Credit % of GDP:** This indicator is written in full as domestic credit to the private sector as a percentage of GDP. It measures the financial resources provided to the private sector – such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable – that establish a claim for repayment. It offers an indication of the extent or sophistication of the country's credit market. For some countries these claims include credit to public enterprises. It has been expressed as a percentage of GDP. This data is drawn from the World Bank's World Development Indicators.
- **Average Mortgages % of GDP:** This indicator measures the value of mortgages outstanding in a country as a percentage of GDP. It's often regarded as a rough measure of the size of the mortgage market in a country relative to the size of the economy. This data is not yet collected on a consistent basis across Africa – this is something that CAHF wishes to address. Current data provided in this report is calculated from various sources – Central Banks, World Bank research, and the Housing Finance Information Network (Hofinet).
- **Estimated Number of Mortgages:** Is the number of mortgages issued by financial institutions in the respective country. This data was collected by the country-profile authors for CAHF.
- **Average Loan Size (Mortgage):** Expressed in US$, this variable provides the average size of a mortgage loan taken in the respective country. This data was collected by the country-profile authors for CAHF.
- **Average Loan Size (Non-Mortgage):** Expressed in US$, this variable provides the average size of a micro loan taken in the respective country. This data was collected by the country-profile authors for CAHF.
- **Deeds registry:** Is a government office that maintains the public record of land rights in a country. Its existence enables property transactions, and is a precondition of a functioning mortgage market. A key challenge in many countries is the formal registration of land to enable mortgage lending, and the creation of an electronic deeds registry. This indicator confirms whether such a registry exists.
- **No. of residential title deeds in registry:** Indicates the number of residential properties and therefore the relative size of the property market.
- **Price To Rent Ratio:** This ratio provides a comparison between owning and renting properties in certain cities. It is calculated by dividing the average house price by the average yearly rent price. In some cities, the ratio could vary drastically depending on location. Of course, this data is skewed towards the high income, formal market, but is nonetheless indicative of what is formally available. The data is drawn from Numbeo.
- **Gross Rental Yield:** This is the amount of annual rent collected, expressed as a percentage of the total cost of the rental property. It is used to compare properties in different locations against each other. Rental yields also signify the rate of return from investing in the rental property. The yield may differ significantly between properties within city centre and away from the city centre. Again, the data is skewed towards the high income, formal market. The data is drawn from Numbeo.
- **Outstanding home loan (% age 15+):** The Global Findex database is the world's most comprehensive database on financial inclusion. The data is collected in partnership with the Gallup World Poll, and is based on interviews with about 150 000 adults in over 140 countries. Among the questions, respondents were asked if they had an outstanding loan from a bank or another type of financial institution to purchase a home, an apartment, or land. This figure would include both mortgage and non-mortgage loans for housing, and represents the situation in 2014.
- **Cost of standard 50kg bag of cement:** This is a rough indicator of the relative cost of construction across countries. CAHF collects this data annually, from building material supplier websites, or from its in-country researchers.

- **Price of the cheapest, newly built house by a formal developer:** This is the minimum price of the cheapest, newly built housing unit, by a formal developer. The indicator does not tell us how many of these houses are built annually, and only provides an indication of the cheapest house under construction in that particular year. It is indicative of the target of the construction industry. This data was collected by the country-profile authors for CAHF.
- **Size of this house (m^2):** This indicator contextualises the indicator on price, and can also be a proxy for the typical, minimum size of a housing unit that formal developers are prepared to build. This data was collected by the country-profile authors for CAHF.
- **Average rental price for a formal unit:** this is another indicator of housing affordability. This data was collected by the country-profile authors for CAHF.
- **Minimum stand or plot size for residential property (m^2):** This is the minimum size of a residential plot. This data was collected by the country-profile authors for CAHF.
- **Ease of Doing Business:** Ease of Doing Business ranks economies from 1 to 189, with first place being the best. A high numerical rank means that the regulatory environment is not conducive to business operations. The index averages the country's percentile rankings on 10 topics covered in the World Bank's Doing Business Survey, conducted annually. The ranking on each topic is the simple average of the percentile rankings on its component indicators. Property-related indicators are for commercial, not residential property, but are nonetheless a useful indicator.
- **Number of Procedures to Register Property:** Part of the Doing Business survey, this represents the number of procedures required for a business to secure rights to a commercial property.
- **Time (days) to Register Property:** Part of the Doing Business survey, this represents the number of calendar days needed for businesses to secure rights to a commercial property.
- **Cost (% of property value) to Register Property:** Part of Doing Business survey, this represents the average cost incurred by a business to secure rights to a commercial property, expressed as a percentage of the property value.

Regional data

- **Indicative house prices by income segment:** This relates to the average price of housing in the income segments defined which correlate with the affordability graphs. CAHFs own segmentation, based on industry experience, captures the low, middle and higher income market segments, and country-profile authors in each country have provided the corresponding price estimates. This information is indicative at best: it relates to specific locations per country and the author's own professional opinion. It is expressed in US$.
- **Indicative rental charges by income segment:** This relates to the average rental cost of housing in the income segments defined which correlate with the affordability graphs. CAHFs own segmentation, based on industry experience, captures the low, middle and higher income market segments, and country-profile authors in each country have provided the corresponding rental estimates. This information is indicative at best: it relates to specific locations per country and the author's own professional opinion. It is expressed in US$.
- **Mortgage Lending Terms:** This relates to the mortgage interest rate, downpayment and bond term found per country. It should be noted: that we were able to secure mortgage lending terms, however, does not mean that mortgages are indeed available – this would require further investigation. This data was collected by the country-profile authors for CAHF.
- **Policies relating to Housing:** This refers to the number of policies and regulations found for countries in the respective region that relate to housing, housing finance and property. This data was collected by the country-profile authors for CAHF and is not comprehensive. For more information, see CAHF's policy dashboard: http://housingfinanceafrica.org/dashboards/housing-finance-laws-policies-africa/

Data sources

Indicator's Name	Main 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
■ PPP Exchange rate	International Monetary Fund's (IMF) World Economic Outlook	This database contains selected macroeconomic data series which presents the analysis and projections of economic developments at the global level. The WEO is released in April and September/October each year.
■ Population ■ Population growth rate ■ Urban population (% of total) ■ Urbanisation rate ■ GDP and 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. In some cases, we have used data from national statistical offices, or Central Banks
■ 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 emphasise that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. Annual surveys and report 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 ■ Deeds registry data ■ Unsecured Lending Interest Rate ■ Mortgage Interest Rate/Term/Down payment ■ Number of Mortgages ■ Average Loan Size (Mortgages)/(Non-mortgage or micro lending)	Collected annually by CAHF's country profile authors.	CAHF collects these datasets annually by email questionnaires, through consultants working on profiles and sometimes from online sources. Although very important, the samples used are usually very small and their interpretation subjective; and therefore, this data should be used only as indicative values

Indicator's Name	Main Source	Short Comment
■ 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	Highly reliable data, periodically updated and sourced from primary sources, national statistical offices, World Bank and other reliable sources
■ Number of households per income bracket – data used to inform the affordability graphs	C-GIDD, 2015 www.cgidd.com	This database contains selected macroeconomic data series which presents the analysis and projections of economic developments at the global level. The WEO is released in April and September/October each year.

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

CAHF is also working hard to improve the data situation and build the baseline of information available to housing finance practitioners to encourage greater investment and enable better decision making. Please continue to visit our website for details on our progress, or contact us directly.

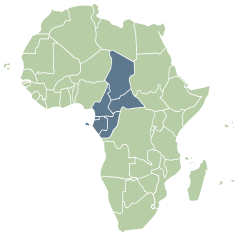
As this has been a desktop study, the reporting is limited by the data and sources available. While every effort has been made to overcome these shortcomings, there will always be more information and nuance to add to the picture. In some cases, where the current status is not conclusive, both perspectives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

Websites

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

Central Africa

Regulatory environments affect the breadth and depth of housing finance markets. We have been collecting laws and policies for every country in Africa.

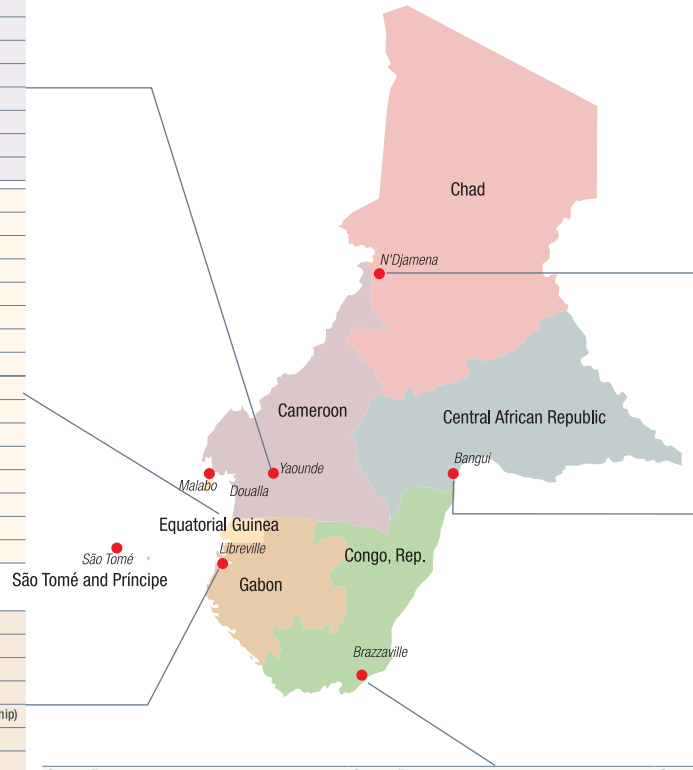


Cameroon	
City	Yaounde
Project Name	Cite des cinduantenaires
Duration	2017– 2019
Development Type	Apartments (Ownership)
No. of Units	524
Developer	MG Construction
Inv Amt (US$)	US$43.4 million

Equatorial Guinea	
City	Bioko Norte
Project Name	Public Housing Blocks
Duration	
Development Type	Apartments or Flats
No. of Units	
Developer	Government
Inv Amt (US$)	US$43.4 million

City	Sampaka
Project Name	Affordable Housing
Duration	
Development Type	Housing units
No. of Units	1 000
Developer	Government
Inv Amt (US$)	US$43.4 million

Gabon	
City	Angondjé
Project Name	Social Housing
Duration	
Development Type	Social Housing (Rental/Ownership)
No. of Units	5 000
Developer	Government
Inv Amt (US$)	



Chad	
City	
Project Name	Government, 2014
Duration	2014
Development Type	Housing units
No. of Units	14 000
Developer	
Inv Amt (US$)	

Chad	
City	
Project Name	2013-2015 National Development Plan
Duration	2025
Development Type	Housing
No. of Units	125 000
Developer	
Inv Amt (US$)	

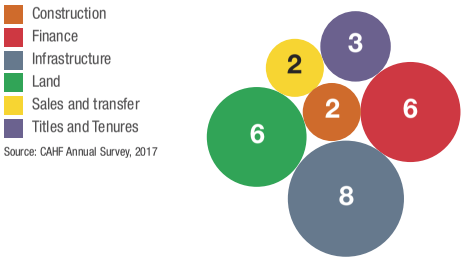
Central African Republic	
City	Bangui
Project Name	300 housing on two sites (Bangui)
Duration	2011
Development Type	Social Housing (Rental)
No. of Units	300
Developer	The Ministry of Housing/Celtel-Africa
Inv Amt (US$)	

Congo, Rep.	
City	Djiri
Project Name	Better Living in the neighborhood
Duration	2016
Development Type	Social Housing (Ownership)
No. of Units	115
Developer	Project supported by local bank
Inv Amt (US$)	

Congo, Rep.	
City	Pointe-Noire
Project Name	
Duration	2014
Development Type	Social Housing (Ownership)
No. of Units	10 000
Developer	Douja society Promotion Addoha
Inv Amt (US$)	

Congo, Rep.	
City	Brazzaville
Project Name	
Duration	2014
Development Type	Housing units (Rental/Ownership)
No. of Units	4 000
Developer	EMT Building subsidiary Alliances
Inv Amt (US$)	$226 881 525

Number of policies related to housing



Source: CAHF Annual Survey, 2017

House prices and rental charges are very hard to come by! There is very little data and these prices are indicative, provided by local housing experts.

Mortgage lending terms – Central Africa

	Cameroon	Central African Republic	Chad	Congo Republic	Equatorial Guinea	Gabon	São Tomé and Príncipe
Bond term (Years)	15	7	10		10	10	15
Downpayment (%)	20%	30%	0%		10%	10%	0%
Mortgage Interest Rate (%)	12.5%	15.0%	9.0%		14.0%	2.6%	14.0%

Source: CAHF Annual Survey, 2017

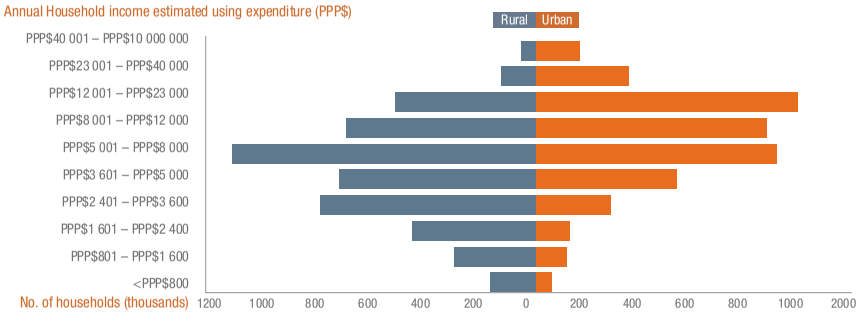
Indicative rental charges by income segments

Annual household income segments (US$)

Country	<US$1 600	US$1 600-3 600	US$3 600-$8 000	US$8 000-$23 000	>US$23 000
Cameroon	US$45	US$81	US$250	US$540	US$1 125
Central African Republic	US$10	US$50	US$100	US$250	
Chad	US$69			US$1 252	US$2 038
Congo Republic					
Equatorial Guinea	US$29		US$358	US$1 073	
Gabon	US$70	US$73	US$320	US$825	
São Tomé and Príncipe					

Source: CAHF Annual Survey, 2017

Annual Income profile for Rural and Urban Households estimated using expenditure (PPP$)



Source https://www.cgidd.com/ C-GIDD ,2016

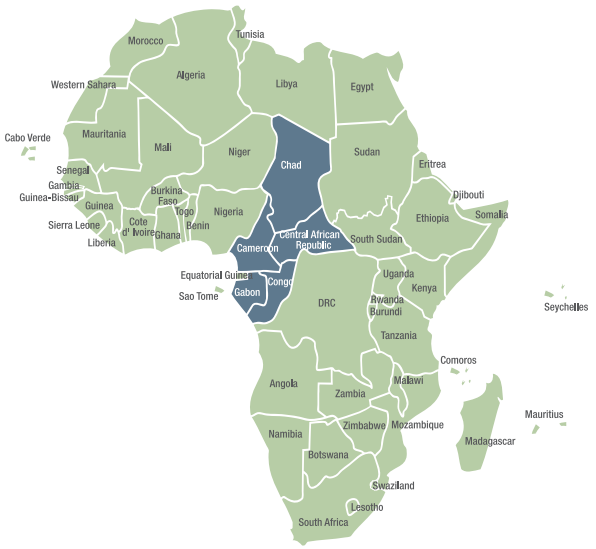
Indicative house prices by income segment

Annual household income segments (US$)

Country	<US$1 600	US$1 600-3 600	US$3 600-$8 000	US$8 000-$23 000	>US$23 000	Price of the cheapest newly built house
Cameroon	US$3 000	US$6 000	US$15 000	US$50 000		US$18 500
Central African Republic	US$1 800	US$1 800	US$4 200	US$12 000	US$18 000	US$24 000
Chad					US$1 609 200	US$25 000
Congo Republic						
Equatorial Guinea						
Gabon	US$27 000	US$31 000	US$4 500	US$70 000		US$35 000
São Tomé and Príncipe						US$72 000

Source: CAHF Annual Survey, 2017

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

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

- The Central African Economic Union (Union Economique de l'Afrique Central – UEAC) with an Executive Secretariat based in Bangui, Central African Republic, 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) 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. There is a growing resentment towards this agreement by citizens in these countries as they believe that it stifles growth and decision making and keeps these countries dependent on France.
- The CEMAC parliament was established according to Articles 2 and 4 of the CEMAC treaty. The parliament is located in Malabo in Equatorial Guinea and was inaugurated in April 2010.
- The Court of Justice, in place since 2000, is located in N'Djamena. It assumes a judicial and audit function.

The region has a population of over 48 million (as of end of 2016) spread over more than three 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 2.2 percent. It had a combined 2016 GDP of US$195 billion. The real GDP growth rate of -0.9 percent in 2016 was mainly driven by negative growth in Equatorial Guinea, Chad and Republic of Congo mainly due to cheaper oil prices and low oil and gas production. Cameroon, Central African Republic and Gabon grew their real GDP thanks to timber, agriculture exports and construction and services. CEMAC's per capita average income is higher than the average of Sub-Saharan African countries mainly because of abundant oil resources. Cameroon is the largest economy in the region, with half of the region's total financial assets and contributes up 40 percent of the region's GDP, Gabon 19 percent, Equatorial Guinea 13 percent, Chad 14 percent, Republic of Congo 11 percent and CAR two percent respectively. The mineral wealth includes deposits of gold, diamond, natural gas, oil, bauxite, aluminium, manganese and uranium. Other export products include natural rubber, tobacco, cocoa, coffee, sugar, tobacco and banana. Due to inadequate private investments, there has been little exploitation of petroleum and other mineral resources, with the exception of oil and timber. Crude petroleum is an important resource for these countries, apart from the Central African Republic: it accounts for 87 percent of the community's exports; Equatorial Guinea depends on it for 70 percent of its GDP; Congo, 65 percent; Gabon, 20 percent; Chad, 40 percent; and Cameroon, less than 10 percent in 2016. Timber is the community's second largest export product. There are ongoing efforts in all six countries to diversify their economies into tourism, agro production, financial services, mining and petro chemicals in order to reduce the dependency on oil revenues. The countries in the region are about 52 percent urbanised. Gabon has the highest level of urbanisation at 87.2 percent, with 59 percent of the population living in Libreville and Port Gentil, the political and economic capitals. The rate of urbanisation in the region is 2.7 percent

Some parts of the region have been beset with violence, insecurity and political instability in the last two years. Central African Republic, Chad and Northern Cameroon have been the most affected. CAR is on the road to political and social stability while Chad and Cameroon are handling the insurgencies caused by Boko Haram. Cameroon is also faced with a potential break-up of the country due to the call for separation by the English speaking part of the country. The recent efforts at peace and security may help to ensure growth and investments into the region, with minimal impact on GDP.

Access to finance

The formal financial system across CEMAC countries is not well developed. The financial sector is dominated by commercial banks and large Micro Finance Institutions. The CEMAC banking system currently comprises of 47 active commercial banks with Cameroon having the most banks in the region (14), followed by Gabon (9) and Chad (9). Congo has six banks, Equatorial Guinea has five banks, and Central African Republic has four. Bank branches and ATMs are mostly concentrated in the main urban and semi-urban areas. Financial inclusion is limited and only 15 percent of adults hold bank accounts. Levels of income affect access to financial services. Banks prefer to loan to individuals whose salaries are deposited directly with them; large businesses receive up to 80 percent of bank loans. Access to savings and traditional bank financing are hard to access for women and the poor. Most of the semi-urban and rural areas are served by the Micro Finance sector, which is relatively well developed in Cameroon, Congo and Chad and offers financial services to households and small businesses outside the formal banking system. For example, in the Central African Republic, which has the smallest financial sector in the region, bank branches and ATMs are mostly concentrated in only three towns. Seventy-one percent of total bank branches are located in the capital, Bangui. In Chad, access to banking services is practically non-existent outside of urban areas. Very few banks in the CEMAC region provide medium-term and long-term credit to individuals, and prefer to grant credit to institutions. 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. The state plays an important role in the financial sector. For example, it sets interest rates, provides guarantees and has a controlling stake in three banks, including a Development Finance Institution and has a stake in most of the other banks.

The mortgage finance market is insignificant and non-existent in some countries, such as the CAR, and is still in its infancy in others, such as Cameroon, Gabon, Congo and Equatorial Guinea. Mortgage finance is mostly granted by government agencies, and government-controlled banks. The people who benefit mostly are government employees. Only a very small percentage (5%) of private sector employees have access to mortgage finance from commercial banks. This percentage will increase due to ongoing efforts by real estate companies in partnership with local commercial banks to extend end-user financing opportunities to the growing middle class. Such partnerships already exist in Cameroon with Afrilands First Bank. In an effort to increase access to finance in Gabon, the government has supported the setting up of a growth and development fund to support small and medium enterprises and promote private investment. In the Central African Republic, the government is committed to supporting financial sector development and improving access to credit. Government has proposed plans to improve the legal and judiciary system to serve commercial matters, increase bank capital and adopt a micro-finance sector development strategy. In Equatorial Guinea, ATMs and credit card networks are being rolled out nationwide, a credit fund and a government debt market have been created. People in the informal sector, the middle class and lower income groups access 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. According to the Commission Bancaire De L'Afrique Centrale (COBAC), there are over 800 microfinance institutions in the region, with Cameroon having the most, followed by Chad, Congo, Central African Republic, Gabon and Equatorial Guinea respectively. The number of MFIs is proportionate to the population of each country. The MFI sector in Gabon has few regulated and registered MFIs covering only a small segment of the population. However, a substantial number of unregulated and unregistered MFIs are operating in the country. In Chad, the MFI sector still plays a marginal role in the financial system and is virtually unregulated. Government has taken steps to regulate and improve access by putting in place a new micro finance strategy. Links with the traditional, formal banking sector are weak and the consolidation of micro lenders is not sufficient to allow for meaningful regulation and oversight, or the development of strong links with the banking sector. However, the Banque Des Etats De L'Afrique Centrale (BEAC), through COBAC, has developed a strategy for controlling the informal financial sector. COBAC, jointly with the Ministries of Finance of all six countries, are moving to regulate the MFI sector. There is an urgent need to develop scalable mortgage finance products that address the needs of the growing middle class and lower income groups who have no access to formal housing finance. Access to credit has a 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 CEMAC region, the state is officially the largest employer, offering average monthly salaries ranging from 75 000 CFA francs (US$134) to 300 000 CFA francs (US$536). Though rapidly growing, the formal private sector is still very small. Most people are involved in the informal sector in agriculture and trade, with a very high percentage of people living under the national poverty line. These people do not have bank accounts and 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 can cost up to 5 million CFA francs (US$8 926) to build a standard three bedroom house in the main urban areas. This is mainly due to the high costs of inputs such as cement, sand, plates, iron, finishings and decorations. These costs were expected to 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 reduce costs. It has also set up an agency to develop and promote the use of local construction materials. There are also private sector investors who have set up factories to manufacture and distribute building materials, which will potentially reduce input costs. These materials are exported to all the other CEMAC countries. In the rural areas, construction costs are lower as most of the houses built are 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. There is a huge disparity in rental costs between the CEMAC countries. While it costs on average 125 000 CFA francs (US$223) a month to rent a three bedroom house in the main urban areas in Cameroon, it is not the case in N'djamena and Libreville, which are the second and third most expensive cities in Africa where demand for accommodation far exceeds supply in Brazzaville and Malabo as well. It can cost up to US$6 500 to US$8 500 a month for a standard three bedroom apartment in these cities. In Brazzaville in the Congo, it may cost up to US$1 500 for a standard three bedroom apartment. The government and the private sector are currently exploring and putting in place mechanisms such as Public Private Partnerships and incentives for investments in the sector to increase the number of affordable housing units that enter these markets each year, through ownership or rental, and to ensure that middle class people and those in the lower income groups get access to affordable housing finance.

Housing supply

The demand for housing has increased without a subsequent increase in supply. Though more housing units for rental and for homeownership are newly entering the market annually, the pace of supply 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 in the urban and semi-urban areas. A third of the Gabonese population lives in the capital Libreville, and a quarter of the Congolese population in the capital Brazzaville, with the result that both cities struggle with huge housing backlogs. The Central African Republic and Chad are 40 percent and 23 percent urbanised respectively. The discovery of oil in Equatorial Guinea, and the presence of new economic sectors that have opened up, such as financial services, mining, telecommunications, retail, construction, energy, agro processing has seen the influx of expatriates, migrant workers, and skilled diaspora populations returning to their countries, thus accentuating the demand for housing. This increasing mismatch between demand and supply for housing continues to push up house prices both for ownership and rental in all the countries in the region. Prices in Cameroon are fairly stable.

The current stock of housing units is produced mainly through incremental self-construction, government agencies, and private developers. There is an increasing number of new developers entering the market. The poor live in sub-standard accommodation, often on land that is not well-serviced with poor infrastructure like access to roads, regular and clean water, electricity and sewage disposal facilities. Newly established cement factories in Cameroon that also aim to service these

markets are slowing down the rate of increases in the cost of cement, which may help to increase supply of new affordable housing units. It is hoped that when the second phase of the Dangote cement plant in Douala, Cameroon, becomes operational, it will help to bring down the cost of cement. There is an increasing number of local housing companies and developers from the USA, Canada, France, China and South Africa who are going into these markets using a BOT (Build, Operate and Transfer) model. There are also ongoing efforts by some governments to increase housing supply. For example, the government of Cameroon, through partnerships with private developers, set up a project to provide over 100 000 new units over a five-year period, half of which are already in the market. Together with international partners, the government of Gabon is building a new city called Libreville 2, which is 27 kilometres from the city of Libreville. With a total investment of US$352 million, the new city will house 20 000 people.

International oil and construction companies like Total and ExxonMobil are driving the demand for high quality residential units in Malabo and Bata, Equatorial Guinea. There has been a great deal of new home building in Malabo II and reserved government residential areas in the east of the city. Residents in these new areas are primarily expatriates however, as they are expensive and not affordable to the average middle-class resident. 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 the middle class. In Gabon, Congo and Central African Republic, the new housing developments are driven by demand for high quality housing by expatriate communities and the growing middle class. In Gabon, the new government policy of urban rehabilitation and construction will see the government invest and build housing for Gabonese citizens with the help of local and international partners. A large number of social housing units are being built in Gabon, within Libreville's northern suburb of Angondje, which is being designated by government as a key area for social housing developments. This situation has improved with the recent interest and activity of new developers in the region.

Property market and opportunities

Despite negative growth in 2016 in the region, great opportunities continue to exist for residential high-end and middle to low income housing value chain – real estate development, construction, finance and real estate management services. This is due to factors such as economic reforms; the strong demand for natural resources from emerging economies such as China, India, Brazil, Russia, and developed economies like the USA and the EU; a growing middle class; increasingly urbanised populations; a huge current housing backlog, and a large diaspora seeking to invest in real estate. There are also great opportunities for retail, commercial and industrial real estate in the urban and semi-urban areas. The prospects for the property market are very good. To realise this huge potential, governments in the various CEMAC countries, private investors and other stakeholders are continuously looking for ways to increase supply and make housing affordable to the middle and lower income groups. This has already been done in Cameroon with existing partnerships between government and the private sector. Some global property development companies are taking advantage of existing opportunities in this sector in the region. Through local subsidiaries and partnerships, they are building new housing development units for middle to high income end-users. An example is Options for Homes GTA Canada, which through its local subsidiary (Options for Homes Cameroon) is building housing units in Cameroon with the objective of building 10 000 units per over a five-year period, which is currently in phase 3. Companies like SCIHM2GE have set up in Equatorial Guinea and is involved in real estate property investment, development and management. In Gabon, Green Planet Holdings is involved in an affordable housing project close to Libreville.

Policy and regulation

Governments are now starting to implement reforms. All the governments were very slow to put in place reforms. Despite the reforms, there are still many constraints. The main constraints are in the areas of land ownership and property registration (getting land title certificates), access to serviced land, construction and development, and the availability of finance and access to credit. According to the World Bank's 2017 Doing Business Report, when compared to the 2016 report, most of the countries in the region have made some progress on ease of doing business, in metrics such as issuing construction permits, access to credit, accessing credit and registering property. The Republic of Congo, Chad and Gabon made transferring property less costly by lowering the property transfer tax rate, yet Gabon made dealing with construction permits more complicated by increasing the time required to obtain a building permit. However, it made corporate taxes costlier for companies by reducing the depreciation rates for some fixed assets. Cameroon improved its credit information system by passing regulation that provides for the establishment and operation of a credit registry database. Cameroon made dealing with construction permits easier by reducing the time it takes to obtain building permits, and strengthened the Building Quality Control Index by increasing transparency, decentralising the process of obtaining building permits, introducing strict time limits for processing the application, issuing the certificate of conformity. Additionally, it established a reception desk to check the completeness of building permit applications upon submission to reduce processing times. All of these measures increase transparency and predictability which will improve access to credit.

All the governments are signatories to the OHADSA Uniform Act on Secured Transactions, which broadened the scope of assets that can be used as collateral, thereby helping to increase access to finance. 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. Gabon has a new policy of urban renewal and construction.

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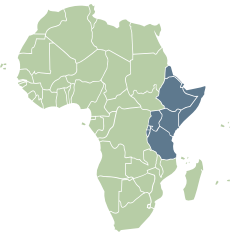
East Africa

Regulatory environments affect the breadth and depth of housing finance markets. We have been collecting laws and policies for every country in Africa.

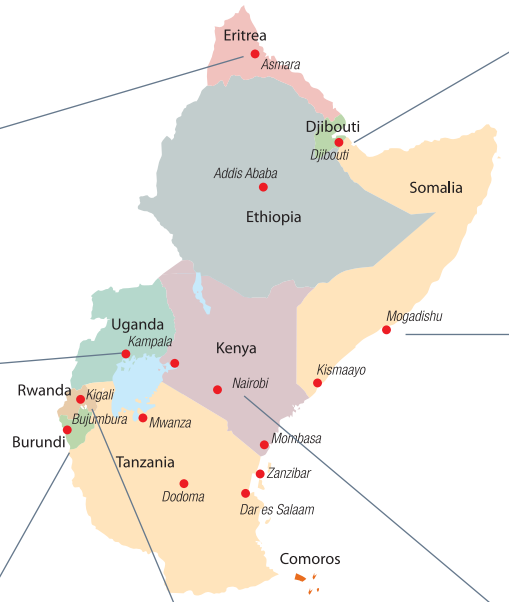


Eritrea	
City	Asmara
Project Name	Asmara Housing Project
Duration	2013
Development Type	Mixed use (Rental/Ownership)
No. of Units	3 508
Developer	Government
Inv Amt (US$)	

Eritrea	
City	
Project Name	Massawa Project
Duration	
Development Type	Mixed use (including residential)
No. of Units	1 680
Developer	Gruppo Italiano Costruzioni
Inv Amt (US$)	

Uganda	
City	Kampala
Project Name	National Housing and Construction
Duration	2013 -2020
Development Type	Apartments (Ownership)
No. of Units	312
Developer	National Housing and Construction
Inv Amt (US$)	$24 000 000

Burundi	
City	Bujumbura
Project Name	INSS Kinindo
Duration	2012 - 2016
Development Type	Apartments (Rental/Ownership)
No. of Units	27
Developer	National Social Security Institution
Inv Amt (US$)	$3 735 662



Djibouti	
City	Djibouti
Project Name	Construction of 540 apartments
Duration	2012 - 2013
Development Type	Mixed use (Rental/Ownership)
No. of Units	500
Developer	Housing Funds (Fonds de l'Habitat)
Inv Amt (US$)	$11 222 085

Somalia	
City	Mogadishu
Project Name	Darul Salaam City
Duration	2014
Development Type	Housing units
No. of Units	6 000
Developer	
Inv Amt (US$)	$20 000 000

Somalia	
City	Mogadishu
Project Name	Jazeera Estate
Duration	2013
Development Type	Mixed use
No. of Units	1 200
Developer	
Inv Amt (US$)	

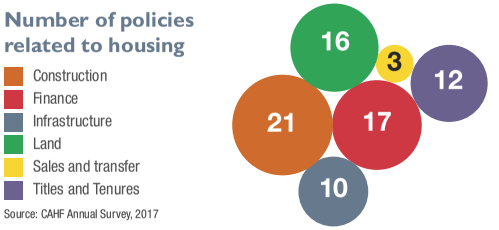
Kenya	
City	Athi River
Project Name	Great Wall Gardens
Duration	2015 - 2017
Development Type	Apartments (Ownership)
No. of Units	2 000
Developer	Erdemann Property Ltd
Inv Amt (US$)	$58 128 270

Rwanda	
City	Kigali
Project Name	Vision City
Duration	2013 - 2017
Development Type	Mixed use (Ownership)
No. of Units	4 500
Developer	Ultimate Developers Ltd
Inv Amt (US$)	$120 000 000

Rwanda	
City	Kigali
Project Name	Masaka Fields
Duration	2017 - 2018
Development Type	Mixed use (Ownership)
No. of Units	282
Developer	Remote Estates
Inv Amt (US$)	$250 000 000

Rwanda	
City	Kigali
Project Name	Batsinda 2
Duration	2016 - 2018
Development Type	Mixed use (Ownership)
No. of Units	537
Developer	RSSB
Inv Amt (US$)	

Number of policies related to housing



Source: CAHF Annual Survey, 2017

House prices and rental charges are very hard to come by! There is very little data and these prices are indicative, provided by local housing experts.

Mortgage lending terms – East Africa

	Burundi	Comoros	Djibouti	Eritrea	Ethiopia	Kenya	Rwanda	Somalia	Tanzania	Uganda
Bond term (Years)	20	30	20	25	25	15	20	30	25	25
Downpayment (%)	30%	15%	10%	15%	25%	10%	20%	0%	10%	20%
Mortgage Interest Rate (%)	16.0%	17.5%	7.0%	9.5%	12.0%	14.0%	16.8%	8.5%	18.0%	19.0%

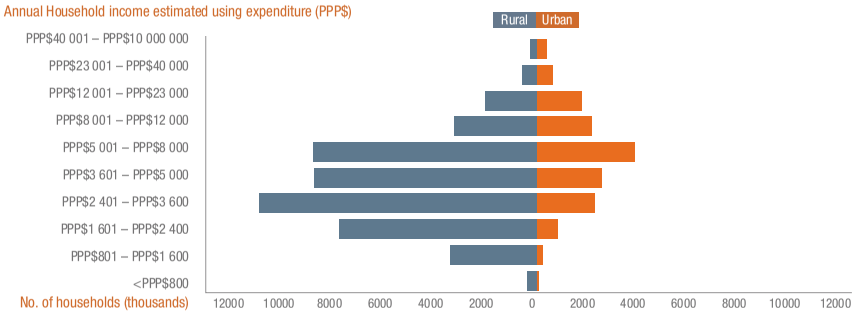
Source: CAHF Annual Survey, 2017

Indicative rental charges by income segments

Country	Annual household income segments (US$) <US$1 600	US$1 600-3 600	US$3 600-$8000	US$8 000-$23 000	>US$23 000
Burundi	US$80	US$100	US$275	US$500	US$400
Comoros					
Djibouti	US$66	US$145	US$224	US$360	US$654
Eritrea	US$63	US$163	US$163	US$783	US$1 630
Ethiopia	US$50	US$90	US$240	US$650	
Kenya	US$15	US$29	US$174	US$194	US$800
Rwanda	US$33	US$60	US$160	US$330	US$1 090
Somalia	US$57	US$114	US$190		US$585
Tanzania	US$22	US$22			
Uganda	US$50	US$160	US$280	US$600	US$260

Source: CAHF Annual Survey, 2017

Annual Income profile for Rural and Urban Households estimated using expenditure (PPP$)



Source https://www.cgidd.com/ C-GIDD ,2016

Indicative house prices by income segment

Country	Annual household income segments (US$) <US$1 600	US$1 600-3 600	US$3 600-$8 000	US$8 000-$23 000	>US$23 000	Price of the cheapest newly built house
Burundi	US$5 000	US$10 000	US$33 000	US$80 000	US$100 000	US$33 000
Comoros						US$40 905
Djibouti	US$1 683	US$3 370	US$6 733	US$8 416	US$50 000	US$76 300
Eritrea				US$21 128	US$132 624	US$82 696
Ethiopia	US$17 390	US$34 780	US$70 000	US$131 500	US$521 740	US$52 173
Kenya	US$2 422	US$9 700	US$19 376	US$48 444	US$145 320	US$30 000
Rwanda	US$10 905	US$15 000	US$22 000	US$35 000	US$70 000	US$21 675
Somalia	US$10 000	US$16 500		US$70 000	US$130 000	US$70 000
Tanzania	US$3 592	US$3 592				US$17 875
Uganda	US$14 000	US$20 000	US$33 000	US$65 000	US$280 000	US$20 000

Source: CAHF Annual Survey, 2017

The East African Community

Overview

The on-going drive towards regional integration in East Africa has resulted in a number of key milestones that hold their foundation in the long history of co-operation between the EAC member states. Additionally, support from development partners including KFW, the World Bank and the European Union has furthered efforts to achieve full integration in the region. Member states intend on widening and deepening economic, political, social and cultural cooperation to drive the EAC's developmental agenda and improve the quality of life of over 154 million people residing in the six countries. This will be achieved through increased international competitiveness, value added production in housing, agriculture and other sectors for sustainable economic growth and poverty reduction.

Within this cooperative context, several development projects have been initiated. In December 2015, members of the East African Legislative Assembly (EALA) visited the Strawtech Building Solutions that produces robust strawboard panels for mass housing and commercial construction projects. The regional legislators seek to promote massive production of building materials to support construction companies involved in affordable and sustainable housing solutions within the East African region. Additionally, the execution of a framework agreement between Uganda and Tanzania for their proposed US$3.55 billion crude export pipeline is well underway and will enable Uganda to start pumping oil to international markets by the year 2020. Another major cross-border project involves Uganda's effort to drive the execution of a US$2.3 billion loan from China to construct a standard gauge railway linking Uganda, Kenya and Rwanda. Such developments come along with increased investments in the housing sector to accommodate the thousands of people working in the project areas.

However, regional developments in the housing sector have suffered over the past year as a result of political uncertainties. In South Sudan, a civil war has reversed several years of developmental gains. This has culminated in negative economic growth rates of under 3 percent, for 2017, compared to 15.9 percent in 2014. In Burundi, civil strife led to massive emigrations and decline in economic growth. Uganda and Rwanda had successful general elections in 2016 and 2017 respectively with minimal disruptions on the performance of these economies. The largest economy in the region, Kenya, has had a period of relative economic slowdown as there are general elections for major political positions underway. This low performance is likely to continue through to the end of 2017 as the country goes through a second round of presidential elections, with the knock-on negative effect on foreign investor confidence for housing and other sectors of the economy.

Overall, this cycle of political engagements has had significant effects on several sectors of the economy including housing and housing finance. Housing developments in war torn areas of South Sudan were suspended due to safety concerns while economies that experienced peaceful elections still suffered cautious optimism among developers as the outcome of such elections would determine the stability of returns on several housing developments.

For the banking industry, the capping of interest rates in Kenya stimulated discussion in other member states around how to replicate the Kenyan example in their respective jurisdictions. In October 2016, Kenyan policy makers implemented a cap on the rate at which commercial banks can lend at percent points above the Central Bank Rate (CBR). The objective of this legislation was largely to protect consumers of banking products who were deemed to suffer high interest rate charges at the hands of commercial lenders.

However, six months since the implementation of the Banking Amendment Act, it was observed that the legislation significantly contributed to the contraction in Kenyan private sector business conditions. The lending rate cap was therefore seen to have had a detrimental impact on business in the first two quarters of 2017 as customers faced financial constraints and weaker demand conditions. Evidence on the effect of the lending cap is also beginning to show through data from the Central Bank of Kenya (CBK). Credit growth to the private sector was much slower at the end of 2016 than had been seen earlier in the year. In addition, data from the Central Bank of Kenya indicates that loan approvals declined by six percent between December 2016 and February 2017[1].

Another regional market leader in small and micro business financing as well as personal financing, Equity Bank Group, has already declared a freeze on lending to these categories of borrows. The bank observes that such market segments are highly risky and could lead the lender to post huge losses. Such actions of commercial lenders intended to exclude personal borrowers from accessing finance are likely to slow-down developments in the housing sector. Due to stringent requirements for mortgages, including a high down payment of up to 30 percent, appropriate collateral and loan to value restrictions, a large portion of borrowers take personal loans to finance their residential houses. This is because personal loans, especially salary-based facilities, are usually unsecured and do not involve lengthy procedures of collateral assessments. A freeze on such loans will most definitely affect residential property developments in Kenya and the region at large.

Access to finance

The six Partner States in East Africa are generally well served by formal financial institutions including commercial banks and microfinance institutions. In addition, large sections of both the rural and urban populace have become members of savings and credit co-operative societies (SACCOs). In tandem with the trending drive towards financial inclusion, a number mobile telecommunication companies have partnered with commercial banks to allow mobile phone customers access instant loans on their phones. Safaris in Kenya, Vodafone in Tanzania, MTN in Uganda and Rwanda are all examples of such initiatives to foster financial inclusion.

The drive towards increasing access to finance has culminated into an amendment of the Financial Institutions Act in Uganda to allow for agency banking and Islamic banking models. Already in full scale operation in Kenya, agency banking will allow commercial banks to appoint local agents to better reach current and prospective clients at the least cost possible. It is envisaged that more than 5.2 million people will access banking services with the implementation of this model.

Another amendment of the banking law in Kenya culminated into the implementation of interest rate caps with significant implications on access to finance in the country. The capping of interest rates impedes the banks' ability to price risk and therefore exclude a section of the population from access to loan services. Equity Bank and KCB in Kenya are already scaling down their growth of SME and personal loan portfolios on account of a high level of risk inherent in such loan segments. On the other hand, such institutions are focussing on growing the portfolio of well performing segments. Information from the Credit Info Credit Reference Bureau Kenya points to the fact that the average size of loans issued by commercial banks and microfinance institutions nearly tripled from Ksh 235 000 (US$2 350) to about Ksh 665 000 (US$6 650) immediately after the rate capping

law came into effect as lenders increased loan limits available to good borrowers. This came in form of offering loan top-ups or refinancing. Overall, there was a drop in private sector credit growth fell to 4.3 percent in December 2016 compared to 17.3 percent in December 2015[2].

At the end of December 2016, the total portfolio that had been directly invested in the residential housing and housing finance sector in all the Partner states, was estimated at US$700 million. The number of housing finance loans generated from this portfolio was estimated at close to US$33 000 in the same period. This represents only 0.76 percent of individuals in formal employment in the EAC. This clearly indicates that the breadth and depth of the housing and housing finance industry in the region is significantly shallow, and indeed, calls for more innovation in which long-term funds are sourced and utilized to broaden their impact, particularly among modest income earners.

Affordability

In Kenya, small and medium enterprises have been disproportionately affected by the law on interest rate capping. This is believed to be a consequence of rigid credit standards, with banks gravitating towards lending to safer borrowers who ordinarily attract low interest rate charges, such as the government or large corporations rather than small riskier and individual borrowers. The law has affected the profitability of commercial lenders as they face a drop in revenue of up to 25 percent. As a reaction to this shortfall, several banking institutions in Kenya have resorted to cost reduction measures including closing of branches and cutting jobs to offset the decline. Prior to the introduction of the cap, Kenyan banks were charging an average of about 18 percent for loans, according to central bank data. This has now declined to an average of 14 percent, with resultant effects on earnings.

Increasing urbanization and high population growth rate in the East African region translate into a high housing gap. However, the low income level of most people in the region makes accessing formal housing unrealistic. There is therefore an acute need for affordable housing in the region. Three to four bed room housing units in Kenya, Uganda, Tanzania and Rwanda range between US$40 000 and US$200 000, way above the reach over 90 percent of the population.

Initiatives to reduce the cost of housing units are underway. In Uganda, for example, Housing Finance Bank (HFB) is championing the drive towards increasing housing affordability through their cooperation with pension funds. Realizing that the question of affordable housing can only be answered with a multi-stakeholder engagement approach, HFB has sought to engage the government, funding agencies, architects, land owners, property developers and the biggest pension fund in the country. An arrangement is now in place for developers to deliver affordable housing units built to specification for the pension fund to purchase and deliver to its members through long term mortgages arranged with the bank.

Additionally, the same bank has also introduced a mortgage product that allows for 100 percent financing for home loan purchase. The objective is to enable individuals who would ordinarily not afford a down payment of 30 percent on a mortgage to have an opportunity of becoming a home-owner without the need for a lump sum payment.

In Kenya, pension-backed mortgages are slowly gaining ground as a means of improving affordability for prospective home-owners. Banks have begun to take guarantees against a borrowers' pension contributions held with established pension schemes.

In Rwanda, the government has established the Affordable Housing Fund programme to promote investments in affordable residential housing. The programme among other initiatives earmark land for efficient housing units construction, advance developer construction finance at lower interest rates and offer incentives to developers through supply of infrastructure including piped water, electricity, road network and cyber optic cables.

Housing supply

The six East African countries are still short of sufficient housing stock to accommodate over 150 million inhabitants. In terms of estimated housing shortfall, the government in Kenya 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[3]. In Tanzania, the annual demand for housing construction nationwide is estimated to be 200 000 units[4]. Uganda, has a housing deficit of 1.6 million units, 1.29 million in rural areas and 211 000 in urban centres[5]. Rwanda's annual delivery is estimated 34 000 units[6].

Much of the given shortfall emanates from a high degree of urbanization within the east African partner states. Rwanda leads the urbanization scale with 5.76 percent followed by Burundi (5.66 percent), Uganda (5.43 percent), Tanzania (5.36 percent), South Sudan (5.05 percent) and 4.34 percent for Kenya[7]. This translates into a collective average of 5.27 percent for the region which is significantly higher that the continent's average of 1.4 percent[8]. Further still, the growth in urbanization has been seen to translate into informal housing structures, poor sanitation and increased crime rates. It is against this background that key cities in the region including Nairobi, Kampala, Kigali and Bujumbura have embarked on slum upgrade projects to provide decent residential housing estates, clean water and sanitation projects as well as a better road network. In Kenya, the Ministry of Lands and Physical Planning partnered with UN-HABITAT and Cities Alliance to establish the Kenya Slum Upgrading Programme (KENSUP) and Kenya Informal Settlement Improvement Project (KISIP) with the goal of improving the livelihood of 5.3 million slum dwellers in Kenya by 2020. In Uganda, the revised National Housing Policy is intended to address the various critical issues and challenges facing the housing sector. These amongst others include deterioration in housing condition as manifested in overcrowding, development of slums and proliferation of informal settlements characterized with lack of basic infrastructure and services within virtually all the urban centres. Rwanda joined the Participatory Slum Upgrading Programme in 2012 with the objective of addressing the challenges posed by a very high annual urban growth rate of more than 17 per cent experienced in the 1990s as the country rebuilt itself after a severe conflict. Collectively, these initiatives are improving the quality of housing in major urban centres across the East African region.

New housing developments in the region have tended to target the small percentage of high income households. Private developers in Uganda, Kenya, Tanzania and Rwanda have tended to over deliver for this market segment. In Uganda, National Housing and Construction Company delivers an average of 70 units per annum while Mirembe Villas, Nationwide Properties, Greentop Villas and others individually deliver an average of 30 units per annum. Kenya's Diamond Property Merchants, Actis, Acorn, Lifestyle Estates, Shreeji, Vaal and County Home Developers, among others deliver an over 2 500 units in total for high income households. The region has generally witnessed a generous supply of such housing units for the past decade. South Sudan and Burundi have suffered acute shortage of housing stock at all levels, generally attributed to political instability that has characterized the two countries.

Property markets

The East African property market is experiencing general growth, supported by the growth of the middle income class, particularly in the service and business sectors. The development of the road network infrastructure in countries throughout the region has opened up new areas for housing settlements in several areas surrounding major cities. Prices of residential properties have continued to increase, and in some cities, doubled after a five year period. For Rwanda, places around Kigali including Rusororo-Kabuga, Gachuriro, Kagugu and Kagarama have over the past five years been growing in housing importance with residential apartments being constructed consistently[9]. In Tanzania, places including Msimbati-Mtwara, Boko, Jangwani and Sinza have had both construction of new units and redevelopment of old housing units for delivery on the property market.

However, due to a slump in Gross Domestic Product for some states including Uganda, Burundi and South Sudan, demand for mortgaged housing units has decreased, leaving several housing estates suffering low uptake of housing units. In Uganda, most developers including Millennium Estates, Universal Homes and others have recorded low uptakes of up to 40 percent for the new estates available on the market. Additionally, implementation of the interest rate caps in Kenya has narrowed the market for personal mortgages, given the need to employ stringent vetting requirements by commercial banks offering personal loans in the market. In Burundi witnessed about 500 000[10] people, representing 4.76 percent of the total population emigrating as a result of civil strife. In the north, the civil war in South Sudan has resulted into over 1 200 000[11] migrations to neighbouring

countries, representing 10 percent of the total population. These massive emigrations have translated into declining demand for local residential houses.

Policy and regulation

The member states in the region have for several decades formulated policies to provide a framework for the respective state's management of land and housing issues. Although some policies and laws governing land and housing ownership are deemed ancient and inoperative, several attempts have been made to revamp housing policy and regulation in East Africa.

Uganda is in the process of reviewing the Land Act 1998, which emphasizes land ownership rights to their registered private owner. Proposals have been tabled before parliament to amend the citizen vested powers to government vested powers with the objective of easing the execution of government projects. While the objectives of the amendments are fairly conceived in light of significant delays experienced in implementing several infrastructural projects, there are concerns that the changes are likely to disempower the general population and grant the government excessive power over individual citizens' land. The results of the legislature's deliberations are yet to be seen in light of the on-going discussions.

In Kenya, an amendment was made to the Banking Act that effectively restricts banks to particular interest rate caps on lending. In amending the law relating to commercial lenders activities of financing, a key objective of reducing the prevalence of high interest rates in the country was emphasized. With the implementation of the law in October 2016, there was a dramatic shift in average interest rates from 18 percent to 14 percent, in line with the interest rate caps. The law in effect interfered with the free pricing practice of individual customer risk by commercial banks. Without the prerogative to price risk, commercial lenders resorted to eliminating borrowers perceived to carry high risk. In essence, individuals of unclear credit history have been excluded from the banks' target market. Equity Bank, a market leader in SME and retail banking in Kenya and the region has already announced a freeze on personal lending, as a result of the high perceived risk in the segment. This will certainly affect access to credit facilities given that a number of individual borrowers actually take out personal loans to build their residential houses incrementally.

In Burundi, National Housing and Urban Policy launched in April 2008 by the government of Burundi is still in effect with its supporting improved access to housing for all. Although it lays a framework for governing the acquisition of land and properties, it does not adequately address affordability concerns for the bulk of low income households in Burundi.

For South Sudan, the land policy was adopted in 2013, addressing issues pertaining to land acquisition and its management. A lot has to be done in terms of actualizing the operative framework of the policy in order to realize the benefits envisaged for the housing sector.

Opportunities

The East African region has witnessed a general decline in interest rates on mortgages from an average of over 20 percent to about 17 percent[12], indicating, in part, slow economic growth translating into subdued demand for financing requirements. A large portion of borrowers approaching formal financial institutions for housing loans are individuals with middle to high incomes, earned on a regular basis. However, there are classes of borrowers that do not have consistent declarable income. This includes informal sector workers who have been largely ignored and left out of the affordability bracket of most financial institutions. There is therefore need to avail inclusive finance for mortgages to prospective borrowers in these sectors of the economy across member countries. In Kenya, the informal sector employs 76.5 percent of the population compared to Tanzania's 76.2 per cent and Uganda's 69.4 per cent. This would boost their ability to undertake housing development projects and increase the supply of housing units in the country.

Additionally, developer companies are constrained by the inadequacy of appropriately structured project finance for the sector. Most lenders in the sector structure developer loans in such a way that repayments for the facilities must be made on a monthly basis. This is well aligned to the financial institutions' own funding obligations which could be quarterly or bi-annually. However, owing to the fact that developers derive their repayment funds from the sale of funded housing units which may not be very regular, defaults begin to emerge, not as a result of market failures but rather structuring deficiencies. It is therefore important to have relatively least priced developer finance appropriately structured and tagged to the sale of the funded units rather than tagged to the expiry of the time period.

Programmes to incentivise development are also emerging. In Rwanda, a RWF 290 billion Affordable Housing Fund was approved by the government in July 2017 with the objective of fostering the establishment of residential houses for low income earners and financing repayable over long periods. The Fund, commencing in September 2017 and managed by the Development Bank of Rwanda (RDB), will assist many nationals who cannot afford to build homes and are excluded from low priced mortgage loans by formal financial institutions. Additionally, developer financing will be availed at 10 percent as opposed to the 17 percent average rates charged by commercial banks.

Replication of such models targeting both developers for delivery of low priced housing units and consumers with low priced mortgages are an opportunity that can be undertaken to boost the housing stock in the region and the demand for such delivered housing units.

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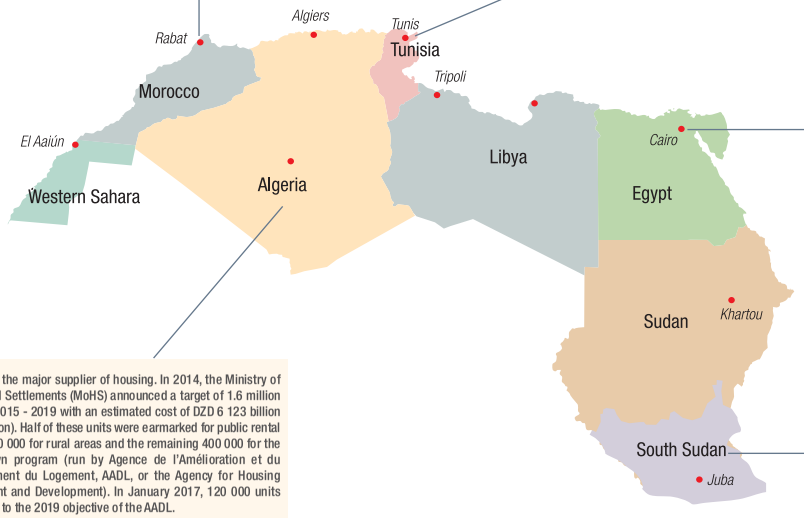
11 International Organization for Migration, 2017
12 Central Bank statistics, June 2017

Morocco	
City	Mohamedia
Project Name	Zenata Eco-City
Duration	2018
Development Type	Mixed use (Ownership)
No. of Units	
Developer	Société d'Aménagement Zenata
Inv Amt (US$)	$355 896 000 (Phase 1)

Morocco	
City	Casablanca
Project Name	Zénith Parc
Duration	2012 - 2018
Development Type	Mixed use (Rental/Ownership)
No. of Units	40 600
Developer	GARAN
Inv Amt (US$)	

Tunisia	
City	Tunis
Project Name	Tunis Sports City
Duration	2006
Development Type	Mixed use
No. of Units	
Developer	Bukhatir Group
Inv Amt (US$)	$5 000 000 000



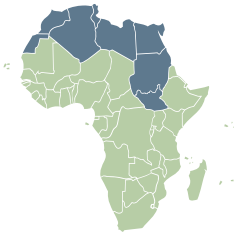
Egypt, Arab Rep.	
City	Cairo
Project Name	1 Million unit project
Duration	2014 - 2020
Development Type	Social Housing (Ownership)
No. of Units	1 000 000
Developer	
Inv Amt (US$)	

South Sudan	
City	Central Equatoria
Project Name	Abu Malek Companies & Agencies
Duration	2008 - 2025
Development Type	Apartments (Ownership)
No. of Units	9 000
Developer	Abu Malek Companies & Agencies
Inv Amt (US$)	$650 000 000

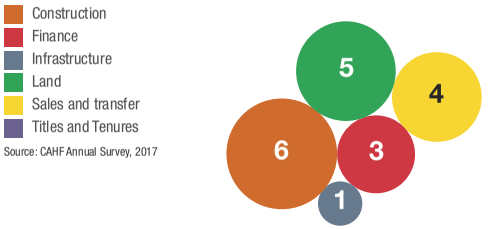
The state is the major supplier of housing. In 2014, the Ministry of Housing and Settlements (MoHS) announced a target of 1.6 million units from 2015 - 2019 with an estimated cost of DZD 6 123 billion (US$ 56 billion). Half of these units were earmarked for public rental housing, 400 000 for rural areas and the remaining 400 000 for the lease-to-own program (run by Agence de l'Amélioration et du Développement du Logement, AADL, or the Agency for Housing Improvement and Development). In January 2017, 120 000 units were added to the 2019 objective of the AADL.

North Africa

Regulatory environments affect the breadth and depth of housing finance markets. We have been collecting laws and policies for every country in Africa.



Number of policies related to housing



Source: CAHF Annual Survey, 2017

House prices and rental charges are very hard to come by! There is very little data and these prices are indicative, provided by local housing experts.

Mortgage lending terms – North Africa

	Algeria	Egypt	Libya	Morocco	South Sudan	Sudan	Tunisia
Bond term (Years)	30	20	30	25	5	10	25
Downpayment (%)	10%	10%	15%	30%	30%	25%	30%
Mortgage Interest Rate (%)	7.5%	5.0%	6.0%	5.9%	15.0%	12.0%	8.0%

Source: CAHF Annual Survey, 2017

Indicative rental charges by income segments

Country	<US$1 600	US$1 600-3 600	US$3 600-$8000	US$8 000-$23 000	>US$23 000
	Annual household income segments (US$)				
Algeria					
Egypt, Arab Rep.	US$50	US$90	US$270	US$560	US$400
Libya					
Morocco					
South Sudan	US$100	US$200	US$350	US$600	US$2 000
Sudan					
Tunisia					

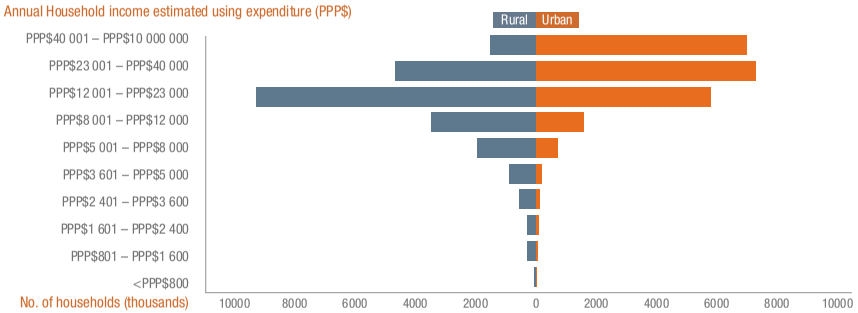
Source: CAHF Annual Survey, 2017

Indicative house prices by income segment

Country	<US$1 600	US$1 600-3 600	US$3 600-$8 000	US$8 000-$23 000	>US$23 000	Price of the cheapest newly built house
	Annual household income segments (US$)					
Algeria						US$25 400
Egypt, Arab Rep.	US$6 666	US$19 500	US$55 555	US$70 000	US$166 666	US$8 555
Libya						US$50 000
Morocco						US$14 170
South Sudan	US$5 000	US$8 000	US$20 000	US$60 000	US$100 000	US$15 000
Sudan						US$6 600
Tunisia						US$19 400

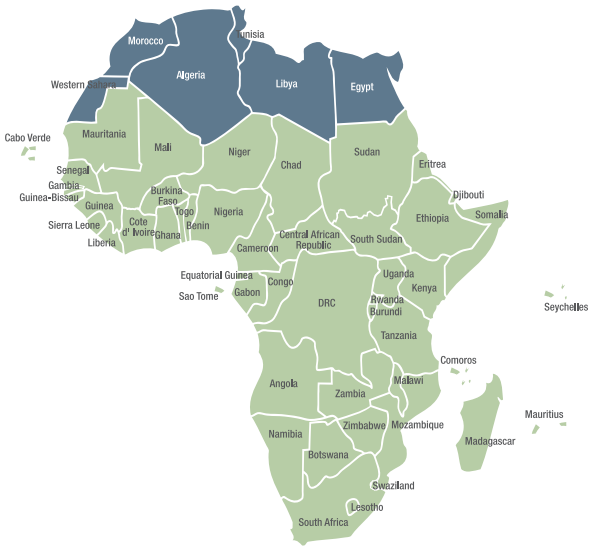
Source: CAHF Annual Survey, 2017

Annual Income profile for Rural and Urban Households estimated using expenditure (PPP$)



Source https://www.cgidd.com/ C-GIDD ,2016

North Africa Regional Profile



Overview

The five countries that border the Mediterranean: Morocco, Algeria, Tunisia, Libya, and Egypt, are home to around 192 million people, with the region a prosperous one.

The region has undergone a monumental transformation since the Arab Spring that was set off by Tunisia's ousting of Ben Ali in January 2011. It recorded the second-best growth performance in 2016 at three percent, buoyed by the economic recovery of Egypt (4.3 percent growth) and Algeria (3.5 percent growth). Persistent political uncertainties and reduced oil production in Libya, however, continue to drag down growth in North Africa.

The economic outlook for North Africa predicted a three percent growth in 2016, compared to 3.5 percent in2015. The regional GDP growth is projected at 3.4 percent in 2017 and 3.7 percent in 2018. This is on par with growth projections for the entire continent (2.2 percent and 3.4 percent in 2016 and 2017. In Libya, disruption in oil production and ongoing political conflicts and uncertainty led to another fall in real GDP[1].

North Africa recorded the highest fiscal deficit at 13.5 percent of GDP in 2016, compared to 2.9 percent in West Africa, and is expected to remain high in 2017 at 11.1%. This is mainly due to revenue shortfalls from Libya's reduced oil production. The higher oil prices, coupled with fiscal consolidation, are pushing up fiscal imbalances and taking some pressure off the domestic financial markets, particularly among oil-export-driven economies.

The fall in oil prices can be attributed to both supply and demand factors. Among the demand factors were the slowdown in emerging markets and lower oil imports from the United States. As a result, the rate of growth among oil exporters, such as Algeria, fell sharply to 1.6 percent in 2016 from 3.3 percent in 2015.

Another factor impeding growth is the spill-over effect from the Arab Spring, which spread from Tunisia to Egypt and Libya, leading to a significant reduction in growth across North Africa. Egypt and Tunisia have recovered to some extent, but Libya is still in recession, though growth increased slightly from -10.1 percent in 2015 to -8.1 percent in 2016. This contraction was comparatively smaller than the -10.1 percent drop recorded in 2015. The continued deterioration of the Libyan economy is a direct result of the Arab Spring and the fall of Muammar Gaddafi, which has led to political instability and reduced oil production, currently at one-third of the potential. The problem is further exacerbated by the lack of diversification of the Libyan economy[2].

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. As a result, by June 2016 the IMF has approved a four-year, US$2.9 billion loan for Tunisia to support the authorities' economic agenda aimed at promoting more inclusive growth and job creation, while protecting the most vulnerable households. According to the IMF first review under the extended fund facility for Tunisia, Mr. Mitsuhiro Furusawa, Deputy Managing Director, and Acting Chair, said: The Tunisian authorities remain firmly committed to macroeconomic stability and sustainable increases in youth employment and improvement in standards of living of Tunisia's population. They plan to intensify their policy effort to overcome slower growth and delays in policy implementation. Their fiscal plans aim to achieve gradual debt reduction and increase spending on investment and social programs. Continued tightening of monetary policy and exchange rate flexibility will help contain inflation, improve competitiveness, and preserve international reserves. Reforms to restructure public banks, enhance governance, and improve the business climate will strengthen the foundation for inclusive growth and strong job creation.

According to Findex, the region has the lowest percentages of adults with a formal account and of poor people with formal access to financial services. In many North African countries, government plays an active role in financial access through social funds (Egypt) or strongly supports the microfinance industry (Morocco). Improvements in financial inclusion indicators will only come from significant changes in the actual outreach of formal financial services, which rely on changes in the financial sector architecture. Morocco, the country that has made the most progress toward financial inclusion, has proactively changed its policies to embrace financial inclusion, notably by granting a banking license to the postal network in 2009 and making it compulsory for commercial banks to offer low-income banking products. This led to the creation of Al Barid Bank where over 500 000 new accounts were created during the first years of operation. Al Barid is a retail bank that can rely on the extensive post office network (1 800 branches), and whose financial services are largely used by moderate or low income households (mostly salaried). In addition, the proactive involvement of the central bank and the Ministry of Finance in the expansion of financial access, for example through a Foundation for Financial Education. Morocco has the most developed housing finance market of the MENA region, both in terms of size and market penetration. The mortgage market is much more developed with Morocco at 16 percent and Tunisia at 12 percent.

To close the severe gaps in financial inclusion in North Africa, more and more governments are starting to develop national financial inclusion strategies driven by evidence-based dialogue among public and private stakeholders. The use of mobile banking is very underdeveloped in the region.

North African countries have made significant progress in financial inclusion over the past few years, including changes to legal and regulatory frameworks, which have historically been the region's main obstacles to financial inclusion. Most of these changes focused on microcredit, but several countries made it possible for non-bank financial institutions to offer credit services and to market insurance products on behalf of insurance companies for the first time (e.g., Tunisia law-decree n°117, and Egypt microfinance law n°141). More recently, modified banking laws have authorized payments companies licensed and supervised by a central bank to issue transactional accounts (e.g., Morocco's 2015 banking law n°12.103 and Tunisia's 2016 banking law n°48). Upcoming executive regulations in Morocco and Tunisia are expected to make a big difference in processing small payments for the unbanked and banked alike[3].

In 2017, analysis of the available Findex data, as shown in a joint Arab Monetary Fund-CGAP report on financial inclusion measurement in the Arab world, points to a large unmet demand for financial services. many of the unbanked are active economic citizens. These figures suggest that financial service providers have an opportunity to address a huge unmet demand across the Arab world, including in countries with relatively more active financial markets[4].

Commercial banks are the dominant type of mortgage lender in North Africa countries. Despite liquidity and funding issues, all major banks today offer this product, typically with central bank support. Specialized housing banks that historically came with specific long-term funding sources supported by government or monopolized savings for housing products have lost in importance. Tunisia is the exception where the public housing bank still plays a strong market role. Countries in the Mashrek have opened up to specialized mortgage finance companies as a competing charter to banks, with the intention to push supply down-market. Often these companies have ties to developers however and thus are conflicted. Egypt, with its so far tiny market, sees the highest share of finance companies in lending. Finally, Islamic banks with their idiosyncratic mortgage products have gained respectable market share in commercial banking in the region; the highest seems to be in Jordan with 30%. Non-mortgage lending[5], including those by microfinance companies, is discussed below.

Non-mortgage housing lending plays an important role in housing finance in the region is likely to rival, if not in some cases exceed, the mortgage market in size. Before the emergence of mortgage finance, new homes in the finished housing market were routinely purchased through installment sales from developers, especially in Egypt. The dominance of this form of type of leasing contract issued by corporations (developers) is slowly declining with the emergence of mortgage lending.

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 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[6].

All North Africa countries are suffering from the lack of middle income housing and this is considered one of the major challenges facing the real estate industry. As population growth and urbanisation continue, countries across the region are facing growing pressure to accommodate the evolving needs of both nationals and expatriates. This includes the need for more good quality, affordable accommodation within developed communities, for middle income individuals and households.

African and Arab countries will witness the world's strongest rates of mortgage growth this year – a culmination of rapidly growing populations, low incomes and an inadequate supply of housing. Algeria is a good example of all three factors. The country will see an annual expansion of 16.3 percent in mortgaged households in 2017, the world's second fastest increase. The Algerian government has dedicated large amounts of resources to improving the country's housing situation. The country suffers from similar challenges as Egypt and the wider North African landscape, namely a large proportion of unemployed youth, a large inflow of rural inhabitants into cities (due to a collapsing tourism sector), and a long-established tradition of informal housing development. In addition, Algeria's real estate prices are among the highest in North Africa, and they are going up, according to Euromonitor's Index of Housing Prices. This creates major affordability obstacles for prospective homeowners. Opportunities for regulated and fair lenders are sizable considering the huge demand locally[7].

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

Housing supply

The North Africa region is suffering from a significant and growing shortage of middle income housing resulting in both economic and social challenges.

This shortage threatens the long-term stability of the region. Governments across the region have acknowledged the seriousness of this problem and have implemented a range of policies to tackle the shortage. However, most of these initiatives are at the early stage of implementation and further efforts are needed to ensure the successful delivery of more affordable projects.

There are a number of significant urban, economic and financial (limited access to mortgages/insufficient savings) restrictions that have resulted in the current shortage of middle income housing. These include the rising cost of land and the lack of suitable sites, rising construction costs, developer business models, and planning and infrastructure regulations, which all comprise supply-side constraints. On the demand side, the major challenge is the lack of access to mortgages or other forms of housing finance among middle and low income households. Some of these challenges are now being addressed by governments, such as the social housing programmes in Egypt, Tunisia and Morocco, but more concentrated efforts are needed by both public and private institutions to facilitate the development of more affordable accommodation for middle-income households[8].

Most of the private developers are focusing on high income or luxury segments of the residential market, seeking higher profit rate. So the market is experiencing an oversupply of luxury products which has caused more developers to target the middle-income sector, largely ignored in the past.

Property markets

A lack of private land supply is the main constraint In North Africa. Land is a bottleneck in the supply chain and the main cause of high real estate prices in North Africa. Privately held land in Algeria, Libya and to a certain degree, Egypt, is a rare commodity relative to demand, which tends to magnify the pressure on prices and encourage speculation. Rigid land development regulations and complex registration procedures for titles have led to a scarcity of legally developable land and have contributed to the region's affordable housing shortfall. Most countries in North Africa ranked poorly in terms of property registration in the World Bank's 2016 Doing Business Report, with Morocco (87th), Tunisia (92th), Algeria, Egypt (109th), (162th) and Libya (187th) performing worst.

There are many reasons forcing informality in North Africa countries. Some of these drivers are poorly enforced regulations, shortages in housing supply, the lack of affordability, rapid urbanization, low income and focusing on high luxury unites. Urban informal settlements have been permitted to develop in Morocco. In Egypt, however, many urban multi-story buildings were built outside formal processes and permits during the years following the 2011 revolution, in particular in the outskirts of Cairo. Urban renewal policies that formalize informal settlements are most active in Tunisia and Morocco while Egypt has created huge barriers to formalization. Between 2004 and 2014, according to census results, the share of rural Moroccan households with access to electricity and running water has doubled (38 percent and 55 percent respectively in 2014). The share of urban households living in slums, precarious or substandard homes reached a peak at 8.2 percent in 2004 with 420,000 units, declining to 5.6 percent in 2014.

Morocco's property market was badly knocked by the 2008 global crisis. Prices remain up to 50 per cent below the peak of 2007, according to Alex Peto of Kensington Luxury Properties, the affiliate of Christie's in Morocco.

In Algeria, the upmarket housing market has slowed in the last two years and rents have fallen, with the potential for further decreases due to the depressed economic conditions. Lease renewals are being agreed without review or at discounts to previous levels. The Finance Act 2017 has raised taxes on landlords'

rental incomes, impacting the attractiveness of residential investment. There is strong potential demand for affordable housing and government initiatives have attempted to encourage investment in this sector.
In Tunisia the residential market showed strong growth between 2010 and 2015, with demand boosted by a lack of alternative investment opportunities for Tunisians and by Libyans leaving their own country's troubles. More recently, activity has slowed due largely to restrictions on borrowing and an easing of demand from foreign investors. Prices for high-end residential property have held up more strongly than the wider market, partly because wealthier buyers are less sensitive to borrowing restrictions[9].

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

Policy and regulation

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

The housing sector in North Africa still tends to be over-regulated with the public sector playing a primary role. Home-ownership is prioritised over rental or alternative tenure options, which has resulted in small rental markets. However, there is growing interest in lease-to-own programmes, such as those being used and expanded in Algeria, to avoid the difficulties in accessing mortgage finance.

The North Africa region need to have more social housing programs and give incentives for contractors to build middle income housing in addition to the luxury one. In addition, the housing policy need to be shifted from supply side support to direct demand side subsidies, although the allocation of government-owned land remains critical to achieving low cost levels.

Opportunities

The lack of middle income housing is currently one of the major challenges facing the real estate industry across North Africa. As population growth and urbanisation continue, countries across the region are facing growing pressure to accommodate the evolving needs of both nationals and expatriates. This includes the need for more good quality, affordable accommodation within developed communities, for middle income individuals and households.

Another main challenge facing the middle income housing supply is the tendency of private developers to focus on high income or luxury segments of the residential market, seeking higher profit rate. As a result, many markets are now experiencing an oversupply of luxury products which has caused more developers to target the middle-income sector, largely ignored in the past. This switch in approach requires a change in the business model, with more focus on achieving economies of scale and lowering operating costs. Standardising unit designs and reducing unit size, cutting on labour costs through automation, and better sourcing of efficient and sustainable building materials are other techniques that can be adopted to reduce costs and increase developer's profit margins. The government also has a role to play in requiring changes to developer's business models through regulatory requirements. One such approach involves 'inclusionary zoning', whereby a certain percentage of all project deliveries must be set-aside for affordable units.

To improve the lives of urban dwellers, create jobs, and enhance productivity, North African countries need to reduce the housing backlog. Because of its extensive linkages with manufacturing, financial sector, and other service subsectors, residential housing construction in developing countries is very labor intensive and has high output multiplier effects. To address bottlenecks in the sector, better urban planning with adapted building codes, efficient regulation with reduced procedures and costs, improved governance, and better coordination between stakeholders will be necessary. Moreover, capacity building and financing for small and medium-sized developers can improve their productivity and their ability to deliver large-scale housing programs.

Private developers have been 'slow to the party' but are now recognising the potential of the middle-income housing segment. This is evident from the numerous project announcements targeting the middle-income segment, which represents the largest component of unmet residential demand in each of the three markets covered in this report.

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Southern Africa

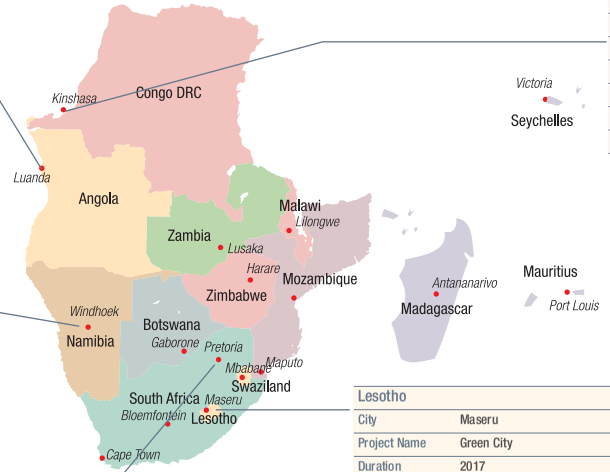
Regulatory environments affect the breadth and depth of housing finance markets. We have been collecting laws and policies for every country in Africa.

Angola	
City	Luanda
Project Name	Aida Cristina
Duration	2011 - 2017
Development Type	Housing units (Ownership)
No. of Units	310
Developer	Angola Afritrack
Inv Amt (US$)	$60 000 000

Namibia	
City	Windhoek
Project Name	The Otjomuise project
Duration	2014 - 2017
Development Type	Housing units (Ownership)
No. of Units	14 542
Developer	The National Housing Enterprise
Inv Amt (US$)	$76 827 060

Namibia	
City	Omusati
Project Name	
Duration	2016
Development Type	Housing units (Ownership)
No. of Units	112
Developer	Shack Dwellers Federation
Inv Amt (US$)	$229 754

Namibia	
City	Ohangwena
Project Name	
Duration	2017
Development Type	Housing units (Ownership)
No. of Units	70
Developer	Helao Nafidi Town Council
Inv Amt (US$)	$843 074



Democratic Republic of Congo	
City	Kinshasa
Project Name	Cité Kin-OASIS
Duration	2011 - 2016
Development Type	Mixed use (Rental/Ownership)
No. of Units	1 100
Developer	Zhen Gwei Technique Congo (STZC)
Inv Amt (US$)	

Lesotho	
City	Maseru
Project Name	Green City
Duration	2017
Development Type	Mixed use (Rental/Ownership)
No. of Units	648
Developer	OM Investment (Pty) Ltd
Inv Amt (US$)	

South Africa	
City	Pretoria
Project Name	Refilwe Manor Housing Project
Duration	2013 - 2018
Development Type	Housing units
No. of Units	769
Developer	Local Municipality
Inv Amt (US$)	$11 922 960

South Africa	
City	Pietermaritzburg
Project Name	Aloe Ridge
Duration	2014 - 2017
Development Type	Apartments (Ownership)
No. of Units	952
Developer	Msunduzi Housing Association
Inv Amt (US$)	$26 140 976

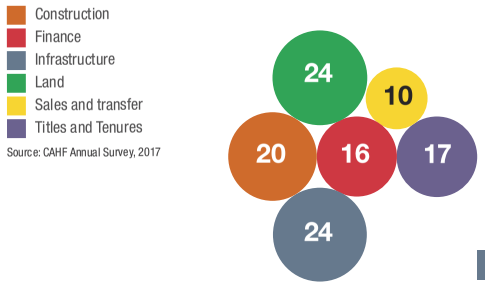
House prices and rental charges are very hard to come by! There is very little data and these prices are indicative, provided by local housing experts.

Mortgage lending terms – SADC

	Angola	Botswana	DRC	Lesotho	Madagascar	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Zambia	Zimbabwe
Bond term (Years)	20	25	5	20	20	15	30	20	20	23	20	25	15	10
Downpayment (%)	15%	18%	30%	20%	25%	20%	20%	20%	5%	10%	20%	10%	27%	15%
Mortgage Interest Rate (%)	10.0%	9.1%	24.0%	12.5%	19.0%	34.0%	8.0%	25.0%	10.5%	7.5%	10.5%	8.0%	20%	16.0%

Source: CAHF Annual Survey, 2017

Number of policies related to housing



Source: CAHF Annual Survey, 2017

Indicative rental charges by income segments

Annual household income segments (US$)

Country	<US$1 600	US$1 600-3 600	US$3 600-$8000	US$8 000-$23 000	>US$23 000
Angola	US$100	US$150	US$450	US$450	US$1 500
Botswana	US$50	US$150	US$400	US$400	US$1 000
Dem Republic of Congo	US$50	US$100	US$200	US$500	US$700
Lesotho	US$38	US$150	US$225	US$750	
Madagascar	US$30	US$70	US$125	US$225	
Malawi	US$35	US$83	US$234	US$414	
Mauritius	US$110	US$110	US$110	US$140	US$550
Mozambique	US$40	US$100	US$200	US$600	US$1 000
Namibia	US$58	US$58	US$218	US$1 018	US$2 181
Seychelles					
South Africa	US$37	US$110	US$292	US$511	US$730
Swaziland					
Zambia	US$84	US$183	US$521	US$600	
Zimbabwe	US$70		US$150	US$400	

Source: CAHF Annual Survey, 2017

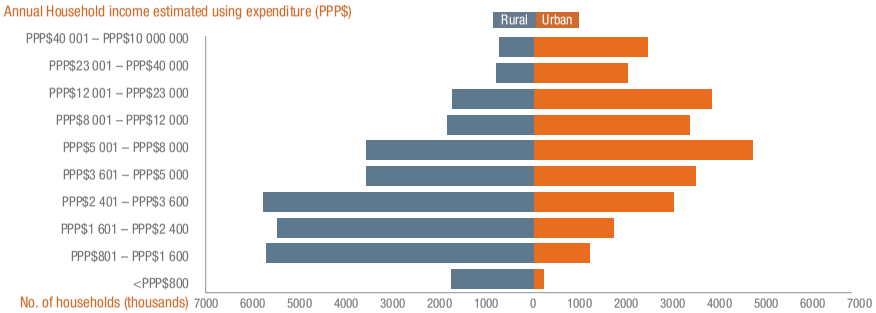
Indicative house prices by income segment

Annual household income segments (US$)

Country	<US$1 600	US$1 600-3 600	US$3 600-$8 000	US$8 000-$23 000	>US$23 000	Price of the cheapest newly built house
Angola	US$19 000	US$19 000	US$108 000	US$108 000	US$300 000	US$25 000
Botswana	US$5 000	US$5 000	US$75 000	US$75 000	US$76 000	US$52 650
Dem Republic of Congo	US$5 000	US$15 000	US$25 000	US$40 000	US$50 000	US$40 000
Lesotho	US$5 630	US$21 000	US$41 260	US$71 300		US$19 410
Madagascar	US$15 000	US$3 250	US$7 750	US$25 000		US$142 500
Malawi	US$6 206	US$16 600	US$23 400	US$110 340		US$21 097
Mauritius	US$11 000	US$11 000	US$33 000	US$55 000	US$82 000	US$33 000
Mozambique	US$2 000	US$10 000	US$15 000	US$60 000	US$100 000	US$55 000
Namibia			US$50 904	US$101 808	US$727 206	US$52 681
Seychelles						US$135 000
South Africa		US$8 762	US$28 716	US$55 788	US$73 018	US$28 650
Swaziland						US$50 000
Zambia	US$28 873	US$54 972	US$99 944	US$100 000		US$65 000
Zimbabwe	US$25 300		US$25 300	US$72 000	US$135 000	US$25 000

Source: CAHF Annual Survey, 2017

Annual Income profile for Rural and Urban Households estimated using expenditure (PPP$)



Source https://www.cgidd.com/ C-GIDD ,2016

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. In August 2017, it was announced at the 37th Ordinary Summit of the Heads of State and Government of the Southern African Development Community (SADC), that SADC has a new member, Comoros, now bringing membership up to 16 states. The vision of SADC is for a regional community in which the people of Southern Africa can realise economic well-being, improved living standards and quality of life, freedom, social justice, peace and security. SADC's mission is to *"promote sustainable and equitable economic growth and socio-economic development through efficient productive systems, deeper co-operation and integration, good governance, and durable peace and security, so that the region emerges as a competitive and effective player in international relations and the world economy"*.

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

SADC had a population of over 277 million in 2016 making up 23 percent of the continent's population. 43 percent of the population are urban and the average urbanisation rate across the region is 3.1 percent. The GDP was above US$526 billion in 2016 and the average annual GDP growth rate among SADC countries was 2.3 percent in 2016, down from 2.74 percent in 2015 (calculated using 2016 World Bank Data) slightly above the continent average of 2.2 percent. This is a significant drop from an average annual GDP growth rate of 4.51 percent in 2014. This decline was attributed to the drop in commodity prices, electricity constraints and severe drought being experienced by the region. GDP growth in 2018 is forecast to improve due to recovering global commodity prices, improving domestic conditions, end of drought in some countries (boosting agricultural production and electricity constraints), oil prices are slightly higher and metal prices have strengthened according to the Global Economic Perspectives, 2017. Angola is the major oil exporter in the SADC region. However, investment is forecasted to remain gradual due to lowered investor confidence in South Africa.

South Africa dominates the region economically, accounting for 56 percent (remaining the same as 2015) of SADC's total GDP in 2016 followed by Angola at 17 percent (dropping from 18 percent in 2015). Political uncertainty and drought affected South African markets which in turn affected GDP. The lowest contributors to GDP are still Seychelles and Lesotho using 2016 World Development Indicators' figures. The share of manufacturing in the overall GDP has declined to 11.1 percent in 2015[1]. For the SADC region in general, the services sector still makes up more than half of the GDP, and is the main driver of regional growth. SADC has the highest proportion of inter-regional trade at 19.5 percent in 2015 increasing from 17.3 percent in 2012 followed closely by the EAC at 18.1 percent in 2015[2]. According to AEO 2017, The Southern African Development Community (SADC) is ranked the second most integrated regional community on the continent.

The Global Competiveness Report 2016/17 indicates that Mauritius remains the most competitive economy in the region followed by South Africa – in 45th and 47th place respectively. According to the Global Competiveness Report 2016/17 the region's biggest drop this year is Zambia at 118, down by 22 positions. The report states that Zambia's decline is driven by difficulties in public finance and a lower performance in institutions, infrastructure, and goods market efficiency as well as power shortages, low copper prices, and political uncertainty ahead of August's elections.

The European Union (SADC's largest trade partner[3]) signed an Economic Partnership Agreement (EPA) with six countries in SADC in Botswana in June 2016. This free trade agreement aims to foster economic integration to target economic growth and sustainable development and decrease poverty levels through trade.

Access to Finance

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

According to FinScope (2015), 66 percent of adults in the region are financially included amounting to about 83.5 million people. Mauritius has the highest percentage of financially included adults at 90 percent, followed by South Africa at 86 percent and the lowest is Mozambique with 40 percent. While only 36 percent is banked, this is a significant increase from 24 percent in 2011, indicating progress in financial inclusion in the region. Still, exclusion rates are high at 34 percent (41.9 million people), hampering access to credit from formal institutions. Twelve percent of adults rely on informal mechanisms and 18 percent use formal non-bank products/services. According to FinScope (2015) only 27 percent of adults have insurance. Of the 83.4 million adults who are financially included in the region, about 53 percent say they have access to and use credit products. The number of those who use credit for housing is not clear – certainly, mortgage exposure in the region (outside of South Africa and Namibia) is very low. The mortgage percent to GDP ratio ranges from 0.5 percent in Malawi to 8 percent in Botswana, 13 percent in Mauritius and 33.8 percent in South Africa. Mortgage interest rates range from 7.5 percent to 34 percent in the region.

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

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

The SADC financial inclusion strategy aims to address this by building credit markets and digitisation based on strong payment systems.

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

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

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.

The New Development Bank was set up to help mobilise resources for infrastructure and sustainable development projects in BRICS countries and other emerging economies. President Jacob Zuma of South Africa, announced at the 37th SADC Summit in August this year that the African Regional Centre for the New Development Bank will be based in Sandton, Johannesburg. A report of the event in the Business Report said that in the next 18 months the New Development Bank (NDB) aims to provide US$1.5bn in development finance support to South Africa; including projects in transport and logistics, water, energy and other sectors[4]. The new bank will support 'stakeholder engagement, project identification, project monitoring and performing support functions necessary to ensure that the bank conducts its day-to-day operations successfully'[5].

The article also mentioned that NDB will be able to extend loans in the local currency of project beneficiaries, as currency risks have often been a major challenge for developing countries borrowing from multilateral banks[6].

Affordability

While GDP per capita in the region has been growing, levels of inequality remain high. South Africa, Angola and Namibia are among the most unequal economies in the world. Seychelles, Lesotho, Botswana and Zambia are not far behind. The average annual regional inflation rate was recorded at 11.1 percent in April 2017, with 11 of the 15 states recording rates below the regional average.

Levels of housing affordability across the region, and even in South Africa (where about 68 percent of the urban population cannot afford the cheapest, newly built house by a private developer), are quite low.

The prices of the cheapest newly built houses by a private developer in the SADC region range from about US$19 410 in Lesotho to US$28 634 in South Africa, US$55 000 in Mozambique, and US$142 500 in Madagascar. Zambia, Seychelles and Madagascar were among the most expensive new, formal housing markets found this year. At current lending rates, only 1.1 percent of the Madagascar urban population could afford to buy a US$142 500 house and 1.0 percent of the urban population can afford to buy a US$55 000 in Mozambique.

Housing supply

Housing backlogs in countries within the SADC region range from an estimated 2.1 million in South Africa; two million in Madagascar, Mozambique and Angola respectively; to 1.5 million in Zimbabwe and 110 000 units in Namibia. Zambia estimates that it will have a backlog of three million units by 2030, if no interventions are undertaken. While there are many government-led housing initiatives in the SADC region, housing supply is largely insufficient.

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. This is still true for housing delivery in SADC, however there seems to be a growing awareness of the gap market and opportunities that exist.

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$258) a month and have dependents, is estimated to be between ZAR150 000 – ZAR200 000 (US$11 081 – US$14 775).

There are various attempts at providing affordable housing across the region. Below are some examples of development taking place.

In Mozambique, some private projects aimed to deliver affordable housing such as the Casa Jovem in Costa de Sol and Intaka projects are often mentioned as one example of affordable housing projects. Casa Jovem is a 36 hectare housing project under development on the outskirts of Maputo. The project comprises 1 680 flats in four to eight storey walk-ups, and 300 houses. To date, 100 flats have been constructed. However, with the price of flats ranging between US$47 000 and US$130 000, it is out of the reach of most Mozambicans.

After its plan to build 100 000 houses and service 300 000 plots of land by 2014, the government only delivered 1 922 houses by the end of 2014. The housing target in the new five-year plan (2015-2020) is less ambitious with the state committing to build 35 000 houses by 2019 (7 000 a year), but this number remains unrealistic as the government of Mozambique continues to experience fiscal pressures.

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.

Angola's housing deficit estimated at 1.2 million units is being addressed by government intervention and Public-Private partnerships. In May 2016, the Centralide Horizonte in Lossambo housing project developed by Kora Angola in partnership with the Government of Angola delivered 2009 Type T3 homes measuring approximately 100m² each. The price of each unit was US$70 000 (Kz11 669 490). By the end of 2017, the government aims to deliver a total of 213 000 houses and 14 new centralities across the country.

In Namibia, the Otjomuise project in Windhoek which began in 2014 and is expected to be completed this year, plans to develop 14 542 units targeted at the low income segment with capital sourced from the National Housing Enterprise. Another project in Namibia situated in Omusati, began in 2016 and planned to build 112 units is being developed by Shack Dwellers Federation of Namibia.

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

Policy and regulation

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

The implementation of the FIP has been rather slow going – by 2011 only seven Member States had implemented over 50 percent of their country commitments

under the protocol. An amendment Annex I of the Protocol was approved in August 2016, regarding 'the promotion and admission of investments, promotion of local and regional entrepreneurs as well as the use of public private partnerships to ensure development in SADC'[8].

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

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

According to Global Economic Perspectives, 2017, in 2015 COMESA, EAC and SADC signed a tripartite trade agreement to enhance market integration, infrastructure development and industrialisation. Eighteen countries have signed the agreement.

Property market and opportunities

Eight out of the 15 countries improved their position in the Doing Business ranking from 2015 to 2017, namely Botswana, Lesotho, Mozambique, Namibia, South Africa, Seychelles, Swaziland, Zambia and Zimbabwe. Five countries decreased the cost of registering property since 2015 and in 2017, Mozambique, Lesotho, Zambia, Malawi and Madagascar are cheaper to register property. Botswana, has decreased the time in days to register property from 2015 to 2017.

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

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

Recently, the 37th SADC Summit took place in South Africa. Two positive outcomes of the Summit were the addition of Comoros to the SADC and opening of the New Development Bank's regional office in Johannesburg, South Africa. The opening of the bank was identified 'to benefit infrastructure projects on the African continent as a whole, and having a permanent regional centre showed commitment to that undertaking'[9].

In general, member states have been undergoing policy reforms and the refinement of investment processes, which have improved their respective business environments such as establishing investment promotion agencies, improving investor protection and increasing the transparency of investment codes and policies. South Africa, Angola and Mozambique are major recipients of Foreign direct investment (FDI) in the SADC region. Mauritius and Seychelles are dominated by real estate investment as opposed to oil and gas, which dominates the Angolan economy. While primary trade connections are dominated by the United States, China, the European Union and India, India shows the largest amount of FDI from a developing country perspective. The EU is the largest trade partner and China and Japan is increasing housing investment in Africa exponentially. 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.

Real Estate Investment Trusts (REITs) are still gaining momentum in SADC countries such as South Africa and Zambia. REITs act as an investment vehicle that investors understand as it is influenced by international legislation by aggregating diverse sources of funding from international and institutional investors through to households, and targeting them into a portfolio that extends beyond the limitations of individual projects. South Africa is one of the eight largest REITs in the world with 30 registered REITs and a market capitalisation rate of ZAR320 billion (US$23.6 billion). Residential specific REITs are emerging and creating an opportunity to diversify 'risky' housing investment portfolios.

With increased attention on growing investment, industrial growth and development in the region, the SADC member states are making strides in addressing cross boarder and inter-regional trade to facilitate infrastructure development. Steady yet limited investment into housing and infrastructure as shown above creates an attractive investment environment for future investors. Still, there is a growing demand for housing and this needs to be addressed through policy as well.

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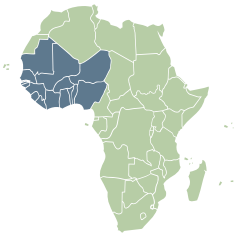
West Africa

Regulatory environments affect the breadth and depth of housing finance markets. We have been collecting laws and policies for every country in Africa.



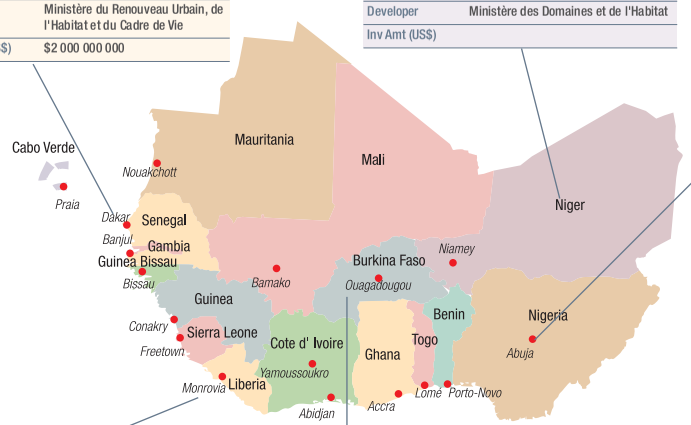
Senegal	
City	Dakar
Project Name	Diamniadio Lake City
Duration	Ongoing
Development Type	Mixed use (Rental/Ownership)
No. of Units	40 000
Developer	Ministère du Renouveau Urbain, de l'Habitat et du Cadre de Vie
Inv Amt (US$)	$2 000 000 000

Niger	
City	Niamey
Project Name	Sary Koubou
Duration	2013 - 2015
Development Type	Housing units (Ownership)
No. of Units	174
Developer	Ministère des Domaines et de l'Habitat
Inv Amt (US$)	

Nigeria	
City	Abuja
Project Name	World Trade Centre
Duration	2011 - 2017
Development Type	Mixed use (Rental/Ownership)
No. of Units	500
Developer	First Intercontinental Properties and Abuja Investments Company
Inv Amt (US$)	$557 108 000

Nigeria	
City	Abuja
Project Name	Abuja Centenary City
Duration	2014 - 2024
Development Type	Mixed use (Rental/Ownership)
No. of Units	1 000
Developer	Eagle Hills
Inv Amt (US$)	$180 600 000 000

Nigeria	
City	Lagos
Project Name	Eko Atlantic
Duration	2009
Development Type	Mixed use (Rental/Ownership)
No. of Units	30 000
Developer	South Energy Nigeria Limited
Inv Amt (US$)	$6 000 000 000



Liberia	
City	Monrovia
Project Name	NASSCORP Village Housing Estate
Duration	2014
Development Type	Social Housing
No. of Units	163
Developer	National Housing Authority
Inv Amt (US$)	

Burkina Faso	
City	
Project Name	Programme de Logement Sociaux
Duration	2008 - 2017
Development Type	Housing units (Ownership)
No. of Units	10 000
Developer	Ministère de l'habitat et du Logement Social
Inv Amt (US$)	

Mortgage lending terms – West Africa

	Benin	Burkina Faso	Cape Verde	Cote d' Ivoire	Gambia	Ghana	Guinea	Guinea Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Senegal	Sierra Leone	Togo
Bond term (Years)	3	15	30	15	10	20	30	20	10	6	30	15	20	20	15	5
Downpayment (%)	30%	10%	10%	19%	30%	20%	20%	10%	20%	30%	0%	0%	30%	25%	20%	40%
Mortgage Interest Rate (%)	8.5%	13.0%	11.5%	15.0%	20.0%	33.0%	17.0%	11.2%	14.5%	9.0%	8.0%	10.5%	36.0%	6.0%	6.0%	9.0%

Source: CAHF Annual Survey, 2017

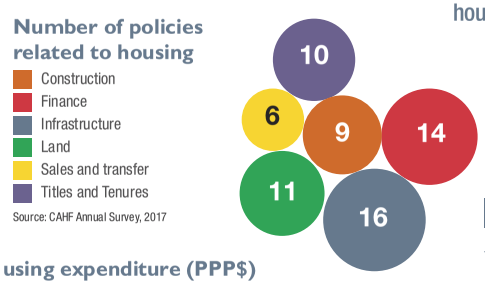
House prices and rental charges are very hard to come by! There is very little data and these prices are indicative, provided by local housing experts.

Indicative rental charges by income segments

Country	Annual household income segments (US$) <US$1 600	US$1 600-3 600	US$3 600-$8000	US$8 000-$23 000	>US$23 000
Benin	US$36	US$182	US$219	US$275	US$456
Burkina Faso	US$44				
Cabo Verde					
Côte d'Ivoire					
Gambia, The	US$65	US$65	US$130	US$260	US$560
Ghana	US$40	US$90	US$147	US$452	US$904
Guinea					US$900
Liberia					
Mali	US$54	US$136	US$218	US$365	US$454
Mauritania	US$120	US$165	US$334		US$700
Niger	US$44				
Nigeria	US$40	US$100	US$300	US$4 000	US$6 000
Senegal	US$68				
Sierra Leone					
Togo	US$36	US$73	US$136	US$182	US$363

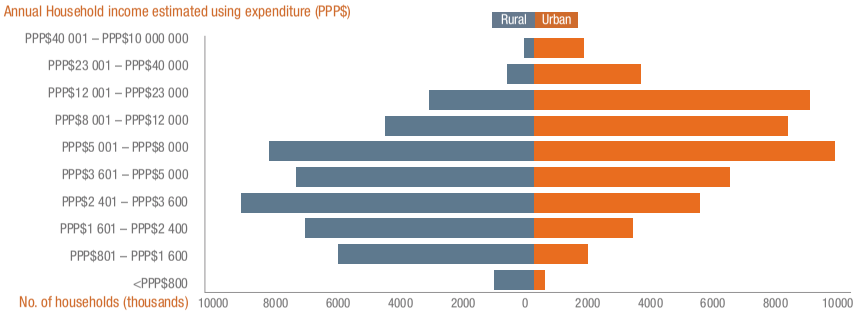
Source: CAHF Annual Survey, 2017

Number of policies related to housing



Source: CAHF Annual Survey, 2017

Annual Income profile for Rural and Urban Households estimated using expenditure (PPP$)



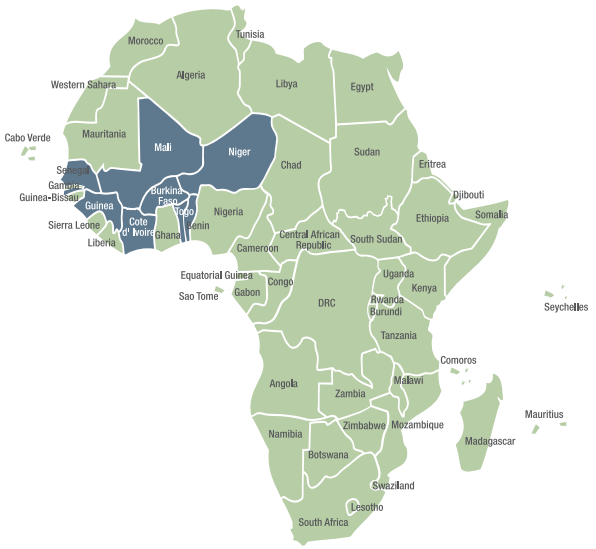
Source https://www.cgidd.com/ C-GIDD ,2016

Indicative house prices by income segment

Country	Annual household income segments (US$) <US$1 600	US$1 600-3 600	US$3 600-$8 000	US$8 000-$23 000	>US$23 000	Price of the cheapest newly built house
Benin	US$16 231	US$23 340	US$28 628	US$63 820	US$91 172	US$16 231
Burkina Faso	US$16 863					US$8 536
Cabo Verde				US$28 800	US$70 000	US$30 900
Côte d'Ivoire						US$8 536
Gambia, The	US$25 000	US$25 000	US$50 000	US$215 000	US$215 000	US$26 160
Ghana			US$67 859	US$180 957	US$361 915	US$55 211
Guinea						US$31 999
Liberia						US$20 000
Mali	US$18 900	US$24 643	US$45 375	US$63 520	US$90 744	US$24 642
Mauritania						US$29 172
Niger	US$14 334					US$12 804
Nigeria		US$1 500	US$40 000	US$60 000	US$100 000	US$8 500
Senegal	US$42 158					US$21 922
Sierra Leone						US$50 000
Togo	US$12 704	US$23 600	US$30 950	US$45 400	US$63 520	US$18 150

Source: CAHF Annual Survey, 2017

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, namely Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. They share the same currency, the West African franc (CFA Franc), monetary policies, and French as an official language, with Portuguese for Guinea Bissau. 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, gum arabic 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 especially in the agro-industries. Niger, Mali, Burkina Faso have mining industries; uranium, gold and petroleum in Niger, gold in Mali and Burkina Faso, phosphate in Togo and iron in Benin. Animal rearing is still in the traditional mode and a huge economic activity if modernized; for milk and dairy product, meat production for local consumption and export, tannery and hide and skin industries. Other activities are artisanal mining of minerals used in construction; artisanal fishing and artisanal food transformation and cosmetics. These activities represent a huge potential to be developed and industrialized.

Prior to 2010, on average, the populations of the coastal countries mostly live in the urban areas, compared to the landlocked countries where the population is primarily rural. Population growth and urbanizations within each country is accelerating at among the fastest rates in the world. The average urban population of the Union has practically doubled, from 19.8 percent of the total population in 1975 to 39.2 percent in 2016. In some of the urban centres, particularly in Abidjan, the capital of Cote d'Ivoire, the annual urbanisation rate is 4.6 percent. The fastest growing urban areas include Abidjan, Dakar, Lome, Cotonou, Bamako, Niamey, Bissau and Ouagadougou. The urban population has grown from 22.5 in 2000 to 49.7 millions in 2016 and estimated to be 57.9 millions in 2050. As a result of decentralization and democratization, cities are emerging from rural towns and capital cities are undergoing modernisations with a number of infrastructure projects going on in practically all the member states of the Union.

According to the Central Bank of the Union, (Banque Centrale Des Etats de l'Afrique de l'Ouest, or BCEAO), the economy remained resilient in 2016. The steady pace of growth in the Union is due to public and private infrastructure investment, productivity in the construction and building sector, booming agriculture, a better business climate, and improvement in the broader socio-political climate. Real GDP growth rose from 6.6 percent in 2015 to 6.8 percent in 2016. The economic growth is expected to continue as a result of good agricultural harvest, execution of some regional and national socio-economic infrastructures and improvement in political stability of some of the member countries, in particular, Cote d'Ivoire, Niger and Burkina Faso, where peaceful elections were organized in 2015 and 2016. However, the insecurity in the northern part of Mali, northeast of Niger, and terrorist attacks in Cote d'Ivoire and Burkina Faso are also of great concern. The Union has minimized the average annual inflation rate to one percent in 2015.

Access to finance

Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) is a unique central bank for the eight countries and governs the financial institutions across the Union. The BCEAO headquarters are in Dakar, Senegal, and each country hosts a national agency. The formal financial system of the Union is developing and the banking network is growing. One new bank was added to the network in 2016, making a total of 138 banks operating in the Union by the end of 2016. Majority of the banking activities is concentrated in three or five commercial banks in the majority of the countries. Although the banking rate in the Union remains one of the lowest in the world, access to banking services in the last decade has significantly increased as well as the number of banks and micro-finance institutions. According to BCEAO, at the end of December, 2016, there were 702 micro-finance institutions in the Union, with 1.08 billion fcfa (US$1.8 billion) deposits, compared to 933.2 billion (US$1.57 billion) in 2015; 12.7 million depositors and 1.073 billion (US$1.85 billion) worth of loans in 2016 compared to 904.5 (US$1.53 billion) in 2015.

The housing finance market in UEMOA countries is under-developed. Few long-term mortgage vehicles exist and in most cases, those that do belong to government. Only a few of the member countries have mortgage banks. These include Banque de l'habitat du Bénin, created in 2003 with operations starting in 2004; Banque de l'Habitat du Burkina Faso, created and with operations starting in 2005; Banque de l'Habitat de Côte d'Ivoire, created in 1994; Banque de l'Habitat du Mali created in 1996; Banque de l'Habitat du Niger created in 2010 and not yet operating; and Banque de l'Habitat du Senegal (BHS) created and operating since 1979. BHS is the most active of the mortgage banks of the Union and represent 50 percent of the demand for mortgages authorized in 2014 and 30 percent of the disbursed loan (60.4 billion fcfa or US$101.85 million). The average interest rate in the Union is 7.44 percent; Senegal has the lowest rate at 6.81 percent.

To promote mortgage activities and access to mortgages, 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 institution is to promote easy access to long-term financing to its member commercial banks 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 regional institution's 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 increase in the number of members' banks (shareholders), now 46, its success in the regional stock exchange, and the projects financed. About 3 927 mortgages valued at 53.7 billion fcfa (US$90.5 millions) were financed by CRRH by 2013.

Among the institution's recent activities is the validation of a workshop entitled "Financing of Affordable Housing in UEMOA" (Etudes Sur le Financement Du Logement Abordable dans l'UEMOA) in February 2017. The workshop formulated recommendation relevant to boosting production of decent and affordable houses, producing relevant information for the development of

effective policies and improving urban and land management. Among the recommendations to boost supply are, the creation of liquidity funds for affordable housing and capacity building of construction professionals.

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

In 2017, Affordable Housing Institute, working with the World Bank and West African Economic and Monetary Union, completed its evaluation of the main demand-side challenges in the WAEMU region in the housing finance sector and provided solutions at the regional level organized along the CRRH.

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, currently living on less than US$3.1 a day, has little or no capacity to finance their homes. To address the reality of these affordability challenges, 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 to improve banking conditions for mortgage loans. Despite the fact that average interest rates dropped from 9.78 percent in 2005 to 7.44 percent in 2015, it is still relatively high compared to the low inflation rate.

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

Apart from action on the part of member countries to boost affordability, the Union has adopted common measures, including reinforcement of the capacity of mortgage banks, the promotion of savings for housing, and mortgage guarantees. In spite of these programmes, there is a need to support the private sector to develop affordable housing finance affordable to the income of the majority in the UEMOA countries.

Housing supply

Rates of housing supply differ from one country to the other but overall it is still dominated by incremental, self-construction and informal entrepreneurship. Eighty percent of the supply is produced by informal entrepreneurs. Some of the upper-middle class are able to use the government housing development agency services, and to some extent private developers. They live in residential zones, while the very poor live in slums. There is very little data on the stock of houses in the Union.

In every UEMOA country, the housing supply is insufficient to meet demand. Due to high population growth rates of the eight countries, it is estimated that the population in the Union will attain 57.9 million in 2050. Housing deficit in the Union is estimated at 3.5 million per annum. 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. Although considerate efforts are being deployed, the programmes are not yet fully implemented; Cote d'Ivoire began programme implementation on 9 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 60 000 units of affordable homes promised by President Alhassan Ouattara of Cote d'Ivoire, about 3 000 have been supplied by the end of 2015. Apart from presidential campaigns, all the countries members of the Union have ambitious housing programme and some innovative solutions to the deficit such as creation of new urban zone in Senegal; and construction of 20 000 rent-to-own houses (lodgement location-vente) in Benin. By the end of 2015, as a result of the Union's economic growth, and the support of CRRH, most commercial banks of the Union are offering housing loans and private developers have different housing schemes. Nevertheless, the gap between the supply and the demand persists.

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

Property market and opportunities

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

Each member state has housing on the priority list of his agenda and the government is promoting public private partnership for housing development and fiscal incentives for businesses. Investment interest from foreign countries from Africa and outside Africa are present in all the members' states of the Union. Dangote Group has plans to produce cement in Niger, and the Adoha Group, a Moroccan group in housing development, is now present in Cote d'Ivoire and Senegal.

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. In 2016, 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 to proposing a unique framework to be recognised and accepted by all the member states. There is no information regarding the study to date. One of the recommendations to CRRH-UEMOA during the validation workshop on affordable housing finance within UEMOA is to promote an land and real estate observatory to the UEMOA commission to provide necessary information for the development of effective policies and improvement of urban and land management.

The World Bank's 2017 Doing Business Report indicates that some of the reforms implemented by some member countries are yielding results among which are Cote d'Ivoire and Burkina Faso which obtained the best score in dealing with construction permits among the members countries of the Union however 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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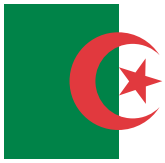
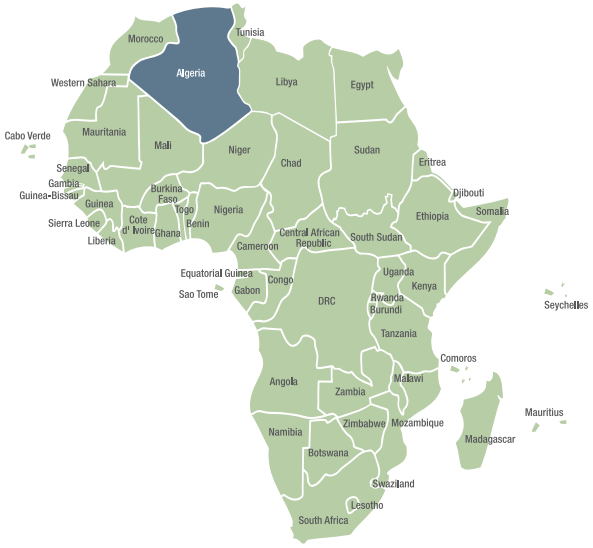
Algeria





KEY FIGURES

Main Urban Centres	Algiers (capital), Oran
Exchange Rate: 1 US$ [a] =	113.25 Algerian Dinar (DA)
PPP Exchange Rate (Local Currency/PPP$): 1 DA = [b]	0.0327
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	4.8 | 6.4 | 4.0 | 4.0
Population | Population growth rate [d]	40 606 000 | 1.83
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	71.30 | 2.64
GDP per capita (current US$) | GDP growth rate (annual %) [d]	3 843 | 3.70
GDP (Current US$) [d]	156 079 606 663
GNI per capita, Atlas method (current US$) [d]	4 270
Population below national poverty line | Survey Year [c]	5.5 | 2011
Unemployment rate (%) (d)	10.6
Gini co-efficient (year of survey) [e]	35.33 (1995)
HDI (Global Ranking) | HDI (Country Index Score) [f]	83 | 0.745
Lending Interest Rate [d]	8.00
Unsecured lending interest rate (housing microloan)	7-10 (2016)
Mortgage Interest Rate (%) | Mortgage Term (years)	7.5 | 30 [k]
Down Payment (%)	
Credit % of GDP [d]	56.14
Average Mortgages % of GDP [g]	1-2
Estimated number of mortgages	
Average loan size in US$ (mortgage)	19,200 (2016) [l]
Average loan size in US$ (non-mortgage/micro lending)	...
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	...
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	37.35 | 30.07
Construction as a % of GDP [c]	2.68 | 3.33
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | ...
Outstanding home loan (% age 15+) [i]	...
What is the cost of standard 50kg bag of cement (in US$)	7.16 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	25,400 (2016)
What is the size of this house (in m^2)?	80
What is the average rental price for a formal unit (in US$)	270 (2016)
What is the minimum plot size for residential property	80
Ease of Doing Business Rank [j]	156
Number of Procedures to Register Property [j]	10
Time (days) to Register Property [j]	55
Cost (% of property value) to Register Property [j]	7.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Societe Generale Algerie
[l] CNEP Banque
[m] Direction du Commerce d'Alger

Overview

The People's Democratic Republic of Algeria is a North African Maghreb state, with a population of 40.6 million (2016). At 2 381 000 km^2, it is the largest country in Africa. Algeria has experienced modest yet steady economic growth over the past few years. In 2016 this reached 3.8 percent, and ranged from 4.1 percent to 2.8 percent between 2010 and 2015. Algeria's GDP grew by 3.7 percent in the first quarter of 2017, even though the World Bank forecasts real GDP growth for the 2017 – 2019 period to slow to 1.2 percent (1.5 percent in 2017 and 0.6 percent in 2018). While the World Bank forecasts take into account fiscal consolidation and a weaker hydrocarbon sector growth, the recently approved 2017 Finance Law banks on a 3.9 percent growth rate with increased taxation to compensate for the shortfall in oil and gas revenues. GNI per capita has risen steadily since 2000, reaching a peak of DZD 604 097 (US$5 520) in 2013. However, this fell to DZD 532 962 (US$4 870) in 2015, and DZD 456 356 (US$4 170) in 2016 due to low oil prices. Inflation rose in the past few years, reaching 6.1 percent in April 2016 with an annual average of 6.4 percent. The Office National des Statistiques (ONS) believes inflation will be contained to 4.8 percent in 2017.

The economy remains heavily dependent on the petroleum industry, which accounts for around two-thirds of public revenues and 95 percent of export earnings. The drop in oil prices has significantly weakened Algeria's fiscal and external balances. Government reserves have dropped significantly, reported at DZD 12 257 billion (US$112 billion) in March 2017, and expected to drop to DZD 10 943 billion (US$100 billion) by the end of 2017.

President Bouteflika announced a third five-year investment programme of US$ 262 billion for the period 2015 – 2019. However, the government subsequently revised this policy in light of lower revenues, and the new focus has been on fiscal consolidation and subsidy reform. Algeria also adopted a new constitution in February 2016, aimed at fostering greater transparency, better governance and a more market-based economy. In July 2016, the Algerian government adopted the New Economic Growth Model (NMCE) 2016 – 2030, with a stated aim of diversifying Algeria's economy, reducing oil dependency, and continuing fiscal consolidation. In late 2016, the African Development Bank (AfDB) approved a €900 million loan to assist Algeria in financing their Industrial and Energy Competiveness Support Programme (PACIE). Despite these changes, non-oil growth in Algeria is expected to increase more slowly than other countries in the region.

These sustained budget deficits have put additional pressure on the government's capacity to deliver its large-scale social housing programmes. These programmes remain an urgent priority as housing is a significant social and economic issue for many Algerians. According to the real estate portal Lkeria.com, the average price to rent an apartment between 60 and 100m^2 in Algiers is DZD 60 000 (US$ 548) more than three times the National Minimum Wage Guaranteed (Salaire National Minimum Garantit, SNMG) which is only DZD 18 000 (US$164) per month.

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 the financing of government-prioritised projects. The central bank, Bank of Algeria, also oversees 14 privately-owned banks, nine non-bank

financial institutions and 23 insurance companies. To address the liquidity crisis of Algerian banks, the government has allocated DZD 42 billion (about US$385.5 million) to recapitalise state-owned banks. Before the release of the 2017 Finance Law, there were also announcements that the government was considering privatising state-owned banks by listing them on the Stock Exchange, which would enable them to diversify their funding. However, the law was published in October 2016 without any provisions to initiate a privatisation process. Yet, there has been some notable change towards the liberalisation of private and public companies. The provision prohibiting foreigners from holding more than 49 percent of shares in an Algerian company was withdrawn from both the Law No 16-09 on the promotion of investment and the 2017 Finance Law.

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. Despite these regulatory reforms, there has been little product innovation even as lower oil revenues have put additional pressure on liquidity, increasing the need for reforms.

With the relaunch of consumer credit in 2016, banks started offering loans on consumer goods with interest rates between 8 and 11 percent. Domestic credit to the private sector has increased rapidly over the past years, rising from 18.5 percent of GDP in 2014 to 45.5 percent of GDP in 2015. In 2016, outstanding bank loans reached DZD 8 000 billion (US$73 billion) (45 percent of GDP). Housing finance is still an underdeveloped sector, despite the liquidity of the banking sector. However, access to finance is increasing due to government programmes that offer subsidised mortgages, the Rural Housing Programme and the Assisted Housing Programme (LPA) Households who build or improve their house in a rural area can benefit from a subsidised interest rate on their mortgage through the Rural Housing Programme. The LPA programme also facilitates home ownership with a subsidised loan for households who acquire a new housing unit in a multifamily complex. Euromonitor reported a 16.3 percent expansion in the number of households accessing a mortgage in 2017 (yet, access to credit is difficult due to the lack of credit bureaus and registries. Commercial real estate finance in Algeria represents a larger share of total bank lending than retail housing finance.

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

A mortgage refinancing facility was created in 1997, known as Société de Refinancement Hypothecaire (SRH), whose goal was to improve banking intermediation for housing finance and promote the use of secondary financial markets to facilitate access to long-term finance for mortgage loans. SRH was initially capitalised with a fund of DZD 5.7 billion (US$52.3 million) held at the treasury, and DZD 1.4 billion (US$12.5 million) of its own funds. The SRH facility was complemented by the Law No 06-05 on the securitisation of mortgages that came into force in 2006. The objective of the legislation was to free up capital to support banks to fund housing construction, yet the expansion of secondary mortgage markets has been limited by the lack of development of primary mortgage markets and historically high rate of NPLs. In 2016, SRH announced that it was exploring a bond issuance to diversify its financial resources and reduce reliance on the Treasury for funding.

The main institution providing microfinance services is Algérie Poste, which was set up as a government corporation in 2002 to provide both postal and financial services. In October 2015, Algérie Poste comprised of 3 668 bank branches and 18.5 million accounts, compared to just over 2 000 commercial bank branches or 5.1 branches per 100 000 inhabitants. 95 new branches were opened in 2016 as part of the new deployment plan. However, most of these branches have been closed for security reasons. There are no specialised housing microfinance products, but Algérie Poste offers two types of savings accounts for housing, the livret d'épargne logement (LEL) with two percent interest, and the livret d'épargne populaire (LEP) with 2.5 percent interest, and acts as a service branch for 4.1 million CNEP accounts, Algeria's largest housing finance lender.

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. It is therefore extremely difficult for low and middle income households to access housing on the private market. In 2017, the average price per square metre of an apartment in Algiers was DZD 220 000 (US$2 008), a 20 percent increase compared to 2016. The price per square metre of an apartment in secondary cities like Boumerdès, Blida, Tipaza, Béjaïa and Oran was DZD 130 000 (approximately US$1 187). In 2015, the ONS reported the average annual income at DZD 39 200 (US$358). Despite the four percent increase from 2014, the average earnings of private sector workers (DZD 32 100, US$293) are below that of public sector employees (DZD 54 700, US$500). While Algeria has a relatively low rate of inequality with a Gini coefficient of 36.06 (2010), the price of housing remains beyond the means of most households. As of December 2016, the average rental price was marked at around DZD 15 000 (or US$137) a month for a three-bedroom unit. In Algiers this rose to, DZD 62 095 (US$567) and DZD 35 000 (US$320) in other major cities, such as Oran and Constantine. Furthermore, the Ministry of Solidarity reports that 700 000 Algerian families were below the poverty line in 2015.

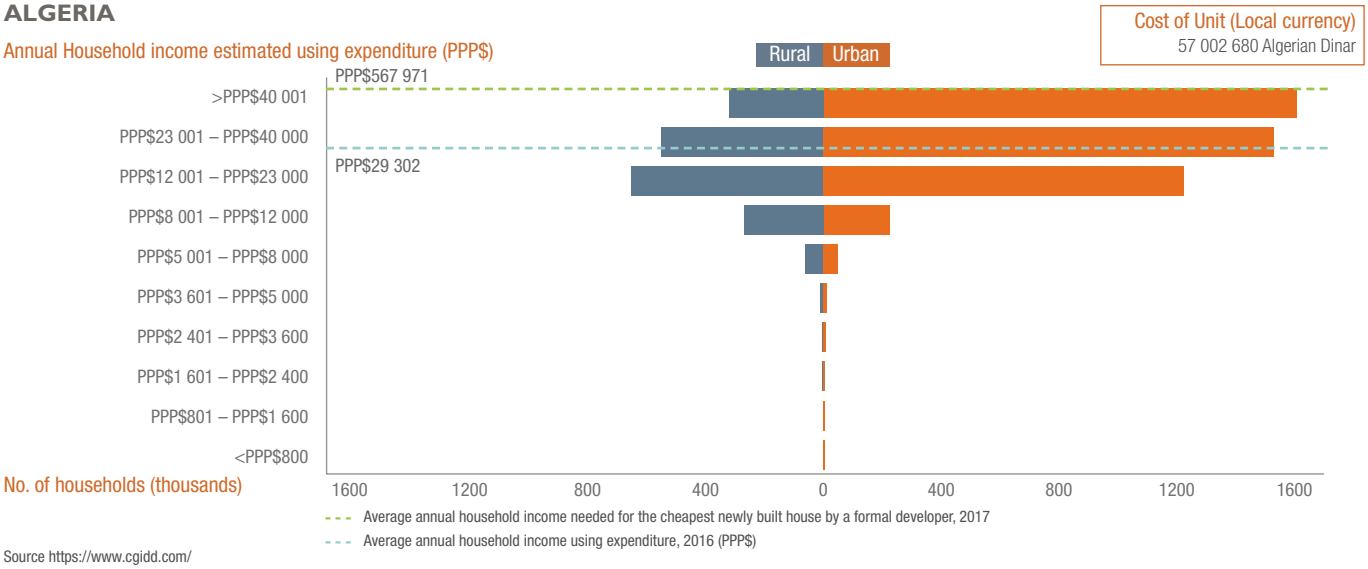
Housing policy is focussed on building a large amount of very low-cost rental and subsidised housing units, yet government supply is not able to respond to demand. Population growth at 1.9 percent per annum, and an urbanisation rate of 2.7 percent per annum in 2015, fuel new demand for housing units in cities, with 70 percent of the total population living in cities. Waiting lists are long and the down payment on homes can also be prohibitive. For households to qualify for the middle income housing programme (Agence de l'Amélioration et du Développement du Logement (AADL) lease-to-own program), a personal contribution of DZD 700 000 and one million (US$6 390 – 9 128) is required upfront.

Housing supply

In 2015, the Ministry of Housing and Urban Development (MHU) reported a national housing shortage of 720 000 units. Up to 20 percent of the national housing stock was estimated to be vacant (investment properties or second homes for the higher income). Meanwhile, there are approximately 500 000 precarious dwellings and two million units are in poor condition, having been constructed prior to independence in 1962. Annual supply is estimated at 80 000 dwellings, while annual demand is estimated at 300 000 units.

The state is the major supplier of housing. In 2014, the Ministry of Housing and Settlements (MoHS) announced a target of 1.6 million units from 2015 – 2019 with an estimated cost of DZD 6 123 billion (US$56 billion). Half of these units were earmarked for public rental housing (LPL), 400 000 for rural areas and the remaining 400 000 for the lease-to-own program (run by Agence de l'Amélioration et du Développement du Logement, AADL, or the Agency for Housing Improvement and Development). In January 2017, 120 000 units were added to the 2019 objective of the AADL. The MoHS, the Crédit Populaire d'Algérie (CPA) and the Caisse nationale du logement (CNL) have signed an agreement for a CNL disbursement of DZD 329 billion (US$3 billion) to finance the last 120 000 units and complete the program. Overall, housing programmes have delivered a large number of units over the past decade, with MoHU reporting 810 000 housing units built under the 199 – 2004 housing programme and 912 326 under the 2005 – 2009 programme. DZD 3 500 – 4 500 billion (US$32 – 41 billion) was committed for the MoHU's programme in the 2010 – 2014 budgetary period, yet only 693 000 units of the 1.2 million units planned were actually built. In recent years, lengthy administrative processes and disputes over some project sites and mismanagement of funds contributed to a shortfall, with the number of completions per annum falling below 100 000 units. Moreover, serious deficiencies have been reported about the units under construction such as the lack of technical inspection, delivery delays, unfulfilled commitments, and manufacturing defects.

ALGERIA



Source https://www.cgidd.com/

These programmes have required an enormous amount of resources and will continue to in the future. The AADL program itself will require DZD 552 billion (US$5 billion) over the next three years. Increased private sector participation in the provision of affordable housing, through public-private partnerships for instance, is required to decrease the burden of the required investments by the government. Government capacities are limited, around 60 percent of units in the government housing programmes are estimated to have been built by the private sector. Of the estimated 1 800 developers involved in public housing construction, around 80 percent are local Algerian firms, usually working on smaller projects of less than 500 units. The remaining 20 percent of developers are foreign, including joint-venture contracts with companies from Portugal, Spain, Turkey, China and the Gulf States. At the height of housing delivery in the 2010 – 14 programme, there were an estimated 35 000 – 60 000 Chinese construction workers in Algeria. In February 2017, the MoHS temporarily withdrew accreditation from private developers who had not registered with the tableau national, a formality that has been mandatory since 2012.

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

Property markets

Limited land availability has severely restricted the growth of the formal real estate market. The state is the primary owner of land and only very limited amounts are made accessible to private individuals or developers. Homeownership is high, due to the cultural importance of owning a home, yet low supply has pushed up prices beyond the affordability threshold of many households. As a result, the rental market is growing.

There is a deeds registry, though the land registration system is cumbersome and unclear. Algeria has continued to maintain a low ranking of 162 in the 2017 Doing Business report for registering property, with 10 procedures taking an average of 55 days, and costing 7.1 percent of the property value. Many apartments or plots are left vacant due to disputes over tenure. In 2016, Algeria made dealing with construction permits easier by eliminating the legal requirement to provide a certified copy of property title when applying for a building permit. In 2017, Algeria went a step further and imposed deadlines for construction permit applications, considerably reducing processing times. Algeria moved up 42 positions in the construction permits ranking and is now ranked 77th out of 190. The process includes 17 procedures and takes an estimated 130 days.

A five percent transfer fee is charged on transaction of immovable property, plus a one percent registration fee. The government has attempted to increase the supply of land with a tax rebate if the land is sold for housing. However, this measure has primarily benefitted high income groups, (and is regressive in that the higher the purchase price, the larger the tax rebate.

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

Policy and regulation

The government has five types of housing programmes, each targeted at different groups:

	Target Group	Income Level (DA)	Income Level (US$)	Programme
Rental program	<1.5 SNMG[23]	< 24 000	< 220	**Public Rental Housing** for households earning less than 1.5 times the minimum wage, in which construction is entirely publically financed on government land and rent is extremely low, at approximately DZD 1095 – 2300 (US$10 – 21) per month. To make the allocation more transparent, the government has created a scoring system for applicants.
Homeownership programs (Aide à l'accession à la propriété)	1 – 6 SNMG	18 000 – 108 000	165 – 990	**The Rural Housing Programme,** where a household receives a subsidy of DZD 700 000 – 1 000 000 (US$6 390 – 9 128) for home improvement or new home construction, which is disbursed as progress is made.
	1.5 – 6 SMIG	24 000 – 108 000	220 – 990	**AADL (Agence de l'Amélioration et du Développement du Logement):** Introduced in 2001, AADL 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.

	Target Group	Income Level (DA)	Income Level (US$)	Programme
Homeownership programs (Aide à l'accession à la propriété)	1.5 – 6 SMIG	24 000 – 108 000	220 – 990	**LPA (Logement Promotionnel Aidé): The Assisted Housing Programme,** started in 2010, aims to facilitate home ownership for households earning up to six times the minimum wage. There is an upfront grant of either DZD 395 000 (US$3 600) or DZD 702 000 (US$6 400) to assist with down-payments and subsidised loan finance with interest rates between one to three percent. Land is provided by the government at discounted rates to developers for these projects to reduce overall cost, but demand is very high. Units are fixed at 70m² (± three percent) at an average cost of DZD 279 000 (US$25 400).
	Civil Servants	NA	N/A	Government Employees are also offered low-cost finance, at one percent for a house up to approximately DZD 8 800 000 (US$80 000) for higher dignatories, and DZD 5 500 000 (US$50 000) for others.

Demand for all these programmes far outstrips supply. Allocation procedures have come under scrutiny for mismanagement. Efforts to better regulate the application and wait-listing procedures have made some progress, yet have not gone far enough to alleviate social unrest amongst applicants.

Funding for these programs has been problematic in 2017. State-owned banks promised DZD 1 200 billion (US$11 billion) in 2013 to finance the government's housing programs but have only disbursed DZD 150 billion (US$1.38 billion) for the completion of two housing projects: 100 000 units in 2013 and 80 000 units in 2015. Additionally, between January and May 2017, foreign companies halted construction works for LPP, social housing, the AADL, and rural program due to DZD 120 billion (US$1.1 billion) in unpaid receivables. This resulted in the delivery of 164 000 housing units being disrupted. The state-owned banks, CPA and CNEP, refused to pay the Chinese and Turkish companies responsible for the construction due to liquidity constraints, and in May 2017, the CNL had to disburse DZD 134 billion (US$1.22 billion) to pay off arrears.

However, a reorganisation of the sector is underway. The government is exploring the possibility of creating a Housing Bank (Banque de l'Habitat) with joint administration under the CNEP and CNL. This new organisation would see banks as mortgage providers, and the CNL provides the provider of construction finance through the Banque de l'Habitat.

Opportunities

The outlook for growth in the Algerian housing finance sector remains largely positive, given the development of a stronger legal framework for mortgages, a growing number of banks offering varied housing finance options, and the renewed pressure to implement financial sector reforms in response to lower oil prices. The new law on the promotion of investment and the 2017 Finance Law considerably relaxed the 49/51 rule, sending a positive signal to foreign investors. There has also been a revival of interest from Gulf investors.

Bank of Algeria continues to introduce refinancing instruments to guard against potential inflationary pressures and maintain the level of capitalisation of the banking sector. An amnesty announced in July 2015 for companies and individuals to deposit undeclared income from informal trading into banks for a seven percent fee may also increase liquidity and formalisation of the informal market. The informal sector's annual turnover is estimated at around DZD 4 400 billion (US$40 billion).

The construction sector benefited from a drop in the price of cement from DZD 1 000 (US$9.11) per bag in 2016 to DZD 500 – 700 (US$4.56 – 6.38) in 2017, after the government intervened to reduce speculation in the sector. The Ministry of Industry expects that downward trend to continue. Additionally, the Groupe Industriel des Ciments d'Algérie (GICA) group is planning to increase its annual production to 20 million tons of cement by 2019 – 2020 with the expansion of three factories and the creation of two new ones in Sigus and Béchar.

In July 2017, the government placed very strong emphasis on rental housing and stated its intention to shift the housing delivery emphasis from the provision of public housing towards the facilitation of privately-developed affordable housing. The government also intends to facilitate private development of homeownership programs financed through long-term mortgage loans. Public and private partnerships are expected to compensate for decreasing budgets for the housing sector.

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Angola

Overview

Angola's economy is highly concentrated around the oil industry, comprising about 45 percent of its GDP and around 95 percent of exports[1]. Oil production continues to be the catalyst for growth in Angola. Oil revenues and oil-backed loans have allowed for large-scale state investments in the construction and rehabilitation of public infrastructures, as well as the implementation of an ambitious housing programme to meet the country's massive housing deficit in a context of rapid urbanisation. Currently Angola is said to be one of the fastest urbanising countries in Africa with about 62 percent of its population living in cities[2].

While the housing programme so far has contributed to an increase of the country's housing stock through the state-led construction of new towns or *centralidades*, it has failed to create an enabling environment for housing development by the private sector, cooperatives and citizens generally. For the majority of Angolans, informal and incremental self-built housing remains the predominant method of housing development. The Angolan government, as a means of addressing such challenges, has commissioned a state-owned land management company Empresa Gastora de Terrenos Infra-estruturados (EGTI). The public company will be financed using US$7.4 million raised by using treasury bonds in national currency, with its primary mandate being to carry out a more rational and economic driven process of urbanisation in the country.

Access to finance

The Angolan banking sector is now the third largest in Sub-Saharan Africa after Nigeria and South Africa[3]. As of May 2017, there were 30 commercial banks authorised to operate in the country by the Banco Nacional de Angola (BNA)[4]. Despite the growing sector, levels of financial inclusion in Angola remain low[5]. According to the World Bank, in 2014, only 29.3 percent of Angolans above the age of 15 had a bank account at a formal financial institution. This percentage was even lower in rural areas, where only 18.8 percent of adults hold accounts, as well as amongst the poorest 40 percent of the population, of whom only 12.9 percent hold an account.

The BNA continues to make a concerted effort to increase the use of banking services in Angola. In the past, commercial banks were restricted to the few who could meet the deposit requirement of about US$200 to open an account. The 2012 Bankita programme launched, by BNA 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, remains underutilised and is still limited to urban, male and formally employed individuals. The Bankita programme was designed to offer people who opened a bank account with a minimum of US$1.04 (Kz100) a return of US$0.63(Kz60) for every US$1.04 (Kz100) deposited in 30 days[6].

The post-war construction boom has resulted in a growing interest in the mortgage market and most large banks now offer loans for housing. Standard Bank, for example, offers terms of up to 20 years and a prime plus one interest rate (24.5 percent), Standard Bank reported US$5.5 million as the total amount of outstanding mortgages at the end of 2016. The average loan size at Standard Bank is about US$210 000 with a typical Loan-to Value at origination of 70 percent. Banks in Angola rarely extend unsecured credit, and if they do, it is highly collateralised (125 percent) in the form of property, or dollar deposits from the borrower[7]. In practice, the lack of instruments to gauge the creditworthiness of prospective borrowers due to the lack of credit information and a national

KEY FIGURES

Main Urban Centres	Luanda (capital), Lubango, Benguela, Huambo
Exchange Rate: 1 US$ [a] =	167.41 Angolan Kwa
PPP Exchange Rate (Local Currency/PPP$): 1 Kwa= [b]	0.0096
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	10.2 | 30.2 | 21.8 | 19.7
Population | Population growth rate [d]	28 813 000 | 3.37
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	44.82 | 5.10
GDP per capita (current US$) | GDP growth rate (annual %) [d]	3 110 | 3.0 (2015)
GDP (Current US$) [d]	89 633 156 470
GNI per capita, Atlas method (current US$) [d]	3 440
Population below national poverty line | Survey Year [c]	36.6 | 2008
Unemployment rate (%) (d)	6.8
Gini co-efficient (year of survey) [e]	42.66 (2008)
HDI (Global Ranking) | HDI (Country Index Score) [f]	150 | 0.533
Lending Interest Rate [d]	15.70
Unsecured lending interest rate (housing microloan)	16 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	10 [h] | 20 (2016)
Down Payment (%)	15%
Credit % of GDP [d]	28.30
Average Mortgages % of GDP [g]	...
Estimated number of mortgages	...
Average loan size in US$ (mortgage)	...
Average loan size in US$ (non-mortgage/micro lending)	...
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	11.60 | 3.11
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	8.62 | 32.12
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	15 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	25 000 [m]
What is the size of this house (in m²)?	152
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	80
Ease of Doing Business Rank [j]	182
Number of Procedures to Register Property [j]	7
Time (days) to Register Property [j]	190
Cost (% of property value) to Register Property [j]	3.00

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Trading Economics
[k] Industry Professional
[m] Imogestin

identification system means that collateral is required for nearly all loans. The progressive use of an Information and Credit Risk Centre (CIRC) created by the BNA is expected to help banks improve their risk analysis. However, currently, the World Bank ease of doing business report 2017 indicates that only 1.9 percent of Angola's adult population is on the credit registry.

Data on the aggregated number of mortgages in Angola is still not registered and the lack of available information about the real estate sector is seen by stakeholders as one of the fundamental obstacles to the development of this sector[8]. Angola's non-bank financial sector remains small, with the combined assets of insurance, pension funds and microcredit institutions being equivalent to only two percent of GDP. Nevertheless, the increase in the number of non-banking institutions remained significant in the past year. As of 2017, Angola counted one financial leasing company, 81 exchange bureaus (41 of which authorised exercise exchange activities), 40 authorised Microfinance Institutions (MFIs), four credit cooperatives and seven money transfer companies[9]. The increased number of MFIs registered with the BNA follows the continued adoption of 2011's Presidential Decree (Presidential Decree 22/11 and 28/11 of 2011) which introduced new legislation on credit cooperatives and micro-credit companies. However, the numbers available on the penetration rate of MFIs indicates that this remains low, with little more than 30 000 active clients. Of the MFIs currently registered with the BNA, KixiCredito remains the only institution reporting up to date information with MIX Market, an online source of microfinance performance data and analysis[10].

KixiCredito is the largest non-bank micro-financier, launched by local non-governmental organisation (NGO) Development Workshop Angola. In 2016, KixiCredito gross loan portfolio reduced to US$11 million from US$15 million in 2015, with a slight reduction in loans from 23 000 to 22,000 borrowers[11]. In addition to microfinance for small business, it also offers a housing microfinance product known as KixiCasa. 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, Community-Led Infrastructure Finance Facility (CLIFF) provided a line of financing for a new social housing project in Huambo province through the provision of End-user finance for incremental housing by KixiCasa. These loans put the construction of a 3-4 bedroom house with a total cost of up to US$30 000 in different loan cycles within reach of low income households[12].

Angola receives diversified sources of international financing, for example the introduction of its US$1.5 billion Eurobond in November 2015 has been a catalyst from which Angola has raised an incremental US$10 billion from a combination of international banks, institutional investors and export credit agencies[13]. 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 finally materialised in 2017, "Banco de Fomento Angola, Banco Angolano de Investimento, Standard Bank, BIC and Banco de Poupança e Crédito, along with some companies, are the members operating within the exchange, as well as two brokerages[14]." The stock exchange traded US$2.19 billion in securities in 2016. The new Securities Code (Law 22/15 of 2015, replacing Law 22/05 of 2005) completed Angola's basic legal framework of the securities and derivatives market. It improved transparency and security for investors in the capital market and brought Angola's Capital Markets Commission as a membership to the International Organisation of Securities Commissions (IOSCO). As of April 2015, the Angola Debt and Securities Exchange (Bodiva) had 15 members and yet their longstanding plans for equity trading have still have not materialised.

Affordability

In Angola, 44 percent of the population is urban, the median age is 18 years and the average household has five members. The monthly minimum wage remained unchanged in Angola at about US$90[15] (Kz 15 003), but skilled private sector employees generally earn over 20 times more than those in the lowest income bracket[16]. For (expatriate) oil company employees, this income is even higher with employers generally picking up the bill for accommodation. The demand for high-end, quality housing in secure developments, with the reliable provision of utilities, and the substantial budgets of oil companies means that rental and sale prices in Luanda continue to be among the most expensive in the world. In this market, the latest available data shows that in 2015 a new two-bedroom apartment of about 180m² in downtown Luanda reached US$7 500 a m² and US$4 500 for an existing two-bedroom apartment or US$810 000 a unit, while a three bedroom house of about 190m² in a residential compound in the suburb of Luanda Sul costs US$950 000 per unit or US$5 000 a m².

In 2009, the Angolan government created a Housing Development Fund (FFH) (Decree 54/09 of 2009) to support the financing of social housing for low income households. However, the portfolio of the FFH remains limited to the provision of subsidised loans for public servants in state housing projects, such as the new city of Kilamba. Loans are extended for 30 years with a three percent interest rate. To facilitate access to other prospective inhabitants, in 2013 the government launched subsidised rent-to-buy schemes through Sonangol Imobiliária e Propriedade (SONIP), the real estate arm of the national oil company, to those with formal employment, a national identity card and a tax payer card. Apartments in these projects were initially priced between US$125 000 and US$200 000 a unit. These schemes reduced apartment prices to US$80 000 for a three bedroom apartment through twenty-year mortgages with a three percent interest rate and monthly payments of US$390. This brought ownership within the reach of early career professionals and mid-level civil servants earning over US$1 500 a month. However, government housing projects still remain unaffordable for low income households. Moreover, housing schemes still do not address the costs of living in these housing projects, which are mostly located on the city periphery. A lack of public transport means that many residents rely on costly private transport.

Housing supply

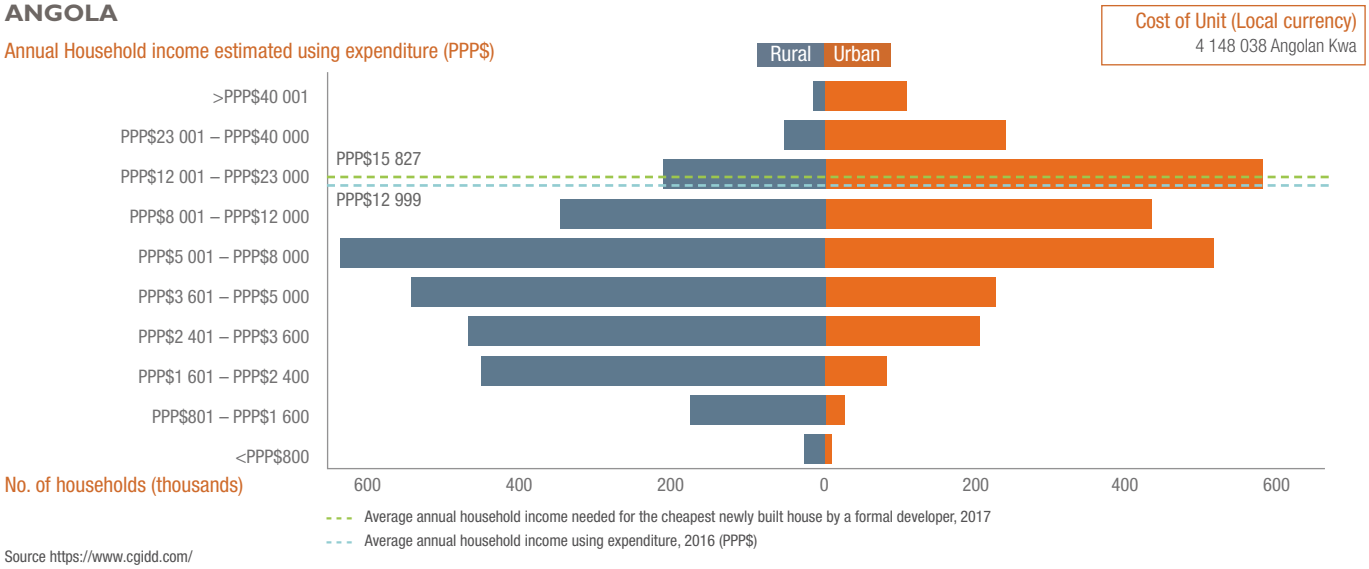
The housing stock in Luanda largely consisted of a deteriorated urban core constituted of colonial reminisce building stock surrounded by large sprawling slums. A number of government housing projects were developed for low income households as well as public servants. These included projects such as Zango, Panguila and Nova Vida in Luanda. However, rapid urbanisation meant that these projects contributed little to overcome the housing deficit, estimated by the Ministry of Urbanisation at 1,2 million units in 2012[17]. According to Angola's National Statistics Institute[18], as much as 90.9 percent of the urban population reported living in inappropriate conditions with limited access to sanitation, water and electricity.

The pre-election plan to produce one million homes under the slogan 'My Dream, My Home' *(Meu Sonho, Minha Casa)*, was formally adopted in 2009 as the National Urbanism and Housing Programme (Resolution 20/09 of 2009), the implementation of which is on-going with an extended timeframe from 2012 to 2017 (no further data is available on the progress of the implementation). The most successful element of the programme has been the delivery of state-built housing, with almost 152 000 units having been delivered with financing from the state budget[19]. This includes the construction of new urban centres such as the 'new city' of Kilamba, as well as the *centralidades* of Sequele (formerly known as Cacuaco), Capari, Km 44 and Condomínio Vida Pacífica (Zango), all financed by oil backed credit lines and built by Chinese companies on the outskirts of the capital of Luanda, where they continue to construct other cities.

In May 2016, the Centralide Horizonte in Lossambo housing project developed by Kora Angola in partnership with the Government of Angola delivered 2009 Type T3 homes measuring approximately 100m² each. The price of each unit was US$70 000 (Kz 11 669 490). By 2017, the government aims to deliver a total of 213 000 houses and 14 new centralities across the country. There appears to be very little data on the progress of this programmes delivery. The Angolan minister of Urbanisation and Housing, Branca do Espirito Santo, revealed that the government was working on providing social housing. Reviewing an on-going project in Huila, she expressed satisfaction with the work being done, however she also cited external infrastructure as a concern. The topic of external infrastructure remains a current concern involving various ministries[20]. The role of the private sector in the housing programme has been limited due to high material as well as administrative costs of construction, the lack of a unified, functioning and up to date property registration system and legal guarantees to allow banks to recover assets on defaulted housing loans. As a result, the role of the private sector has been mainly that of contractor and/or manager of state-financed projects or of developing high-end housing.

In spite of the identification of housing cooperatives as one of the key actors responsible for housing delivery, legislation to regulate the activities of cooperatives was only adopted in 2015 (Law 23/15 of 2015). To date, there is still only one active housing cooperative in Angola which has experienced difficulties with regard

ANGOLA



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to infrastructure provision, land titling, default in payments by members and reduced interest since the completion of state housing projects. So far, it has built 3 000 out of 15 000 originally planned units. Although state-led self-help building was meant to be the largest component of housing delivery under the government's housing programme it has received the least resources. Plots and building materials have been distributed on an ad-hoc basis, mainly to accommodate resettled people, but little progress has been made in terms of large scale land allotment and titling, infrastructure provision or housing finance for low income households. Hence, self-built stock continues to be predominantly informal.

The Angolan publicly funded company EGTI was expected to earn US$773 million by 2020 just by selling land in two towns built from scratch in the province of Luanda[21]. In March, EGTI was also awarded management authority of the new land in Luanda as well as 20 other real estate developments in various parts of the country including a high real estate potential in the Sambizanga area which lies at the heart of Luanda. The domestic construction and the local construction material sectors remain underdeveloped. As a result, foreign firms and imported building materials dominate the market which makes construction very expensive. Currently, Angola has three main cement producers and two new plants in the pipeline. In line with the poor state of the general economy, pushed down by poor oil prices, the Angolan cement market contracted in 2016 by 2 percent to 3.9Mt. The ban on imports reduced prices from over US$20 in 2007 to about US$7 in 2015, which has remained the official cost in 2017. However, the economic crisis has pushed up prices in the informal market where cement is more readily available, to about $15[22].

Property markets

Angola's formal property market remains in its infancy, with most properties being bought new or off plan and little turnover of real estate. Property rights are ill-defined and land titles unclear, frequently complicating and lengthening the process of applying for a mortgage[23]. Although the state owns all the land, most people access land informally with less than 10 percent of land parcels outside the urban core of Luanda having legal titles[24] and only a few thousand properties out of Luanda's one-million formal dwellings being fully registered[25]. This significantly limits the extent to which the government is able to collect land and property taxes.

Angola has made efforts to reform the administrative processes for registering and transferring property through the creation of a Guiché Único (Presidential Decree 52/11 of 2011) in 2011, a one stop shop for property registration, while new laws on notaries and realtors (Law 8/11 of 2011 and Law 14/12 of 2012) have liberalised the property market, allowing for the private exercise of this profession alongside state officials. A new law on urban property tax (Law 18/11 of 2011) reduced the cost of transferring property from 10 percent to two percent, eliminating them altogether for low cost housing. Stamp duties were 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 and continue to have a positive effect on the administrative processes of registering property. As a result, the cost of transferring property was reduced from 11.5 percent of the property value in 2005 to 2.9 percent in 2015 which remains applicable in 2017. According to the World Bank's Ease of Doing Business ranking, on average, it takes 190 days to register commercial property[26].

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

Obtaining the official permits and licences necessary to operate in Angola remains costly and time-consuming. According the World Bank's 2017 Ease of Doing Business indicators, construction permits take on average 203 days to obtain. 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[27]. At 186th out of 190 countries in 2017[28], Angola continues to 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, remains yet to be fully implemented[29]. 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[30].

Policy and regulation

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

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

highly problematic in Angola. The territorial planning law mentioned above has caused a split reception. Provisions giving individuals and communities the right to legally register ownership of previously informally occupied land were positively received in rural areas, whereas where urban development and standard real estate lending prices were concerned, distortions were noted, largely caused by legal misinterpretations. The government is still reviewing existing legislation on land and property through the consultation of stakeholders such as the APIMA in order to fast track land and property regularisation.

Opportunities

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

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

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Benin

Overview

Benin is a small country in the West African Economic and Monetary Union (WAEMU). For years, agriculture has been the main driver of the economy through cotton exports, which account for over 40 percent of export revenues. Over the past three years, GDP growth has been driven by an increase in agricultural production and in activities at the Port of Cotonou, resulting from modernisation works undertaken under the Millennium Challenge Account Programme. The World Bank's 2017 Doing Business Report ranked for the second consecutive year Benin among the top 10 reformers in the world, with an overall ranking 155th out of 189 economies on the 'Ease of doing business' global index.

Economic growth has slowed down over the past three years, with a decrease from 6.5 in 2014 to 5.2 percent in 2015, and 4.0 percent in 2016 according to estimates[1], mainly due to slowdown in economic activity in Nigeria. Projected GDP growth for 2017 is 5.4 percent probably due to a record cotton production of 347 000 tons, the country's main cash crop. A recent study by the World Bank[2] showed that poverty has decreased between 2006 and 2015, from 61 percent to 49.5 percent, when considering a US$1.9 a day poverty line. However, data from the 2015 household poverty monitoring survey (EMICOV) suggests that poverty incidence has increased from 36.4 in 2011 to 40.1 percent in 2015. Inflation dropped from 0.4 percent in 2015 to -0.8 percent in 2016[3]. 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 (including second hand cars) transiting in Benin. The situation worsened due to the continued decrease in international oil prices which consequently caused a depreciation of the Nigerian currency.

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

The newly elected President's promise to develop a new housing program took shape, with the preparation of a CFA Francs 347 billion (US$633 million) housing program covering 16 cities and towns, with the goal of delivering 20 000 housing units by 2021. Also, in line with its Africa Housing Strategy, the World Bank Group launched the preparation of a regional project to expand access to long-term housing finance in the West African Economic and Monetary Union, including for underserved households, through a partnership with the Regional Refinancing Facility and the West African Development bank (BOAD). This represents a major development in the housing finance sector in the country and the region.

KEY FIGURES

Main Urban Centres	Porto-Novo (capital), Cotonou
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.2333
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	0.4 | 0.2 | 2.1 | 2.6
Population | Population growth rate [c]	10 872 000 | 2.76
Urban population (% of total) | Urbanisation rate (% in 2013) [c]	44.40 | 3.77
GDP per capita (current US$) | GDP growth rate (annual %) [c]	789 | 3.98
GDP (Current US$) [c]	8 583 031 398
GNI per capita, Atlas method (current US$) [c]	820
Population below national poverty line | Survey Year [b]	36.2 | 2011
Unemployment rate (%) (c)	1,0
Gini co-efficient (year of survey) [e]	43.53 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	167 | 0.485
Lending Interest Rate [c]	5.6
Unsecured lending interest rate (housing microloan)	24 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	8 (2015) | 7 (2015) [l]
Down Payment (%)	
Credit % of GDP [c]	23.97
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	9 074 (2015) [l]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [d] | Outside City Centre [d]	
Gross Rental Yield City Centre % [d] | Outside of City Centre % [d]	
Construction as a % of GDP [b]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 40 000
Outstanding home loan (% age 15+) [h]	
What is the cost of standard 50kg bag of cement (in US$)	7.94 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	16 231 [n]
What is the size of this house (in m²)?	40
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	250
Ease of Doing Business Rank [i]	155
Number of Procedures to Register Property [i]	4
Time (days) to Register Property [i]	120
Cost (% of property value) to Register Property [i]	11.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Microfinance institutions
[l] Central Bank (BCEAO)
[m] Retail
[n] Agence Fonciere de l'Habitat

Access to finance

The country's financial sector is concentrated in commercial banks; other sectors are still in their infancy. At the end of 2016, there were 16 banks (including three bank branches – CBAO Groupe Attijariwafa Bank, *Societe Nigerienne de Bank* – SONIBANK, and Coris Bank International)[4] with about 205 branches and 277 ATM machines, with a total of 1 056 113 bank accounts for about 11 million inhabitants[i]. In 2015, loans disbursed were estimated at CFA Francs 1 176 billion (US$2.13 billion)[5], a slight increase from its 2015 level. Access to credit as measured by credit to the economy remained at around 25 percent of GDP in 2016, as in 2015 compared to 24 percent in 2012[ii]. Lending rates remain moderate, but are among the highest in the region, averaging 8.5 percent in 2013[iii]. Digital finance is making its way in the financial landscape with the support of the United Nations Capital Development Fund (UNCDF)'s Mobile Money for the Poor program covering Benin and three other African countries. Between 2014

and 2015, the number of electronic money users increased by more than 150 percent[6]. 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. Ambitious reforms were adopted in 2016 by the Central Bank (the BCEAO) to strengthen bank supervision (transition to Basel 2 and 3, consolidated supervision, tightening of single exposure limit); in order to strengthen liquidity requirements and incentivise banks to seek long-term funding.

Housing finance has been growing over the past decade, driven mainly by banks with donors showing some interest. Most housing loans are provided in two forms to individuals with regular employment who use their salaries as collateral: medium-term construction material loans, and group lending. The medium-term construction material loans are granted to individuals at an interest rate of 10.5 percent to 11 percent, and a repayment term from three to five years. The group lending products are usually granted to private organisations or to parastatals to distribute to their employees, where the organisation is responsible for repayment of the loans. Products such as 'consumption loans' (with a two-year maximum term) or 'equipment loans' up to CFA Francs 5 million (US$9 119) on average (with a five-year maximum term), are often used as housing finance, and often for home improvements.

In December 2016, the Regional Mortgage Refinance Fund called *Caisse Régionale de Refinancement Hypothécaire* (CRRH) WAEMU (which was created in 2010 to facilitate the mobilisation of long term resources for member banks) leveraged an additional CFA Francs 20.5 billion (US$37.4 million), through its sixth bond. This increased the resources mobilised by the Fund to CFA Francs 107.5 (US$196.02 million) since its creation. The CRRH has refinanced so far 33 banks out of the 54 shareholder banks in the eight countries of the WAEMU economic region. In February 2017, the CRHH signed an agreement with the International Finance Corporation (IFC) and the West African Development Bank (BOAD), positioning IFC as the second main institutional shareholder of the CRRH. The agreement brought 1.25 billion CFA francs (US$3 million) additional resources to the CRRH. Likewise, the World Bank is currently preparing a new US$155 million project to support the availability of long term resources at the CRRH for partner commercial and investment banks willing to offer housing finance. The implementation of this project will have significant impact on the housing finance landscape in the WAEMU region.

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

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

The first of its kind in the country, Benin Housing Bank (BHB) was founded in 2004 by a public private partnership between the government and private stakeholders, including the Bank of Africa, to provide solutions to the demand for housing finance in the country. The BHB is capitalised at CFA Francs 5 billion (US$9.12 million) with the Bank of Africa Group as the main shareholder at 77 percent. It is expected to provide 50 percent of its loans to affordable housing projects, although this is not always achieved. BHB is indeed reportedly the most important originator of housing loans in Benin. At December 2014, the total outstanding loan by the BHB was CFA Francs 22.9 billion[iv] (US$41.76 million).

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

A study by the Central Bank (BCEAO) in 2014 estimated that the average term of housing loans were around 86 months at an interest rate of 8.47 percent a year, and an average loan size of CFA Francs five million (US$9 119)[7].

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 2017, there are 64[8] registered microfinance institutions networks. A sampling of 14 microfinance institutions representing 90 percent of these networks showed that they had 467 service points, and were serving 1.824 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 in Benin is high, at more than 85 percent. At end of March 2017, the total deposit of the sampled 14 microfinance networks was CFA Francs 100.1 billion (US$154.45 million), with a total outstanding debt of CFA francs 110.5 billion (US$201.5 million)[v].

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$16 231)[vi] for houses built under the Government Affordable Housing Program, or 18 times the per capita gross national income estimated at US$860 in 2015. However, in 2016, a new actor entered the housing construction market, and is driving prices down. Global Service Immo, a private firm is now offering to construct basic one bedroom units for as low as CFA Francs 2 160 000 (US$3 939) for those who already own a piece of land. It is expected that this new trend will continue in the future, all things being equal.

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

Thanks to the increase in the supply of cement, especially since the NOCIBE, a new cement plant started operating, the price of this construction material has dropped by almost 25 percent, from CFA Francs 90 000 (US$164.14) only five years ago to now CFA Francs 68 000 (US$124.02). In other words, the 50kg bag of cement cost today only CFA Francs 3 400 or US$6.20. However, the price of other construction materials has not changed much. A standard sheet of corrugated iron costs today US$5.40.

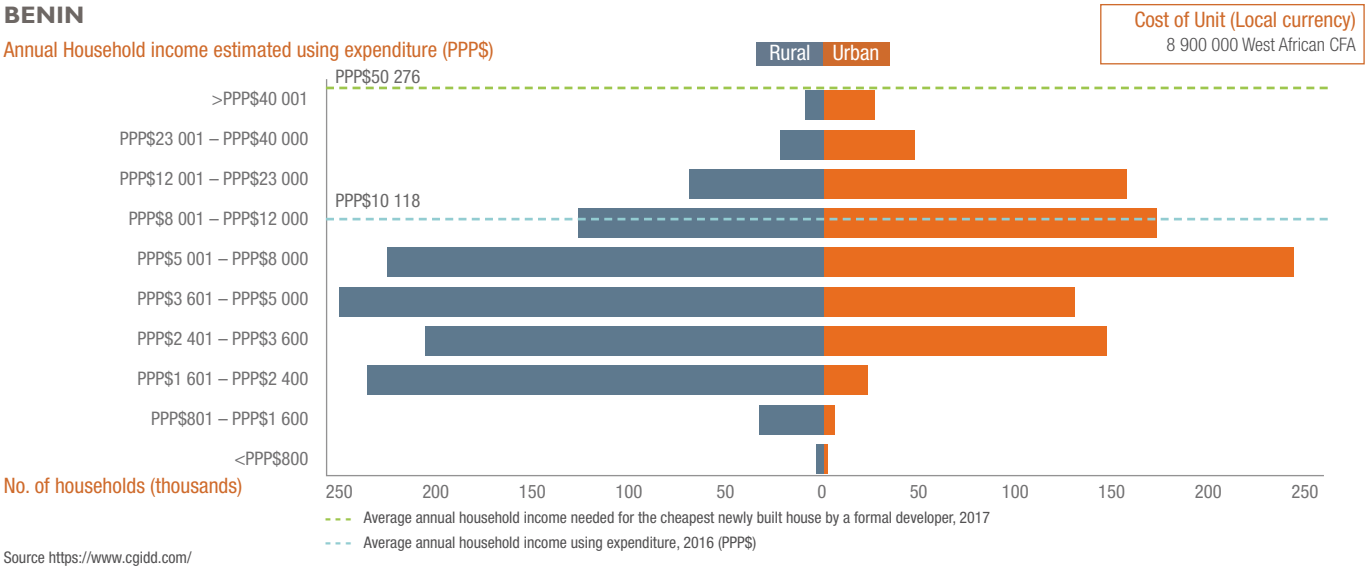
A minimum plot size for residential property in urban areas is 250m^2. Owning a property requires a minimum of CFA Francs 8.9 million[vii] (US$16 231) for a one-bedroom housing unit in the government's '10 000 Affordable Housing Units' programme. The programme planned to deliver some 2 100 housing units by 2012.

Housing supply

Despite the absence of reliable information on the solvable demand for housing in Benin, it is obvious that housing supply is way below the demand. The Ministry of Living Environment and Sustainable Development estimates the overall housing demand at about 320 000 unit between 2010 and 2020. There are four major contributors to meet the demand for housing and increase the housing stock in the country – households through self-construction, government agencies, public private partnerships and private developers.

While the information on self-construction does not exist, the presence of formal developers is very limited. Major formal housing supplies were spearheaded over the past years by the Government's 10 000 Affordable Housing Units Programme, which was planned over the whole country. The first phase of the programme was supposed to deliver 2 100 units between 2008 and 2011, with the support of the Benin Housing Bank (BHB) and the Atlantique Bank, as well as a few selected private developers. However, a recent evaluation by the Ministry of Living Environment and Sustainable Development showed that, after eight years of implementation, of the 2 100 units planned for the first phase, only 893 were completed, while 650 were never completed. Of those completed, 419 were sold to date.

BENIN



Source https://www.cgidd.com/

Learning from the failure of the previous program, the Government launched in 2017 a new 20 000 housing unit program over the period 2017-2021 for a total of CFA Francs 347 billion (US$633 million). The new program covers 16 cities and towns all over the country, with the city of Abomey-Calavi hosting 11 500 of about 60 percent of the program. The Government has already signed a partnership with Polimeks, a Turkish company, to deliver the housing units by the set deadline. The new program will deliver exclusively F4 (three-bedroom units) in a combination of standalone units and apartment complexes, costing between CFA francs 15.7 million (US$28 630) for the apartment units and CFA francs 19.2 million (US$35 020) for standalone housing units. The program is specifically targeted to middle income households, for example civil servants. Future home owners on the program can pay back their properties over 17 years through mortgages to be negotiated with commercial banks and insurance companies which are part of a complex partnership to be set up. The overall management of the program is entrusted to the newly created Living Environment Agency *(Agence du Cadre de Vie)* and a new joint-stock company.

Other actors of the housing supply chain in Benin include the Executing Agency of Public Interest Works in Benin *(Agence de Gestion des Travaux d'Intérêt Public,* or AGETIP-Benin) with its high standing development *"Villa de l'Atlantique"* program, a 120 housing unit development costing between CFA Francs 76 million and 126 million (or US$138 610 to US$229 790). AGETIP is also active in the production and the sale of new empty plots in the cities of Cotonou and Abomey-Calavi, costing between CFA Francs 2 000 (US$3.65) and CFA Francs 20 000 (US$36.50) a square meter[viii]. Global Service Immo is also a private company specialising in the production and sale of empty plots. In just a few years, Global Service Immo became number one in this area, and started small and affordable development costing as low as CFA francs 2 160 000 (US$3 939) for those who already own a piece of land.

In December 2015, the then Prime Minister of Benin launched a new development of 132 housing units especially for the Benin diaspora, the Green Park City. The project was planned over 12 hectares and received the support of Orabank. The 132 units will be completed by end 2017. The project is still underway. With the Green Park City development, Chinese companies are entering the Benin housing market.

Property markets

In Benin, property markets are dominated by the trade of empty plots between individuals and businesses. However, most lands belong to individuals who can trade them as they will. Trade of land has taken place until recently in a context where there is no deeds registry, nor a cadastre. Land titling is thus a major challenge, despite the numerous efforts deployed by the Government over the past years to improve land security. However, the new Government, under the leadership of the National Agency for Domains and Land (ANDF) undertook strong actions towards creating a national cadastre, and strengthening the deeds registry. But for now, the quality of land administration is rated at 5.5 on a 0-30 scale by the 2017 Doing Business Report according to which Benin ranks 173rd out of 189 countries on the 'registering a property' indicator. It currently takes an average of 120 days and four procedures, and costs 11.5 percent of the property value to register a property in Benin.

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. A few private actors are positioning themselves in the property market landscape, with their speciality being the brokering of empty plots (exclusively between private owners) and a few houses: Global Services Immo, Immo-Benin, Benin-Immo, Dommus Immo, West Coast Property, are a few examples of those actors 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. West Coast Property which has an international span is specialised in the trade of high-end luxury apartments and houses in and around Cotonou.

The sale of the first units made available through the government's '10 000 affordable housing units' programme started in 2012. Since then, only 419 out of the 893 completed units were sold, some through leasing. The main problem remains affordability, even for civil servants who find it very difficult to afford the required down-payment.

Even though the Benin culture pushes for home ownership, the rental segment is still dominant in the property market, with prices increasing, especially in urban areas where the demand for housing is very high. Rental housing prices are also driven up by land speculation. Over the past years for example, land prices have gone up by more 50 percent.

Policy and regulation

Benin has a number of policies and regulations in place to support land development and housing. Among the most important are: (i) the 2005 National Housing Policy which led to the creation of the Benin Housing Bank ; (ii) the 2002 National Land Use Planning Policy with the objectives of promoting land use planning and the rational management of resources, as well as strengthening basic infrastructure at the local level; (iii) the 2013 Land Code; and most recently; (iv) the 2016 Spatial Planning Framework Law aiming at better organising spatial planning which may open up opportunities for new developments in the coming years. The 2013 Land Code, along with it implementing Decrees represent a significant development of the regulatory environment in Benin. The 2013 Land Code reorganised the land property rights and puts an end to the legal dualism inherited from the colonial era, creating a unified land tenure system. The Act also created two major agencies in the institutional architecture of land administration: The National Agency for Domain and Land *(Agence nationale du domaine et du foncier* – ANDF), and the Land Compensation Fund *(Fonds de dédommagement foncier)* under the Ministry of Finance. Likewise, Communes (local governments)

were empowered on land administration with the enactment of decentralised organisation for land administration, among which the Commune's Land Administration Commissions and the Communal Domain and Land Bureaus *(Bureau communal du domaine et du foncier* – BCDF). As of July 2017, 14 out of 77 BCDF were created. This will help Communes to fully exercise their prerogatives in land administration as devolved by decentralisation laws. Among areas covered by the above-mentioned decrees are the shared property rights on high rise buildings, modalities for the division and reunion of property rights, arrangements for exercising the right of first refusal and leasing of preempted or expropriated buildings. The ANDF is specifically endeavoured with the mission of developing a transparent, accessible and up-to-date national land management information system. Those are important for the protection of property rights in the Republic of Benin.

The 2016 Government continued along the same line of strengthening the regulatory and policy framework through a number of measures aiming at (i) encouraging the formalisation of property transactions; (ii) facilitate asset transfers; (iii) revitalise the property market; (iv) facilitate access to bank credits; (v) develop the Benin mortgage market; (vi) eliminate the undervaluation of properties. Likewise, a first revision was introduced to the 2013 Land Code in May 2017 to clarify some of its provisions and ease its implementation. One of the most important changes pertains to the replacement of the Certificate of land ownership by the Title deed, which is more align with the OHADA Treaty.

Opportunities

People in Benin take pride in owning their house. The demand for housing is therefore very high. The Government estimated the demand for housing at about 320 000 units for the period 2010-2020. 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 which was revised in May 2017, but also the creation of several entities to enforce implementation of the legal framework. 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. Land policy reform in Benin is strongly supported by the World Bank Group through technical assistance. Roads and other infrastructure is also improving fast while access to basic services is also being enhanced. However, the landscape of private developers is still to be filled, as most of the delays encountered with the government programme are due to the lack of professional private developers interested in the affordable housing segment of the market. Likewise, provision of houses for those with highest revenue is largely done by only a few developers. The new Government has also clearly expressed its intention of increasing the housing supply, with a new programme targeting the delivery of 20 000 housing units by 2021, especially in provincial capitals and a few urban agglomerations. All these leave a lot of room for new developers to position themselves and seize the opportunities offered by the Benin formal housing market which remains mostly untapped.

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

Finally, the announced World Bank-funded WAEMU Affordable Housing Finance Project represents an important opportunity for the housing sector in Benin, as it will ease access to housing finance to poorer households. Developers can therefore take advantage of the opening up of new markets in the country.

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4 Only the Bank of Africa and Benin Housing Bank formally offer mortgages. However, several of them offer products close to mortgages. See description below.
5 All conversion of CFA Francs to US$ are based on the conversion rate of US$ 1 = CFA Francs 548, as of September 17, 2017 on http://coinmill.com/
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8 This excludes affiliated micro savings institutions.

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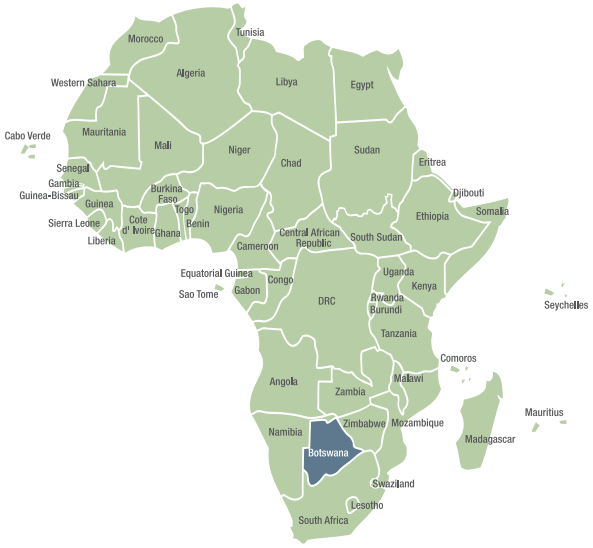
iiv Bank of Africa Group (2014). Annual Report, p.77
iv BCEAO (Central Bank 2017). Principaux Indicateurs des SFD de l'UMOA au 31/03/2017 – 2016, available at the website http://www.bceao.int/IMG/pdf/indicateurs_au_31_mars_20157.pdf
ivi The government has changed the prices once in 2011. Since then those prices remained the same to keep them "affordable" to low income households
ivii Banque de l'Habitat du Bénin
iviii http://www.agetip-benin.com/IMG/pdf/Villas_de_l_Atlantique-2.pdf

Botswana



Overview

Botswana is a land-locked country in Southern Africa, with a population of just over two million people, known for its mining and natural resource base, especially diamonds and tourism. Home to the headquarters of the Southern African Development Community (SADC), Botswana has in the past been one of the fastest growing economies in the region. The global financial crisis of 2008-9 had a major impact on demand for diamonds and other exports, resulting in a contraction in GDP of 7.7 percent in 2009, however, the economy recovered quickly and grew on average by 6.9 percent a year from 2010-2014. In 2015, the economy contracted by 1.7 percent due to weak commodity markets and diamond sales, but recovered in 2016,recording real growth of 4.3 percent, supported by large improvements in diamond sales. Moreover, the government embarked on a fiscal stimulus to encourage aggregate demand in the economy, by running budget deficits financed by drawing down on accumulated savings. The Botswana government has forecast that the economy will grow by 4.1 percent and 4.2 percent in 2017-18 and 2018-19 respectively.

Inflation remained low in 2016, finishing the year at 3.0 percent, the lowest annual rate since the early 1970s. For much of the year it fell below the lower end of the Bank of Botswana's inflation objective range of 3-6 percent. Low inflation was mainly due to slow growth in personal incomes and subdued domestic demand. To help boost growth, monetary policy was loosened further and the Bank Rate was reduced by 50 basis points to 5.5 percent in August 2016. Despite this, annual commercial bank lending growth fell from 7.5 percent to 7 percent.

A major development in 2016 was the release of the 11th National Development Plan (NDP), covering the period from 2017 to 2023. In NDP 11, the government states its intention to boost economic growth by developing diversified sources of economic activity, in order to address the main macroeconomic problems of unemployment, poverty and income inequality. NDP 11 projects an average annual GDP growth rate of 4.4 percent through the plan period.

The rate of growth of the economy, especially the non-mining sector, affects investment in housing directly through its impact on employment and household incomes, but also indirectly through its impact on the availability of housing finance from financial institutions and the government's ability to provide housing subsidies. Botswana is increasingly urbanised, with some 65 percent of the population living in settlements officially classified as urban, and almost one quarter living in the greater Gaborone area.

KEY FIGURES

Main Urban Centres	Gaborone (capital), Francistown
Exchange Rate: 1 US$ [a] =	10.38 Botswanan Pula (P)
PPP Exchange Rate (Local Currency/PPP$): 1 P = [b]	0.0047
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	3.1 | 2.8 | 3.5 | 3.7
Population | Population growth rate [d]	2 250 000 | 1.8457.44 |
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	57.71 | 2.30
GDP per capita (current US$) | GDP growth rate (annual %) [d]	6 788 | 2.89
GDP (Current US$) [d]	15 274 861 068
GNI per capita, Atlas method (current US$) [d]	6 610
Population below national poverty line | Survey Year [c]	19.3 | 2009
Unemployment rate (%) (d)	18.2
Gini co-efficient (year of survey) [e]	60.46 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	108 | 0.698
Lending Interest Rate [d]	7.30
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	9 | 25 [k]
Down Payment (%)	
Credit % of GDP [d]	16.47
Average Mortgages % of GDP [g]	8 (2017) [k]
Estimated number of mortgages	
Average loan size in US$ (mortgage)	50 500 (2016) [k]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	8.78 | 114.18
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	11.39 | 0.88
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	4.7 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	52 650 [m]
What is the size of this house (in m^2)?	67 [m]
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	400
Ease of Doing Business Rank [j]	71
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	12
Cost (% of property value) to Register Property [j]	5.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Bank of Botswana
[l] Builders Merchants Botswana
[m] Botswana Housing Corporation

African Union for Housing Finance Member Institutions
Botswana Building Society
Botswana Housing Corporation
First National Bank of Botswana Limited

Access to finance

Access to finance in Botswana is relatively high by African standards, but considered low globally. This is especially so considering the country's relatively high levels of GDP per capita (US$6 788 in 2016). According to the third FinScope survey undertaken in Botswana in 2014, 68 percent of the population was financially served, using either formal and/or informal products, while 50 percent of the population was formally banked and 24 percent was financially excluded (not using either formal or informal financial products).

Commercial banks in Botswana are small by international standards. Currently, there are ten commercial banks, namely, Barclays, Standard Chartered, Stanbic, First National Bank, Bank Gaborone, Bank of Baroda, Capital Bank, BancABC, State Bank of India and Bank of India. In addition, there are two other deposit-taking institutions, including a statutory bank, the Botswana Savings Bank (BSB), and the Botswana Building Society (BBS), and a non-deposit-taking development finance institution, the National Development Bank (NDB). Most of the banks, as well as BSB, BBS and NDB, offer long-term residential mortgages.

The average interest rate on household mortgages from banks is currently 8.81 percent, and the average down-payment required is 10 percent of the value. Mortgages are available for up to 25 years, or up to the age of 60 years. Mortgages are typically provided at an interest rate of prime to prime +6 percent (the prime rate is currently 7.0 percent).

Annual growth in commercial bank credit fell from 7.1 percent in 2015 to 6.2 percent in 2016, due mainly to a decline in growth of lending to households. As at December 2016, the share of household credit in total private commercial bank credit was 60.1 percent. The bulk of lending to households comprises unsecured credit (in contrast to many middle income countries, where property mortgages make up the majority of household borrowing). Bank mortgage lending to households grew by 6.3 percent in 2016, down from 7.2 percent in 2015. There are an estimated 12 000 mortgages from banks in Botswana (with an average size of around P750 000 (US$75 000)), plus another 5 500 from BBS. The banks have been keen to extend mortgage lending, and compete particularly on loan-to-value ratios, sometimes offering more than 100 percent to provide a contribution to property transfer fees and minimise the deposit required from borrowers.

On the supply side, there has been weak growth in loanable funds in recent years, which suppressed credit growth through tighter lending conditions. The slowdown in mortgage lending appeared to be consistent with other indications for slower growth in incomes and that the market for residential property was weakening, especially for high-value properties. This was driven in part by tighter immigration regulations, which had a major impact on the demand for residential accommodation by expatriates, leading to excess supply of rental accommodation, especially at the upper end of the market. Arrears rates have also been rising; arrears on bank lending to households reached 6.2 percent in 2016.

In a sign of slowing growth in the banking sector, the ratio of commercial bank assets to nominal GDP declined from 53 percent in 2015 to 48 percent in 2016.

Government assists Botswana citizens to purchase or develop properties by guaranteeing 25 percent of each mortgage delivered through the BBS. In addition, Government employees can obtain housing loans from BSB.

Botswana has a large microlending industry, which provides short-to medium-term loans, mostly to those employed in the public sector. Such loans have generally been used to finance consumer spending, education expenses and emergencies. The largest microlender is Letshego, which is bigger than some of the smaller banks, and which has expanded from its Botswana base to ten other African countries. There is no specialised housing microfinance, nor indeed much in the way of micro-finance for productive activities. However, Letshego has a dedicated housing finance scheme, in collaboration with Debswana, a major mining company, which offers loans from P80 000 (US$7 804) upwards, repayable over 10 years at an interest rate of 17 percent.

Botswana has a large pensions sector, with total assets equivalent to around 45 percent of GDP, almost as large as those of the banking sector. Around 62 percent of pension fund assets are held offshore. Pension-backed housing loans are legally permissible; however, the industry is rather conservative and in practice 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$48.7) a month. Around half of urban households (49 percent) have 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. The Botswana welfare state is extensive, and includes a wide range of welfare benefits such as old age pension, destitute allowance, orphan care allowance, disability allowance, public works employment, and subsidies to farmers. Around one-third of adults– and perhaps one half of those not in formal employment – receive their main income from government welfare schemes, although the level of income from these schemes is very low; for instance, the universal Old Age Pension for adults aged 65 and over is P430 (US$42) a month.

The most recent nationwide household income and expenditure survey, carried out in 2009/10, showed that approximately 50 percent of households then had a monthly consumption expenditure of P1 600 (at that time, approx. US$240) or less. Using a benchmark that housing costs should not exceed 40 percent of household income, and updating these survey results to reflect growth and inflation to 2016, an average household can afford to spend approximately P1 100 (US$105) a month on housing - meaning that half of all households can afford less than this. Even if formal mortgages were available to such households, there is no affordable property that is available to them – or at least not property that would be acceptable security to mortgage lending institutions. Mortgages from banks and other formal financial institutions would only be relevant to the top 25 percent of the income distribution. Banks also prefer to finance the purchase of ready built structures as opposed to providing loans for housing construction.

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

Hence government support for low-income housing is a crucial issue, and various forms of subsidy are provided. These include the Home Improvement Loan, Turnkey Housing, the Integrated Poverty Alleviation and Housing programme, the Public Officers Housing Initiative (POHI), the Instalment Purchase Scheme (IPS) and Youth Housing (all under the Ministry of Infrastructure and Housing (MIH)). In addition, the Self-Help Housing Agency (Ministry of Local Government) provides subsidised serviced plots.

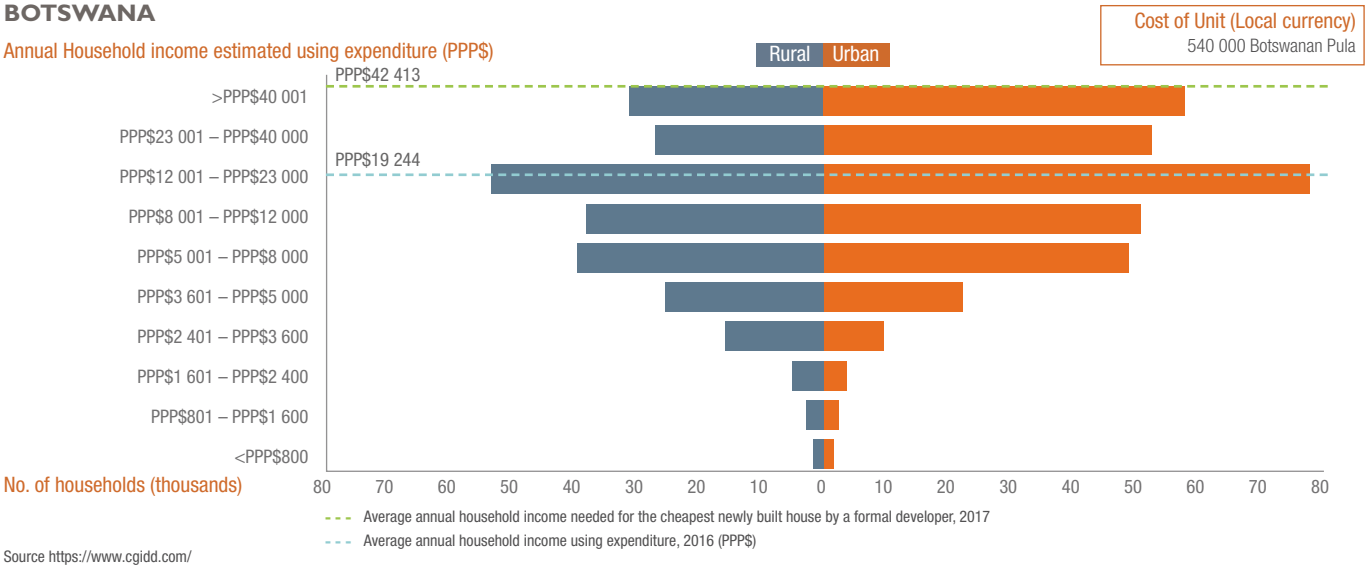
Home improvement loans are available to low-to-moderate income households (those earning between P367 (US$35.7) and P4 300 (US$419) a month), up to a value of P60 000 (US$5 850), repayable over 20 years at P250 (US$24.2) a month, interest free. Repayment on this loan has not been good, however, and the capacity to enforce repayment is limited. Given the very high level of subsidy entailed, demand is high and supply is limited by the availability of funding (approximately 1 000 loans are available each year).

Government also provides housing through the turnkey scheme. The standard dwelling is a "two and a half" house, comprising two rooms (bedroom/living room), toilet/bathroom and a cooking area, including basic electrical fittings and running water. Beneficiaries receive an interest-free loan of P90 000 (US$8 780.5), repayable at P375 (US$36.5) per month over a period of 20 years. The houses are constructed by BHC at a cost to government of P123 000 (US$12 000). Income qualification criteria are the same as for the home improvement loan, and applicants should already own a residential plot. The initial subsidy P33 000 (US$3 219) plus the interest free nature of the loan means that the effective subsidy rate is very high. The number of turnkey housing loans provided by government is limited to around 1 000 a year countrywide, and the waiting list is currently 4 452.

Under the Integrated Poverty Alleviation and Housing Programme, low-income households are assisted to establish brick-making projects, and can use the money earned and skills learnt from these projects to construct their own houses. Other initiatives to provide housing to low-income households through include the Destitute Housing Programme and the President's Housing Appeal. These initiatives are all targeted to remote area communities or settlements.

The MIH has commissioned a national housing needs assessment to guide future housing provision and policy, which is expected to be completed before the end of 2017.

BOTSWANA



Source https://www.cgidd.com/

Housing supply

The nature of housing structures in Botswana has changed a lot over the past two decades, shifting from the traditional hand moulded brick construction with a thatched roof to a more modern tiled or corrugated iron roofed house, built of concrete blocks. According to the 2011 Population and Housing Census, traditional housing units decreased from 64 percent to 13 percent of the total between 1991 and 2011. Most Batswana traditionally maintained three residences – in a village/city/town, at the "lands" (for arable agriculture) and the cattle post; however, the core residence is in the villages or cities/towns. The type of housing structure is even changing at the lands and cattle post, mostly because of the durability of the materials used for a modern house.

According to the Population and Housing Census there were 550 846 housing units in Botswana in 2011. Out of these, 357 567 were in urban areas and 193 379 in rural areas. The average household size in Botswana has been declining over the years, from 5.5 in 1981 to 3.7 in 2011; many are single member households (27.8 percent).

The government-owned Botswana Housing Corporation (BHC), established in 1971, is the primary housing developer in Botswana. Historically it provided for the housing needs of government, local authorities and the general public, by providing housing for rental, although in recent years it has also been offering houses for sale. BHC has a large estate of flats and town houses, with a mix of high, medium and low income houses spread throughout the country, with concentrations in Gaborone and Francistown. BHC's smallest housing product is a 58m^2 house on a plot of 400m^2 or larger. Such a house would typically be priced from P600 000 (US$58 536) upwards. BHC suggests that the minimum mortgage instalment for such a house is P5 500 (US$536), which means that a household would have to earn at least P13 750 (about US$1 317) a month for this to be affordable – which would imply a household in the top 10 percent of the national income distribution. The rentals charged by BHC for tenanted accommodation are subsidised – as a matter of government policy – but even so, BHC properties are still more suited to the formally employed than low income households.

In April 2012, the BHC's mandate was expanded so that it would operate as government's single housing authority. As a result, BHC is now also responsible for the construction of "turnkey" housing units, and is in charge of implementing the Public Officers Housing Initiative (POHI),the Instalment Purchase Scheme (IPS) and Youth Housing. In 2016, a total of 1 837 houses were started by BHC, out of which 1 000 are turnkey houses, 372 for IPS and 465 for the POHI. The IPS targets the youth and middle income groups with monthly incomes of P3 000 (US$292.5) to P7 000 (US$682.5).

Besides the BHC, there area few private sector developers providing housing for sale. Indicative prices are that building costs for a 60m^2 house would be P4 000-P5 000 per m^2(US$390-487), with a total cost of P240 000 – P300 000 (US$23 414-29 268). The cost of land servicing (providing basic roads, water, electricity and water-borne sewerage connections) varies by location, but would typically be in the range of P200-300 (US$19.5-29.3) per m^2. However, housing provision by private developers is typically aimed at upper-middle and upper-income households, with incomes of P10 000 (US$975) a month or more.

Home ownership is important to Batswana, and the 2011 Census data shows that 57 percent of housing units were owner-occupied. Most of the remainder were rented privately, but around one-quarter of rented accommodation was provided by government or its agencies.

Land tenure in Botswana is divided into three types (i) Freehold; (ii) State Land and (iii) Tribal Land. Freehold land can be freely bought and sold (although with some restrictions on the purchase of freehold agricultural land by non-citizens). While State Land and Tribal Land cannot be bought and sold, leasehold tenure is available. State Land leases are freely marketable, while Tribal Land leases are generally only available to citizens. Every Botswana citizen is entitled to a residential plot on Tribal Land. Such plots are available either free (for un-serviced land) or at a heavily subsidised price (for serviced land); for instance, a serviced SHHA plot in urban areas is sold for P15-22 per m^2, compared to a servicing cost of around P350 per m^2. In addition, citizens are entitled to free land for agricultural purposes. This system means that there are very few, if any, landless Batswana. However, not all land is equal, and there is excess demand for subsidised residential plots in or around urban areas, especially close to Gaborone, whereas residential plots are readily available in smaller and more distant villages. Tribal Land is administered by statutory Land Boards. The (theoretical) availability of subsidized land means that there are long waiting lists for Tribal plots in peri-urban areas. However, this does not necessarily represent genuine demand for housing plots, rather, the fact that those who are lucky enough to obtain such plots can re-sell them at a substantial profit.

Property markets

Most residential property is built for owner occupation. However, residential property has also been seen as a good investment, both by commercial investors and individuals. There is a significant build-to-let market, extending from high-cost (upmarket) housing down to small, low-cost, one-room accommodation for individuals. Commercial investors only provide upmarket accommodation, whereas individuals operate across the entire spectrum. High rates of rural-urban migration and rising urbanization have fuelled demand for rented accommodation.

Buying and selling property is still relatively unusual. According to the 2009/10 BCWIS, 50 percent of households lived in self-built accommodation, while 42.5 lived in rental or institutional accommodation. Only 3.3 percent of households lived in a house that they had bought. The small number of residential mortgages – approximately 17 000 in 2016, out of approximately 500 000 households in the country – reflects the limited size of the formal property market. Secondary property markets are limited by the shortage of stock that can be mortgaged, a preference for self-built accommodation (which sometimes is not of a sufficient

standard to be mortgaged), as well as more generally by slowing economic growth and the high rate of unemployment.

At present there is no comprehensive nationwide land and property registry. Properties with formal title are recorded at the Deeds Registry, which also records mortgage bonds, but informal and semi-formal allocations may only be recorded by Land Boards, or not at all. According to the World Bank it takes about 12 days to register a property in Botswana in 2017 (versus 57.5 days for sub-Saharan Africa), and the process costs about 5.1 percent of the property value. Botswana is ranked 70th out of 190 countries globally in terms of this indicator.

In an effort to increase tenure security and support enhanced access to mortgage finance, the government is implementing a nationwide land registration system to improve information on land and property ownership. All plots in tribal land have been surveyed and data capturing is ongoing. Different land boards nationwide are at different stages of completing data capture.

Policy and regulation

Several reforms have taken place to improve land administration system. In the 2017 Doing Business review, Botswana improved in the area of getting construction permits, which had previously been subject to lengthy processes and delays. The adoption of the 2015 Land Policy also helped with land transfers and conversion from tribal to common law land as required for mortgage lending. The principle of "one person one plot" was revived, to improve the distribution of land ownership. This meant an individual is only entitled to be allocated a plot once by the land boards on tribal land (although they are allowed to purchase additional land on the open market).

Botswana has several policies and acts for land management and administration. The main policies are the National Settlement Policy (1998), the National Policy on Housing (2000), Revised National Policy for Rural Development (2002) and Land Policy (2015). The only recent act related to land and housing is the Sectional Titles Act (2003), which provides for the division of buildings into sections for the acquisition of separate ownership of building blocks.

Opportunities

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

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

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Burkina Faso

Overview

Burkina Faso is a landlocked country in West Africa, and part of the West African Economic and Monetary Union (UEMOA). It has a population of about 18.6 million people and is one of the least urbanised countries in the world. After successful organization of presidential and legislative elections in 2015 and the municipal election in May 2016, Burkina Faso is recovering from a turbulent political and social environment which slowed the rate of economic growth in 2014-2015. As forecasted the growth rate in 2016 was 5.4 percent and the country's economic prospects for 2017 and 2018 are good; the growth rate is expected to reach 8.4 percent in 2017 due to a dynamic mining sector and a major public investment in energy, hydro-agricultural facilities, roads and telecommunication. Inflation is expected to remain modest at about two percent in 2017 due to good harvest and relatively low world oil prices. Economic reforms and good prices for the country's main commodities exports gold and cotton are also favourable for economic growth. Entrepreneurs are thriving as a result of economic reform especially reform in policy of industry, commerce and the small producers sector (Posica) and other programmes to encourage entrepreneurs. Although the economic prospects are good, there is socio political threat due to terrorist activities which is a challenge to the national budget. The economic prospects depend on the ability of the government to foster political peace, ensure institutional stability and curtail threats from religious extremist especially after a series of terrorist attacks in 2016 and 2017. Burkina Faso like its neighbouring countries faces security challenges due to terrorist activities.

Burkina Faso's cities are growing rapidly though, urban dwellers were 30.3 percent of the population in 2016 and could reach more than 35 percent in 2026 but cities and towns are poorly equipped to sustain growth. Inequalities persist and poverty remains high although the poverty rate fell from 46.7 percent in 2009 to 40.1 percent in 2014. The social and economic situations remain disturbing due to inequalities and poverty which is a source of future uncertainty and threats to the country's new democratic institutions.

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 2017, the financial sector of Burkina Faso was dominated by 13 commercials banks, five credit institutions, 12 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 fourteen percent of the country's population over the age of 15 have a bank account, nine percent have savings and five percent have loans as stated in global Findex 2014. There are 61 Financial Service Providers listed on the MIX Market (an online repository of microfinance performance data and analysis) with US$175 million worth of loans dispersed to 180 000 active borrowers, US$226 million deposits and 1.225 million depositors in 2016. La Faitiere des Caisse populaires or Réseau des Caisses Populaires du Burkina (RCPB) remains the leader with a gross loan portfolio of US$139.5 million, gross deposits of US$209.28 million, 72 460 active borrowers and 1 032 720 depositors.

The Housing Bank of Burkina Faso (Banque de l'Habitat du Burkina Faso, or BHBF), which started operating in 2006, was created to facilitate access to housing finance for low and middle income earning households. BHBF is funded by the government and its agencies, which contribute 30 percent, international institutions

KEY FIGURES

Main Urban Centres	Ouagadougou
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0014
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	0.9 | 1.8 | 2.1 | 1.5
Population | Population growth rate [d]	18 646 000 | 2.91
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	30.69 | 5.65
GDP per capita (current US$) | GDP growth rate (annual %) [d]	649 | 5.86
GDP (Current US$) [d]	12 115 155 932
GNI per capita, Atlas method (current US$) [d]	640
Population below national poverty line | Survey Year [c]	40.1 | 2014
Unemployment rate (%) (d)	3.2
Gini co-efficient (year of survey) [e]	39.78 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	185 | 0.402
Lending Interest Rate [d]	5.6
Unsecured lending interest rate (housing microloan)	...
Mortgage Interest Rate (%) | Mortgage Term (years)	13 (2015) | 15 [k]
Down Payment (%)	
Credit % of GDP [d]	27.75
Average Mortgages % of GDP [g]	...
Estimated number of mortgages	...
Average loan size in US$ (mortgage)	8 536 (2016) [l]
Average loan size in US$ (non-mortgage/micro lending)	...
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	313.69 |
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	0.32 |
Construction as a % of GDP [c]	...
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	3.41
What is the cost of standard 50kg bag of cement (in US$)	10.12 (2016) [k]
What is the price of the cheapest, newly built house by a formal developer or contractor?	8 536 (2016)[k]
What is the size of this house (in m^2)?	...
What is the average rental price for a formal unit (in US$)	500 [k]
What is the minimum plot size for residential property	200 m^2 [m]
Ease of Doing Business Rank [j]	146
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	67
Cost (% of property value) to Register Property [j]	12.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Market Survey
[l] Ministry of Finance
[m] Ministry of Habitat

which contribute 25.33 percent and other private institutions which contribute 44.67 percent. In 2013, BHBF launched one of its successful products "CAP Lafia" which allows borrowers to purchase land and/or to build a home, provided that the borrower has a housing savings account or housing savings plan. The product is aimed at public, private and informal sector workers. To qualify, the borrower must be a client of BHBF. Borrowers are required to provide a 10 percent deposit, and the maximum loan term is seven years for land and 15 years for an 'affordable house'. The CAP Lafia provides housing construction and land acquisition loans at a subsidised interest rate of five percent. The bank also provides added services such as an architect to view the plans before a loan is approved. The average mortgage distributed in 2013 according to the UEMOA note on the condition of housing loan in 2014 was CFA 48 745 million, the average bond term was 7.8 years and the average interest rate was 6.73 percent.

By 2016 practically all the commercial banks in Burkina Faso have introduced mortgage finance in their portfolios and so is La Faitiere des Caisse populaires (FCPB) or Réseau des Caisses Populaires du Burkina (RCPB), the most popular microfinance institution in the country. Currently RCPB offers some housing finance products called "Epargne Specialisé" that is special savings for financing special projects including housing. With the technical support of Développement International Desjardins (DID), a world leader in the microfinance sector, RCPB developed its first mortgage loan and one of its successful products in 2008. The minimum loan size was CFA Francs 5 million (US$8 432) with a mortgage on property. Borrowers were required to make a 15 percent deposit and the interest rate was fixed at 14 percent over 10 years for wage earners, and over five years for non-wage earners.

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

Affordability

Housing affordability is a major concern for the people and government of Burkina Faso given the deficit of supply and the economic status of the majority of the population who earns less than US$3.10 a day. The government through the national development plan (Plan National de Développement Economique ET Social, PNDES) has initiated an ambitious housing programme to boost housing production, employment and stimulate the country's economic growth. Currently only about 14.5 percent of households representing the well-off population, have access to property in the main cities with most housing delivery and finance products designed for their needs. However, lower income households struggle and to be eligible for government subsidised housing a person must earn between one to eight times the SMIG, the minimum wage for employees in the formal sector. Government subsidised housing, delivered at the minimum housing standard defined by ministerial decree as including residential space of at least 9m^2 and some sanitary provision, costs about CFA Francs 5 million (US$8 536), but even this is out of reach for most low income households.

The new housing programme, according to M. Maurice Dieudonne Bonanet, the minister responsible for housing is intended to improve the present situation by offering a variety of decent and affordable houses for the different categories of the population. The programme concerns 40 000 units of social economic and upper standing to be constructed all over the country precisely in 351 urban and rural communities. The 40 000 units is in addition to the ongoing project of 14 000 units in Basinko. All Burkinabe including the diaspora are entitled if the criteria of eligibility is met.

The government expects that the different housing projects and other economic reforms will have a positive impact on the national economy, improve the economic status of the majority and boost affordability.

Housing supply

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

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

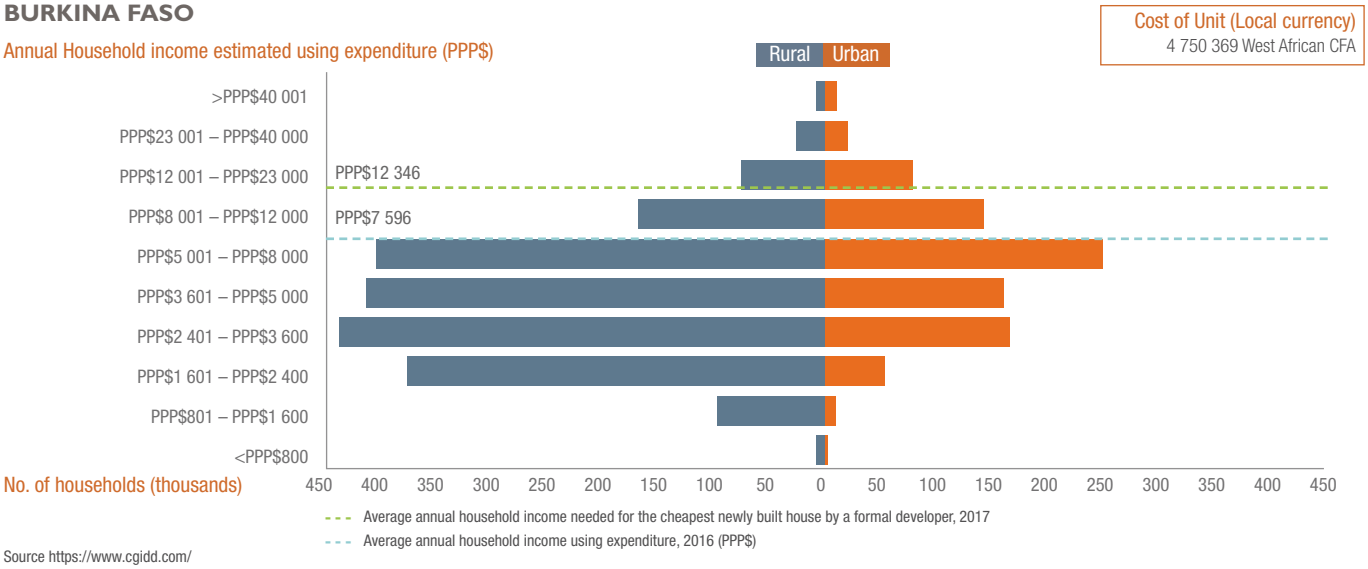
Since 2008, the government has developed a multi-year, social housing programme. The delivery target is 10 000 subsidised houses and the programme involves experimentation with local building materials in an effort to improve affordability while maintaining quality. The programme is funded entirely by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

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

The government is accelerating the development of the new urban pole of Bassinko, 14 000 houses to be constructed by different private companies among which are, Societe Immobiliere Wend-Panga who is building 300 units of one to three bedrooms, prices range from FCFA 5.5 million to FCFA 7.5 million (US$9 274 to US$12 647), CGE Immobilier, CGE has a programme of 1 232 units made up of social, economic, medium standing houses ranging from FCFA 8.5 million to FCFA 25.5 million (US$14 333 to US$43 000) built on 300m^2 each. The Bassinko project is the second largest housing project after the "projet de zone commercial and administrative, ZACA" in the heart of city of Ouagadougou, the capital. Eight developers are already implementing the programme among who are P&N Burkina Faso, a subsidiary of P&N Holding Group, a Spanish real estate development company. P&N is producing 1 000 bioclimatic houses that range in prices from the minimum FCFA 7.5 million (US$12 647) to maximum of FCFA 12 million (US$20 236). The houses are social and economic houses with land awarded by the government to the developers, water, and sewage and electricity connection are also provided by the government. The houses are commercialised through the Bank of Habitat and participating commercial banks. To date 4 500 have been delivered by different developers in Bassinko and the government has invested about FCFA 85 billion (US$143.3 million) to upgrade amenities such as land services, water and electricity installation, inter communities roads and sewage.

In 2017 the government initiated a new programme of 40 000 units of social, economic and upper standing houses and apartments in different main cities and

BURKINA FASO



Source https://www.cgidd.com/

urban communities. The programmes main objective is to boost production and affordability. It is estimated at FCFA 348.5 billion (US$587.7 million). The subscription was from April 5th to May 5th 2017. The innovation of the programme is that subscription is done online but subscribers from the communities without internet can register with their city council or community council, this has allowed the reality of need to be measured. For 40 000 units there are more than 100 000 subscriptions.

Property markets

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

There is no formal market for real estate. Informal developers dominate the market although there is an emergence of private formal developers. Private developers are in most cases, in partnership with the government to participate in the construction of different on-going housing programmes in the country. Although there has been improvement in accessibility, housing programmes still target primarily Burkinabe senior civil servants and those employed by the formal private sector. Houses developed by the formal sector come with a certificate of ownership which ensures security of tenure.

The rental prices market is not regulated in Burkina Faso, as a result there is a lot of speculation going on especially for the low income zones. A room in a multi room house in the popular zone such as Karpala or Patte d'oie goes for FCFA 15 000 – FCFA 35 000 (US$25-60). A villa in a residential zone costs FCFA 350 000 (US$590) and a luxurious villa costs about FCFA 2 000 000 (US$3 373). There is a strong rental market in Ouagadougou in spite of the fact that Burkinabes prefer to be homeowners. Purchasing or building a house is not accessible to an average Burkinabe.

Property prices have risen steadily over the past decade especially in Ougadougou and other urban centres, given an increase in the demand for houses due to growth of non-governmental organisations and other development agencies present in Burkina Faso. The growth in the market is challenged by the social and political unrest and militant activities and the future of the property market depends on the political stability of the country.

According to the World Bank's 2017 Doing Business Report, Burkina Faso ranks relatively high In the Dealing with Construction Permits index, the country ranked 61st out of 190 countries, relatively good score in the WAEMU member states. It takes 121 days, compared to the Sub-Saharan average of 155.6 days, 14 procedures compared to 14.5 in the region. It takes 67 days and four procedures, and costs 12.1 percent (above the Sub-Saharan average of 8 percent) of the property value to register a property in Burkina Faso. With stable democratic institutions, hopefully Burkina Faso property market will continue to grow.

Policy and regulation

Burkina Faso's policy framework dates from the early 1990s, with the adoption of a new constitution in 1991 and a decentralisation policy in 1995. The national policy framework commonly called (RAF) "reorganisation agraire et fonciere" was created by "la loi du 23 mai 1996" and enacted by national decree on 6 February 1997. Some 49 urban and 350 rural administrative entities were created in this process. In 2009, a national policy on housing and urban development was enacted with a 10-year plan of action, to 2018. The policy puts an urbanisation strategy in the centre of its economic growth 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.

Policy/Law/by-law	Brief description on how it affects housing/housing finance
Law No 014/96/ADP of 23rd of May 1996	Puts an urbanisation strategy in the centre of the country's economic growth plans, and explicitly addresses the potential for real estate development to contribute towards growth.
Law No 057-2008/AN of 20 November 2008	Promotes Real Estate development in the country Regulates property development activities
Law 034-2009	(Regime Foncier Rural) Rural Land Tenure Officially recognized customary rights of land and transfer the management to the local authorities.
Law N° 17-2006/AN	Define the code for urbanisation planning and construction in Burkina Faso

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. The country offers immense opportunities for housing development especially for affordable housing given the economic status of the majority of the population. The law 057 of November 2008 which promotes and regulates property development activities is an advantage for developers and a tool for the government to encourage national informal practitioners to formalize and seize the opportunities offered by the government in mass construction of affordable houses. The different ongoing housing programmes and the latest programme of 40 000 units launched in April 2017 by the government and other urban infrastructure are also opportunities for local and foreign investors and developers. This is a positive sign for housing development and housing finance in Burkina Faso.

Despite its status as a heavily indebted country, Burkina Faso has enjoyed strong growth in the past few years, largely as a result of political stability, good macro-economic management and a diversifying economy. The country is recovering from political instability since it has organised a peaceful and successful presidential and legislative election and the democratic institutions of the country are in place. Economic prospect for the future is promising with growth forecast for 8.4 percent in 2017.

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

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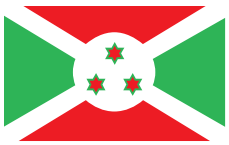
Burundi



Overview

Burundi's political environment is steadily stabilising following bouts of instability that have, often, characterized the development of the country since her independence in the 1960s. The most recent wave of civil unrest was witnessed in 2015 with the disputed re-election of the incumbent president. The crisis claimed over 500 lives and displaced over 300 000 residents. While violence has significantly decreased across the country including the city of Bujumbura in 2017, the flow of Foreign Direct Investments has been greatly hampered declining from US$7 million in 2015 to US$0.1 million in 2016[1].

Economic growth remained negative for most of 2016 and began to slowly rise to 0.9 percent by mid-2017 due to a fragile political environment. Additionally, there was a noted decline in private sector spending, borne from a contraction in industrial output to -16.9 percent in March 2017 from 24.24 percent in May 2016, and a decline in food production on account of climate shocks and political emigrations[2]. External trade has also worsened with a 14.4 percent decline in exports from BIF 14 525.2 million (US$8.4 million) to BIF 12 636.7 million (US$7.29 million) in January 2017. This translated into deeper trade balance deficit at BIF 80 703.8 million (US$46.5 million) in January 2017 from BIF 58 933.1 million (US$33.99 million) in January 2016.

On a positive note, the country is slowly beginning to witness growth in private investment over the recent months as consumer agro-industries and the cement industry recover, resulting into a 0.9 percent growth rate as at July 2017, on account of resurgent domestic demand. The moderately tight monetary policy stance pursued by the Banque de la République du Burundi has resulted in maintenance of headline inflation at six percent, well below the East Africa Community's regional integration convergence level of eight percent. This gave a glimpse of hope to the struggling real estate sector by keeping property prices in check and encouraging long-term investors.

The above notwithstanding, Burundi's GDP per capita has further declined from the decade long average of US$256 to US$227 in 2015 and US$218 by December 2016. This is likely to have a significant impact on affordability of housing units in the country from an average mortgage of US$10 000 to US$7 800 for 20 years at an interest rate of 16 percent per annum.

KEY FIGURES

Main Urban Centres	Bujumbura
Exchange Rate: 1 US$ [a] =	1 750.21 Burundian Franc (BIF)
PPP Exchange Rate (Local Currency/PPP$): 1 BIF = [b]	0.0045
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	5.5 | 5.5 | 6.7 | 6.6
Population | Population growth rate [d]	10 524 000 | 3.14
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	12.36 | 5.61
GDP per capita (current US$) | GDP growth rate (annual %) [d]	285 | -0.59
GDP (Current US$) [d]	3 007 029 030
GNI per capita, Atlas method (current US$) [d]	280
Population below national poverty line | Survey Year [c]	64.6 | 2014
Unemployment rate (%) (d)	6.9
Gini co-efficient (year of survey) [e]	33.27 (2006)
HDI (Global Ranking) | HDI (Country Index Score) [f]	184 | 0.404
Lending Interest Rate [d]	14 24
Unsecured lending interest rate (housing microloan)	28 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	16 | 20 [k]
Down Payment (%)	
Credit % of GDP [d]	32.41
Average Mortgages % of GDP [g]	2 (2017) [k]
Estimated number of mortgages	1 500
Average loan size in US$ (mortgage)	24 627
Average loan size in US$ (non-mortgage/micro lending)	300 [l]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	Yes
What is the price of the cheapest, newly built house by a formal developer or contractor?	16 [m]
What is the size of this house (in m²)?	33 000
What is the average rental price for a formal unit (in US$)	120
What is the minimum plot size for residential property	400
Ease of Doing Business Rank [j]	157
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	23
Cost (% of property value) to Register Property [j]	3.20

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Banque de la République du Burundi
[l] Burundi National Financial Inclusion Survey
[m] Cemnet

The structure of the economy remains rural and agrarian, with over 90 percent of the population engaged mainly in agriculture. The urbanization rate, estimated at 12 percent in 2015, declined to 2.08 percent in 2017, 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.

The impact of the political crisis on the capitalization of the banking sector was insignificant, thanks to a high proportion of deposits being held by commercial banks. At the end of January 2017, the liquidity ratios both in local and in foreign currency remained above the regulatory threshold of 20 percent (liquid

assets/total deposits). Banks maintained an average liquidity ratio of 57 percent for local currency. Whereas this position is commendable for ensuring financial sector stability, it is observable that such high holdings impede the process of credit creation by commercial banks. On this note, financing the housing sector is likely to be affected as banks implement caution towards lending and maintain high levels of liquid assets.

On the financing front, domestic credit to individuals and commercial entities has been on the decline, receding from BIF 134.9[3] billion (US$77.81 million) in December 2016 to BIF 91.6 billion (US$52.83 million) in January 2017 on account of the uncertain political and economic environment. However, there was a trend reversal by March 2017 with domestic credit rising to BIF 130[4] billion (US$74.98 million) by the close of the first quarter. Overall, the total banking sector assets increased by 12.8 percent, from BIF 1 647 billion (US$949.96 million) in January 2016 to BIF1858 billion (US$1 071.6 million) in January 2017. The recorded increase was chiefly due to the rise of Treasury bill and treasury bonds with a share of 23.4 percent of total assets. From the above overview, it is clear that banks increased their investments in treasuries while loans to individuals declined. As the economy stabilizes and more personal loans are approved, total assets will increase.

Bank deposits are beginning to increase as the economy becomes more stable rising from an average of BIF 254 billion (US$146.5 million) in 2016 to BIF 263 billion (US$151.7 million) in March 2017[5]. This suggests that the investment climate has not been conducive and individuals/corporate find it convenient to hold their money in banks until the economy stabilizes.

Access to finance

Burundi's financial sector remains sound, despite going through a period of civil unrest. The banking sector, comprising ten commercial banks, is adequately capitalized and has sufficient capital buffers to absorb inherent risks. The total capital Tier 2 and the core capital Tier 1 adequacy ratios have remained above the regulatory requirement that encompasses the capital buffers requirement of 12.5 percent and 14.5 percent. These two critical measures of bank soundness have recorded an improvement, with total capital ratio increasing from 19.8 percent in January 2016 to 22.9 percent in January 2017, while the core capital ratio increased from 23.2 percent to 26.6 percent over the same period. This improvement in the banking industry's soundness is likely to provide strong support for large housing finance project deals over the medium term as the country recovers from the downturn.

The banking industry has also experienced a decline in portfolio quality with an observed growth in loan impairment from 17.8 percent to 22.1 percent at the end of January 2017. Over the same period, overdue loans increased by 10.1 percent from BIF 186 096.3 million (US$107.34 million) to BIF 204 904.4 million (US$118.19 million) in January 2017.

The tourism and hostel sector was most affected by the political unrest translating into poor performance of loans advanced to this sector with up to 34.8 percent of total advances becoming impaired. Impairments for the construction sector stood at 25.9 percent while manufacturing impairments were 15.5 percent in January 2017.

Against these relatively high rates of impairment in the banking industry and provisioning requirements escalating to 89.8 percent, lenders have become a lot more cautious over the past few months until June 2017 in a bid to avoid significant losses. Several banks have restricted access to finance for large borrowers with preference given to small loans whose impact in terms of loss given default is fairly small. Loans to large exposures are 15.1 percent of total loans in June 2017. This trend is likely to affect developer funding for the housing sector given that most of the sector developments require significantly high financing from lenders.

The increase in impairment provisions and restrictions in large exposures have significantly affected the financial sector's profitability for the year. Compared to the same period of the previous year, the banking sector's profitability declined by 7.7 percent, falling from BIF 3 220.7 million to BIF 2 974.3 million at the end of January 2017. The return-on-assets (ROA) remained at 0.2 percent and the return-on-equity (ROE) ratios dropped from 1.3 percent to 1.1 percent, year on year basis.

Despite the civil unrest that distorted key operations in the financial sector, there was an observed growth in general bank liabilities in Burundi. As at March 2017, BIF 867 460 million was held as deposits in commercial banks compared to BIF 743 527 million for March 2016. MFIs on the other hand held BIF 44 059 million in deposits as at March 2017 compared to BIF 48 754 million a year earlier. Despite this 9.6 percent drop in MFI deposits over the year, the observed 16.7 percent growth in commercial bank deposits resulted into a BIF 119.2 million overall growth in deposits for the financial sector. The variance in growth trend between commercial banks and MFIs can be attributed to customers' view of the soundness of the institutions and therefore translating into confidence to keep higher deposits with commercial banks compared to MFIs during periods of political uncertainty.

On the credit side, there has been a 52 percent decline in overall loan and advances approved by commercial banks over the year to March 2017. Consolidated loans figures declined from BIF 273 264 million in March 2016 to BIF 130 042 in March 2017, chiefly on account of the civil unrest that distorted the economic and investment environment over the period. Normalcy arising from political calmness has seen a reversal in the trend, starting January 2017 with loans approved rising from BIF 91 642 million in January 2017 to BIF 107 599 million in February 2017.

Despite the year-on-year drop in general loans and advances in the economy, loans to the housing sector indicate a positive trend, rising from BIF 78 597 million in March 2016 to BIF 94 155 in March 2017. This can be attributed to the long term nature of housing loans and the inability to liquidate such loans at short notice. The loan balances therefore tend to remain stable over the long term and can be increased when earlier committed amounts are disbursed to complete the projects for which the loans were approved. Interest rates on these loans for commercial banks have been ranging between 16 percent and 19 percent per annum, calculated on declining balance.

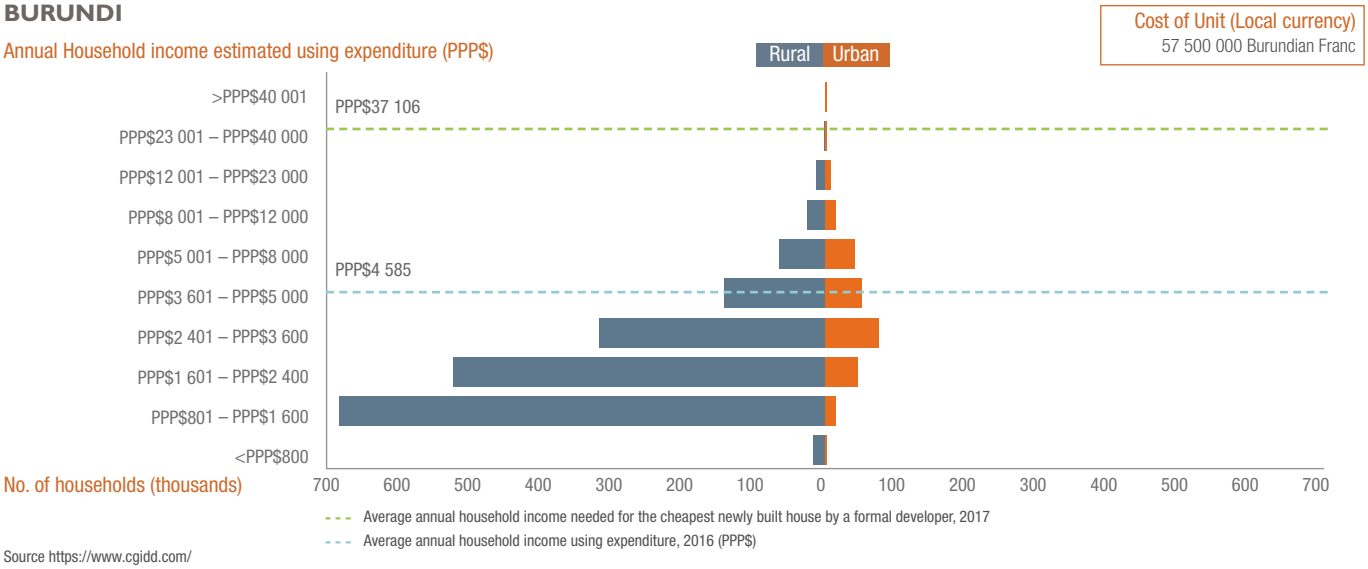
Three banks (the Burundi Bank of Commerce and Investment, Eco Bank Burundi and KCB Bank) and the two financial institutions (the Fund for the Promotion of Urban Housing and the National Bank for Economic Development), offer housing and real estate loans. Housing and real estate loans range between BIF 500 000 and BIF 50 000 000, for a tenor of between four and 20 years, at high interest rates of between 16 and 19 percent. Medium-term mortgages (maturing in two to seven years) account for 33 percent of the total stock of loans granted by the institutions in March 2017, rising marginally from 32 percent in March 2016. Long-term mortgages (15 to 20 years) increased from 17 percent in March 2016, to 20 percent in March 2017. The Fund for the Promotion of Urban Housing (FPHU) is still the largest housing finance lender, and accounts for about 72 percent of the market, largely focusing on the middle and high income earners. As of 2016, its loan portfolio surpassed US$7 million, with over 40 percent of which being mortgage loans.

Affordability

Burundi suffers from low household incomes that greatly affect affordability for housing units and eligibility for housing finance in the country. Modest income households earning between BIF 4 000 (US$3.3) to BIF 50000 (US$42) constitute 81 percent of the working population. Sadly, the country's high annual population growth of 3.2 percent and the youthfulness of the population underline a demographic challenge to the country's undeveloped housing and housing finance sector/industry.

The recent civil unrest exacerbated the affordability challenge in the country, largely through corporate downsizing or total closure of operations in Burundi. In the financial sector, Ecobank Burundi retrenched over 70 workers, citing poor economic performance and low profitability. Data from the United Nations indicates more than 300 000 people were reported to have fled the country and thousands disappeared without trace. Most of the civilians who fled the country were engaged in productive employment in the Burundi. With a population of 11.8 million, such massive emigrations, accounting for 2.6 percent of the population greatly affected the economy and hampered the performance of key operations of many corporate entities in Burundi, as was the case with Ecobank, discussed earlier in this paragraph.

BURUNDI



Source https://www.cgidd.com/

Given that the average monthly net salary (after tax) for Burundians is US$64.98, it is unlikely that such low income earners can afford a two bedroom house, at about US$25 000 on the property markets. Regrettably, prospective individual developers would equally struggle to put up a similar two bedroom house at the lower side of US$15 000. Acquiring a mortgage will also be an uphill task for most Bujumbura low income earners given the Mortgage Interest Rate is at an average 16 percent and their incomes are below the minimum BIF 1 million required by banks to offer mortgage finance. Less than 0.1 percent of the population earn above BIF 1 million.

For those in the middle and high income brackets (above BIF 1.5 million) the average mortgage taken up from financial institutions is about US$30 000. Through subsidies from the government and development partners such as Habitat for Humanity, complemented by beneficiaries input (in kind contribution), 39 460 households were able to purchase a dwelling and use rehabilitated social facilities. However 540 000 families are still internally displaced or likely to return from abroad without any homes to go to.

Housing supply

The legal framework does not foster the creation of a viable housing sector and mortgage market. Government housing policy does not reveal any clear strategy, and there is no coordination among the bodies responsible for its successful implementation.

The supply side of housing units in Burundi is dominated by individual home-owners establishing their homes for occupation and a few more low cost units for rental purposes, particularly in the major urban areas. The basic type of housing in the rural areas is the grass-thatched hut, made of wooden poles and covered with mud.

High interest rates and immature mortgage markets in Burundi have hampered sales volumes. Interest rates have remained high at 16.5 percent, impeding affordability for low income households. Banks are reluctant to finance developers because of the difficulties in off-loading stocks of houses, given the low level of incomes and the weakness of developers (with respect to cash flow analysis and marketing budgeting). This has led to a stagnation of development projects, particularly in the mid-market segment with the exception of high-end residential property sales. For example, the civil servants housing project of about 2 000 units by Biz Planners has, since 2014, been on halt. Each house was planned at US$30 000.

Construction costs are relatively high as most of the building materials such as cement, steel bars and roofing iron sheets are imported and overland transport costs are relatively high. For instance, the cost of a 50 kg bag of cement is US$25 compared to US$8.9 for the same 32.5 grade 50 kg bag in Uganda. In terms of delivery of housing units, this high cost translates into over US$31 000 for a one bedroom structure compared to US$20 000 for a similar unit in Uganda.

Furthermore, the poor quality of construction in commercial as well as residential space has resulted in lesser take-up of such properties, leading to dead supply stock in the market. For example, 27 three bedroom houses, by Agglobu Ltd, have been on the market for over three years. The houses cost between US$205 000 and US$225 000.

To respond to the need for more housing units, a new and attractive social housing project "the New Rugo" has been kick started with the blend between modern and traditional building style. It combines the tenets of traditional design and the modern parameters to achieve social housing concepts that cut across the low income to middle income markets.

The Rugo is the traditional Burundi & Rwandan houses and is the backbone for the New Rugo project. New Rugo is majorly a low cost housing project that draws its inspiration from vernacular solutions, mainly the Rugo. It is typically comprised of three houses that can be valued independently at an average price in the region of US$35 000. With low cost technologies and cultural appropriateness, the developed housing is aimed at empowering fragile communities in Burundi.

Property markets

Eighty percent of the property market in Burundi is residential. Bujumbura the capital city has traditionally been occupied by nearly 50 percent non Burundians who are mostly nationals of neighbouring countries like Tanzania, DR Congo, Uganda and Europe.

Monthly rent for 85 m^2 furnished accommodation in a prime area in Bujumbura is estimated at about BIF three million per monthly. A 45 m^2 furnished studio in similar area is estimated at about BIF 0.5 million. Utilities for one month (heating, electricity, gas) for one person in 45 m^2 studio is BIF 100 000. And yet the average monthly income for a household renting is about BIF 45 000.

The market space for land, residential and commercial real estate in Burundi remain both underdeveloped and depressed. The country suffers from the dearth of real estate listing agencies. Most agencies available are based in neighbouring countries including Kenya and Rwanda. Additionally, property valuation firms are in short supply. Knight Frank, based in Uganda has been the leading provider of real estate valuation services in Burundi for a long time. Large scale construction projects are dominated by foreign firms, largely from China. On the whole, the country's property market is still in its infancy. There are a limited number of market participants on the supply side, largely due to low levels of market demand as determined by low income levels of over 60 percent of the country's population.

Targeted construction and delivery of low priced housing units would be appropriate in such a market. However, in the absence of appropriately positioned developers and sizeable government incentives, delivery of affordable housing may

remain unachievable in the short to medium term. Additionally, reduction in budget support and foreign aid has incapacitated the government and increased its inability to build support infrastructure for the housing sector in terms of energy and transport facilities. With half of the country's budget slashed on account of reduced foreign aid, government investments for housing infrastructure are likely to be affected, translating into slow growth in property markets in the country.

Policy and regulation

Burundi's National Urban Planning and Housing Policy provides the regulatory framework for the management of water, environment, land and urban developments. The policy was introduced with the core objectives of promoting a coordinated management of the environment, sound management of land, water, forests, and air as well as the preservation of ecological balance.

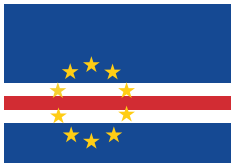
The policy is intended to promote social development and allow each Burundian to have access to high quality housing and basic services. In formulating this policy, the government intended to create an enabling framework for the development of 855 hectares of land and construction of 26 000 homes annually. In addition to the policy, the government issued a decree in January 2014 on the structure of the National Commission on Land and Other Assets (CNTB). The CNTB, established in 2006, is authorized to resettle refugees who return and to resolve land disputes. Since its inception, over 38 000 cases have been handled and determined. The commission has been instrumental in determining land ownership and therefore housing developments on such land for the last decade.

Opportunities

Burundi has experienced relative peace over the last few months. Political refugees have started to return to the country after establishing that there is safety in the country. As more individuals return to their former places of work and increase the productive capacity of the economy, there will be a need to construct housing units for their accommodation. Due to the general level of income in the country, development of affordable housing units will need to be encouraged through appropriate government incentives. Alongside the incentives, financial institutions will need to develop appropriate financing products to accommodate the needs of low income earners desiring to become home owners. Additional opportunities would exist in the wider financial sector comprised of the pension industry and the insurance industry. Traditionally, these two segments have provided long term finance to boost the mortgage market in several countries globally. There is therefore a need to have renewed housing focus by the of L'Institut nationale de sécurité sociale (INSS), the leading pension services provider in Burundi. The availability of least priced mortgage financing is likely to increase the number of people eligible for mortgage finance who would in turn increase demand for affordable housing units. This would then translate into an increase in the delivery of housing stock for such client segments. However, all this would be dependent on a stable political and economic environment coupled with an enabling regulatory framework.

1 UNCTAD WIR 2017
2 Over 300 000 people fled the country on account of political instability causing a massive decline on agricultural output on this largely agrarian economy.
3 Banque de la République du Burundi, June 2017
4 Banque de la République du Burundi, June 2017
5 Banque de la République du Burundi, June 2017

Cabo Verde (Cape Verde)



Overview

Since the global financial crises, Cabo Verde has struggled with slow economic growth and deflation. After adopting a counter-cyclical expansionary fiscal policy in the face of the slowdown, the government now hopes that a series of reforms will improve private sector development. With European economies improving, resulting in an increase in tourism and remittances that underpin the economy, the outlook is now positive.

Cabo Verde has a total population of 539 560 inhabitants[1]. Of this population, 66.2 percent live in urban areas and 61.4 percent (of adults) are employed. The economy grew an average of seven percent during the decade 1992-2002 and six percent from 2002 to 2008. Recent growth has been weaker (0.8 in 2013, 0.6 in 2014, 1.1 in 2015, and 3.9 percent in 2016), as vulnerabilities to the global economy and external shocks have taken their toll. There is little forex risk, as the Cape Verdean Escudo (CVE) is pegged to the Euro, and this has resulted in an almost deflationary environment – the inflation rate has decreased from 1.5 percent in 2013 to 0.1 percent in 2015.

The expansionary fiscal policy that has propped up the economy started in 2010, as the government took advantage of concessionary borrowing rates from international lenders, investing heavily in infrastructure. This increased government debt from 57 percent in 2008 to 125.9 percent of GDP in 2016[2]. The government does not fund debt through Treasury Bills, although this could change in the future as the concessionary rates are an artefact of the times when Cabo Verde was categorised as a low-income country. The central bank has slowly undertaken an expansionary monetary policy, reducing reserve levels and the central bank lending rate in a bid to boost the rate of inflation and economic growth.

Mortgage finance forms an integral part of the financial sector, accounting for 70 percent of credit to households and 35 percent of total credit, which is equivalent to 23 percent of GDP. This figure, though high, is constrained by the poorly performing finance sector, the lack of economies of scale, a necessary dependence on imports for construction materials, and recent economic performance. The financial sector, in particular, is an area of concern, with low return on assets (ROA) and return on equity (ROE), high costs to income, and a high interest rate spread. The microfinance sector is relatively small, but there are hopes for growth as new laws regulating the sector take effect.

KEY FIGURES

Main Urban Centres	Praia
Exchange Rate: 1 US$ [a] =	93.76 Cape Verde Escudo (CVE
PPP Exchange Rate (Local Currency/PPP$): 1 CVE = [b]	0.0030
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	0.1 | -1.6 | 0.8 | 1.6
Population | Population growth rate [d]	539 000 | 1.24
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	66.19 | 2.24
GDP per capita (current US$) | GDP growth rate (annual %) [d]	2 997 | 3.92
GDP (Current US$) [d]	1 617 467 436
GNI per capita, Atlas method (current US$) [d]	2 970
Population below national poverty line | Survey Year [c]	26.6 | 2007
Unemployment rate (%) (d)	9.2
Gini co-efficient (year of survey) [e]	47.19 (2007)
HDI (Global Ranking) | HDI (Country Index Score) [f]	122 | 0.648
Lending Interest Rate [d]	9.61
Unsecured lending interest rate (housing microloan)	12
Mortgage Interest Rate (%) | Mortgage Term (years)	11.5 | 30 [k]
Down Payment (%)	...
Credit % of GDP [d]	86.07
Average Mortgages % of GDP [g]	23 [2015] [l]
Estimated number of mortgages	
Average loan size in US$ (mortgage)	...
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	17.99 | 20.27
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	5.56 | 4.93
Construction as a % of GDP [c]	...
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	...
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What is the price of the cheapest, newly built house by a formal developer or contractor?	30 900 [n]
What is the size of this house (in m²)?	...
What is the average rental price for a formal unit (in US$)	...
What is the minimum plot size for residential property	...
Ease of Doing Business Rank [j]	129
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	22
Cost (% of property value) to Register Property [j]	2.30

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Banco Comercial do Atlântico
[l] Banco de Cabo Verde
[m] Carlos Veiga, Lda
[n] Imobiliária Fundiária e Habitat

Access to finance

Cabo Verde has eight commercial banks and two insurance companies[3], which are regulated by the central bank, *Banco de Cabo Verde* (BCV). The banking sector is highly concentrated[4] – the two largest banks, *Banco Comercial do Atlântico* (BCA) and *Caixa Económica de Cabo Verde* (Caixa), dominate the financial sector. The banks have high operational costs, of just below 70 percent to income[5], and a relatively high non-performing loan (NPL) rate of 15.5 percent at December 2016 (down from 18.7 percent in 2014)[6]. The commercial banks have a particularly low ROA and ROE, both of which are on a downward trend, at 0.3 percent (compared to an average of 2.4 percent for Sub-Saharan Africa, according to the IMF FSI database) and four percent (compared to 19 percent). This is despite deposits accounting for 94.3 percent of bank funding and a healthy interest rate spread, which the World Bank had at seven percent in 2016[7].

Responding to the economic slowdown and deflation, BCV undertook an expansionary monetary policy. BCV cut its policy rate from a high of 5.75 percent as recently as February 2014 to 3.5 percent in February 2015. In the same month, it cut the reserve requirements of commercial banks by three percent. These measures have only moderately increased lending, with credit to the non-financial private sector increasing by 3.8 percent from 2015 to 2016, a rate that was below one percent for three of the four years between 2012 and 2015. More dramatically, in May 2017, BCV decreased the policy rate by 200 percentage points, to 1.5 percent. Whether this has been effective in stimulating lending, driving economic growth, and combating deflation will only become clear in the coming months.

Credit for construction and public works has gradually decreased since at least 2011, from CVE 7.35 billion (US$78 million) in 2011 to CVE 4.7 billion (US$50 million) in 2015. It was the equivalent of 9.2 percent of total credit to non-financial sector companies in 2015, from 15.67 percent in 2011. This follows the contribution of construction to GDP, decreasing from 10.45 percent in 2011 to 7.92 percent in 2015[8]. One of the reasons for this trend may be the high rate of non-performing loan (NPL) in the sector, at 21 percent[9]. Loans for tourism, which has been a major driver of credit for construction, have a NPL rate of 33.3 percent[10].

Cabo Verde has a well-developed mortgage sector. In 2015, credit for housing accounted for 70 percent of credit to households and 35 percent of credit to non-public sector credit[11]. Outstanding mortgages totalled CVE 35 billion (US$ 373 million), having marginally increased over the last few years. In contrast, credit to households for other purposes, likely for consumption, declined from CVE 18.26 billion (US$195 million) in 2011 to CVE 15.2 billion (US$162 million) at the end of 2015. Credit for property has maintained a lower NPL rate than other sectors, at 12.2 percent[12], perhaps because of the role of remittances in paying off these loans.

Five of the eight commercial banks offer mortgages. BCA, the largest bank in the country, provides mortgages for up to CVE 30 million (US$320 000) for terms up to 30 years. BCA offers both fixed and variable rate mortgages: the nominal fixed rate is between 8 and 11.5 percent and the nominal variable rate has a floor of 7.7 percent, is based on BCA index rate, and has a range of 3.5 percent[13]. This translates into an effective rate of 12.04 percent for a variable rate mortgage and 12.3 percent for a fixed rate mortgage, compared to the 15.11 percent offered for consumer loans. BCA also charges a fee equivalent to 1.5 percent of the mortgage value, which is not capped but is at a minimum CVE 20 000 (US$213). Caixa offers mortgages for up to 30 years and charges a fee of 1.26 percent of the mortgage, which must be at least CVE 10 000 (US$107)[13]. The nominal interest rate on mortgages is 10.75 percent, equivalent to an effective rate of 11.4 percent. For loans to purchase land, Caixa offers a nominal interest rate of nine percent on a sixty-month loan. Banco Interatlântico (BI) offers mortgages to purchase or construct a house at 90 percent of property value[15]. Banco Internacional de Cabo Verde offers mortgages for terms up to 25 years, with a loan-to-value ratio of up to 70 percent[16]. Government provides subsidised interest rates on mortgages for young home buyers under the age of 30. First-time home buyers are exempt from taxes on the interest portion of mortgage repayments[17].

The microfinance sector in Cabo Verde is small and underdeveloped, and has only been under regulatory supervision since 2007. The most significant development is Law 83/VIII/2015, which established a new legal regime for the sector and its institutions. The law allows for three types of MFIs: deposit-taking, community savings and credit cooperatives, and financial intermediaries for the diaspora[18]. These laws have tried to increase the number of commercial MFIs in a sector that has been prominently non-profit[19, 20]. The microfinance association, Federação das Associações de Microfinanças em Cabo Verde (FAMF), has thirteen members, all of which are non-profits. Currently there is little data published on the size of the sector, but research in 2015 claimed that – though it varies between organisations – existing non-profit MFIs offer loans worth up to either CVE 300 000 (US$3 200) or CVE 500 000 (US$5 333) for a term that can be up to 24 months at interest rates between two and three percent and for a fee of two to five percent. (These figures vary between organisations.) The research found that only one MFI, Associação de *Apoio às Iniciativas de Autopromoção Familiar* (FAMI PICOS), reported providing loans for housing. Another paper claims that 52 000 loans were granted between 2009 and 2014 to 3 000 Cabo Verdeans, worth a cumulative amount of CVE 3 billion (US$32 million)[21].

Cabo Verde is not included in the Global Findex survey. The IMF Financial Access Survey[22] reports 33.86 commercial bank branches and 46.15 ATMs per 100 000 adults. The same database records 189 borrowers and 1 864 depositors, both with commercial banks per 1 000 adults. The high number of depositors may be due to the size of the diaspora. Despite these four figures being above Sub-Saharan African averages, the financial sector still has space to grow in terms of providing credit. For example, an inhibitor of the credit market is the absence of a working credit bureau, despite efforts to create one and the existence of a public credit registry[23, 24]. The substantial number of new laws passed in the last few years under a reform programme to boost private sector growth will hopefully bare results in the years ahead. Other developments include a proposed law creating new deposit guarantee fund and a law that will derisk the financial sector.

Lastly, two of the four listed companies on the stock exchange are banks: BCA and Caixa. Because of market concentration and the high rate of deposits, it is unlikely that the banks will need to raise new equity, which may be an inhibitor to performance. The bond market is growing – *ond markelmobilirket is growingbitor toew equit*, the government social housing company, had a bond issuance worth CVE 1 billion (US$10.67 million) for the construction of housing[25]. The bonds mature in 2019 and offer a fixed interest rate of 6.1425 percent.

Affordability

In the absence of easily accessible publications on the property market, it is difficult to assess average property prices. Caixa has properties listed from CVE 2.7 million (US$28 800)[26] and BCA from CVE 3.8 million (US$$40 527)[27]. The lowest priced property is EUR 25 000 (US$29 354) on Cape Verde Property[28], and EUR 28 000 (US$32 877) on Nôscasa[29] and Cabo Verde Imobiliaria[30]. This indicates that properties on the formal market will likely start at CVE 2 million (US$21 330). Global Property Guide states that, on average, the price per a square metre is US$1 300[31], but there are likely properties that cost less than this. From the advertisements on the websites, houses sell for between EUR 40 000 and EUR 80 000 for the middle of the market and over EUR 100 000 at the upper-end of the market. The cheapest newly built house by a developer in 2017 is built by IFH and on sale for CVE 2.9 million (US$30 929)[32].

In terms of affordability, the mortgage calculator on website of BCA has the monthly repayments for a mortgage worth CVE 2 million, with a term of 30 years and an interest rate of 11.5 percent, at CVE 19 000 (US$200)[33]. Considering that generally it is advised that no more than a third of income is spent on housing, the household would have to earn CVE 60 000 (US$607) a month, or CVE 720 000 (US$7 300) a year. This is quite high considering Cabo Verdean GDP per capita of US$3 080 in 2015[34].

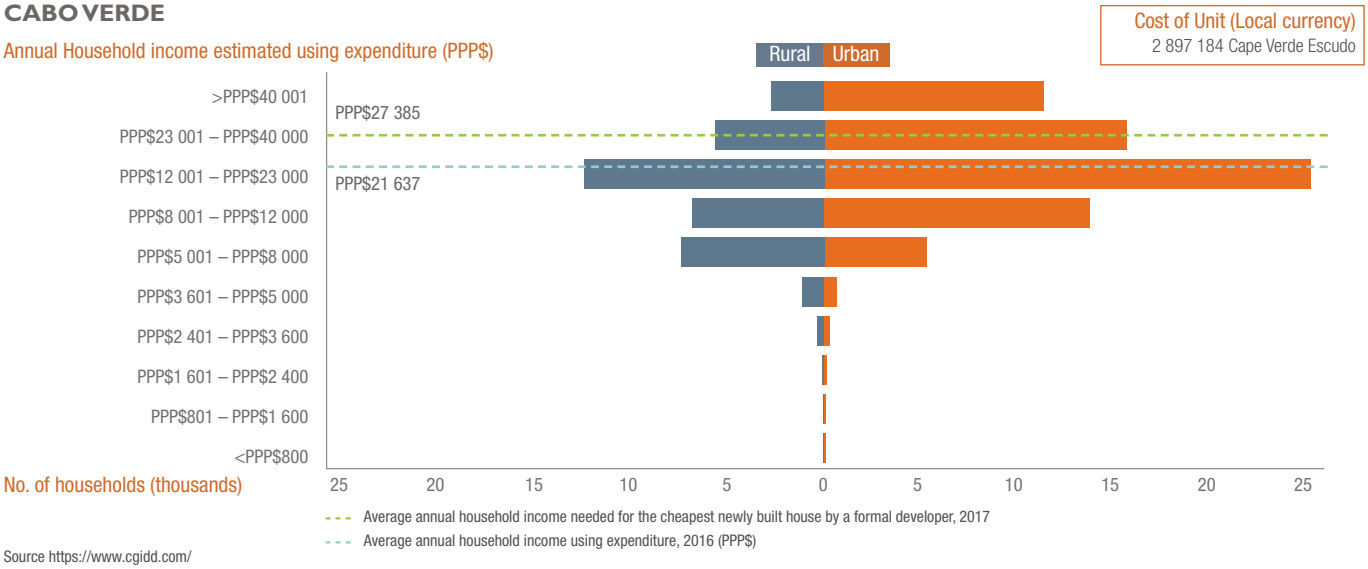
There are fewer advertisements for rental properties, and it is not clear what average market prices would be. *Instituto Nacional de Estastica* (INE), the national institute of statistics, publishes data for the section of the consumer price index that accounts for "rent of housing, water, electricity, gas and other fuels", which decreased by four percent from 2015 to 2016, which is less than the 11 percent decrease from 2014 to 2015. Though this is for a basket of goods, it does suggest that prices in the rental market are stable or decreasing.

Housing Supply

The 2010 census counted 114 469 housing units, 73 percent of which are single story and 18 percent are two-story[35]. In terms of construction, 10 percent of units were constructed between 2005 and 2010, while nine percent were constructed between 2000 and 2004. There are 20 135 buildings registered on the deeds registry[36]. The most recent figure for the housing deficit cannot be accurate considering the census numbers, as it put the figure at 85 027 housing units in 2010[37]. The deficit is mostly accounted for by the large number of households living in informal settlements around the major cities. The lack of adequate housing supply in Cabo Verde resulted in the United Nations Special Rapporteur on Human Rights issuing a press release in 2015 urging the country to prioritise housing for the poorest Cabo Verdeans[38].

There are a number of proxies that can be used to grasp market trends. Construction accounted for 7.92 percent of GDP in 2015, down significantly from

CABO VERDE



Source https://www.cgidd.com/

nine percent in 2014, while real estate accounted for 7.95 percent of GDP in 2015, roughly the same amount as the previous year (8.03 percent)[39]. INE publishes an index that tracks the use and sale of construction materials[40]. The index shows an improvement in the use and sale of materials from 2016 and 2017 compared to 2015. In contrast, the indicator for base materials, which includes cement, steel, sand and other essential construction materials, decreased by 11.7 percent from 2016 to 2017. The second quarter of 2017 recorded a 12.8 percent quarter-on-quarter increase in the use of cement.

INE also publishes a range of survey data on Cabo Verdeans. The data[41] shows that 78.6 percent of households live in free-standing houses, compared to 20 percent who live in apartments. In terms of building materials, 84.4 percent of residents live in units that are constructed out of reinforced concrete, while 50 percent of residents have cement floors and 48.8 percent have mosaic flooring. This data reflects the results of the remarkable development of Cabo Verde since the 1980s. Another published variable records the number of divisions within a house, which can be used as a proxy for the number of rooms: 28.6 percent of households have one division, 34.8 percent have two, 22.9 percent have three, and 13.8 percent have four or more. From this, it can be assumed that most houses have three rooms, and few have five or more.

The government has undertaken initiatives to increase the supply of housing since 2004, culminating in 2009 being declared the 'Year of Housing'. To mark the 'Year of Housing', the *Sistema Nacional de Habitação de Interesse Social* (SNHIS) was launched. Informally known as Casa Para Todos,it took the form of a programme providing affordable mortgages to low income households through Novo Banco. The programme intended to build 8 500 units: 3 650 for households earning less than CVE 40 000 (US$426) a month, 3 100 for households earning between CVE 40 000 (US$426) and 100 000 (US$1 066), and 1 750 for households earning between CVE 100 000 (US$1 066) and CVE 180 000 (US$1 919). The Portuguese government undertook to provide a EUR 200 million (US$233 million) loan to support the programme, but it is not clear if the loan was paid out. As a result, there is confusion over the number of houses completed under programme, as figures have not been publicly released. However, the SNHIS, which was enshrined in legislation in 2010 and updated in 2014, continues today as an interest rate subsidy for mortgages.

Property Markets

Cabo Verde has an efficient property registration system. Using the Ease of Doing Business indicators as a proxy for housing, registering a property takes 22 days, the same as OECD high income countries, and costs 2.3 percent of the property value, below both the OECD (4.2 percent) and Sub-Saharan Africa (eight percent) rates[42]. The country has a functional deeds registry, which takes between one and three days to obtain a certificate proving ownership of a property. Since 2010, when the law governing the land registry was passed, there is an electronic registry that anyone can search for free. The registry does not yet include all properties in Cabo Verde. There is also an electronic database that can be checked for mortgages on the property, but there is no electronic database on cadastral information.

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 potential expats or Europeans looking for a holiday home. Cabo Verde recently introduced a law that grants residence visas to investors who purchase a property for more than EUR 80 000 (US$93 788) in municipalities where GDP per capita is lower than the national average and for more than EUR 120 000 (US$140 682) where GDP per capita is higher than the national average[43].

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[44].

Policy and Regulation

The reforms pursued by the government since the economic slowdown have been extensive and varied. On the regulatory side, new laws have been passed for the financial sector (Lei n. 61/VIII/2014 and Lei n. 62/VIII/2014) and microfinance sector (Lei n. 83/VIII/2015), urban planning (Lei n. 60/VIII/2014), and are under consideration for a deposit guarantee fund and land use management. These laws follow a flurry of laws that were passed around 2010.

The rental market is regulated, allowing for a maximum increase of rent by 8.3 percent a year. The tenant has the right to reject a suggested rental increase, and terminate the rental agreement with one month notice if this happens. In addition, if the contract does not explicitly stipulate future possible rental increases, the landlord may not raise rentals for a period of five years. Landlord's 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.

Another important regulation is the requirement for tax clearance to be issued 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 poverty reduction strategy for 2012-2016, *Estratégia de Crescimento e de Redução da Pobreza III* (2012 – 2016), aimed to decrease the housing deficit by 20 percent, supporting the households in the purchase of 8 500 units and refurbishing 15 000 units[45].

Opportunities

With the global economy largely recovered, Cabo Verde's outlook is promising. The financial sector is large despite its need for competition, mortgages are relatively easy to access and offer long terms, and the government is doing its

utmost to encourage private sector development. The new microfinance law has opened the market up to new entrants, entrants who will hopefully offer the housing microfinance that is needed by households living informally in urban areas. The small population prevents large-scale developments, but 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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Cameroon

KEY FIGURES

Main Urban Centres	Yaoundé
Exchange Rate: 1 US$ [a] =	556.51 Central African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0220
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	2.7 | 2.2 | 2.3 | 2.3
Population | Population growth rate [d]	23 439 000 | 2.61
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	54.94 | 3.63
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 032 | 4.53
GDP (Current US$) [d]	24 204 448 567
GNI per capita, Atlas method (current US$) [d]	1 200
Population below national poverty line | Survey Year [c]	37.5 | 2014
Unemployment rate (%) (d)	4.3
Gini co-efficient (year of survey) [e]	42.82 (2007)
HDI (Global Ranking) | HDI (Country Index Score) [f]	153 | 0.518
Lending Interest Rate [d]	15.00 (2007)
Unsecured lending interest rate (housing microloan)	30
Mortgage Interest Rate (%) | Mortgage Term (years)	12 | 15 [k]
Down Payment (%)	
Credit % of GDP [d]	24.77
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	2 500 [k]
Average loan size in US$ (non-mortgage/micro lending)	100
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	12.07 | 7.29
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	8.29 | 13.71
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	9 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	18 500
What is the size of this house (in m^2)?	50
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	100
Ease of Doing Business Rank [j]	166
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	86
Cost (% of property value) to Register Property [j]	18.80

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] BICEC Bank
[l] Business In Cameroon

Overview

Cameroon is a low to middle income Sub-Saharan African country with a population of just below 24.5 million people, and an annual population growth rate of 2.5 percent. Cameroon is the most significant market in the Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l'Afrique Centrale, or CEMAC).

Cameroon's economy – CEMAC's engine in terms of agricultural/industrial production and services – saw a slowdown in economic activity in 2016. This slump has continued into 2017 partly due to the ongoing civil disobedience. The country achieved an improved ranking of 166th in the 2017 Doing Business Report for ease of doing business. Growth was at 4.7 percent in 2016, down from 5.9 percent in 2015 due to the decline in the secondary sector, especially extractive industries. Economic growth, increasing local and foreign direct investments and a growing population has created a growing middle class with a strong demand for products and services, including housing.

Modest oil resources and favourable agricultural conditions provide Cameroon with one of the best-endowed primary commodity economies in Sub-Saharan Africa. Cameroon's primary sector accounted for 21.3 percent of the GDP in 2016. Over the last five years, Cameroon's growth has been driven strongly by the oil and agricultural sectors. Oil remains Cameroon's main export commodity accounting for 40 percent of export earnings and 10 percent of the GDP despite falling global oil prices. As part of its industrialisation efforts, there is an increasing effort to develop agricultural, forestry and pastoral production. The mining industry has huge potential with new deposits continuously discovered, creating new opportunities for construction and the provision of subsidised, affordable housing.

The secondary sector accounted for 30 percent of the GDP in 2016 and industrial production is increasing. Major industries include petroleum production and refining, aluminium production, food processing, light consumer goods, textiles, lumber and ship repairs. Huge investments in infrastructure and enhancement of the business environment is required to increase this sector's value. This is currently being addressed by the government with ongoing projects to increase electricity supply through the construction of new hydroelectricity power plants and incentives to encourage private sector investment in specific manufacturing sectors. Such as the deep sea port in Kribi and the Lom Pangar hydropower project. A natural gas-powered electricity generating plant has also been opened to diversify the energy sector. Growth in this sector and the increasing investments in infrastructure will enable the expansion of the residential real estate market.

The services sector is very dynamic and has been growing over the last five years, accounting for 47.9% of the GDP in 2016, with continued growth predicted, dominated by transport, business and mobile telecommunications, construction, retail trading, hotel and catering and the financial services industry. The growth of these sectors has contributed to a growing middle class with increased demand for housing. This presents new opportunities for subsidised affordable housing and housing finance given the current inadequate end-user housing finance opportunities.

Access to finance

Though Cameroon's financial system is the largest in the CEMAC region, it is still in its infancy. There are 14 commercial banks and 412 licensed microfinance institutions (MFIs), as well as non-banking financial establishments, foreign exchange bureaus and the Douala Stock Exchange. The banking sector is highly concentrated in the main urban areas and dominated by foreign commercial banks. The top three banks control 50.1 percent of the loan market and 52.2 percent of deposits. MFIs officially account for one percent of total loans granted. Banks readily lend to government, multinationals and businesses but neglect retail and small businesses. Cameroon has a large unbanked population as only 15 percent of the population bank with commercial banks. Commercial banks provide some housing-related finance in the way of mortgage loans.

According to the 2017 Doing Business Report, Cameroon ranking dropped to 133rd in terms of ease of getting credit due to limited progress on access to credit information. Mobile banking is increasing financial accessibility with companies like MTN and Orange offering this service.

The Bank of Central African States (Banque des Etats d'Afrique Centrale/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, government and medium to high net worth individuals. The long-term credit market remains underdeveloped. The distribution of banks is heavily skewed towards the main urban centres, with a significant part of the semi-urban and rural parts of the country denied access to formal banking facilities. This is a gap that MFIs are exploiting.

Access to housing finance is very low, available mainly to government employees through the government agency Crédit Foncier du Cameroun. Only about five percent of Cameroonians have access to mortgage finance from the formal private banking system. The government continues to inject more funds into Crédit Foncier, instituted reforms, like providing financial guarantees and broadening assets that can be used as collateral to make it easier to access housing finance. Property developers and private equity funds with money are looking for local partnerships to provide end-user financing for housing. A few partnerships are already in place, Ecobank and Credit Foncier, China Development Bank and Afriland First Bank, which help provide end-user financing to individuals to buy or build houses. Title deeds are attached to only a very small percentage of land because implementing the legal provisions on land ownership has been impeded by jurisdictional disputes. In 2012, Cameroon 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, making it easier for people to access finance.

Microfinance is mainly managed by associations, or savings and credit institutions and co-operatives. The licensed establishments have over 1000 branches across the country a growing client-base, and total savings of just under US$1 billion. About half of the MFIs belong to the largest network of MFIs, the Cameroon Cooperative Credit Union League (CAMCCUL). While MFIs have become increasingly important, their development has been hampered by a loose regulatory and supervisory framework. The conditions to carry out microfinance activities are defined at the sub-regional level by CEMAC.

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

Under Article 5 of the governing regulations, an MFI may be classified as a category one, two or three. Category one are co-operative institutions that provide savings opportunities exclusively to members, cannot seek profits and exist solely to empower its members. Category two are profit-seeking MFIs that offer and savings and credit facilities to the public. Category three MFIs are profit seeking, and provide credit services to the public but do not accept savings.

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

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

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

Affordability

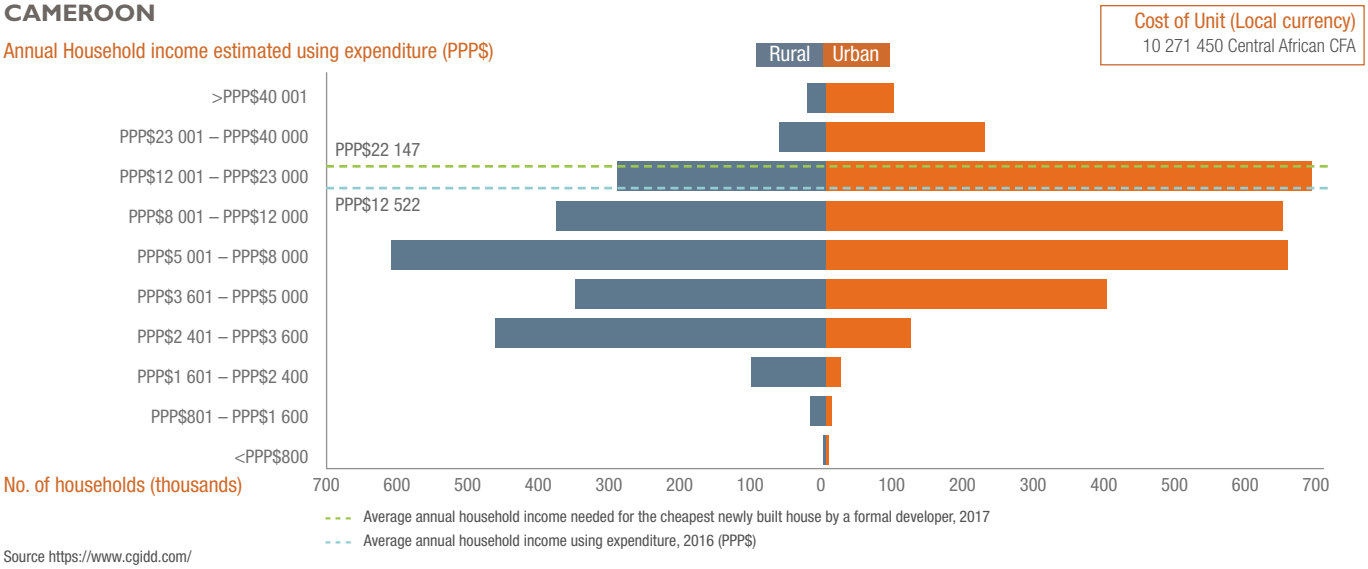
The unemployment rate in Cameroon is high, with underemployment reported to be about 76 percent. The population below the poverty line is reported to be 40 percent as of 2014. The national Gini-index currently stands at 0.47, suggesting relatively high, levels of inequality. Most people (70 percent) gain an income or survive on the informal economy through subsistence agriculture and small, micro and medium scale businesses. The formal private sector is not well developed, employing a very small percentage of the labour force. The government through its agencies and parastatals is the largest formal sector employer. The average monthly income per household in the formal public sector is CFA 225 000 (US$386), which is slightly lower than the average income per household in the private sector which is CFA 275 000 (US$472). Average rental prices for a three bedroom accommodation range from CFA 125 000 (US$214) to CFA 60 000 (US$103) on average in urban and semi-urban areas respectively. Most families receive monthly remittance from the growing population in the diaspora. Official figures show that money transfers from the diaspora to Cameroon has doubled and has reached US$1.2, billion, a contribution of up to 33 percent of the Public Investment budget of Cameroon. These funds are used primarily for the basic needs of families back home in Cameroon and to fund projects for those in the diaspora.

Building costs are fairly high. It is difficult to build houses with uniform standards at a cost accessible to most people. This situation has led to a discrepancy between production costs and purchasing power. Government has helped to reduce housing production costs to make housing more affordable by establishing government 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. Companies like Quality Habitat Corp have set up factories to manufacture building materials, which should reduce cost of inputs. The government has decided to roll out projects to construct affordable housing across the country. Individuals will provide 20 percent as their equity investment upfront and take a loan for the remaining 80 percent, which the government guarantees. Though at a very slow pace, this is helping to improve access to quality housing as individuals in the private and informal sectors are also beneficiaries.

Housing supply

With an annual population growth rate of 2.5 percent and an annual urbanisation growth rate of four percent, Cameroon is 55 percent urbanised. The challenge is to provide housing for 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 high-end and affordable housing in urban and semi-urban areas of the country. In 2014, an estimated 53 percent of households owned their own homes, 30 percent were tenants and 11 percent were accommodated free of charge. As the middle class is growing and rate of urbanisation is increasing, there is a shift from ownership towards rentals especially for first time or new entrants.

CAMEROON



Source https://www.cgidd.com/

Despite ongoing efforts towards increasing housing supply, Cameroon's housing backlog is still significant. Government, private companies and individual investors (both local and in the diaspora) are looking to overcome the growing deficit of over 100 000 units a year through ongoing investments in housing. A few years ago, the government estimated that up to one million homes needed to be built within a 10 year period to adequately house the growing population. Of these, 300 000 are needed in the main cities of Douala and Yaounde. Demand for housing in the lower and upper ends of the market increases by up to 10 percent annually. Government is using public private partnership approach in projects to build new social housing units countrywide.

The housing market is not well developed. The main players include the state-owned Cameroon Real Estate Corporation (Société Immobilière du Cameroun/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. SIC aimed to build 100 000 new houses by 2022, 40 000 have already been built. Crédit Foncier du Cameroun, a building and loan association, is the top mortgage bank and provides funds for social housing to individuals and developers. The National Investment Corporation of Cameroon (Société Nationale d'Investissement du Cameroun) invests government funds in profitable projects in different sectors.

Maetur acquires and develops land, which is 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. 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 high income earners. In phases I and II, a total of 102 units of its current development have been completed and sold out. Phase III of the project is ongoing and will be completed by the end of 2017. Quality Habitat Corp, a Cameroon subsidiary of a US-based company, has a plan to build 2 000 houses annually. MG Constructions, a builder and property developer, is planning two major developments in the heart of Yaounde and also in Douala. The delivery date is September 2019. Individuals (both locally and in the diaspora) are also heavily investing in housing, building standalone houses, mini cites (mini cities) and small estates. 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 Cameroon has developed catalytic real estate institutions, they suffer from dwindling public finance and new strategies are urgently needed for the effective functioning of these institutions. Government together with its partners (local councils, energy utility company ENEO, National Water Supply Company of Cameroon, SIC and Crédit Foncier), launched a project in Douala and Yaounde in 2009 to build 10 000 houses for low and middle income earners. The partnership has completed Phase I with 6 000 new low cost houses. Phase II is near completion with 4 000 houses. There are many new housing units built by individuals entering the market for ownership and rental.

Phase I of a city council of Douala project which started in 2012 to build more than 1 000 social, affordable and private houses along with community, commercial, retail and leisure facilities in the Mbanga-Japoma area of the Douala III council, at a cost of CFA 122.23 billion (US$220 million) is complete. It consists of 50 buildings, comprising 300 apartments with one parlour and four bedrooms, and 700 apartments with one sitting room and three bedrooms. The city council of Douala also has a project to deliver 2 500 affordable houses in Bonamatoumbe, phase I is complete.

Government policy has placed more emphasis on home ownership. However a significant proportion of the population is seeking rental housing. There is a huge shortage of rental housing units. Government must recognise the benefits of regulating and supporting rental markets to complement ownership. The three new cement companies established in 2015 have helped to increase the supply of cement, currently estimated at 3.5 million tonnes a year, short of the required domestic demand estimated at 5 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, 53 percent own their own homes and 30 percent are tenants. Both housing for ownership and rental is in high demand. Despite the focus on ownership, there is increasing opportunities for rental. Because supply lags behind demand, there is a constant minimum 10 percent year-on-year increase in house prices for ownership and rental. On average, it takes at least one month to find quality accommodation in Douala, Yaounde and other main cities. This time is projected to decrease to two weeks in the next few years with the increasing number of new housing units in the market. There is a growing number of real estate companies providing buying/rental services to clients. On average, it costs up to CFA 125 000 (US$223) 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, Bafoussam and Bamenda. It costs up to CFA 10 million (US$17 885) to build a standard three bedroom house, excluding the cost of land in the main cities like Douala and Yaounde. This cost is about the same and can even be more expensive in the smaller cities due to input costs. The cost of standard inputs increases the further away from Douala as most of the standard inputs are imported or manufactured around the main cities. The cost can be cheaper in the smaller cities depending on the inputs used. The average size of a standard three bedroom house is 300 m^2. The cost of a serviced 500 m^2 piece of land in the urban areas is CFA 5 million (US$8 943). This cost drops to CFA 4 million (US$7 154) in the smaller cities like Buea, Limbe and Bamenda.

In addition, there is a deeds registry but accurate figures on number of deeds is not available. It takes 86 days to register property and cost to register is 19 percent of property value.

Policy and regulation

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

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

There is legislation to regulate the establishment and operation of a credit registry database. This is improving the credit information system. Government also passed legislation that requires inspection and notification before construction permits are issued. Government has decentralised the process of obtaining building permits with a time limit of 90 days. This is yet to be achieved as it takes up to 135 days to obtain a building permit.

Opportunities

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

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

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Central African Republic

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. Aside from abundant land, CAR is well endowed with natural resources such as timber, gold and diamonds. The urban population of CAR has substantially increased from 20.1 percent in 1960 to 40.3 percent in 2016, growing at an average annual rate of 0.99 percent. Additionally, 80 percent of CAR's population lives off subsistence farming and livestock. Subsistence agriculture, together with forestry and mining, remain the backbone of the economy, with about 60 percent of the population living in outlying areas. The agricultural sector generates more than half of GDP. Timber and diamonds account for most export earnings, followed by cotton.

Important constraints to economic development include the CAR's landlocked geography, poor transportation system, largely unskilled work force, and legacy of misdirected macroeconomic policies. Factional fighting between the government and its opponents remains a hindrance to economic revitalisation. Distribution of income is extraordinarily unequal. Grants from France and the international community can only partially meet humanitarian needs. Since 2009, the IMF has worked closely with the government to institute reforms that have resulted in some improvement in budget transparency, but other problems remain. The government's additional spending in the run-up to the 2011 election worsened CAR's fiscal situation. In 2012, the World Bank approved US$125 million in funding for transport infrastructure and regional trade, focused on the route between CAR's capital and the port of Douala in Cameroon. In July 2016, the IMF approved a three-year extended credit facility valued at US$116 million. In late 2016, the World Bank approved a US$20 million grant to restore basic fiscal management, improve transparency, and assist with economic recovery. Participants in the Kimberley Process, a commitment to remove conflict diamonds from the global supply chain, partially lifted the ban on diamond exports from CAR in 2015, but persistent insecurity will prevent GDP from recovering to its pre-2013 level.

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) were displaced. Despite the signing of a cease-fire agreement in July 2014 and the deployment of United Nations peacekeepers, the prospects for peace remain grim. However, the country is undergoing an internationally supervised transition involving several constitutional referendums as well as presidential and parliamentary elections.

The tentative economic recovery that began in 2014 is strengthening gradually, with a real GDP growth rate that reached 5.1 percent in 2016[1]. This improvement is rooted in the recovery of the extractive sector, which surged by 22.8 percent following the partial suspension of the Kimberley Process. Inflationary pressures, which were strong during the crisis, should lessen in 2017 and 2018 due to the recovery of transport in the Douala-Bangui corridor and to improved food supply. Inflation, which was 11.6 in 2014, was expected to gradually ease from an average of 5.6 percent in 2015, to around 4.7 percent in 2016 and is forecast at 3.5 percent in 2017. Despite showing promising signs of growth the country is also bound by the constraint and potential security of having a regionally based economic structure, which is directly affected by the regional economic fluctuations and market. For instance the CAR is affected by the 2.1 percent inflation rate for the

KEY FIGURES

Main Urban Centres	Bangui
Exchange Rate: 1 US$ [a] =	556.51 Central African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0049
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	4.5 | 4.1 | 3.6 | 3.0
Population | Population growth rate [d]	4 594 000 | 1.06
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	40.33 | 1.80
GDP per capita (current US$) | GDP growth rate (annual %) [d]	382 | 4.53
GDP (Current US$) [d]	1 756 124 677
GNI per capita, Atlas method (current US$) [d]	370
Population below national poverty line | Survey Year [c]	62.0 | 2008
Unemployment rate (%) (d)	7.4
Gini co-efficient (year of survey) [e]	56.24 (2008)
HDI (Global Ranking) | HDI (Country Index Score) [f]	188 | 0.352
Lending Interest Rate [d]	115.00 (2007)
Unsecured lending interest rate (housing microloan)	2.95 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	15 (2014) | 7 (2014) [l]
Down Payment (%)	
Credit % of GDP [d]	30.46
Average Mortgages % of GDP [g]	0.1 (2017)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	17.3
What is the price of the cheapest, newly built house by a formal developer or contractor?	24 000 [m]
What is the size of this house (in m^2)?	50
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	50
Ease of Doing Business Rank [j]	185
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	75
Cost (% of property value) to Register Property [j]	11.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Trading Economics
[l] World Bank Report
[m] Bangui (location)

Central Africa sub-region. CAR is member of the regional central bank, Banque des états de l'Afrique Centrale (BEAC), which lowered its benchmark interest rate by 50 basis points to an all-time low of 2.45 percent in 2015. It is likely that this looser monetary policy will eventually be transmitted to the country's financial institutions. Indeed, interest rates in CAR which are actually 2.95 percent, averaged 3.46 percent from 2009 until 2017; reaching its all-time highest level of 4.25 percent in July of 2009 and its lowest level of 2.45 percent in July of 2015.

Access to finance

According to a publication on APA news website (July 2017)[2], the CAR is primed to establish a housing bank; leading officials of Shelter Africa Center, a real estate and housing firm based in Nairobi, Kenya are posing the possibility of establishing a bank for housing. This is the result of a recent meeting between the company's leading officials and the Minister of Housing to find potential solutions to the difficulties of state officials without decent housing. The intention from Shelter Africa is to explore potential avenues for finance toward projects that involve the construction of social housing in the Central African Republic, to put an end to the crisis in the country's housing industry. However, the Minister warned that for such a housing scheme to become a reality, the country has to return to lasting peace and security[3].

However until the release of the aforementioned scheme there has been almost no housing finance instrument available in the country. The housing finance landscape remains underdeveloped, offering many opportunities for the development of this sub-sector. A few banks, such as Ecobank Centrafrique and the Sahelo-Saharan Bank for Investment and Commerce, offer housing credit (over a maximum fifteen-years term) and credit for equipment (for a maximum of three years) to individuals at between 8.5 percent and 17 percent interest rate a year, plus value-added tax (VAT), for up to CFA 50 million (US$85 280) for credit for equipment and without maximum amount for housing credit. These loans are secured by first order mortgages on the concerned properties and are in general supplied to public and private administration workers. Additionally, according to the World Bank data based on housing finance provided by Badev et al. (2014)[4] the minimum income required for a prudent mortgage in CAR is US$13 894 and only 0.5 percent of the population can afford this; the access to mortgage market is therefore challenging for almost all of the population.

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

As part of the Central African Economic and Monetary Community (CEMAC), CAR shares a common currency with other member states and delegates monetary policy to the BEAC. The financial sector is regulated by two regional regulatory authorities named COSUMAF (Commission de Surveillance du Marché Financier de l'Afrique Centrale) to regulate financial institutions and COBAC (Commission Bancaire d'Afrique Centrale) to administer, regulate, and supervise countries member banks; additionally, there is a Division of Financial Control at the Ministry of Finance and Budget which work as national authority for financial institutions.

CAR had made progress in providing access to finance until the last political crisis again disrupted efforts. CAR's financial sector is the smallest in the CEMAC region and accounts only for 17.6 percent of GDP today; it is thus largely underdeveloped and plays only a limited role in supporting economic growth. In addition to the BEAC National Office, the system currently comprises four commercial banks, holding approximately 93 percent of the total financial system's assets in addition to, two microfinance institutions (MFIs), two post office banks, three insurance companies, and a social security fund. Other financial institutions are largely absent from the country's financial system, and their development remains hampered by weak market infrastructure as well as the lack of the necessary legal, judicial, prudential, and regulatory frameworks. While the sector has seen some moderate expansion in recent years, financial intermediation levels are amongst the lowest in the world, and credit to the economy which was 15 percent of GDP in 2014, represented only 12.8 percent of GDP in 2016; additionally the main sectors benefitting from bank loans are in the same year are trade (20 percent), transport and communications (16 percent), forestry (12 percent) and other services (28 percent).

Access to housing related financial products remains a major challenge. Due to economic and security concerns, financial institutions, and particularly banks and MFIs, have largely consolidated their business in Bangui, the capital of the country. Bank branches and ATMs are mostly concentrated in three towns, with 71 percent of total branches located in Bangui. Coverage of banking services as measured by the number of branches per 100 000 adults was only 0.96 percent in 2013. In other words, there were fewer than 35 bank branches in the country in 2013. Ecobank Centrafrique is the most extensive banking company, with branches in each of the main urban centers. Ecobank has 12 branches all over the country, although eight of these are located in Bangui. The post office is in charge of the postal savings bank, primarily serving as a channel for salary payments to civil servants, a minimal percentage of which hold a savings account. According to the latest Getting Credit indicator of the World Bank's Doing Business Report (2017), CAR was ranked 139th out of 190 countries. About 5.7 percent of the population holds a bank account and only 0.5 percent have outstanding loans, while only one percent have access to MFIs. Low levels of mobile penetration also dampen the potential expansion of access to financial services through mobile technology.

Political and social instability has weakened the social fabric, reduced saving and investment among the population, and lessened the number of donors involved in the microfinance sector. Between 2007 and 2011 UNCDF, UNDP, the Central African Government and various players of the microfinance sector launched a four-year US$4 million programme named Programme d'Appui à l'Emergence d'un Secteur Financier Inclusif en République Centrafricaine (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 MFI's 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$3.9 million shared by 6109 accounts owners, and deposits amounting to US$8.8 million in 2013. The Société Financière Africaine de Crédit (SOFIA), another MFI, began operations in March 2009, and by end 2014 had 330 borrowers with total loans of US$0.24 million; however during the same year, the SOFIA deposits amount was higher (US$3.25 million) highlighting the issue of financial access in CAR.

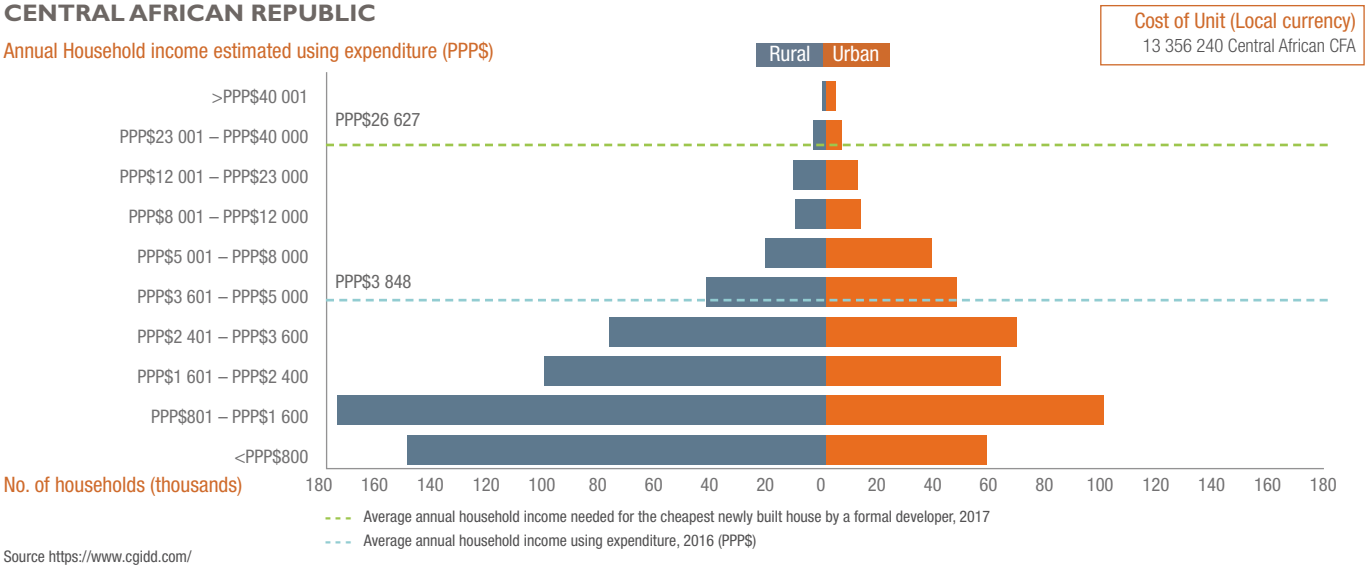
Affordability

Affordability is of great concern in the CAR housing sector. The high cost of building materials, low incomes of Central Africans, and the general political and economic volatility make owning a house a mere dream for the average citizen. In 2015, a simple one-bedroom housing unit with a modern toilet costs on average CFA 13.9 million (US$24 000). Compared to the average monthly income of only CFA 20 844 (US$36), the cost of a one-bedroom house represents 576 times the monthly revenue. It is obvious that only a tiny proportion of the Central African population can access formal housing.

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

A large number of Internally Displaced Persons (IDPs) occupy rental units (estimates are around 70 percent). Unsurprisingly, the main challenge for this group of IDPs has been the inability to pay rent, having lost their livelihoods. In Carnot and Sibut the monthly rent varied between CFA 2 895 to 5 790 (US$5.27-US$10.54) while in Bangui this could be anything between CFA 52 110 to 579 000 (US$94.9-US$1 054.47), depending on the size of the house and the main purpose of renting.

CENTRAL AFRICAN REPUBLIC



Source https://www.cgidd.com/

In 2016 a standard 50kg bag of cement cost as much as CFA 10 000 (US$18.21). Other building materials such as a standard iron bar and a sheet of corrugated iron cost between CFA 2 000 (US$3.64) and CFA francs 8 500 (US$15.48), and CFA 5 000 (US$9.1) and CFA 20 000 (US$36.42), 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 7 500 (US$13.66). However, the CAR's energy problems will have to be solved first, and given the recent political crisis, it is not clear when this plant will help achieve the previous expectation.

Housing supply

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

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

Property markets

The 1964 Land Code classifies land as being either within the public or the private domain of the state. The public domain is defined as all natural and artificial resources that, by their very nature, should be publicly managed for the benefit of the population. They are inalienable and cannot be traded commercially, for instance waterways, classified parks, lakes and railways. The private domain of the state is defined as all unregistered land, landholdings acquired by the state and the exercise of eminent domain. Obtaining ownership rights over land in the private domain of the state is possible. This requires, however, that land 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 2017 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, resulting in a ranking of 167th out of 190 countries for registry of property. This, as well as the government's weak land administration and management capacity in most parts of the country, explains the fact that only 0.1 percent of land has been registered. Between 1899, when the title deed was introduced, and July 2012 only 8 579 title deeds had been issued according to the land registry at the Ministry of Finance, the majority of which were for properties in Bangui and other urban areas. Homeowners in rural areas frequently only entered into verbal agreements regarding their ownership, often with involvement of a chief. The inclusion of unregistered land in the private domain of the state is therefore a very significant feature of CAR's land tenure system. Ownership of registered property can be transferred via purchase, inheritance and lease.

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

Policy and regulation

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

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

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

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

In addition to the existing regulation frameworks governing the housing sector, some recent policies have been implemented including:

- 2015/16 doing business reform: The Central African Republic made resolving insolvency easier by introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies.
- 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, however, not 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 need for cost-effective housing in all segments of the market and housing value chain. 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.

With high economic growth perspective related to the current reconstruction period, a huge housing backlog, growing middle and upper classes, increasing capital inflows from CAR citizens in the diaspora and other international investors, increased local investment and better legislation and reforms, the housing market is destined for sustainable growth. Additionally, in a recent econometrical investigation, Nguena et al. (2016) found that reconstruction after years of conflict that has devastated infrastructure is a key determinant of housing finance. Further planned structural reinforcements such as the potential housing bank are indicative of a market open for expansion and primed for the introduction of new finance and housing products.

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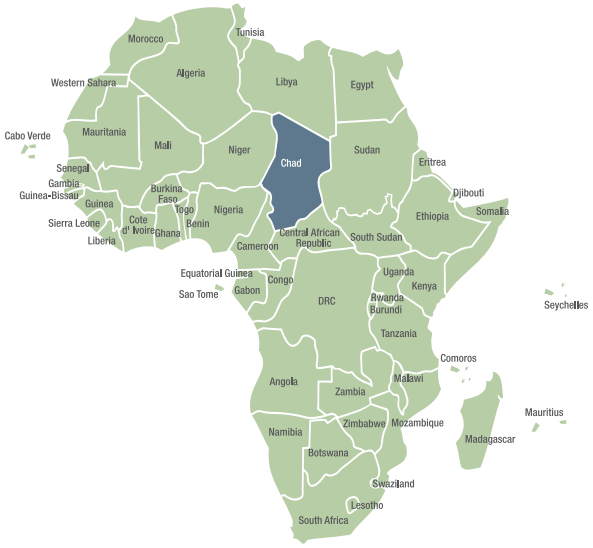
Chad



KEY FIGURES

Main Urban Centres	N'Djamena
Exchange Rate: 1 US$ [a] =	556.51 Central African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0046
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	3.7 | -1.9 | 0.2 | 3.1
Population | Population growth rate [d]	14 452 000 | 3.11
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	22.62 | 3.77
GDP per capita (current US$) | GDP growth rate (annual %) [d]	664 | -7.00
GDP (Current US$) [d]	9 600 761 474
GNI per capita, Atlas method (current US$) [d]	720
Population below national poverty line | Survey Year [c]	46.7 | 2011
Unemployment rate (%) (d)	7.0
Gini co-efficient (year of survey) [e]	43.32 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	186 | 0.396
Lending Interest Rate [d]	15.00 (2007)
Unsecured lending interest rate (housing microloan)	24 (2016) [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	5 | 10
Down Payment (%)	
Credit % of GDP [d]	26.09
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	155.38 (2006) [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	31.19 |
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	3.21 |
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	17 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	185 960 [h]
What is the size of this house (in m²)?	40
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	180
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	44
Cost (% of property value) to Register Property [j]	12.80

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] International Monetary Fund
[l] Jeune Afrique

Overview

Chad is a land-locked country in Central Africa, beset by regional instability, internal tensions between ethnic groups and environmental challenges of desertification caused by climate change[1]. Its geography results in a reliance on neighbouring countries and a sensitivity to regional conflicts[2]. Furthermore, Chad has been heavily reliant on financial support from the international community[3]. President Idriss Deby and his party, the Patriotic Salvation Movement, have dominated politics since 1990, and in 2016 was re-elected as president for a fifth term.

Classified as one of the ten least developed countries in the world, Chad has 46.7 percent of the population living below the national poverty line and 38.4 percent below the international poverty line of less than US$2 per day[4]. According to statistics from a UNICEF study released in 2015, 78 percent of young people and adults 15 years and older are illiterate, only 22.4 percent are enrolled in secondary schools and only four percent progress to further technical and vocational programmes. Only two percent of the population have access to electricity and only 12 percent to sanitation. The Gini coefficient of 43.3 demonstrates an unequal distribution of income despite high levels of oil revenues. 77.7 percent of households (just over two million) are rural, with only 9.2 percent (just under a quarter of a million) living in urban areas. The country has three small cities (100 thousand – one million) with the largest city being its capital, N'Djamena with a population of 721 081 people[5]. 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.

Chad holds substantial oil reserves which account for around 60 percent of fiscal revenue. However, the recent collapse in oil prices since 2014, rainfall deficits and the deterioration in the security situation have severely affected the economy[6]. Persistent violence in neighbouring countries creates humanitarian, military and political risks for the country. Chad plays a key role in regional efforts to combat Boko Haram and supports an estimated 750 000 refugees and internally displaced persons mainly in its border regions[7].

Authorities are implementing an emergency action plan to address the fiscal crisis, due to exogenous shocks, which has resulted in significant spending cuts and a reduction in the expenditure envelope to about half the 2014 level (in nominal terms). In recognition of the economic vulnerability caused by an overreliance on oil based sector there have been efforts made toward economic diversification[8]. In this regard, a new five-year National Development Plan (NDP) has been prepared that will provide a framework for economic policy from 2017. This policy focuses on: diversifying the sources of growth, lifting productive capacity, boosting job creation, strengthening governance, and restoring public finances and external accounts. The implementation of this plan is supported by the IMF's Extended Credit Facility (ECF) which has reportedly made satisfactory progress to date. Approval of the conclusions of the Third and Fourth Reviews of the programme enabled the country to benefit from financial help in November 2016[9]. These budgetary assistance supplements were provided by the African Development Bank, the European Union, France and the World Bank[10].

The dynamics of Chad's political instability are complex and continue to pose a threat to regional and national stability, and have a negative effect on the country's investment climate[11]. Chad is currently ranked 180 out of 190 countries on the World Bank's Doing Business Index.

Access to Finance

Chad is a member of Central African Economic and Monetary Community (CEMAC), which has a regional central bank – the Bank of Central African States (BEAC). All banks in Chad are subject to oversight by the Central Africa Banking Commission (COBAC), which is part of BEAC. Monetary policy is managed by BEAC, which prioritises controlling inflation and maintaining the CFA peg to the EUR. The BEAC is expected to continue to broadly track European Central Bank policy, given the region's economic and currency ties to the EU. In May 2017, BEAC has kept its policy rate at 2.95 percent in order to boost regional credit growth and enhance economic activity in the non-hydrocarbon sector.

Chad's financial system is amongst the least developed in the CEMAC region and is characterised by limited depth and low monetisation. Access to financial services remains a major issue for the vast majority of Chadians. In 2014, the number of commercial banks per 100 000 adults was 0.96, a 0.57 increase from 2004, but still significantly lower than regional averages[12]. Between 2011 and 2014, the number of ATMs increased from 30 to 64[13]. In 2011, only 2.7 percent of the population over the age of 15, and 0.56 percent of women, held a debit card from a financial institution[14]. In the same year, the vast majority of loans taken to purchase a home were held by women (7.17 percent of the 17.37 percent) as well as just over half of the mortgages in 2014 (2.85 percent of 4.51 percent)[15].

There are nine commercial banks, Ecobank, Banque Arabe Soudano - Tchadienne, Commercial Bank of Tchad, Banque de Développement du Tchad, Banque Internationale pour la Reconstruction & Développement, Banque Internationale pour l'Afrique au Tchad, Banque Tchadienne de Crédit et de Dépôt, Banque Sahélo-Saharienne pour l'Investissement et le Commerce, additionally there are two insurance companies, two pension funds and over 200 microfinance institutions. In 2015, it was estimated that 200 000 people benefit from microfinance packages with a credit stock of around CFA 18 billion (US$31 104 180) and a savings stock of CFA 12 billion (US$20 736 120)[16]. These packages include commercial loans, construction/housing loans, agricultural loans, and educational and social loans[17]. Collateral for which include cattle, land, or equipment and lending rates are usually significantly lower than that offered by commercial banks, at an average of 24 percent as opposed to the 12 percent offered by banks[18].

The deteriorating economy has impacted the banking sector. Banks' links to the government are significant because of their exposure to government debt, and the private sector's dependence on government spending. The ongoing economic crisis, has therefore led to a drop in credit to the private sector (about 5.4 percent year-on-year as of end-June 2016), and an increase in non-performing loans from 11.7 percent of gross banking loans at end-2014 to more than 17 percent at end-June 2016[19].

According to Findex 2014, 4.5 percent of adults have an outstanding mortgage. 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 mortgage and rates are set at between 12 - 17 percent (2011). 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, to private companies or multinationals. The Sahel-Sahara Bank for investment and Commerce (BSIC) also offers property loans.

Affordability

The capital city of N'Djamena is ranked as the 15th most expensive city to live in for expatriates by Mercer's Cost of Living Survey, in its worldwide assessment of 209 cities in 2017.According to Numbeo, the rental cost of a formal apartment in the city centre ranges between CFA 700 000 (US$1 252) and CFA 1.14 million (US$2 038) a month. Prime residential rentals are around CFA 2 million (US$3 576) a month, which is slightly down from a year ago as the market is generally stagnant. Furthermore, to buy an apartment costs approximately CFA 4.5 million (US$8 046) per square meter in the city centre and CFA 2.6 million (US$4 649) outside the city centre. In contrast, the average annual general expenditure per capita, in 2011, was CFA 231 190 (US$413), ranging from CFA 66 321 (US$119) for the poorest households to CFA 617 292 (US$1 104) for the wealthiest.

According to the World Bank, the absolute number of people living under the poverty line is projected to rise from 4.7 million to 6.3 million between 2012 and 2019[20]. This is reflected in the low affordability levels for formal housing in cities with 88.2 percent of the urban population living in slums or informal settlements. Chad has a relatively low unemployment rate of 4.2 percent of women, 6.8 percent of men[21] and nine percent of the country's youth. However, 32.6 percent of the employed population live below the international poverty line of US$1.90 per day and can therefore be classified as the working poor[22].

The World Bank claims that the inadequate and informal nature of housing is because of the extremely high cost of building materials, and an average waiting period of over 90 days to obtain a building license from municipal officials, are the main reasons that the rental market is predominantly informal. While there have been initiatives to decrease the cost of imports, such as road paving funded by the World Bank, the remoteness of N'Djamena and the lack of initiatives to provide affordable housing – marked by the fact that none of the loans provided by international donors have been for housing – means that the high cost of formal housing is likely to remain.

For the resale market, the World Bank's Doing Business 2017 report states that the standard price of property was CFA 22 330 414 (US$39 935) down from CFA 24 855 899 (US$44 452) in 2015. There is still little data available on the cost of constructing a house but what there is suggests that it continues to be high. The Lutheran World Federation (LWF) constructed 405 houses for refugees at a cost of US$45 500 a house in 2013. However, in 2014, LWF reported that it was able to build more houses at a cost of US$25 000. The lack of supply of adequate and affordable housing means that data on the cost of construction is scarce.

Housing Supply

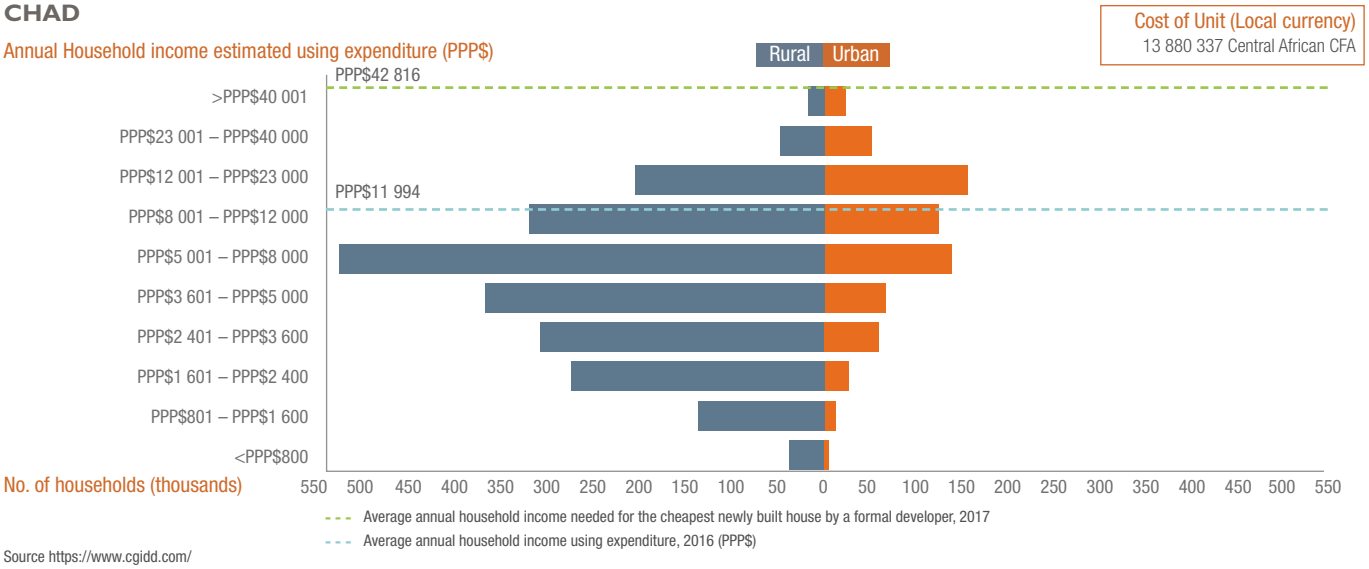
With over 90 percent of its urban inhabitants living in informal settlements, according to UN Habitat, Chad suffers from a severe affordable housing shortage. While there is little information available on the actual supply of housing, it appears that improvements in affordable housing have been slow; 77.5 percent of urban housing was classified as inadequate in 2003, decreasing to 73.1 percent in 2011.

Chadians tend to construct incrementally, accessing financing through family and informal sources, both in urban and rural areas, predominantly with traditional building materials[23]. According to the United Nations Settlement Programme, only 4.7 percent of all houses are built with durable materials. A relatively high percentage of houses have roofs built with durable materials (52.9 percent), but only 15.3 percent of houses have a durable floor and only 5.3 percent of houses have durable walls[24]. This presents a major challenge to construction regulation and price standardisations in mortgage markets. Its remote, land-locked location drastically increases the price of imported building materials, while local manufacturing in the local economy is limited. There are four cement producing factories (CimenTchad, DEPGEC SANIMEX and SONACIM, SONACINE USINE) all are located in the capital city. Despite this local production of cement, the price of concrete and other building materials are high and most construction materials must be imported from neighbouring countries.

Since 1998 the government has made numerous efforts to improve urban development and housing conditions in the country. In 2003, the government officially declared it would provide all citizens with decent homes, which at the time, reflected the willingness to use a significant part of the country's oil revenues to improve the living and housing conditions of the poor. Under its 2013 – 2015 National Development Plan, the government aimed to increase access to decent housing to 32 percent (from 28 percent in 2011). More recently, the government has stated that it foresees the construction of 125 000 new housing units by 2025; and in 2014, government announced the construction of 14 000 social housing units. However, it is not clear what progress has been made on both these initiatives. In the 2017 Budget, The Ministry of Urban Development and Housing, Ministre du Logement et de l'Habitat durable, was allocated CFA 223 billion (US$38 547 500). The majority of urban development funding is centred around informal settlement upgrade with a focus on water and sanitation provision.

While the oil boom had increased demand for formal housing at the top of the market it has done little to increase the supply in the affordable market. At the higher end of the market property is generally developed for owner-occupation

CHAD



Source https://www.cgidd.com/

or for leasing to expatriates. The current expatriate leasing market is dominated by the diplomatic sector as oil companies have downsized operations[25]. 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 (halted due to the cancellation of the summit) along with residential developments alongside the Ledger Plaza hotel. In the mid-market, there are plans for thousands of units close to the new Toukra University, which are currently under construction, although there are no new updates that are publicly available at this stage.

Property Markets

Protection of land rights is enshrined in Chad's 1967 codified Land Law. As with many African countries, the state holds all private and public land. This means that all land that is considered vacant or unoccupied is the property of the State. However, the Law prohibits the expropriation of land without due process and states that the government may only take possession of land 15 days after compensation is paid. Furthermore, Article 41 the constitution stipulates that land should only be expropriated in instances of urgent public need[26]. However, individuals and entities can obtain private ownership of state-held and other private land, through land grants, concessions and land purchases.

New land purchases require registration with the Land Registry and buyers must obtain a titre foncier (land title). However, enforcement of land rights is challenging partly because the majority of land owners do not have a title or a deed for their property. According to Human Rights Watch, in 2008, the government forcibly evicted an estimated 10 000 residents from N'Djamena and demolished some 1 798 homes in order to make improvements to the city. There was reportedly no recourse or due process and neither compensation nor resettlement assistance was offered to those affected[27]. The office of Domain and Registration (Direction de Domaine et Enregistrement) in the Ministry of Finance and Budget is responsible for recording property deeds and mortgages. In practice, this office only asserts authority in urban areas; rural property titles are managed by traditional leaders who apply customary law. Chadian courts frequently deal with cases of multiple or conflicting titles to the same property. In cases of multiple titles, the earliest title issued usually has precedence. The government does not provide clear definitions and protections of traditional use rights of indigenous peoples, tribes, or farmers. Given that the government recognises that registering land titles is a priority, in 2013, the Ministry of Land created the One-Stop Land Titling Office (Guichet Unique pour les Affaires Foncière)[28].

The World Bank's Doing Business Index 2017 reveals some of factors that inhibit the development of Chad's property markets: registering property involves 6 procedures, taking 44 days and at a cost of 12.8 percent of the price of the property. As a result, Chad is ranked 157 out of 190 countries in terms of ease of registering a property. Furthermore, the majority of title or deed records in the country are in paper format and there is no electronic database for checking for encumbrances (liens, mortgages, restrictions and the like). There are no publicly available official statistics tracking the number of transactions at the immovable property registration agency.

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 is framed around the: "(i) the creation of new productive capacities and opportunities for decent jobs, (ii) human capital development and the fight against inequality, poverty and social exclusion; (iii) environmental protection and climate change adaptation; and (iv) improved governance[29]." As part of the PND, Chad has allocated CFA 12.05 billion (US$20.2 million) to housing and provided the Ministry of Urban Development and Housing with a budget CFA 6.29 billion (US$105 million), for the period 2013 - 2015.

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

Opportunities

While Chad will face significant economic and political challenges in the short term, analysts predict that the economy will revitalise from 2018. The need for fiscal austerity measures will also start to moderate from next year, supporting public investment in construction and manufacturing. Chad offers an interesting market to work in, and one in desperate need of affordable housing developments. The high cost of formal construction provides developers with the opportunity to gain substantial market share by manufacturing building materials locally and/or innovating in the affordable segment of the market. Furthermore, there are enormous opportunities for both the public and private sectors to learn from the microfinance sector which has remained flexible and adaptive to the livelihood characteristics of the Chadian people, for example the use of livestock as collateral for loans. With relatively poor financial infrastructure (compared to regional standards) the growth in the mobile money sub-sector presents an opportunity for increased financial access, especially in remote rural areas for which there are two main mobile money banks, Airtel and Tigo.

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Comoros

Overview

The Comoros Islands are an archipelago of four islands and several islets located in the western Indian Ocean, just 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 total area of the four islands is 2 034 km². The population of Comoros was estimated at 795 601 in 2016 (an increase of 2.34 percent over 2015). The UN estimated that 33 percent of the population lived in urban areas in 2005, and that urban areas were growing at an annual rate of 4.36 percent. The capital city, Moroni, had a population of 53 000 in that year. Grande Comore, the largest island, has the largest populace, followed by Anjouan and then Mohéli.

Formerly a French colony, Comoros became independent in 1975 comprising three islands (Anjouan, Moheli and Grande Comore), while a fourth island (Mayotte) in the archipelago is still a French territory. Under the federal system, each of the main islands has its own president and elected legislature. The governors, formerly elected, were appointed by the president after the constitution was amended in 1982. There are also four municipalities: Domoni, Fomboni, Moroni, and Mutsamudu. "The economy of the Comoros is agriculture-based, and dependent on trade and foreign assistance. Foreign aid accounts for about half of GDP. Mineral resources are few; there is little industry. Agriculture accounts for 40 percent of GDP, and employs 80 percent of the population. Cassava, sweet potatoes, rice, and bananas are the staple crops along with yams, coconuts, and maize. Meat, rice, and vegetables are leading imports. Comoros is the world's second-largest producer of vanilla, with one-third of exports going to France, and the world's leading producer of ylang-ylang, a perfume oil. Cloves and copra are also exported. Land access is a problem, as is overpopulation. The fishing industry has potential but is still largely undeveloped."

More than 20 coups or attempted coups and a long period of political and institutional instability characterise the political history of the Comoros. In 2001, the Fomboni Accord led to the adoption of the new constitution, establishing the Union of the Comoros with broad autonomy for the islands. A secession attempt in 2008 requiring military intervention by the international community resulted in an amendment to the Constitution in 2009 for the presidential terms to be five years non-renewable. The President is assisted by three vice presidents, one from each of the three islands and the number of ministers is set constitutionally at 10.

KEY FIGURES

Main Urban Centres	Moroni
Exchange Rate: 1 US$ [a] =	416.86 Comorian Franc (KMF)
PPP Exchange Rate (Local Currency/PPP$): 1 KMF = [b]	0.0059
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	2.0 | 2.1 | 2.0 | 2.0
Population | Population growth rate [d]	795 000 | 2.31
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	28.41 | 2.72
GDP per capita (current US$) | GDP growth rate (annual %) [d]	775 | 2.20
GDP (Current US$) [d]	616 654 490,47
GNI per capita, Atlas method (current US$) [d]	760
Population below national poverty line | Survey Year [c]	44.8 | 2004
Unemployment rate (%) (d)	6.5
Gini co-efficient (year of survey) [e]	55.93 (2004)
HDI (Global Ranking) | HDI (Country Index Score) [f]	160 | 0.497
Lending Interest Rate [d]	10.50
Unsecured lending interest rate (housing microloan)	14 (2016)
Mortgage Interest Rate (%) | Mortgage Term (years)	10.5 | 30 [k]
Down Payment (%)	
Credit % of GDP [d]	31.29
Average Mortgages % of GDP [g]	28% (2015)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	28 169 (2015)
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7.89 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	40 950 [m]
What is the size of this house (in m²)?	120
What is the average rental price for a formal unit (in US$)	140 (2016)
What is the minimum plot size for residential property	150 m²
Ease of Doing Business Rank [j]	153
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	30
Cost (% of property value) to Register Property [j]	4.60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Banque Centrale des Comores
[l] LafargeHolcim
[m] Comores-Online

Besides weak political and institutional arrangements, the Comoros faces economic and social challenges such as a narrow economic base, poor economic diversification and vulnerability to external shocks. The level of poverty and unemployment, especially among the youth, are considerably high. The economy is heavily dependent on subsistence agriculture, fishing and imports and is inward-looking towards satisfying internal demand. Lack of basic infrastructure such as roads and energy, is considered as main constraints to structural transformation of the economy hampering the development of sectors such as tourism. As of 2006, "nearly 80 percent of the population was employed in agriculture, primarily subsistence farming. However, most of the farmland is owned by foreign investors and the majority of the nation's food products are imported. An underdeveloped transportation system limits domestic trade. The government is attempting to privatize commercial and industrial enterprises."

The African Economic Outlook 2017 states the need for further reform in the face of an ongoing electricity crisis. Economic growth was 2.1 percent in 2016 up from one percent in 2015 and the rate of inflation evolves around two percent. The per capita income was estimated at US$1 520 for 2016. The country lacks

the infrastructure necessary for sustained development. The rate of unemployment, especially among the youth remains high. With the new government's efforts to resolve and clean up public finances, economic prospects look brighter. The country is looking to adopt a regional strategy to address its under-industrialisation issue (10 percent of GDP) especially its narrow economic base and predominantly informal economy. Towards the promotion of private investment, efforts have been made to improve the business environment by strengthening the rights and remedies of investors and creditors, creating structured public-private dialogue and training entrepreneurs in management software etc. Obstacles include high cost of production factors, difficult market access, weak economic governance and the state's role in economic activity.

In its last Annual Report 2015, the Central Bank of Comoros reported on the poor economic performance in 2015 due to the energy crisis. The primary deficit was reduced from 2.1 percent to 1.4 percent of GDP, mainly through international assistance. Moreover, the balance of payments improved from deficit of 9.1 percent of GDP to a surplus of 0.6 percent of GDP in 2015.

The World Bank's 2016 Doing Business Report ranks Comoros as 153rd out of 190 countries surveyed in terms of ease of doing business. Improvements were noted in terms of registering property but it fared poorly in terms of starting business, getting credit, paying taxes and enforcing contracts etc. Comoros ranked 160th in the UN Human Development Index for 2016.

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, though some efforts have been made in terms of registering property as per the Ease of Doing Business report 2017.

Finance represents around 60 percent of the economy. The Central Bank of Comoros reports in its Annual Report for 2015 that deposits increased from FC75.7 billion in 2014 to FC86 billion in 2015 and credit increased from FC59.1 billion in 2014 to FC68.8 billion in 2015. More than 90 percent of its credit granted goes to the private sector and individuals. 51.1 percent of credit for 2015 was to the private sector enterprises compared to 52 percent in 2014 while 47.5 percent was towards individuals up from 46.2 percent in 2014. While short and medium term loans increased by 15 percent and 7 percent respectively in 2015, long term loans almost doubled for the same period.

At present, the country's financial system comprises seven lending institutions, of which the four commercial banks, including a development bank, and three financial intermediaries. A National Savings Fund, a postal savings bank, and two networks of microfinance institutions (MFIs) also operate, together with three foreign currency exchange/money transfer agencies. Under current regulatory frameworks, financial institutions can independently set their own credit and lending policies, though commercial bank interest rates and loans to consumers and businesses are partly regulated, with upper and lower limits set at fourteen percent and seven percent respectively.

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 Central Bank of Comoros, the number of bank accounts increased from 293 980 in 2014 to 318 659 in 2015. The number of clients who had a credit with the banks increased by 29.2 percent over the same period from 38 222 to 49 368. NPLs as a ratio of total loans granted increased from 18.8 percent in 2014 to 19.1 percent in 2015.

The IMF reports that Comoros's banking system is generally sound. Liquidity and solvency ratios remain high. The government has two priorities for strengthening the financial sector: the privatization 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, while the mobile phone subscription is still low, it has nevertheless increased from 35 730 in 2014 to 154 898 in 2015 representing an increase from 14 percent to 22 percent of the population.

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) conducted ten on-site inspections on two financial institutions through 2015, and is working towards the establishment of a credit bureau too.

In 2015, the BCC has, in collaboration with the IMF, brought new laws aiming at improving the regulation and performance of the banking system. It is also working towards compiling solvency indicators in line with international standards. The World Bank's 2017 Doing Business Report ranks Comoros as 118th for accessing credit (down from 109 in 2016), and 169th in respect of resolving insolvency.

There is currently no stock market present in the country, nor are there primary or secondary fixed income markets for government or commercial debt. Government financing is mostly undertaken in the form of direct credit from domestic commercial banks, and liquidity levels are controlled through the modification of reserve requirements only. The main source of inflow for the Comorian economy is remittances which totalled 70.4 billion in 2015.

Affordability

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

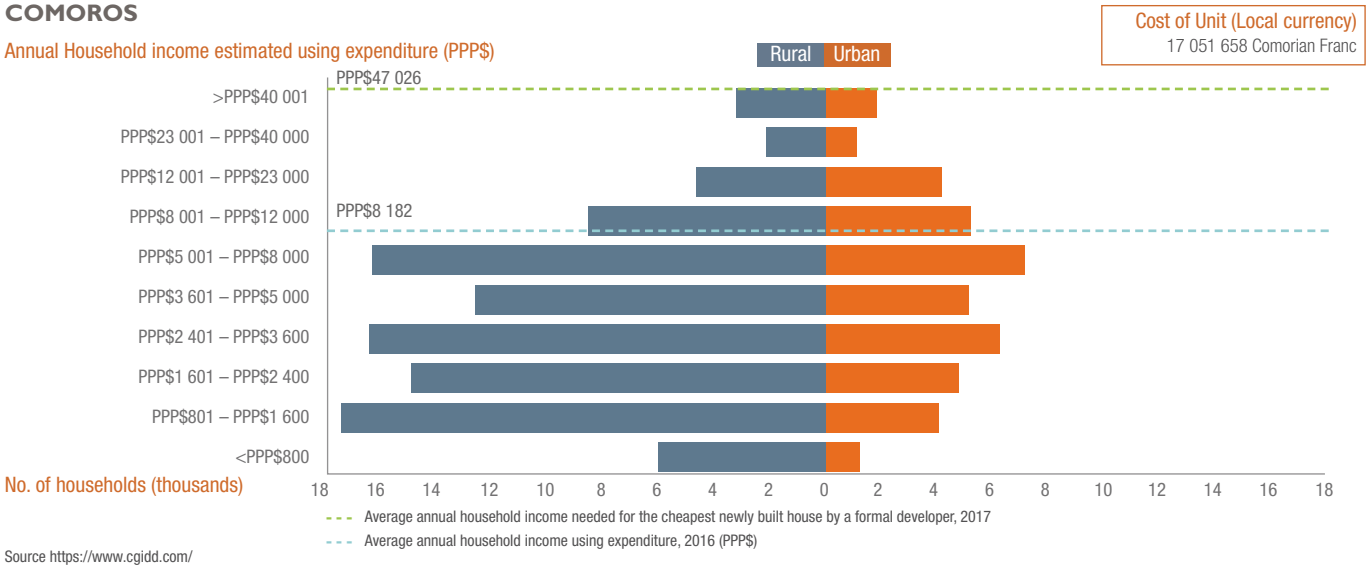
The Comorian economy is structurally dominated by the public sector. This is reflected in the size of the wage bill of the civil service or similar services, which annually absorbs most of the central government budget and leaves little leeway for public investment. The main feature of the public sector in the economy is the predominance of government shareholding in the country's main strategic enterprises such as the communications, water and electricity, and the Hydrocarbons Company of Comoros as well as financial institutions. 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, though there are signs of improvement in the recent years.

Housing Supply

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

Housing in Comoros varies from two-room structures covered with palm leaves to 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



Source https://www.cgidd.com/

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 as a follow up of the Habitat programme.

Property Market

While poverty remains pervasive in Comoros and the housing standard is basic, 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. 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 2016 Doing Business Report ranks Comoros at the 90th position for registering property up from 120th in 2016 showing a marked improvement.

Policy and regulation

The Ministry of Territorial Management, Urbanization, 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 2015, the Central Bank of Comoros reports that, following its on-site inspection, it is noted that compliance with Bank Prudential Ratios were well respected by the financial institutions though the internal audit function requires to be reinforced.

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

Opportunities

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

There is huge potential for development of infrastructure and other services. The government is attending to the energy crisis as well as on the infrastructure with the assistance from international stakeholders. 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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Congo Republic

KEY FIGURES

Main Urban Centres	Brazzaville (capital)
Exchange Rate: 1 US$ [a] =	556.51 Central African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0059
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	0.9 | 4.3 | 3.6 | 3.3
Population | Population growth rate [d]	5 125.82 | 2.6
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	3 372.69 | 3.2
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1.528.2 | -1.9
GDP (Current US$) [d]	7.833.51
GNI per capita, Atlas method (current US$) [d]	1.710
Population below national poverty line | Survey Year [c]	46.5 (2011)
Unemployment rate (%) (d)	16.1 (2009)
Gini co-efficient (year of survey) [e]	40.16 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	135 | 0.592
Lending Interest Rate [d]	15 (2007)
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	
Down Payment (%)	
Credit % of GDP [d]	38.90
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	26.6 | 48.74
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	3.76 | 2.05
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	
What is the price of the cheapest, newly built house by a formal developer or contractor?	
What is the size of this house (in m²)?	
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	177
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	55
Cost (% of property value) to Register Property [j]	12.30

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)

Overview

The Congo Republic is one of Africa's most urban countries, with more than two-thirds of the population living in towns and cities[1]. Public services and economic activity are concentrated in the two big cities, Brazzaville and Pointe-Noire, home to around 60 percent of the population. Brazzaville is the administrative and political capital (38.9 percent), and Pointe-Noire, the economic capital (20.6 percent)[2]. The government introduced a policy called "accelerated municipalisation" which has as its aim to rapidly develop the country's urban transformation. This is to be done through building socio-administrative infrastructure in all provinces and special economic zones in the country's four main towns and cities[3].

Congo has an estimated population of 5 125 821 and an average annual population growth rate of 2.6 percent as of the end of 2016. It had a GDP per capita of 1 528 and a GDP growth rate of -1.9 in 2016. The real GDP growth rate was 2.6 percent in 2015 and it was estimated at -2.4 in 2016[4]. Crude petroleum is an important resource and it accounts for 61 percent of Congo's exports and 60 percent of its gross domestic product[5], timber is the second largest export product. Overall growth was predicted to be 4.2 percent in 2016 and 4.7 percent in 2017, this would be a result of greater oil production from new wells and assistance from other sectors.

Congo Republic's score on the UN Human Development Index went from 0.590 in 2014 to 0.592 in 2015, which is a slight improvement. However, the Gini co-efficient was at 48.9 in 2016 according to the World Bank, which reflects an unequal society in which poverty is rife. As a result, unemployment is high, particularly for women, youth, and those living in the main cities of Brazzaville and Pointe Noire, with the rate of unemployment for those aged from 15 to 29 years standing at about 32.7 percent, according to the 2011 ECOM Survey[6] and the total unemployment of the labour force was 11.2 percent in 2016[7]. The informal sector accounts for 75 percent of urban jobs[8], which are mostly in low-productivity services and commerce. What could have been a burgeoning industrial sector has been impeded by structural weaknesses in transport and energy supply, industrial jobs are three percent of the total and administration accounts for 19 percent[9].

Access to finance

The Bank of the Central African States (BEAC) is the regional Central Bank of the Central African Economic and Monetary Community[10], serving six African countries – Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic and Chad. The Central Bank head office is located in the capital of Cameroon. These six countries share a single currency and unified financial and banking legislations. Congo suffers from high overhead costs of Congolese banks, which are comparatively speaking, amongst the highest in the world. This is a result of the poor business environment and the lack of public credit registries in Congo[11].

Congo's formal financial system is not well developed. There were 3.96 commercial bank branches per 100 000 adults and 8.19 ATMs per 100 000 adults in 2015[12]. Congo scores low in terms of 'ease of getting credit', ranking in 118th place out of 189 countries according to Doing Business Report 2017, thus down from 109th place recorded in 2016.

Congo had 10 banks as of 2015[13]. There are 75 Micro-Finance Institutions, 34 of which are independent and the rest organised under the network of the Mutuelle Congolaise d'épargne et de Crédit (MUCODEC) – Congolese Savings and Loans Mutual. The main banks providing banking services are BGFI Bank, the Banque Congolaise de l'Habitat, the Congolaise de Banque, United Bank for Africa, the Banque Commerciale Internationale, Ecobank, Espirito Santo Bank, Société Générale, the Banque Postale du Congo, the Banque Syno-Congolaise pour l'Agriculture[14]. Agricultural Bank of China is to open a new subsidiary in Congo, the Sino-Congolese Bank for Africa (BSCA Bank). The official headquarters are being built and should be operational by early 2018. BSCA Bank is 50 percent owned by the Agricultural Bank of China.

The main commercial banks in Congo have been privatised. However, the commercial banks provide credit and services primarily to large clients involved in the sectors of oil, forestry, telecommunications, import-export, and services. The Congo's informal economy is predominantly cash based, and commercial banks serve only a small segment of the market[15]. The country's largest credit union, MUCODEC, provides small and micro-loans to businesses and private individuals. Several banks, including United Bank of Africa and La Congolaise de Banque, have started to offer loans of up to US$100 000 to private individuals and small businesses in recent years.

The number of savings banks remains low. The mortgage finance market is still in its infancy, but with huge potential for growth. Very few banks provide medium-term and long-term credit. A bank that grants this type of credit is SOCOFIN in Congo Republic[16]. Nearly 70 percent of loans in Congo require collateral. The value of the collateral on average significantly exceeds the value of the loan[17]. The Congolese tend to use bank accounts for business purposes more than the regional average, other uses of bank accounts include receiving government payments and wages, as well as for sending/receiving remittances[18]. This is shown by the comparatively widespread use of bank tellers for deposits in Congo, as well as the limited use of advanced payment services such as ATM machines[19].

Affordability

In the formal sector, the state is the largest employer, offering an average monthly salary of about CFA Francs 150 000 (about US$269). 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 at 46.5 percent in 2011. The 2014 World Bank report states that Congo has 50 percent of the urban poor against 75 percent in rural areas. It ranked 135th out of the 188 places in the Human Development Index in 2015.

Construction costs in the urban and semi-urban areas are high and increasing. It costs about 9 million CFA francs (about US$16 130) 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, finishing's and decorations. In the rural areas, the construction costs are lower as most of the houses built are of a semi-standard and sub-standard materials, with local materials such as sun-dried bricks made from clay. Based on the most recent World Bank statistics, in 2014 an estimated 43.2 percent of households had access to electricity. However, the 2015 socioeconomic studies sets the number of households connected to the electricity network as low as 22 percent for Brazzaville and 39 percent for Pointe-Noire[20].

The proportion of unplanned settlements in the two main cities of Brazzaville and Pointe-Noire is around 60 percent of the land area, or about 10 000 hectares, with a high proportion of housing stock (35 percent in Pointe-Noire) made from fragile materials. In 2005 (latest figures available), these areas hosted 64 percent of households in Brazzaville and approximately 50 percent in Pointe-Noire[21]. A 2009 study of poverty carried out in the two cities revealed a significant lack of access to basic infrastructure and services. This was confirmed by more recent data (2012) from UN-Habitat on Pointe-Noire and PEEDU-funded socioeconomic studies of the two cities (2015)[22].

In Congo Republic, housing is comprised predominantly of single-family homes. The surveys indicate that 57.7 percent of all households own and live in single-family homes. Most rural households live in single-family homes (83.4 percent) while in the cities there is a greater tendency (49.2 percent) towards houses comprising several apartments[23]. This situation is attributable to the relatively high cost of land and construction in the cities. In general, in both urban and rural areas, many properties can be considered slums owing to their informal construction, as opposed to villas which reflect a privileged standard of living[24].

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 and the growing middle and upper class population. A quarter of the Congolese population lives in the capital Brazzaville. The demand for housing has increased without a subsequent increase in supply. This increasing mismatch between demand and supply for housing continues to push up house prices both for ownership and rental. In Brazzaville and Pointe Noire, housing demand was estimated at 13 550 units per year versus an annual delivery of just 2 000 units[25].

There is an increasing number of local housing companies and developers from the USA, Canada, China and South Africa who are entering the housing market using a BOT (Build, Operate and Transfer) model. Most of 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. However, this situation is set to improve in the very near future with the recent interest and activity of developers in the region.

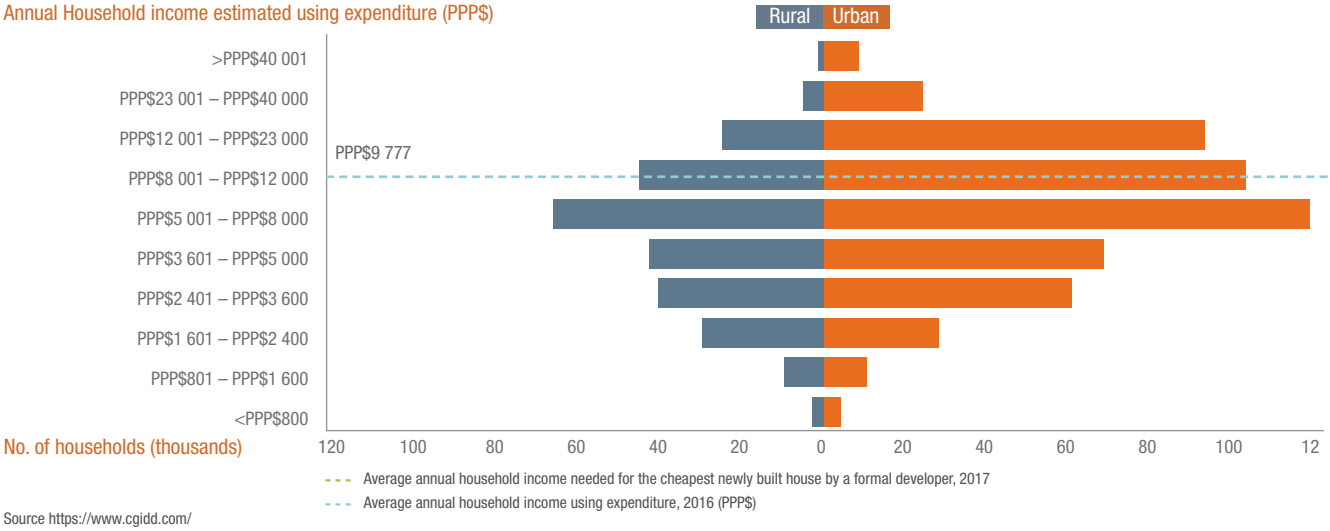
Congo introduced the Bank co-financed Water, Electricity, and Urban Development Project (Projet d'eau, d'électricité et de développement urbain, (PEEDU)) in 2010. The US$125.5 million project is funded at 80 percent (US$100 million) by the government and 20 percent by the Bank (US$25.5 million). An additional financing for the project of US$150 million for the electricity sector was approved in 2014 (US$60 million blend IDA/IBRD and US$90 million government financing). It is an example of the new partnership program with the Congo Republic, whereby the role of the Bank was to assist the country to improve selectivity and efficiency in its own programs, with the government providing the major part of investment funds[26].

Under the PEEDU, a new urban policy was elaborated and detailed in a sector policy letter. The policy letter provides a reference framework for 2012-22 with regard to urban sector actions and investments. It defines strategies to promote sustainable development of urban centres, accounting for challenges related to urban organisation, land administration, taxes, infrastructure, and service delivery[27].

The development objectives of the Urban Development and Neighbourhood Upgrading Project for Republic of Congo are to: (i) improve access to infrastructure and basic services for people living in selected unplanned settlements in Brazzaville and Pointe Noire; and (ii) strengthen government and municipal capacity for urban upgrading. The project comprises of three components. The first component, integration and neighbourhood upgrading objective is to provide access to infrastructure and basic services in targeted neighbourhoods and improve connectivity and network integration with the rest of the city. It consists of following two sub-components: (i) connectivity and network investment program; and (ii) upgrading investments. The second component, development of institutions and capacity objective is to institute an integrated approach to upgrading existing unplanned settlements and to reduce the emergence of new unplanned settlements. It consists of following four sub-components: (i) community facilitation; (ii) neighbourhood upgrading plans; (iii) urban sector organization and regulation; and (iv) city-level institution building. The third component relates to, project management, coordination, and evaluation will fund incremental operating costs for the project coordination unit (PCU)[28].

The Fuller Centre is working with the International Partnership for Human Development, Engineering Ministries (eMI), USAID, Embassy Brazzaville and B.L. Harbert International to build 30 homes in Makana II. The town – just west of Brazzaville – is bisected by the Route National No. 1 highway. Recent restorations to No. 1 meant that several homes in Makana II had to be demolished to allow for a 25-meter buffer zone on either side of the highway. On May 25, 2008, the Fuller Centre and its partners began constructing 24 houses in Makana II on plots of land already owned by the villagers. The residents decided on two-bedroom homes to be made of baked clay bricks with corrugated metal roofs and a front porch. Homeowners will pay the equivalent of US$20 on a long-term, fixed-rate payment schedule.

CONGO REPUBLIC



Source https://www.cgidd.com/

The Housing construction program in the municipality of Kinétélé is a firm order for the Congolese state on behalf of EMT Building subsidiary Alliances. This is a housing construction program in the municipality of Kinétélé (northern suburbs of Brazzaville). This program of 4 000 residential units is spread over a land reserve of 100 hectares. The site will host an urban centre with 22 facilities (sports complex, 43 showrooms, shopping centre, court, city hall and hotel). Work commenced in 2014.

A project of at least 10 000 social housing units to be built by the Douja society Promotion Addoha Moroccan Group in the capital Brazzaville and Pointe-Noire was commenced in 2014. These homes will be added to those currently under construction in the two cities and will be part of the renovation of the urban landscape that will cover an area of 40 hectares with 20 hectares for each city.

On an area of three hectares, the area 68 to Manianga, located in the 9th district of Brazzaville (Djiri) is a social housing construction project called "Better Living in the neighbourhood." Work started in January 2016 and a total of 115 units are under construction. Some houses are already nearing completion. There are three types of housing: two bedrooms plus a dining room; three bedrooms plus a dining room and four bedrooms and a dining room. These houses are built with sustainable materials, manufactured largely on site. The project is supported by a local bank.

The company Maisons sans frontières Congo has projects underway. These include; the ROC-BIME project in Brazzaville which is a residential complex which includes 1 200 buildings. It is located in the northern suburbs, Mount Barnier, in an area of 150 hectares. Residents will be able to choose from six types of homes, ranging in size from 500 square feet to 570 square feet. The project "Residences Caribbean" in the new town of Kunda is 15 minutes from the city centre by a new road along the coast; the project consists of 3 000 houses and is a 600 hectare site. The development works started in October 2014 and the first houses started in the month of August 2015. A smaller housing project is DNS Residences, to be built in the city of Oyo, in the northern part of the Republic of the Congo, almost 400 kilometres away from Brazzaville. The entire complex will have 300 homes, situated on a 74-acre lot of land as with the other two complexes. This project was introduced in late 2016.

Property markets

Brick houses are increasingly visible in Bacongo, a residential neighbourhood. In Brazzaville, the average prices of houses having three rooms range between CFA 50 000 and CFA 80 000 (about US$89.61 to US$143.38). As a result, low income households are unable to afford decent housing. The suburbs are marginalised and lack basic urban facilities, as they are still far from the city centre and deficient in basic infrastructure and employment[29].

Properties situated in the city centre of Brazzaville include 2-3 bedroom apartments costing between CFA francs 1.5 and 2.5 million (about US$26 88 – US$4 480); 2-3 bedroom houses between CFA francs 2.5 and 4 million (about US$4 480 – US$7 169).

In downtown Pointe Noire a one bedroom apartment costs CFA francs 1 000 000 (about US$1 792), unfurnished and CFA francs 1 500 000 (about US$2 688), furnished. A three bedroom apartment costs CFA francs 2 500 000 (about US$4 480), unfurnished and CFA francs 3 000 000 (about US$5 376), furnished. A three bedroom villa costs CFA francs 2 500 000 (about US$4 480), unfurnished and CFA francs 3 500 000 (about US$6 272), furnished[30]. In the city centre, for a three bedroom and a living room, the rent increases to CFA francs 3 million (about US$5 376) per month, according to an official of the agency Property NBY Pointe-Noire. The price of land is also prohibitive. In the centre, it takes a minimum of 70 million CFA francs (about US$125 458) to buy a plot of 500m^2. In remote areas, prices fall around CFA francs 500 000 to CFA francs 700 000 (about US$896 – US$1 254) for the same.

The development of the construction industry is limited by the high cost of materials like cement, and funding provided by the Housing Bank, at least for creditworthy households who have collateral. The rest resort to self-financing and, when the means do not follow, work is halted pending further financial returns. The property sector is characterised by lack of property ownership and bottlenecks in land registration.

Policy and regulation

The government has been slow in putting in place reforms that would address the constraints to housing supply. 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 2016 Doing Business Report, the Republic of Congo made transferring property less costly by lowering the property transfer tax rate. In 2017, it costs 12,3 percent of the property value to register property.

On 26 September 2013, the President of the Republic, Mr. Denis Sassou-Nguesso, promulgated Law No. 19-2013 establishing the Sn-HLM (National Society of Low-Rent Housing), which is a public industrial character and trade, under the supervision of the Ministry of Construction, Urban Planning and Housing. The creation of this company is an important link in the process of access to social housing, thus completing the process for Congolese to access housing.

Congo Republic is party to the Organisation for the Harmonisation of Business Law in Africa (OHADA), a commercial code adopted by 16 African countries that governs investments and business practices.

Law No. 24-2008 on Land Tenure determines the regime for the recognition, possession, use and exploitation of urban land areas of public and private persons. Law n° 27 - 2011 of 3 June 2011 established the Land Agency for Land Development which creates a public institution of an industrial and commercial

nature called the Land Development Agency which is responsible for carrying out land acquisition operations; the development and disposing of areas of land necessary for the realisation of projects of general interest and to contribute, on behalf of the State, to the collection by the public treasury of the rights and fees relating to the acquisition, development and transfer of land. Law No. 17-2000 on the Land Ownership Regime; real property and real property rights belonging to natural or legal persons of Congolese or foreign nationality are subject to the provisions of this law.

Opportunities

The Republic of Congo has accumulated, since its accession to national and international sovereignty, a significant shortfall in housing that is a real social problem. As a result, the construction industry currently enjoys a favourable climate for its development due to the accelerated municipalisation policy and the policy of modernisation of social habitats in the country. This is line with "Congo, an emerging country by 2025" which is the goal that the government has set.

Today, private initiatives are increasing, public and private investors show a notable increase each year in Congo. Several projects are running, including public-private partnerships. Through these partnerships, more than 3 000 housing units were started, 600 of which are being finalised. To encourage private investment, the government has set up an incentive and an advantageous framework for business taxation and customs.

There are huge opportunities for retail, commercial and industrial real estate in the urban and semi-urban areas. Despite the building market and booming construction, rents in Congo continue to rise. To this must be added the scarcity of homes for rent.

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Côte d'Ivoire

Overview

The Republic of Côte d'Ivoire is in West Africa and bordered by Liberia, Guinea, Mali, Burkina Faso, Ghana and the Atlantic Ocean. The country has a population of 23.3 million, and is the world's largest cocoa producer. The economy grew strongly for the fifth straight year in 2016 due to a better business climate, public and private investments, and a robust consumption. According to the African Development Bank, economic growth was at 8.4 percent in 2016 in spite of a slow decline in agricultural output and projected to slow down to 7.3 in 2017 as agricultural exports decline.

The government is implementing a new National Development Plan, (Plan National de Developpement 2016-2020, PND) which focus on diversifying production by capitalising on comparative advantages in the agricultural sector. The new plan estimated at FCFA 30 trillion (US$60 billion), 62 percent of which will be financed by the private sector through public-private partnerships and 38 percent by national and international public resources. The new development plan has been fully supported by Cote d'Ivoire development partners which committed US$15 billion in financial support at the May 2016 advisory meeting in Paris.

As a result of the government efforts in improving the business climate, political and social reconciliation, Cote d'Ivoire is still attracting foreign investors from European Union countries, China, Morocco and the traditional partner, France. Major political reforms are being implemented; a new constitution adopted, a vice president appointed, and a senate has been created. Elections were held as planned, with legislative elections, a new national assembly and a new government. Alhassan Ouattara, the outgoing president was re-elected.

Côte d'Ivoire remains the largest economy in the West African Economic and Monetary Union (WAEMU/UEMOA) and accounted for 35 percent of the region's total GDP in 2016. The rate of urbanisation at 51.4 percent in 2016 is among the highest of the union. According to the National Censure of 2014, 49.7 percent of the population live in towns and cities including 19.4 percent in Abidjan where most economic activity is. The government expects to change this situation with three ongoing projects; investment to double electricity by 2020, an urban plan for the districts within Abidjan, and upgrading the road between Bamako and San Pedro. The ongoing projects implementation has been rated moderately satisfactory by the World Bank.

KEY FIGURES

Main Urban Centres	Yamoussoukro
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0042
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.2 | 1.1 | 1.5 | 2.0
Population | Population growth rate [d]	23 695 000 | 2.51
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	54.87 | 3.77
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 526 | 8.76
GDP (Current US$) [d]	36 164 644 633
GNI per capita, Atlas method (current US$) [d]	1 520
Population below national poverty line | Survey Year [c]	46.3 | 2015
Unemployment rate (%) (d)	4.0
Gini co-efficient (year of survey) [e]	43.18 (2008)
HDI (Global Ranking) | HDI (Country Index Score) [f]	171 | 0.474
Lending Interest Rate [d]	5.60
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	5.5 | 25 (2016)
Down Payment (%)	
Credit % of GDP [d]	32.27
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	8 536 (2016)
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	9.05 | 13.05
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	11.05 | 7.66
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	9.27 (2016)
What is the price of the cheapest, newly built house by a formal developer or contractor?	8 536 (2016)
What is the size of this house (in m^2)?	...
What is the average rental price for a formal unit (in US$)	256 (2016)
What is the minimum plot size for residential property	...
Ease of Doing Business Rank [j]	142
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	30
Cost (% of property value) to Register Property [j]	7.60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)

In spite of the economic growth, the government's efforts, and an increase in expenditure in favour of the poor, though significant still does not meet the strong social demand for better condition of living of the people.

Access to finance

Cote d'Ivoire represents the largest financial market of the UEMOA countries, with 35.3 percent of the union GDP and 33.3 percent of the union banking assets. According to the Central Bank of the Union (BCEAO), the country's financial industry has sustained double digit growth since emerging from the national political crisis, with aggregate assets of CFA Francs 600.6 billion (US$1.01 billion) in November 2014. To date there are 28 banks, 31 insurance companies, 80 microfinance structures (MFIs) and two financial institutions. In spite of its weight in the UEMOA region, access to finance is limited and majority of the banks activities are concentrated in Abidjan and bank lending remained low at 18 percent of GDP in November 2014. According to World Bank financial inclusion data / Global Findex only 34 percent of adults 15 and above have bank accounts, nine percent have savings and two percent have borrowed from formal financial institutions. In 2017, there were 41 MFIs listed on Mix Market, with US$186 million worth of loans dispersed to 62 000 borrowers, 121 million deposits and 199 000

depositors. Data for UNACOOPEC-CI, one of the popular microfinance institution of Cote d'Ivoire, was not included.

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

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

The president's programme of constructing 60 000 houses between 2010 and 2015 has not been materialised in spite of the numerous initiatives and incentives among which are the negotiation of favourable conditions with commercial banks to decrease interest rates on housing loans to 5.5 percent as opposed to 9.5 to 12 percent formerly; extending the reimbursement up to 25 years; effective application of the Social Fund for Housing, (Fonds de soutien de l'habitat, FSH) and the creation of a mutualist guarantee fund for prospective homeowners (Fond de cautionnement mutuel pour tous les demandeurs de lodgements sociaux).

According to the former Minister of housing, M. Gnamien Konan only 4 223 units were produced out of 60 000 programmed in spite of the government's efforts to facilitate access to housing ownership. As a result the Le Ministère de la Construction, du lodgement, de l'assainissement et de l'urbanisme (Ministry responsible for housing) has invited all the stakeholders of the housing programme to contribute to providing solutions to change the status quote. The government has since adopted new measures to satisfy consumers, Housing developers and financial institutions. Among the new measures are the revision of the interest rates and the prices of the houses. The cheapest house is now 12.5 million (US$21 078) as opposed to 5.5 million (US$9 275) the initial price. Some people are still sceptical about the government programme to the extent of demanding the reimbursement of their deposits.

The government still continues with the efforts of providing decent and affordable housing which has become a very sensitive issue and a key legislative component of the current government, especially the need to strengthen the financing options for homebuyers and real estate developers. The government has introduced new incentives in 2017 by Ordonnance N° 2017 – 279 du 10 mai 2017 to encourage real estate developers; reduction of 50 percent of taxes on profit for those developers that dedicate 60 percent of their production to very low income groups (social housing). The government has fixed the prices of houses in the governmental programme as follow: FCFA 23 million (US$38 785) per unit for economic houses and FCFA 12.5 million (US$21 078) for social houses. The government is also encouraging institutions and corporations to participate in housing development for their employees.

With the aim to decrease the cost of housing as well as material wastage, LafargeHolcim is developing an exemplary approach to affordable housing by linking low-income households, housing finance, materials and developers in one scheme.

Affordability

In 2017 access to adequate and affordable houses remains a challenge in Côte d'Ivoire in spite of the economic growth and the different initiatives to promote affordable houses. At the end of 2016 out of 60 000 houses promised in 2010 by President Alhassane Ouattara to be delivered between 2011 and 2015 only 4 223 units were constructed. Rapid urbanisation, low minimum salary, and the inequalities in social infrastructures have accelerated urban poverty and slums in the cities especially in Abidjan where 19.4 percent of the population live, according to the 2014 censure. Abidjan also housed majority of the country's economic activities and bidonvilles due to the influx of immigrants from the rural zones in quest of opportunities in Abidjan.

In spite of the economic growth and the different housing programme, access to affordable housing is a challenge to an average Ivoirian who earns less than FCFA 60 000 (US$101) a month which has been the minimum salary since 2013. The minimum salary relates to those people working for the government and the formal private sector which barely represents 18 percent of the labour force. The majority of the population works in the agricultural sector and the informal sector. They live in shanty houses in the popular streets such as Kumasi where there are little or no urban infrastructures. Rents in the popular streets are very speculative and range between FCFA 35 000 to FCFA 75 000 (US$60 to US$85) for a room. Rents are rising in the residential zones especially the popular areas such as Cocody and Bietry-Marcory where the majority of expatriates live. According to Frank Knight 2017 report, a four bedroom executive apartment is about US$3 700 per month.

To boost affordability the government has initiated a series of programmes since 2010 including the promotion of mortgage activities and a diversified housing development programme among which are the modulated homes of FCFA 5 000 000 (US$8 432)(LEM, Logements a equipement modere) i.e only the structure is built and the home owner provides the rest. The government's goal is to provide adequate houses for all categories of the population that is the low, middle and high income Ivoirians.

Some of the solutions proposed by the developers is for the government to pay the expenses of public utilities such as installation of water, sewage, electricity, and secondary routes construction and also enforce the interest rate of 5.5 percent decreed by the government but in reality not practised by banks.

Affordability remains a challenge in spite of the different programmes and policies put in place to make housing accessible to all. The reality is that some of the policies are difficult to implement due to the gap between demand and supply and the speculation of land prices.

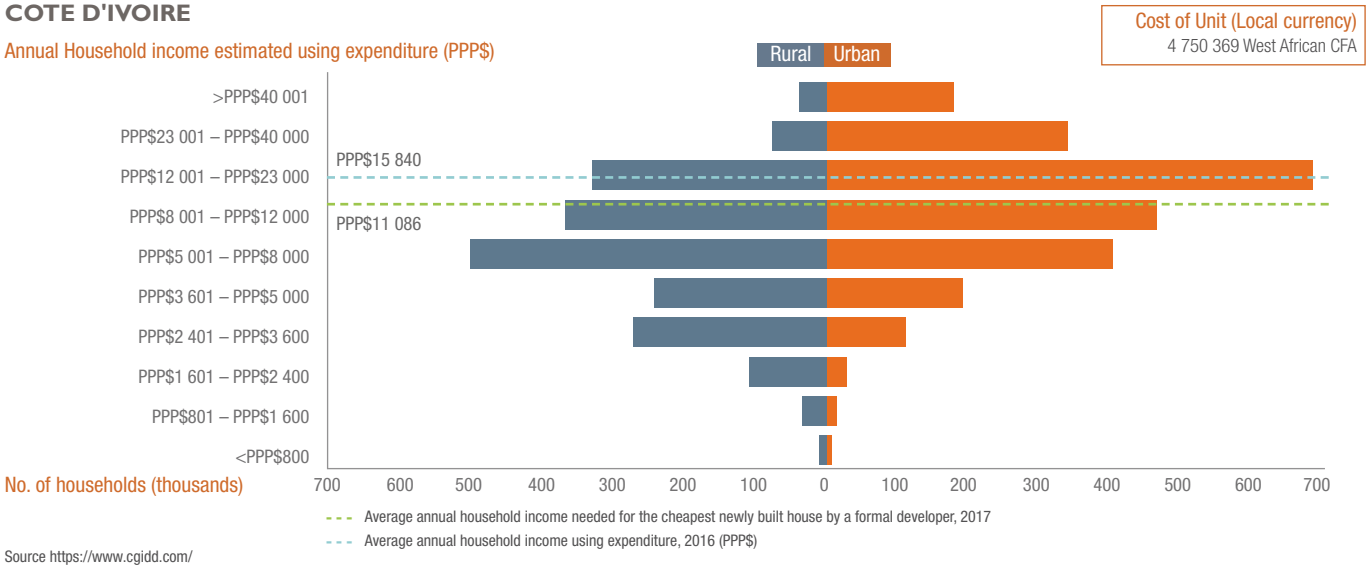
Housing supply

Majority of houses in Cote d'Ivoire are self-built but the government through its economic development policies contributed a lot into housing development between 1970 and 1980 especially in the former capital city, Abidjan. SOGEPHIA and SICOGI are the two public companies in charge of housing development and property management. Between the two companies 24 254 housing units were constructed in Youpoghon, 10 770 in Cocody and 6 938 in Port Bouet during those years. The houses are individual villas, duplexes and one to two storey buildings with apartments and studio built with adequate construction material and in well planned urban communities with amenities. SOGEPHIA and SICOGI produced housing in relatively mass scale but other actors in the market include the informal enterprises that produce the majority of the stock of houses in the country. As from 1995 the government stopped subsidizing housing and this has contributed to an acute deficit in housing even before the civil war. Currently the government is focusing on investing in mass produced affordable houses through different mechanism to bridge the gap between supply and demand as a result of which a lot of construction is going on in the cities all over the country and especially in Abidjan.

Côte d'Ivoire housing deficit in 2016 was estimated to be over 600 000 units, with the need being most prevalent in cities. The government estimates the annual housing deficit in the country to be 400 000 and in Abidjan alone to be 200 000. Housing supply in the capital is less than 3 000 a year and most people are renters (75 percent of the population of Abidjan were renters in 2014). Rents for a studio i.e. a minimum unit, range from FCFA 125 000 to FCFA 200 000 (US$210 – US$337) in a middle income zone. The housing deficit is a source of rent speculation and other consumers' complaints. To protect the population, Le Ministère de la Construction, du lodgement, de l'assainissement et de l'urbanisme introduced in 2015 a code of urban properties, (Le code du foncier urbain) to regulate rents and minimise rental guarantees and other rental miscellaneous funds.

Construction of decent affordable homes was among the electoral promises of President Alhassane Ouattara in 2010. The president was re-elected in 2015 and housing is still one of the priorities of his government. The former government did not meet the goal of 60 000 houses programmed in spite of considerable efforts due to a number of factors among which are difficulties in acquiring land all over the country and especially in Abidjan, the difficulties in mobilising funds for

COTE D'IVOIRE



Source https://www.cgidd.com/

compensating the traditional owners and elaborating the feasibility studies. Other reasons are the underestimation of the cost of the cheapest housing unit at FCFA 5 million (US$8 532) and the slow pace of execution of contracts by local developers. The prices have been revised to FCFA 12.5 million (US$21 078) for the cheapest and FCFA 23 million (US$38 785) for the moderate.

The government recognises the limit of the country's housing policy as illustrated by the gap between supply and demand for homes in spite of considerable efforts. All the measures introduced in 2016 by the former Minister in charge of housing such as the tax on the importation of construction material, cement and clinker, a housing tax on salary to constitute a special fund which will serve as a guarantee for banks have not been fully implemented. The country is also promoting aggressive economic diplomacy to encourage countries such as Morocco which is recognised for its expertise in housing mass production, to participate in the housing development programme; the first delivery estimated at 117 out of 745 houses is expected by the end of 2017. Other countries such as Turkey is constructing 50 000 units, the Turkish company, IKDAM has announced the disbursement of EUR 12 million to start with.

Property markets

According to a 2017 report by real estate consultancy Knight Frank, rents are going up especially in Abidjan; the average price for a four bedroom executive villa at Coccody and zone 4 which is in a prime location is US$3 700 per month. Knight Frank goes on to report that demand for retail space and offices is also going up. Response to demand can be seen by new office and retail developments such as Green Buro in Coccody and Renaissance plaza project in Plateau. No significant new supply is planned to come onto market until 2018, placing further upward pressure on rents. Rental prices range from CFA 125 000 to 200 000 (US$210 – US$337) for a "studio" in Abidjan targeted at the middle income population. There is a huge gap between rents depending on the geographical location of the property. According to local market information rents are very speculative in the low income areas, and the average prices range between FCFA 45 000 to FCFA 55 000 (US$75 to US$93) for a room in a multi room building in popular zones. For houses built under the government programme, prices range between FCFA 12.5 million (US$21 078) to and FCFA 23 million (US$38 785). These are fixed prices.

Côte d'Ivoire has really improved its rank in doing business as far as registration of property is concerned from 120 in 2015 to 113 in 2017 as a result of major reforms introduced by the government. The cost of registration has reduced to 7.6 percent which is still very high by international standards. The registration process of 30 days though unaffordable to the majority of the population, is among the lowest in the region. Cote d'Ivoire has started digitising its land registry system and lowering the property registration tax. The World Bank's 2017 Doing Business Report ranks Côte d'Ivoire in 182nd place out of 190 countries in terms of dealings with construction permits with 23 procedures, and 347 days making it one of the highest in the region.

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

Policy and regulation

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

Still, the most recent municipal land 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 in 2012 to the OHADA Uniform Act on Secured Transactions, which broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.

Although the legal rights have been improved, the government and the citizens of Cote d'Ivoire recognise the limit of the country's housing policy as illustrated by the gap between supply and demand for affordable and decent homes. In 2016-2017 some new regulations; (Ordnnance N° 2017 – 279/ 10- May 2017) were enacted and efforts are being made to enforce the different rules and regulations. It is expected that the improvement of housing policies will contribute to bridging the gap between supply and demand for homes especially affordable houses.

An International forum was organised in June 2016, "Le Forum International du lodgement social, economic et standing, Filoses" to promote knowledge sharing on housing and housing finance and share experience of those countries who have accomplished success in the sector.

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.

- Ordonnance N° 2017 – 279/ 10- May 2017: Reduction of 50 percent of taxes on profit for those developers who dedicate 60 percent of their production to very low income group called social housing. Encourage real estate developers to invest in housing development for low income groups.

- Fix prices of houses built in the governmental programme: FCFA 12.5 million (US$21 078) for social housing and FCFA 23 million fcfa (US$38 785) for economic.

Opportunities

Côte d'Ivoire has come through a difficult period due to the post electoral conflict which has threatened national unity and undermined urban infrastructure including housing. The country's progress since the election in 2011 and the recent election of 2015, however, has been impressive: with a stabilising governance framework, opportunities for investors are promising. The economy is growing at a steady pace since 2012; growth rate of GDP in 2016 was 8.4 % and estimated at 7.3% in 2017 in spite of the slowdown of agricultural output and the trend in global prices for agricultural products. The general outlook of the economy remains good. Many projects are in the pipeline and others are being implemented, among which are investment to double electricity output by 2020, an urban plan for Abidjan district, and the infrastructure project aimed to increase access to, and improve the quality of, urban infrastructure facilities and services in Abidjan, Bouake and other selected cities.

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 2015 Doing Business Report to date.

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

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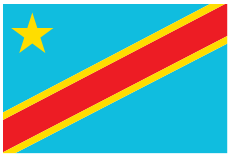
Democratic Republic of Congo



Overview

The Democratic Republic of Congo (DRC) covers an area of 2 344 858 km for about 83 million of population[1]. This, added to its immense natural resource reserve, provides an abundant set of assets for all kinds of business and investment opportunities in the DRC. However, the country continues to rank among the poorest in the world, with a GNI per capita estimated at US$680[2], and two-third of its population living below the poverty line[3].

Based on current economic data there is some concern relating to deterioration in macroeconomic stability as of 2016, with economic growth falling from 6.9 percent in 2015 to 2.5 percent in 2016; inflation rising to 11.24 percent in December 2016, and the national currency (Congolese Franc – CDF) depreciating against the US dollar, currently trading at the rate of CDF 1 545 for one US$, compared to CDF 1 269.13 in December 2016 and CDF 942.13 in December 2015[4]. This situation is caused by both external factors – the decline in world prices of the country's main exports (mineral resources) – and the extremely volatile political and security situation that has prevailed since the current president's official term ended in December 2016, with elections being delayed for logistical reasons and both opposition parties and activist groups calling for the president to step down. These various factors have resulted in the further slowdown of the national economy, the decline in the population's purchasing power and decrease of domestic revenue mobilisation[5].

Moreover, these recent developments have also been felt in the finance sector and have, in particular, a direct effect on both the conditions for granting (employment status and high interest rates) and on the methods of repayment (short and mid-term only) of loans in general, and of housing loans in particular.

Access to finance

The Congolese financial sector is made up of 18 licensed commercial banks[6], 117 micro finance institutions and cooperatives; 59 transfer 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. Noteworthy is the recent initiative to liberalise the insurance sector – formerly dominated by the national insurance company, SONAS, which held a monopoly in the sector. This initiative was reflected in the launch this year of an Insurance Regulatory and Control Authority (ARCA – Autorité de Régulation et de Contrôle des Assurances), which is aimed at both promoting and monitoring the insurance sector and its market[7].

KEY FIGURES

Main Urban Centres	Kinshasa
Exchange Rate: 1 US$ [a] =	936.64 Franc Congolaise (CDF)
PPP Exchange Rate (Local Currency/PPP$): 1 DJF = [b]	0.0013
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.0 | 6.9 | 2.6 | 2.1
Population | Population growth rate [d]	78 736 000 | 3.28
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	43.02 | 4.50
GDP per capita (current US$) | GDP growth rate (annual %) [d]	444 | 2.21
GDP (Current US$) [d]	34 998 638 634
GNI per capita, Atlas method (current US$) [d]	420
Population below national poverty line | Survey Year [c]	63.6 | 2012
Unemployment rate (%) (d)	6.5
Gini co-efficient (year of survey) [e]	42.1 (2012)
HDI (Global Ranking) | HDI (Country Index Score) [f]	176 | 0.435
Lending Interest Rate [d]	18.76
Unsecured lending interest rate (housing microloan)	36 – 60% (2015)
Mortgage Interest Rate (%) | Mortgage Term (years)	24 | 5
Down Payment (%)	
Credit % of GDP [d]	11.69
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	40 000
Average loan size in US$ (non-mortgage/micro lending)	15 000 – 25 000 (2016)
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	26.16 | 65.17
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	3.82 | 1.53
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	9.5
What is the price of the cheapest, newly built house by a formal developer or contractor?	40 000 [k]
What is the size of this house (in m²)?	60
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	30 – 40 m² (2016)
Ease of Doing Business Rank [j]	184
Number of Procedures to Register Property [j]	7
Time (days) to Register Property [j]	44
Cost (% of property value) to Register Property [j]	11 50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Kinshasa Architecture Industry Professionals

The country's financial system has also suffered from the effects of the recent political instability and unpredictable monetary policy which, in turn, has affected the portfolio of loans provided by commercial banks and other financial institutions. Moreover, the financial sector soundness and vulnerability remain an important issue: one local bank, Banque International pour l'Afrique au Congo (BIAC) and one cooperative, MECRECO, has showed signs of distress and have been under the Central Bank's supervision since last year. One additional bank, FiBank, was declared bankrupt, subsequently dissolved and taken over by another bank, Afriland First Bank.

In a bid to contain the inflation, the Central Bank has increased its base interest rate by over 100 percent, thereby influencing the lending capacity of the banking and non-banking financial sector and affecting the demand for loans from borrowers[8]. This has had an impact in particular on loan sizes and terms, especially on duration and repayment terms. This concerns in particular housing finance, where conditions are quasi-restrictive and significantly limit access to the market.

Only a few banks (Bank of Africa, ProCredit Bank, Rawbank and Trust Merchant Bank) and microfinance institutions (FINCA RDC, I-Finance) offer both mortgage

and construction finance, requiring, however, that borrowers be employees and have their employers sign agreements for the domiciliation of their salaries in these institutions[9]. Trust Merchant Bank, I-Finance and FINCA RDC, however, offer the possibility of borrowing on the basis of the borrower's commercial activity, this being assessed on a case-to-case basis and the conditions being fixed according to the nature of the activity as well as the income generated[10]. These housing loans are secured either by mortgage or by the commitment of their employers that, in case they leave their companies, the borrowers' terminal payments will be paid to them through the lending banks (this must be clearly stipulated in the agreements signed with the employers). The amount of debt that can be secured by terminal payment cannot, however, exceed US$20 000, while the maximum for mortgages is set at an average of US$150 000[11].

Financial inclusion in DRC has remained poor in contrast to other Southern African Development Community (SADC) nations[12]. Nonetheless, there has been improvement of electronic transfer and financial inclusion systems, increasing from 3.7 percent in 2011 to over 17.5 percent in 2016[13]. In 2015 the government approved a Fund for the Financial Inclusion scheme with the aim to refinance banks, micro finance institutions and cooperatives[14]. Further, in early 2017 the International Finance Corporation, an institution member of the World Bank Group, and the MasterCard Foundation, signed a US$1 million agreement with FINCA, a local microfinance institution, to support the expansion of its digital financial services and access to credit for the low-income population and small-scale entrepreneurs[15]. The microfinance sector is rapidly growing but, remains underdeveloped with a US$222 million balance sheet in 2013. With over a million accounts opened; 60 percent belong to savings and loans cooperatives. Between the end of 2009 and June 2013 deposits and loans more than doubled, US$144 million in deposits and US$113 million in loans, a similar trend to that of banks.

Affordability

The country is ranked 176th on the UN Human Development index[16]. Its growth rate fell from 6.9 percent in 2015 to 2.5 percent in 2016 given the decline in world prices of its main exports (raw materials)[17]. However, the growth rate is likely to pick up by the end of 2017 and early 2018, given the expected rise in prices of the same primary commodities[18]. This recovery will, nevertheless, depend on the country's ability to solve the current political tensions, to ensure a stable political and security climate, as well as to implement measures to promote economic stabilisation and stimulus[19]. Access to affordable and sustainable housing is almost impossible for low income earners due to a lack of low cost housing supply and low wages.

Both the duration and the interest rates for housing loans are very restrictive. While the interest rate is at an average of 24 percent (higher for microfinance institutions) - an indirect consequence of the Central Bank's high base interest rate – the maturity of most loans is set at a maximum of 60 months (5 years) due to the unpredictability of the current economic situation[20]. High lending rates by commercial banks make it difficult for the majority of the local population to access financial services. A very high unemployment rate - roughly 46.10 percent in 2013[21] means that almost half of the population is excluded from access to housing finance[22]. Even so, long-term capital is scarce, and most personal standard houses are financed through an instalment sale arrangement facilitated by the developer, and personal savings.

Despite a decline in the overall incidence of poverty (69 percent in 2005 vs. 64 percent in 2012), the number of people living in poverty remains high (increased by 6 million) due to rapid population growth[23].

Housing and offices built by private operators are often too expensive for locals. For example, in Kinshasa, the high price of properties (average over US$150 000) is pushing middle class and the poorest segment of the population farther away from city centre. In less central areas such as Bandalungwa, Lingwala, Mimosa/Pompage, etc. The average rental prices vary between US$400 – US$500 per month, yet this price is still not affordable for many Congolese, as civil servants' monthly salary is roughly below US$100. The average rental rates for an apartment in Gombe, a rich suburb of Kinshasa, varies between US$$1 200 and US$5 000 per month, while the rent for a villa in the same area can cost between US$2 500 to US$10 000 per month[24]. The purchasing price of an apartment varies between US$200 000 and US$450 000, depending on the size of the unit[25].

Housing supply

Housing demand in DRC outweighs housing supply, and the backlog is estimated at 3 945 555 million houses countrywide, that is 263 039 houses to be built per year. Kinshasa alone has a housing deficit estimated at 54.4 percent of the overall national deficit, i.e. an average of 143 092 houses to be built per year[26]. As a result of improved socio-economic conditions, population growth, urbanisation and internal migration housing, demand will keep increasing in the city.

The country is undergoing a rapid but chaotic urbanisation process, the 12 largest cities growing by approximately 4.7 percent a year. The urbanisation process has increased from 9.9 percent in 1956 to over 42 percent in 2015, which reflects a relative surge in construction and housing supply[27]. However, cities continue to grow in a disorderly fashion, with little coordination and planning, lack of urban construction standards, and inappropriate land management practices[28]. Increased coordination and planning are required, to ensure that the populations are not at risk of disasters, especially in cities such as Goma, Bukavu or Kikwit, with areas prone to volcanic eruptions, flooding and erosion.

The majority of housing in the DRC is developed by household's themselves. The planned districts represent 22.9 percent, while self-built districts represent 77.1 percent. Most of private housing developments especially low cost housing is characterised by non-compliance to local development master plans and municipal building standards. Almost 70 percent of urban fabric extensions are unlawful and over 70 percent of the urban population live in slums, of which 50 percent do not have access to water, clean sanitation systems and waste disposal[29]. The housing sector is characterised by limited number of developers and very restricted access to finance. As a result of this situation, housing supply is limited, in the case where there is supply, it is only accessible to the elite minority. The majority of households, especially in rural areas, use locally sourced materials such as trees, mud and sticks to build houses for themselves.

In the past five years, there has been a slight increase in housing supply and private housing development. However, most of the houses put on the market do not target low-income earners and are not affordable[30]. In 2011, for example, the central government launched a housing project named Cité Kin Oasis, which accommodated the construction of 1 000 social houses in Kinshasa/Bandalungwa. This project has now been completed; however local communities have complained about the affordability and high price of the houses built in this area[31].

In Lubumbashi, a US$1.4 billion housing development called Luano City, launched in 2010, is still under construction. Located 15 minutes from the city centre and five minutes from the Lubumbashi international airport. The development is located on 220 hectares of prime litigation free land. Luano City is a mixed-used development project comprising of two and three bedroom houses, office park, and a retail space in the form of a shopping mall and industrial park. Phase one of the project has now been completed and phase two is underway.

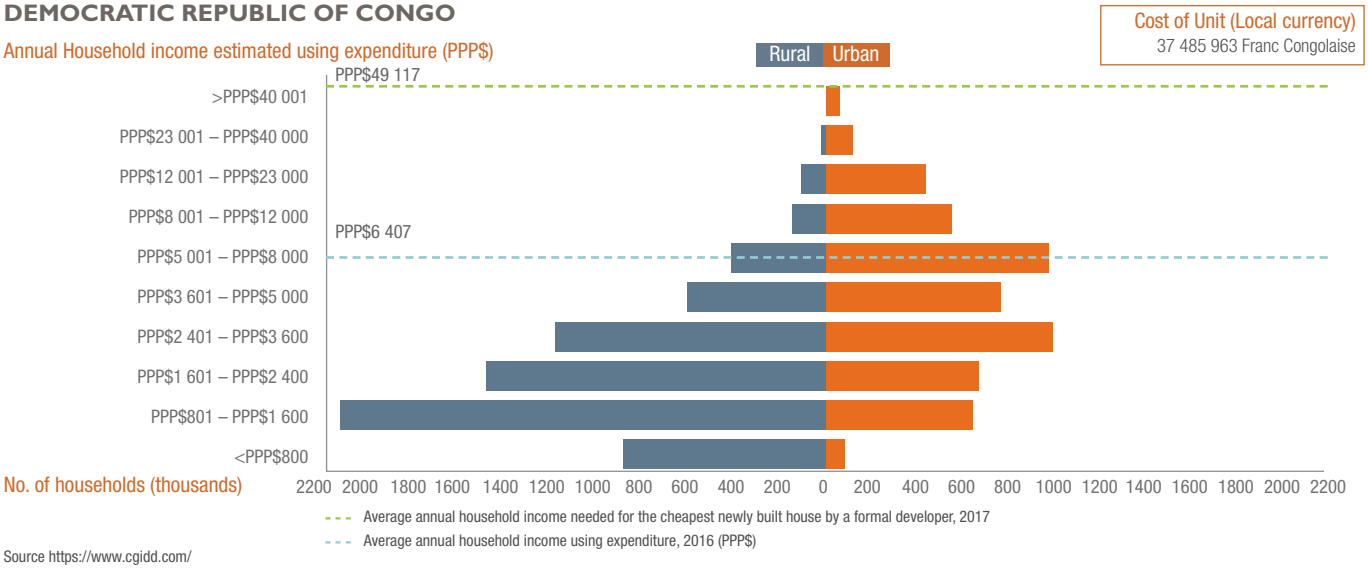
Most of housing development projects in the country are located in the capital city of Kinshasa, including Cité du Fleuve, Cité de l'Espoir, Cité Belle Vie, Cité Moderne, etc. However there are sporadic housing developments currently in the pipeline in other areas such as Fungurume, a mining district of the newly created province of Lualaba.

The construction and public works sector has grown significantly, thanks, inter alia, to a better supply of cement in the country, which has improved in recent years due to the launch of two new local companies – CIMKO and PPC. Local production, combined with the increased quota of imported cement boosted by lifting taxes on cement imports, have resulted in the decline of its price. Construction costs have nevertheless remained relatively high, due to limited supply and high cost of other construction materials.

Property markets

The property market in DRC has experienced relative progress in recent years, on the back of private property reforms and the increased demand for housing from a fast-growing population, hence offering significant business opportunities for investors[32]. However, limited access to finance remains the major constraint, as the majority of the local population do not have access to financial systems, and foreign investment in the sector is very slow. In addition, most of the recent development projects have been focusing on urban areas such as Kinshasa,

DEMOCRATIC REPUBLIC OF CONGO



Source https://www.cgidd.com/

Kisangani, Goma and Lubumbashi. In these urban areas, the cost of land, title deed registration process and building materials are relatively high, therefore slowing down the development of the property market. The number of real estate agencies has increased in recent years[33].

Dealing with construction permits requires 12 procedures, takes 122 days and costs approximately six percent of the property value. Globally, DRC is ranked 114 out of 190 economies on the ease of dealing with construction permits, which constitutes positive change from 129 in 2016[34]. Property registration, on the other hand, can be completed in 44 days through seven procedures. There is potential for further development, through a recent initiative on the digitisation of land titles and titling procedures executed by a local firm, Congo Check, which could both implement and improve the current land administration systems, by increasing transparency.

Policy and regulation

In 2002, the government passed new laws to improve the Central Bank's role as regulatory and supervisory authority and increase its independence. To facilitate mass banking and the establishment of a sound financial system inclusion, the Central Bank also defined a specific legal framework for microfinance. Act 11/020 of 15 September 2011 defines rules relating to the activity of microfinance.

A new insurance legislation, Act No. 15/005 of 17 March 2015, was adopted with the objectives to liberalise the insurance sector and attract private insurance companies. This legislation has allowed the creation and the effective establishment of the Insurance Regulatory and Control Authority (ARCA – Autorité de Régulation et de Contrôle des Assurances) this year.

Land regulation is based on the Land Law No 73-021 of 20 July 1973, which regulates the purchase, sales and leasing of land. It is the general authority for property, land tenure, and property and collateral structures[35]. This Land Law is supplemented by Law No. 15/025 of 31 December 2015 on leasing and non-professional rents, which regulates the real estate sector and circumscribes the role of real estate agencies. The Ministerial Order No. Cab/MINA/-TUHITPR/007/2013 of 26 June 2013 regulates the process and regulations of granting building permits in the Democratic Republic of Congo. The transfer period of land and property rights is done in accordance with the Ministerial Circular Note No. 005/CAB/MIN/AFF FUNC/2013 of June 2013. Rental is regulated under a new policy that protects tenants from unscrupulous landlords who charge more than three months for deposit. The legal framework governing urban planning is the Royal Decree of 20 June 1957 (adopted during the colonial period), supplemented by order number 013 CAB / MIN.URB HAB / 2005 of 6 May 2005 amending order number CAB/CE/URB-HAB/012/88 of 22 October 1988 regulating the issuance of the construction permit.

Opportunities

DRC is immensely rich in terms of natural resources, its mining and other peripheral sectors attract many international investors and companies – which makes it an ideal destination for business and investment opportunities. In 2009 the biggest deal in Africa was made between the DRC and China, in which China agreed to invest US$9 billion in extensive construction and other rehabilitation projects over a period of approximately 10 years in return for mining and timber concessions. In addition to Kinshasa, important cities offering opportunities include the mining centre of Lubumbashi in the Haut-Katanga province (South-East), Matadi (West - on the banks of the Congo River – which has the country's biggest port and constitutes the main transit hub for imported goods), and the eastern city of Goma. New roads and transport initiatives in Kinshasa are making access easier. The affordable housing sector is still relatively underdeveloped and offers significant potential for growth due to high demand and growing population needs.

DRC is still economically attractive with business opportunities that offer good returns on investment. Progress has been made in facilitating and simplifying the establishment process of new companies and granting of building permits through the creation of a special agency (Guichet Unique de Création d'Entreprises) to speed up the process[36]. Moreover, through the adoption of laws to establish a national equalisation fund and provincial and local civil services, the DRC government has taken initiatives to promote the decentralisation of the country and provide local authorities with the means to advance their local property markets. Subject to the resolution of the current political crisis, the adoption of application decrees to implement these laws would create a significant number of new opportunities in the sector.

Furthermore, the government has put in place urban land reform strategies (RAT), which consists of construction in specialised economic zones (SEZs), and agricultural-industrial parks across the country. Through land reform, the government wants to achieve equitable and reasonable urban space planning that promote equitable resource distribution between regions and production sector as well as streamline urban development without neglecting rural development. This is encouraged, inter alia, through the allocation in each province of specific areas dedicated to the construction of social housing[37].

However, much effort and investment is still needed in the energy sector, to improve the country's energy supply deficit. Although access to electricity has significantly improved in recent years[38], more work still needs to be achieved in order to boost the property sector and market. The government has also put in place a customs and tax benefits system in recent years, to support real estate projects approved under the Investment Code. Tax benefits for real estate projects include: import duty-gear, equipment, hardware and building materials, exemption from land tax and income tax).

Lastly, recent initiatives launched by local banks and microfinance institutions, such as PEPELE Mobile (Trust Merchant Bank), FINCA Mobile, ProCredit Cash Express, etc. as well as the establishment of new private equity companies, have the advantage of promoting more financial inclusion and providing for more housing finance opportunities and options.

Nevertheless, the smooth implementation and further expansion of all these initiatives will depend of the country's ability to solve the current political crisis caused by the delayed elections and tensions between the ruling party and other political forces, as well as its capacity to further improve both its security and business environments.

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Interviews

Interviews with customer service representatives from Bank of Africa, Banque Commerciale du Congo, FINCA RDC, I-Finance, ProCredit Bank, Rawbank, Trust Merchant Bank.

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7 www.minfinrdc.com/minfin/?p=704. See also www.arca.cd
8 See www.mfw4a.org
9 Interviews with customer service representatives of the relevant banks and microfinance institution.
10 FINCA RDC offers this option only for the purchase of buildings allocated to a specific commercial activity.
11 Idem.
12 See www.mfw4a.org
13 See www.dev-impact.com/the-state-of-financial-inclusion-in-drc/the-state-of-financial-inclusion-in-drc-continuation. These numbers also include people owning mobile money accounts.
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Djibouti

KEY FIGURES

Main Urban Centres	Djibouti-ville
Exchange Rate: 1 US$ [a] =	178.86 Djiboutian Franc (DJF)
PPP Exchange Rate (Local Currency/PPP$): 1 DJF = [b]	0.0099
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	2.1 | 3.1 | 3.6 | 3.6
Population | Population growth rate [d]	942 000 | 1.60
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	77.43 | 1.71
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 862 (2015) | 6.50 (2015)
GDP (Current US$) [d]	1 727 000 000 (2015)
GNI per capita, Atlas method (current US$) [d]	1030 (2005)
Population below national poverty line | Survey Year [c]	18.8 | 2012
Unemployment rate (%) (d)	48.4
Gini co-efficient (year of survey) [e]	45.13 (2012)
HDI (Global Ranking) | HDI (Country Index Score) [f]	172 | 0.473
Lending Interest Rate [d]	11.30
Unsecured lending interest rate (housing microloan)	15 (2015) [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	7 | 20 [l]
Down Payment (%)	
Credit % of GDP [d]	33.80 (2015)
Average Mortgages % of GDP [g]	7 (2015) [k]
Estimated number of mortgages	
Average loan size in US$ (mortgage)	510 616 092 [k]
Average loan size in US$ (non-mortgage/micro lending)	US$371 million [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	0.02 |
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	5 827.70 |
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 23000
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	76 300 [n]
What is the size of this house (in m²)?	180
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	300
Ease of Doing Business Rank [j]	171
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	39
Cost (% of property value) to Register Property [j]	12 70

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
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[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
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[m] Cimenterie D'Ali-Sabieh
[n] Al-Hamdani

Overview

The Republic of Djibouti, independent since 1977, is a small country in the Horn of Africa. As of 2016, Djibouti's national population was 942 333[1], which is predominantly urban at 77.5 percent[2] with a concentration of 71.4 percent[3] of the total national population residing in the capital city of Djibouti. Considered as a hub due to its geostrategic position between Europe and Asia through the Red Sea and Africa to the Gulf countries in the Indian Ocean, Djibouti attracts significant investment in the tertiary sector (ICT and Ports). Besides the presence of a French military base, Djibouti also hosts several other military bases, including the only military base of the United States in Africa (AFRICOM) and recently a Chinese military base.

GDP growth of Djibouti is stable and was estimated at 6.5 percent in 2016, the same as the previous year[4]. GDP is driven by investment and the Djiboutian economy is expected to grow further in 2017. The inflation rate increased to 3.5 percent in 2016 compared to two percent in 2015[5]. This increase is driven by high prices of food and strong demand for housing and services. The Djiboutian economy is dominated by the service sector contributing 76.3 percent of GDP in 2016[6]. Port activity is the main driver of the tertiary sector, focused mainly on the transit activity with Ethiopia. The secondary sector burdened by the high cost of production in the country accounts for 19.7 percent of the national economy while the primary sector is estimated at four percent driven by the development of fisheries and livestock exportations[7].

The construction sector in the Republic of Djibouti has experienced sustainable growth since the late 90s. The sector is economically significant in that it contributes to the creation of employment and has a ripple effect on many income generating activities. The investment volume of the building sector into the economy reached more than DJF 39 billion (US$218 million) in 2015 an increase of 1.2 percent from the previous year[8]. This trend is expected to grow further in 2016 – 2017 with the launch of several public housing projects.

Taking advantage of its geostrategic position, Djibouti hopes to accelerate its regional integration process with the development of its infrastructures (roads, railways and telecommunications and oil pipelines) mainly with Ethiopia and beyond (South Sudan). Besides the new electric railway connecting Djibouti to Addis Ababa, another railway is planned to connect Djibouti to northern Ethiopia to export its potash production. There are plans to construct six new ports of which four have been under construction since 2014 (the ports of Tadjourah and Ghoubet, the Doraleh Multipurpose port and Damerjog Livestock port). The port of Tadjourah and the Doraleh Multipurpose port have been launched this year.

Access to finance

The banking sector plays a supportive economic role contributing to the positive economic growth trend experienced in recent years. While the first two banks in the market La Banque pour le Commerce et l'Industrie (BCIMR) and Banque Indosuez Mer Rouge (BIMR) have dominated the banking sector for many years, the arrival of new banks from 2006 helped streamline the sector and increase banking products. As of 2015, there are 11 financial institutions (8 commercial banks and 3 Islamic banks) registered and approved by the Central Bank of Djibouti (CBD)[9]. In accordance with Law No. 119 adopted in 2011, all authorised financial institutions increased their minimum capital to DJF one billion

(US$5.65 million) instead of DJF 300 million initially (US$1.7 million). Islamic financing represented by Saba Islamic Bank, Islamic Bank Salam Bank and East Africa are offering Islamic banking products. Microfinance activities are provided by the People's Savings and Djibouti Credit (CPEC) with its 3 branches (Djibouti, Tadjourah and Ali Sabieh). The financial sector also includes exchange offices and transfer payment agencies of which there are 18 entities as of 2015.

According to data from the CBD, the integrated banking system balance sheet has closed higher at 15.3 percent at the end of 2015 which stood at DJF 343 billion (US$1.9 billion) against DJF 298 million (US$1.7 billion) recorded December 2014. Furthermore, the bank loans granted by financial institutions accounted for 29.5 percent of GDP in 2015 against 29.33 percent in 2014[10]. The volume of loans granted in 2014 was approximated DJF 91 billion (US$511 million). Despite the requirement introduced in 2009 stating that all monthly salaries over DJF 40 000 (US$226) should be transferred into bank accounts[11]; the rate of banking penetration has been gradual, estimated at 21 percent in 2015 compared of 20.9 percent in 2014 and 17.8 percent in 2013[12].

The loans granted by financial institutions (referred to as conventional, being non-Islamic) represent 87.6 percent of total bank loans estimated at DJF 80 billion (US$448 million) against a volume of credits granted by Islamic banks representing 12.4 percent of total credits amounting to DJF 11 billion (US$62 million). However, the CBD noted a rapid growth of 15 percent of loans granted by Islamic banks between 2014 and 2015 against a 9.2 percent increase in loans from traditional banks[13] mainly due to the religious Islamic background of the population.

The NPL ratio has increased by 37.5 percent from DJF 16 billion (US$90 million) in 2014 to DJF 22 billion (US$123 million) and represents 22.04 percent of total bank loans in 2015[14]. Short-term credits have decreased by 1.3 percent estimated in 2015 at DJF 49 billion (US$275 million) against DJF 50 billion (US$283 million) in 2014. However medium-term loans have increased by 38.3 percent estimated at DJF 18.4 billion (US$103 million) in 2015 against DJF 13.3 billion (US$75 million) in 2014.This increase has concerned equipment loans and housing finance. Long-term loans have increased by 21.1 percent from DJF 19 billion (US$107 million) in 2014 to DJF 23 billion (US$129 million) in 2015. According to the CBDs annual report, 72 percent of long-terms loans are oriented to mortgage financing[15].

The volume of credit allocated to mortgage loans is estimated at DJF 23 billion (US$129 million) in 2015 against DJF 17 billion (US$96 million) in 2014, an increase of 35.3 percent. Finally, the housing loans granted in 2015 represented 25.7 percent of total bank loans granted by credit institutions in Djibouti[16].

In terms of interest rates, the CBD has noted that the lowest mortgage interest rate given in 2015 was 2.41 percent against 6.83 percent in 2014[17].

Affordability

Djibouti has an urbanisation rate of 1.52 percent[18], neither private nor public sectors are able to meet the growing housing needs. Most households who aspire to own private properties have difficulties finding decent affordable houses. According to IMF's country report, the unemployment rate is 39 percent which is relatively high. This rate is still high despite the investment boom because most large investment projects employ high-skilled, often foreign, labour[19]. The state is the largest employer, accounting for 41.3 percent of the workforce followed by private companies that employ 25.9 percent[20].

At the end of 2013, the National Department of Statistics and Population Studies (DISED) undertook a comprehensive review and update of its methodology for measuring poverty in collaboration with the African Development Bank. Thus, on the basis of a new methodology, the incidence of extreme poverty (unable to get 2115 Kilo calories/day) at the national level stood at 23 percent in 2013 compared to 41.9 percent in 2002. A slight decrease was observed in relative poverty (able to get the minimum calories of 2115 kilo/day but unable to get other necessary living condition such as clothes) coming from 46.7 percent in 2002 to 40.9 percent in 2013[21]. A new poverty and housing survey is being carried out in 2017 in Djibouti city by the DISED.

Although extreme poverty is declining, incomes of most urban households remain low and do not allow them to access adequate housing facilities and bank financing. According to the Doing Business report published by the World Bank, Djibouti is ranked 181st out of 190 countries in 2017 for its financial credit access[22]. There are mainly three types of habitats that characterise the housing sector: Durable Housing (mainly built with durable materials) representing 10.2 percent; Intermediate Housing (made of durable materials and lightweight materials) representing 58.1 percent; Precarious Housing (essentially made of lightweight materials and used materials) representing 31.7 percent. Hence, the majority of residents occupy the 2nd and 3rd type of habitat and only 24.3 percent are owners with land titles and 30.3 percent are owners with temporary occupation license[23].

Access to decent housing and land by the population remains difficult and complex due to several factors that increase the construction costs: strict construction standards because Djibouti is exposed to seismic risk; lack of availability of raw materials; lack of competitiveness and limited skills of local contractors; a scarcity of land available for construction and difficulty to meet the financial sector requirements for housing loans.

Housing supply

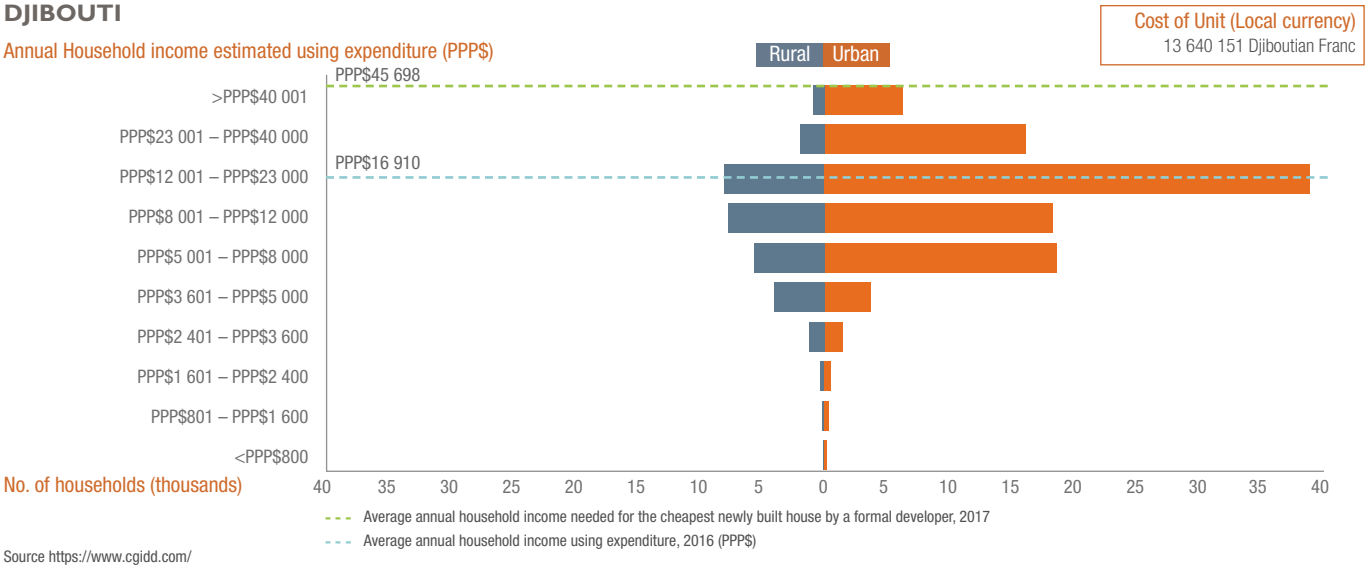
The analysis of the housing sector in Djibouti has revealed a gap between supply and demand. Due to the lack of proper official figures, new housing needs are estimated at 3 000 units per year. Considering the large deficit accumulated in the past years more than 10 000 houses are now necessary[24], the consequence of which has been a proliferation of slums within the suburban area of Djibouti city.

Real estate development remains low. Private property developers cater to the high income bracket and they are totally absent from the other segments. This tendency developed in the early 2000s with economic development that increased the demand for high income houses. The number of Djiboutian property developers who are able to complete the whole chain of land development, marketing and construction is small. For example Al Neima, a private real estate developer, constructed 37 duplex villas (6 rooms) for approximately DJF 38 and 42 million (USD$214 – 237 thousand) each in 2012 – 2013. Another private developer, EDC, is currently developing 100 villas, valued around DJF 25 to 30 million (US$141 – 169 thousand) in Gabode area, with a payment programme which involves: 30 percent upon signing the reservation contract, 50 percent to be paid when the main structures are over, and 20 percent when the house is finished. A new Yemeni developer started a new real estate project in Djibouti, in late 2016, launching the construction of 500 residential houses type F3 (2 bedrooms and 1 living room) for approximately DJF 14 and 15 million (USD$78 – 84 thousand) each. The project is financed by a local bank with a mortgage loan taken by potential buyers. The bank finance 100 percent of the total cost of the house and potential buyers repay the bank over a 20 year period at an interest rate of seven percent.

Public housing promotion is undertaken by the two public operators: Société Immobiliere de Djibouti (SID) and the National Housing Fund (FDH). The SID is an old public institution whose primary mission is the realisation of housing and managing land with infrastructures for upper-middle and high income groups. As for FDH, its main priority is to provide social housing units and land with basic infrastructures to low income groups. These two state entities produced 1 979 plots of land and provided 1 814 housing units during the period of 2009 – 2014 which represent on average, about 30 parcels/year and 300 housing units/year[25]. Additionally, it has been recorded that 317 building permits have been issued in 2016, a slight decrease of 16 percent as compared to 378 building permits in 2015. The progress made by Djibouti back in 2015 in reducing the process and delay for obtaining building permits has ranked Djibouti in 120th position out 190 countries in 2017[26].

The government intends to intensify the production of affordable housing and plots of land with infrastructure for the middle and low incomes group. Thus, it has planned the launch of a program to build 2 500 apartments with the funds from Arab donors (Saudi Fund for Development, Arab Fund for Economic and Social Development) in late 2017. The SID launched a project of managing 100 hectares which represent more than 5 000 plots of various sizes in November 2016. Helping the public developers and also encouraging private real estate developers, the government plans to establish a Housing Bank in late 2017.

DJIBOUTI



Source https://www.cgidd.com/

Property markets

By law, any vacant land without an owner belongs to the State. As such all (or almost) non-urbanised land belongs to the State. This situation enables the government to allocate land parcels to private developers for the construction of housing projects. Public Land Management is operated by the Department of Land and Property Titles Conservation of the Ministry of Budget. Currently, throughout the territory, about 23 000 land titles were issued and registered by this Department since gaining independence.

The potential of the land market is huge and the government plans to accelerate the land regularisation process for the benefit of the people who still hold the temporary occupation license. Once the regularisation process is complete, the owner gets a land registration certificate (CIF) to enable them to develop the land or housing within a legal framework and following the rules of urban planning. In addition, the CIF legally opens the door to obtaining mortgage credit from local banks. According to Doing Business 2017, Djibouti is ranked in 168th position out of 190 countries in the field of registering property. The process of obtaining the final title is costly and sometimes too long for individuals. There are three different ways to proceed with the land registration; temporary occupation certificate holders (TOP) for which regularisation of land is done through the FDH with an advanced payment of DJF 20 000 (US$113), individuals buying directly from the Department of Land and Property and the sale from one person to another individual which is done through a notary (notary fees DJF 100 000 to 250 000 (US$565 – 1 413)). Aside from the additional costs the registration fees are the same for all, 4 percent of the sale value for name change, 10 percent of the sale value for the registration and DJF 16 000 (US$90) for stamp duty. In addition, if the purchaser is buying his first land then he must pay transfer duty (name change) which corresponds to 9 percent of the sale value (seven percent tax and two percent mutation). Any investor or private developer can obtain the allocation of land once its real estate project is approved by the Minister Delegate for Housing.

The Chamber of Commerce of Djibouti has registered 3 186 businesses in 2015 against 3 021 companies in 2014. Service companies' account for nearly 77.6 percent of legally constituted companies followed by the construction sector 21.1 percent, industry 1.1 percent and agriculture 0.2 percent[27]. In 2015, the Chamber has recorded the registration of 673 construction companies compared to 666 in 2014, a slight increase of 1 percent. The construction sector employed 9 144 people in 2014 compared to 8 440 in 2013 and 6 909 in 2012[28].

Policy and regulation

In 2011, the Ministry of Housing, Urban Development and Environment (a State Secretary for Housing) was mandated to promote the housing sector and find lasting solutions to the deficit in housing. Given its importance in the institutional platform, the department was renamed in 2016 'Delegate Ministry for Housing'. From 2011, the department has developed and implemented a necessary regulatory and policy framework to develop this sector. In addition to several strategic studies undertaken in order to promote the housing sector, the Delegate Ministry for Housing has implemented a series of legislative and regulatory texts to encourage potential investors and private developers to invest in the real estate sector. The public operators have seen a redefinition of their roles to adapt their status (real estate development, land management, financial institution), to improve their response and management capacity and to refocus their activities on clear and well-defined missions.

Real estate developers from the private sector are also an important part of the housing production chain that has been lacking so far in Djibouti. Apart from the social housing program that requires involvement of the State, the private sector must play its role and should cover effectively the other segments of demand and especially the middle class whose net monthly revenues are around DJF 250 000 – 350 000 (US$1 413 – 1 979). The department responsible for housing has implemented the Law No. 13/AN/13/ 7èmeL fixing rules governing property development business in Djibouti. The law has been completed with two decrees:

- Obtaining approval of real estate developer and conditions of realisation of real estate projects;
- Disposal of conditions and procedures for real estate;

A National Housing Strategy finalised with the assistance of the World Bank plans a major investment program to develop the real estate sector in Djibouti through the implementation of four key areas: 1) increasing the supply of affordable plots of land for the majority of households, 2) developing the production of affordable housing units, 3) stimulating the housing rehabilitation program in precarious existing neighbourhoods, 4) developing further banking mechanisms and microfinance systems for low income groups. The investment amount required for the realisation of the housing sector's development strategy is estimated at more than DJF 52 billion (US$294 million). Additionally, the Ministry of Housing has obtained financing of US$15 million from the World Bank for engaging a slum upgrading program in Djibouti.

In 2015 the government launched a new project targeting low income people (Self Construction Program). The government has provided a plot of land of 90m² to lower income households and has provided raw materials to build their homes. Assistance is provided by the Housing Funds Operator and repayment will not exceed DJF 5 000 (US$28) over 20 – 25 years.

Opportunities

The real estate sector in Djibouti suffers from a deficit of around 10 000 affordable housing units for the lower and middle income groups. While the state, through the two public operators (SID and FDH) targets its housing policy for helping to provide decent houses for low income groups, the potential to provide housing for middle income class remains to be developed by the private sector. The regulatory policies put in place by government on real estate activities provides tax advantages and import duty exemptions for any private developer who is willing to operate in the real estate sector.

The real estate sector in Djibouti is expected to experience a considerable expansion in the future especially with the construction of a 1 500 social houses funded by the Saudi Fund for Development (US$35 million). Another project funded by the Arab Fund for Economic and Social Development (US$30 million) is also expected to produce 1 000 houses. In addition, Djibouti has submitted a request of financing to the Saudi Fund for Development and the Islamic Development Bank (IDB) for the construction of 3 000 houses.

Several international private promoters from different backgrounds have submitted real estate projects feasibility studies for approval. In the perspective of creating a new economic pillar in the capital, government has signed a contract in April 2016 with a Moroccan company for the realisation of basic infrastructure development (water supply, roads, electricity) on a plot of 480 hectares in the south of Balbala for an estimation cost of US$110 million.

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Egypt

Overview

Egypt is a populous nation, part of the Maghreb Region. Its capital, Cairo, is one of the continent's megacities, with a current population of 91.14 million. Egypt's housing crisis affects millions across the country. The government of Egypt is strongly working towards achieving the desired economic development for Egypt through its economic reform plan, in which housing and urbanization are highlighted as central to their agenda.

Egypt is working on improving the investment environment to facilitate the Private Sector's access to Housing Projects. In one of in the World Bank's (WB) workshop on engaging the private sector in the housing projects, the minister of International Cooperation Dr. Sahar Nasr emphasized the significance of cooperation between the private and public sectors and the necessity to inject investments in the housing sector to face relevant challenges, noting that the government was committed to helping limited-income families to obtain new housing and develop informal settlements[1]. She noted that the government was committed to helping limited-income families to obtain new housing and develop informal settlements.

Egypt's economy has improved since the presidential election in July 2014. GDP is showing continuous and sustainable growth, registering 4.3 percent during the third quarter of the fiscal year 2016/2017. This is up from 3.8 percent in the previous quarter of the same year and 3.4 percent in the first quarter of the fiscal year 2016/2017 and compared to 3.6 percent during the same period of the previous year. This is mainly due to improving investments and net exports. Investment spending rose significantly by 12 percent to record EGP 69 billion, which reflects the government interest to increase investments in infrastructure and to improve public services.

The government of Egypt has started implementing an economic reform program according to the International Monetary Fund recommendations. The program is targeting growing the economy to generate more job opportunities across all sectors. In addition, the program is targeting the improving standards of living for the low and middle-income levels. To achieve that, the government is keen on improving the slum areas and public services, as well as boosting investments in infrastructure. In addition, the government is working on providing social housing units for the low-middle income all over the government in addition to enhancing mortgage finance conditions for the poor.

KEY FIGURES

Main Urban Centres	Cairo (capital)
Exchange Rate: 1 US$ [a] =	17.67 Egyptian Pound (EGP)
PPP Exchange Rate (Local Currency/PPP$): 1 EGP = [b]	0.3447
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	11.0 | 10.1 | 16.9 | 12.9
Population | Population growth rate [d]	95 688 000 | 2.02
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	43.22 | 2.22
GDP per capita (current US$) | GDP growth rate (annual %) [d]	3 514 | 4.30
GDP (Current US$) [d]	336 296 921 759
GNI per capita, Atlas method (current US$) [d]	3 460
Population below national poverty line | Survey Year [c]	25.2 | 2010
Unemployment rate (%) (d)	13.2
Gini co-efficient (year of survey) [e]	30.75 (2008)
HDI (Global Ranking) | HDI (Country Index Score) [f]	111 | 0.691
Lending Interest Rate [d]	13.60
Unsecured lending interest rate (housing microloan)	11.62 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	5 [l] | 30 [m]
Down Payment (%)	
Credit % of GDP [d]	119.5
Average Mortgages % of GDP [g]	0.26 (2013)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	277 777 [n]
Average loan size in US$ (non-mortgage/micro lending)	125.751 [o]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	13.83 | 14.37
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	7.23 | 6.96
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	3
What is the price of the cheapest, newly built house by a formal developer or contractor?	8 555 [o]
What is the size of this house (in m^2)?	90
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	55
Ease of Doing Business Rank [j]	122
Number of Procedures to Register Property [j]	8
Time (days) to Register Property [j]	60
Cost (% of property value) to Register Property [j]	0.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Trading Economics
[l] The Central Bank of Egypt
[m] Development and Housing Bank
[n] HSBC bank
[o] Commercial International Bank

With the increased confidence of international institutions in the Egyptian economy, by June 2017, Fitch Ratings has affirmed Egypt's long-term foreign and local currency Issuer Default Ratings (IDR) at 'B'; with a Stable Outlook. The Country Ceiling has been affirmed at 'B' and the Short-term foreign currency IDR at 'B'. Fitch announced that Egypt might be under pressure to increase spending on social programs specially the social housing program, as it expects inflation to be near 20 percent by the end of 2017, and to decline to an average of 13.5 percent in 2018.

Access to finance

In 2016/2017, the Global Competitiveness report ranked Egypt 111 of 138 in financial market development indicator compared to 119 of 140 countries in the 2015/2016 report. With regard to ease of access to loans, Egypt ranked 136 of 138 countries. Risks to Egypt's public finances have increased significantly during the political transition, and authorities continue to adopt an accommodative fiscal policy stance amidst low tax revenues.

In Egypt, there are 13 mortgage companies operating in the Egyptian market (Sakan, Al-Oula, EHFC, Egyptian Housing Finance Co., EMRC, Amlak, Al-Tayasor, Tamweel, Tamweel Emirates, Naeem, Al-Ahly, Arab African International, Al-Ahly United and El-Masreyin) in addition to 12 bank out of 39 – and 197 real estate appraisers[2]. Banks offer housing Loan amount starts from EGP 120 000 up to EGP 5 000 000. The interest rate is 7 percent for housing units of EGP 150 000, 8 percent for units worth EGP 950 000, and 10.5 percent for units that exceed the value of one million Egyptian pounds. The maximum amount of any loan depends on the net income of the borrower, and the monthly installment should not exceed 40 percent of the monthly net income[3].

The Central Bank of Egypt (CBE) made an amendment to the definition of SMEs and micro-projects. SMEs were previously described as companies with sales of less than EGP 1 million (US$55 555) and with fewer than ten employees. According to the new definition, the sales of small companies with less than 200 employees range between EGP 1 million (US$55 555) and EGP 50 million (US$2.8 million). Employment in small companies, according to the new definition, is less than 200 individuals.

During the first 6 months of 2017, mortgage finance granted by the companies was EGP 956 million compared to EGP 540 million pounds during the same period of 2016, representing an increase by 77 percent. The total amount of mortgage granted by the companies during the first 6 months of 2017 was estimated by 3.5 billion pounds representing an increase by 27 percent.

The volume of factored securities amounted to EGP 3.5 billion (US$0.19 billion) in the first six months of 2017, compared to EGP 2.4 billion (US$0.13 billion) in 2016, an increase of 45 percent in 2017. Financing accounts of the seven licensed companies estimated at EGP 4.3 billion (US$0.24 billion) by the end of June 2017, representing an increase by 62 percent.

Real estate activity was on the top of the list of economic sector activities recording EGP 6.9 billion (US$0.38) by 64 percent of the total activity, followed by manufacturing contracts by 10 percent, and Truck Leasing and Financing with a value of EGP 931 million (US$51.7 million) by 9 percent and in the fourth place, Contracts of heavy equipment recording EGP 732 million (US$40.7 million) by 7 percent from the total activity.

Affordability

The World Bank classifies Egypt as a low-middle income nation, with a per capita GDP of less than EGP 12 000 (US$1 600). In addition, according to the World Bank's calculations, the gross national income per capita was EGP1 960 (US$108.9) per month in 2013. Housing affordability is limited despite government policy efforts. Just over one-fifth of Egyptians have incomes lower than US$2 per person per day; with northern Egypt being the most impoverished.

On a yearly basis, there is around 900 000 weddings in Egypt, which is a major driver of demand on the real estate market. According to the managing director of Sixth of October Development and Investment Company (SODIC), he estimates that Egypt's housing gap is around 3 million units. Private developers collectively provide about 20 000 units per year, which is not sufficient to meet the backlog. According to forecasts from Colliers, a real estate services company, an extra ± 90 000 units will be needed per year through to 2020 to meet demand.

According to a study by Pharos Investment Holding, real estate prices rose significantly during the period from 2011 to 2014, by at least 50 percent per square meter. Which led to an increase in the profits of real estate companies during this period, at rates exceeding 50 percent. One of the reasons for the steady increase is due to the continuous increase in the prices of building materials, especially after the central bank's decision to float the pound and its depreciation against the dollar. According to Aqarmap (a real estate search engine), demand for real estate declined during the last part of May, with the value of the index (Aqarmap index) to 2364 points, which represents a decrease of 12 percent in the level of demand. They expect demand to remain low, with the exception of demand from returning expatriates from the Gulf region. Their number of visits to their site (https://egypt.aqarmap.com/en/) has increased recently and we expect their sales to represent more than 70 percent of total sales in the market during June.

On 24 of February 2017, the Central Bank of Egypt has amended the Mortgage Initiative for Low and middle income people which has been issued on 19 February 2014. The Executive Directorate of the Central Bank decided to adjust the maximum for the low-income segment to become EGP 2100 (US$116) instead of 1400 (US$78) with a five percent interest rate. In the same context, they decided to raise the maximum monthly income limit for the middle income segment to EGP 10 000 (US$555) per single person From EGP 8 000 (US$444) and EGP 14 000 (US$778) for family from EGP 10 000 (US$555). In addition, they raised the maximum unit price for the middle-income segment to EGP 700 000 (US$38 888) instead of 500 000 (US$27 777).

Most developers focus on delivering housing for the high income segment of Egyptians accounting for around 20 percent of the population. This generates more profit, than housing that is primarily targeted at poor and low middle income groups.

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 sold at a profit a few years later, undeveloped. Adding to this the continuous increase in the prices of building materials which led to higher prices in the real estate market.

Housing supply

Egypt's population has tripled in the last half century, and now has a population of to 91.14 million; and the vast majority of its citizens continue to live on just five percent of the country's land in the Nile Valley. While the private sector has produced a lot of luxury apartments and upscale developments, there are only a few options for ordinary working people. Seeking to address Cairo's chronic shortage of affordable housing, the government has recently announced several mega-developments like the new administrative capital which is supposed to include a huge number of units and projects. It is to be located 45 kilometres (28 miles) east of Cairo, between Cairo and the Suez Canal and just outside the second Greater Cairo Ring Road. It is planned to consist of residential districts, artificial lakes, educational institutions, hospitals and clinics, mosques, 40 000 hotel rooms, a major theme park, 91 square kilometres of solar energy farms, an electric railway link with Cairo, and a new international airport. Furthermore, a plan was set to establish 20 000 housing units for civil servants. It will be built as a smart city. It is planned also to transfer the parliament, presidential palaces, 18 ministries and foreign embassies to it[4]. The first phase of the project will cost around US$45 billion and it is planned to be delivered by 2022.

In January 2017, Housing Minister Mostafa Madbouli said that Egypt has implemented several projects over the past period in drinking water, sanitation and developing slum areas. Speaking at the national youth conference in Aswan, he said that the Housing Ministry launched a project for social housing for youths and limited-income brackets. Efforts are underway to build more than half a million units as part of these projects. The challenges of the housing issue for youths and limited-income brackets is planned to be addressed within three years. The Minister added that EGP 7.5 billion (US$0.42 billion) was spent on the new cities (Fayoum, Beni Sueif, Minya, Assiut, Sohag, Qena, Luxor, Aswan, New Tiba City, and Dar Misr project in New Minya) in Upper Egypt within the past three years.

In addition, in May 2017, during his participation in a real estate conference organised by Al-Aharm press institution in the UAE, Madboly said his ministry has offered 44 investment projects in areas of 30 to 500 feddans in the new cities in Egypt. He announced that investors contributed more than EGP 160 billion (US$8.9 billion) in the field of real estate last year, stressing that 600 000 housing units should be built each year to meet the growing population.

President Abdel Fattah El Sisi inaugurated the first two phases of "Asmarat" low cost housing project in Muqqattam district of Cairo. Asmarat project was established on an area of 126 feddans with more than 10,980 housing units along with services utilities. It was set up through cooperation between the Ministry of Housing Informal Settlement Development Fund (ISDF) and the Ministry of Local Development and Long Live Egypt Fund at a total cost of EGP 1 582 billion (US$87.9 billion).

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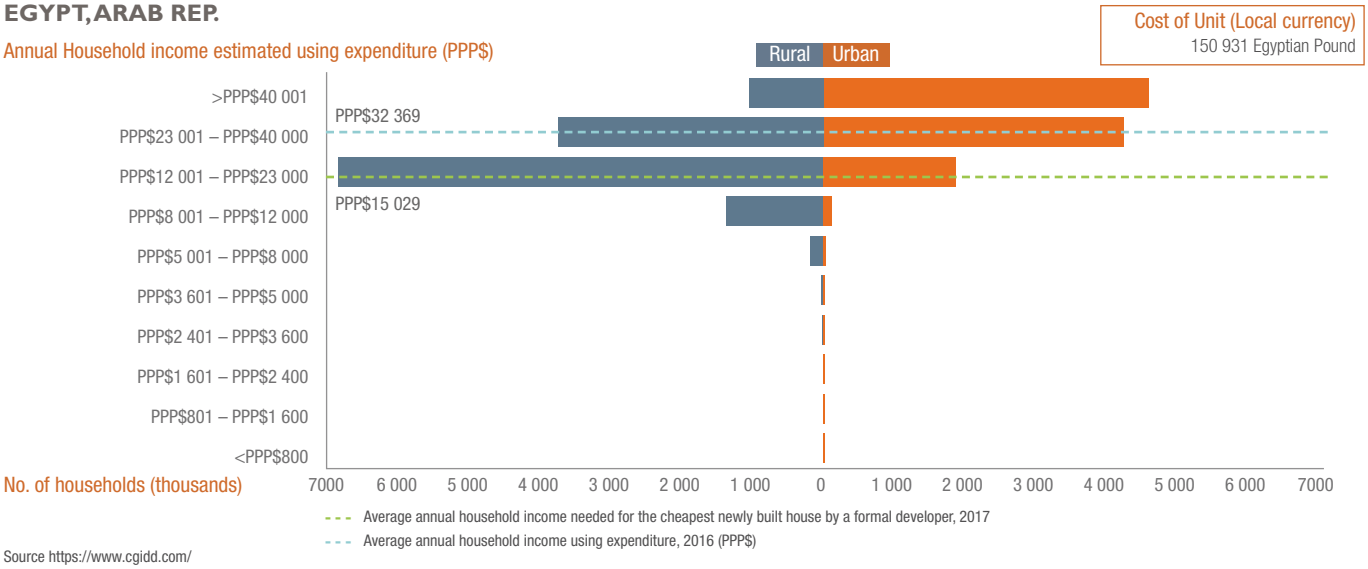

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President Abdel Fattah Al Sisi decreed the increase of residential housing units in the first and second phase of the social housing program to 600 000 units to meet the citizens' demand.

The first phase of the social housing project will create 256 000 units. A total of 180 000 units has been completed so far. The second phase of the social housing project will see 275 000 units completed in mid-2017, which would bring the total of first and second stages up to 531 000 units.

The new Urban Communities Authority will begin to receive the 400 000 apartment units commissioned by President Abdel Fattah Al Sisi during a year in a number of new cities. A number of contracting companies have completed implementing a large number of these units and it is planned that the authority will receive them by August 2017[5].

150 000 units are planned through the Dar Misr project with areas ranging from 100 to 150 m^2. The meter price ranges between EGP 2 700 to (US$150) EGP 4 250 (US$236). It is targeting the middle income segment with a monthly income of EGP 3 000 (US$167) to EGP 10 000 (US$555). Currently, the ministry of housing is working on the implementation of 55 000 units in the first and second phases of the project, with a cost of EGP 18 billion (US$1 billion).

Property market

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 includes those owning a single residential unit valued at up to EGP 2 million (US$111 111). 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 EGP 24 000 and commercial units with annual rental values less than EGP 1 200 are also exempted.

Egypt's property market is generally unregulated, consequently a vast majority of Egyptians cannot afford to buy a proper accommodation in most Egyptian cities which fits the number of the family members. The extremely high inflation has led to the growth of informal settlements, with poor infrastructure and quality of living.

The real estate sector was one of the of the most affected sectors after the Central Bank of Egypt's (CBE) decision to float the pound on 3 November 2016, as it lost around 52 percent of its value. This caused uncertainty and doubts in the real estate sector, leading both investors and owners to postpone their decision until the value of the pound stabilises. Furthermore, this has increased costs of raw materials, and has had a negative impact of investors' cash flows. The extra costs were transferred to the end customer, resulting in huge price hikes. Most real estate developers had increased their prices between 15 and 20 percent. However, a lot of Egyptians started to buy properties at the new prices with longer payment plans of between five and seven years[6].

According to Aqarmap, the average price per metre for New Cairo's Fifth Settlement (luxury area) has risen from EGP 5,450 (US$303) for apartments and EGP 11 550 (US$642) for villas in November 2016, to reach EGP 6 250 (US$347), and EGP 13 050 (US$725) respectively in March 2017 with an increase of 12-15 percent. In addition, the average price year-on-year increase is 30 percent. Average sales prices for both apartments and villas decreased significantly in US dollar terms. Property owners started to realise they have to increase unit prices, as keeping the same pre-flotation prices would mean losing 55 percent of the property's value in dollar terms, according to a JLL report[7]. Yet, rentals within the residential sector have shown more resilience towards currency flotation than sales prices. There is a huge gap between average incomes and residential property prices, with the average house price to income ratio in Cairo being 11 to 1; one of the highest in the Middle East[8].

Generally, rich Egyptians buy properties purely for investment purposes and to safeguard their savings them, instead of putting money into banks or investing in the stock market.

Egypt announced a new mortgage law in early 2016 which could have major impact on the market. The law will lower mortgage interest rates to five percent for people earning up to EGP1 400 (US$78) per month. Additionally, individuals earning EGP15 000 (US$833) per month or families earning EGP 20 000 (US$1 111) per month will be eligible for mortgages with 10 percent annual interest under the scheme for a period of 20 years. This new reform will require freeing up the mortgage market[9].

Real estate reforms are crucial to attracting investors. Egypt is ranked 109th out of 189 countries in registering property, according to the World Bank's latest Doing Business report. It takes 60 days and eight procedures to register a property in the country, compared to less than 30.5 days and 5.7 procedures in other MENA countries.

Other factors that hinder the advancement of the housing sector include high vacancy rates, rent control and informality. Almost 3.7 million urban housing units are either vacant or closed, and an estimated 42 percent of the housing stock in Greater Cairo is frozen under rent control. The high vacancy rate is associated with past rent control in older areas and poor location of new housing.

Policy and regulation

A new mortgage law has been issued in early 2016. The law will lower mortgage interest rates to five percent for people earning up to EGP1 400 (US$78) per month. Additionally, individuals earning EGP15 000 (US$833) per month or families earning EGP 20 000 (US$1 111) per month will be eligible for mortgages with 10 percent annual interest under the scheme for a period of 20 years.

In addition, on 24 of February 2017, the Central Bank of Egypt has amended the Mortgage Initiative for low and middle income people which has been issued on

19 February 2014. The Executive Directorate of the Central Bank decided to adjust the maximum for the low-income segment to become EGP 2100 (US$116) with a five percent interest rate. In addition, they raised the maximum monthly income limit for the middle-income segment to EGP 10 000 (US$555) per single person and EGP 14 000 (US$778) for family. Furthermore, they raised the maximum unit price for the middle-income segment to EGP 700 000 (US$38 888) instead of 500 000 (US$27 777).

The new investment law; Law 17/2015 ratified by President Abdel Fattah el-Sisi allows the government to directly assign, for free, state-owned land to the private sector as part of public-private partnership schemes. Additionally, the minister of housing in the second half of 2015 announced that based on its land ownership, the government will hold a 24 percent equity share in the new capital project.

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

EFSA's board of directors published decision no. 64 of 2015 regarding the conditions and requirements that must be met for granting a license to practice mortgage finance and refinance activity. Among the conditions to be met in the mortgage finance company that its issued capital shall not be less than 50 million pounds. Upon its establishment, the company shall pay the quarter of this amount. The company is committed to disburse the entire amount within one year from the date of being listed at the commercial register.

The capital of a Mortgage Refinance Company shall not be less than two hundred and 50 million pounds. Upon its establishment, the company shall pay no less than half of the amount in cash. The company is committed to complete it in three years at the most.

Opportunities

One of the main issues facing Egypt's real estate resale market is the fact that it is still underdeveloped, and most property owners ask for the requested amount as an upfront payment. During the current environment of volatility and uncertainty, buyers will avoid paying large amounts of cash. As a result, buyers tend to buy new properties with long-payment plans. If Egypt's real estate market indicators are measured in Egyptian pounds, prices will show a general increase. Yet in US dollar terms, prices will show a decrease. The decrease, however, does not equal the 52 percent devaluation of the pound caused by the flotation in November but is slightly lower due to the value indicators' increase in pounds. In the near future, real estate market prices are forecast to increase further to match the value lost by the Egyptian pound and rising inflation. Adding to this the low and decreasing value of the income of most the Egyptians, it is expected that the affordability levels will highly decrease. Hence, the real estate market will face a recession period of time.

While in regards to the resale market, it is expected to take a few months to stabilise but will eventually increase by percentages comparable to the new sale market. This is because the owners of the already purchased units have not been affected by the higher prices, as they have already purchased the units while the prices were low.

According to international real estate firm, "JLL", residential sale prices have increased across Cairo in the second quarter of 2017, as the market begins to stabilise following the sharp decline in prices in USD terms from the recent devaluation of the EGP. The sale market continues to experience more flexible payment plans and the development of smaller units, to help mitigate the effect of price increase. The hotel sector is the only one currently in the upturn stage of its market cycle as the currency devaluation has made Egypt a more affordable destination for foreign visitors.

In an attempt to improve the investment environment, the Egyptian government is aiming to fast track the adoption of a new investment law, which is now undergoing final regulatory stages. This law aims to attract investment into real estate and other sectors by removing a longstanding bureaucratic obstacles. This new law should increase investor confidence and create new development opportunities.

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Equatorial Guinea

Overview

Equatorial Guinea is one of the smallest countries on the African continent, with a population of approximately 1.2 million people and a land area of 28 015 km^2. The country has a unique geographical arrangement in that the capital city, Malabo, is located on the island of Bioko, situated off the coast of Cameroon. The Equatoguinean mainland (known as Rio Muni) lies on the African continent further south along the Atlantic. The country also comprises of the smaller islands of Corisco and Annobon[1]. The country gained independence from Spanish rule in 1968 and is the only Spanish speaking country in Africa. President Obiang Nguema, who is Africa's longest serving leader has been in power since 1979 (after deposing the former president) and was reelected again in 2016. According to the Economist Intelligence Unit's Democracy Index, Equatorial Guinea is ranked 163rd out of 167 countries, putting it among the most authoritarian governments in the world[2].

Economic growth has been primarily driven by the hydrocarbon sector since 1990[3] and Equatorial Guinea has been one of fastest growing economies on the African continent becoming Sub-Saharan Africa's third largest oil exporter. Oil accounts for 85 percent of the GDP and 94 percent of exports as of 2015[4]. This has enabled the country to make vast structural developments over the past 15 years. Non-oil economic activity is chiefly driven by substantial public investment in new infrastructure projects such as roads and high profile urban developments-specifically implementing a housing policy for new homes and better access to service infrastructure, with construction making up seven percent of the GDP in 2015[5]. Forestry and farming make up marginal contributions to the GDP however the general neglect of the rural economy has marginalised the potential of the sector as a possible avenue for diversification[6].

As a result of oil reserves, Equatorial Guinea is classified as a middle income country, with an estimated GDP of US$11.64 billion in 2016[7]. The country's population density is relatively low with about 42 percent of the population living in urban areas (especially Malabo). The GDP per capita was estimated at US$38 600 in 2016[8]. Despite the level of development which the country has experienced the economy is vulnerable to the fluctuations of the hydrocarbon industry evidenced in the fact that the GDP growth rate has dropped to -10.60 percent as of 2016[9]. As a result of the reduction in revenues from the oil industry, high levels of infrastructure expenditures, and the absence of economic diversification, in conjunction with the proliferation of corruption, the economy has gone into decline in recent years with limited improvements in the general population's living conditions[10].

Furthermore foreign aid programs by the World Bank and the IMF have been suspended since 1993 as a result of corruption and mismanagement, and as a middle income country Equatorial Guinea is now ineligible for most low income donor funding[11]. In 2014 two symposiums were hosted in the country in an attempt to tap into donor funding for the purpose of diversifying the country's economic profile looking at various sectors including agriculture and animal ranching, fishing, mining and petrochemicals, tourism, and financial services[12].

KEY FIGURES

Main Urban Centres	Malabo (capital)
Exchange Rate: 1 US$ [a] =	556.51 Central African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0043
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.7 | 1.5 | 1.4 | 1.5
Population | Population growth rate [d]	1 221 000 | 3.85
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	40.10 | 4.30
GDP per capita (current US$) | GDP growth rate (annual %) [d]	8 333 | -9.69
GDP (Current US$) [d]	10 178 967 206
GNI per capita, Atlas method (current US$) [d]	6 550
Population below national poverty line | Survey Year [c]	76.8 | 2006
Unemployment rate (%) (d)	7.9
Gini co-efficient (year of survey) [e]	
HDI (Global Ranking) | HDI (Country Index Score) [f]	135 | 0.592
Lending Interest Rate [d]	15.00 (2007)
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	14 [k] |
Down Payment (%)	
Credit % of GDP [d]	23.24
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	...
What is the price of the cheapest, newly built house by a formal developer or contractor?	...
What is the size of this house (in m^2)?	...
What is the average rental price for a formal unit (in US$)	...
What is the minimum plot size for residential property	...
Ease of Doing Business Rank [j]	178
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	23
Cost (% of property value) to Register Property [j]	12.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Economist Intelligence Unit (2017)

Addressing economic disparity is essential for the development of the country as according to a 2011 joint household survey by government and ICF International, about half of the population lacks access to clean water. In 2016, 42 percent of children were not registered in primary schools, the seventh highest proportion in the world, according to UNICEF. Only half of children who begin primary school complete it. This social inequality is further expressed in the fact that 44 percent of the population live below the poverty line, and there are limited employment opportunities as the oil sector tends toward employing skilled foreign workers[13].

Access to finance

As Equatorial Guinea forms part of the Central African Economic and Monetary Community (CEMAC), it shares a common currency with other member states and as well as the central bank which is known as the Bank of Central African States (French: Banque des E'tats del'Afrique Cemeate) (BEAC). The banking activities in Equatorial Guinea are supervised by Commission Bancaire de l'Afrique Centrale (COBAC) – the CEMAC region Banking Commission. In May 2017, BEAC kept its policy rate at 2.95 percent in order to boost regional credit growth and enhance economic activity in the non-hydrocarbon sector. The spread between lending and deposit rates remains relatively high as lending interest rates are expected to average around 14 percent in the short term. Equatorial Guinea's banking sector is highly concentrated and consists of five banks, three of which hold 84 percent of total assets. The rest of the financial sector consists of three microfinance institutions (MFIs) and three insurance companies.

The financial sector is shallow and characterized by limited inclusiveness. Financial deepening, as measured by deposit- and loan-to-GDP ratios, is less than a third of the emerging market average. Equatorial Guinea's financial development gap is the highest among African oil-exporters[14]. The shallowness of the financial sector is mostly due to persistent structural bottlenecks, which include limitations on potential borrowers' credit history and high collateral requirements. Furthermore, limited efforts to promote the microfinance sector constrains the size of micro financial services, thereby impeding access to financial services by low income populations. The use of mobile banking in Equatorial Guinea is also lagging as compared to the rest of Africa that has led the world in innovative financial services based on mobile telephony[15]. Only 18.9 percent of the population uses the internet and 66.4 percent are mobile phone subscribers[16].

The banking system in Equatorial Guinea is characterised by high overhead costs and interest rate spreads, owing to high lending risk, and low competition due to the limited number of commercial banks. The World Bank's 2017 Doing Business indicators scored Equatorial Guinea at 118 out of 190 countries globally in terms of ease of getting credit. Bank credit to the private sector increased to 20 percent of GDP in 2015 from five percent of GDP in 2010, but remains heavily concentrated among large enterprises, especially those operating in the construction sector. In 2013, nonperforming loans increased to 20 percent of total loans.

Affordability

The majority of people in Equatorial Guinea are involved in the informal sector. The GNI per capita is US$7 790. Approximately 82 percent of the population are employed and the country only has 7.2 percent unemployment rate[17]. Poverty is still high as mentioned above and concentrated primarily within rural areas, in which subsistence living is dominant due to the limited rural economic opportunities.

According to Numbeo (2015), the rent per month for apartments in city centres range from CFA francs 200 000 (US$358) to CFA francs 600 000 (US$1 073). A four bedroom executive house in a prime location can cost US$6 500 per month to rent. Rental outside the city centre ranges from CFA francs 150 000 (US$268) to CFA francs 400 000 (US$716). With an average monthly net salary of CFA francs 250 000 (US$448) most households will only be able to afford the cheapest apartment outside of the city centre.

Generally, in the CEMAC region, construction costs are relatively high both in urban and semi-urban areas as a result of the high cost of materials which are largely imported. In 2013, Grupo Abayak AKOGA Cemento S.A. awarded the contract for the construction of a cement plant to FLSmidth & Company A/S of Denmark. The 3 000 metric ton per day capacity facility, which was to be built at Akoga, was expected to begin production in 2016. However, it is unclear what the current status of this project is. Furthermore, as reported by Cemnet in 2016, the Cameroon-based Common Savings and Investment Fund granted the Equatorial government US$69 million to build a cement plant. Although, it is unclear as to what progress has been made in building this plant to date. Both these cement plants will hopefully lower costs of construction and contribute to governments plan to prioritise the non-hydrocarbon sector and invest in new infrastructure projects such as roads and high profile urban developments.

Housing Supply

Approximately sixty percent of Equatoguineans live in rural areas[18]. The country as a whole has a variety of housing types. In the north, houses are made from wooden planks or palm thatch. Many houses have shutters. On the mainland, there are different kinds of houses, which are self-built using natural materials, small houses are made of cane and mud walls with tin or thatch roofs. On the other hand, there are high rise apartment buildings in cities. Wealthy individuals have channelled a significant amount of capital into residential real estate development and there are some good quality apartment blocks to the west and centre of Malabo. Despite the declining oil and gas prices and waning expatriate demand, there does still appear to be a reasonable market for serviced apartments and compounds catering for oil workers[19].

The public investment programme as outlined by the IMF (2015), planned to spend CFA francs 1 492 billion (US$2.6 billion) on social housing. By mid-2014, CFA francs 394 billion (US$670 million or 26 percent) had been spent and by 2015 CFA francs 113 billion (US$192 million). An additional CFA francs 5 995 billion (US$10 million) was planned for urban development. The government of Equatorial Guinea has funded a series of public housing blocks, in Bioko Norte, for low-income people. The houses will be offered at affordable prices to Equatoguineans. Over 1 000 houses were built on Sampaka, a small town north of Malabo. However, it remains debatable as to whether mass housing developments such as Buena Esperanza on the outskirts of Malabo remains affordable to most locals.

Property Markets

According to the civil code Law of State Patrimony and Law of the Soil, all land belongs to the State. This gives the State a wide mandate to take possession of land whenever it is in the sovereign interest to do so. Equatoguinean law provides for compensation in the event that property is taken by the government. However, when people are evicted from their homes, it is seldom the case that they receive adequate compensation[20].

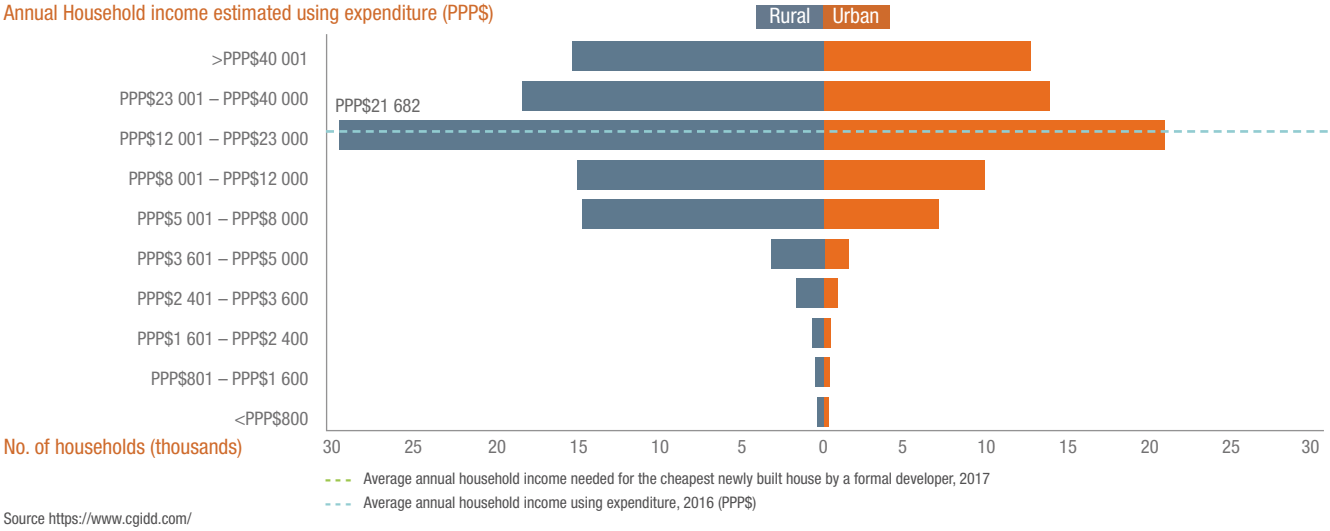
According to the World Bank's Doing Business Indicators 2017, the country ranked 160 out of 190 countries in terms of registering property – it saw a drop in two positions since 2016. There are six procedures to register property which is on par with the Sub-Saharan African region. Registering property takes on average 23 days and the cost to register property is 12.5 percent of the property value. Furthermore, the majority of title or deed records in the country are in paper format and there is no electronic database for checking for encumbrances (liens, mortgages, restrictions and the like). There are no publicly available official statistics tracking the number of transactions at the immovable property registration agency. Discrepancies around ownership rights exist between unmarried men and unmarried women who have equal ownership rights and, married men and women do not.

Policy and Regulation

According to the IMF, the government's development agenda is guided by a medium-term strategy, the National Economic Development Plan: Horizon 2020, which targets economic diversification and poverty reduction. The first phase of Horizon 2020, focusing on infrastructure development, was concluded in 2012. The second phase will focus on economic diversification, targeting strategic new sectors such as fisheries, agriculture, tourism, and finance. The need to focus on developing new economic sectors was driven by the drop in oil prices and hence decline of the historically dominant sector.

The new city of Djibloho, in the centre of mainland Equatorial Guinea, will be created under the framework of the policy for regrouping the populations of the main cities – Malabo, Bata, Mongomo, Ebebiyin, Evinayong and Luba. A

EQUATORIAL GUINEA



Source https://www.cgidd.com/

complementary approach was taken in drafting the master plans for roads, housing and social infrastructure in order to improve the quality of urban life through economies of scale[21].

With support from the World Bank, Equatorial Guinea has established a statistics office which aims to better inform policy makers indicating that the country is cognisant of the fact that quality data influences informed policy.

Opportunities

Equatorial Guinea has significant assets conducive to promoting entrepreneurship and industrialization. The country's infrastructure is world-class, including roads, ports and energy. The cultural diversity of the country's population and the return of a well-trained diaspora willing to invest in the country is an added benefit to the country's growth prospects[22]. Furthermore, the high cost of formal construction provides developers with an opportunity to gain substantial market share by manufacturing building materials locally and/or innovating in the affordable segment of the market.

As reported in 2015 by the IMF, authorities, in cooperation with the banking sector, have made significant efforts to strengthen financial sector development and improve access to financing in the past few years. The IMF indicates that enacted measures include the introduction of a real-time interbank clearance mechanism and the placement of ATMs at the bank branch level, as well as significant investments towards laying fibre-optics cable to the mainland. Plans are also underway to develop nation-wide ATM and credit card networks, while authorities are considering proposals for the creation of a credit fund and the development of a government debt market.

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Eriteria

Overview

Eritrea remains a country of immense economic potential. However, despite a few promising years after independence in May 1993, hostilities with Ethiopia over border issues persist, notwithstanding attempted interventions for resolution by the international community. This unresolved 'no-peace-no-war' border stalemate has continued to undermine development initiatives in both countries, as human and financial resources are allocated away from vital sectors of the economy[1].

Eritrea remains one of the poorest countries in the world and economic performance has been uneven within this challenging environment. Unpredictable weather, economic sanctions, low commodity prices and a weak business environment have all contributed to holding growth at 3.8 percent in 2016, with growth forecast at approximately 3.7 percent in 2017. The World Bank's 2017 Doing Business Report ranks Eritrea as the second most difficult county in which to do business (189th out of 190 countries). In addition, the indefinite period of national service requirement, which has been in place for 12 years, has forced the majority of the adult population to serve as recruits for extremely low wages[2]. Therefore the poverty rate is very high and a large number of Eritreans depend on the support of relatives in the diaspora for survival. The UN has estimated that the number of refugees and economic migrants from Eritrea exceeds 10 percent of the current population. Eritreans make up the third largest group of migrants to Europe, which is significant given the country's small population of just 6.7 million[3].

No census has yet been carried out in Eritrea to date and official statistics on the prevalence of poverty in the country are limited. Based on the available public sources, poverty is still widespread (up to 69 percent) and 80 percent of the population depend on subsistence agriculture for their livelihoods. Consequently, a large portion of the population is vulnerable and food insecurity is high, and according to the Global Hunger Index, more than 60 percent of the population is undernourished. Eritrea's Human Development Index rank was 179 out of 186 countries indicating a very low level of socioeconomic development. School enrolment rates are relatively low at 39 percent at the primary level, 30.5 percent at secondary school level and just two percent at tertiary level.

Despite these challenges and setbacks, according to the United Nations Development Programme (UNDP), the government has endeavoured to protect the most vulnerable segments of the population and to implement its long-term development policies. The Eritrean government maintains an extensive social safety net, and invests in three priority areas: food security and agricultural production; infrastructure development; and human resource development. These priorities are part of the country's five year National Indicative Development Plan (NIDP), which aims to create the necessary conditions for the emergence of a modern, technologically advanced and internationally competitive economy. Based on these efforts, Eritrea has continued to make progress in education and health. For instance, adult literacy improved from 52.5 percent in 2002 to 73.8 percent in 2015. Child mortality improved from 89.1 in 2000 to 46.5 in 2015. Other indicators that have shown significant improvements are: secondary school enrolment; maternal mortality; antiretroviral therapy provision; and public-health campaigns[4]. Furthermore, the NIDP's policy on housing aim at improving the livelihood of the entire population by ensuring that all households have access to adequate and affordable housing.

The government's decision to access supplemental support resources from AfDB's Transition Support Facility, and its strategic partnership cooperation framework

KEY FIGURES

Main Urban Centres	Asmara (capital)
Exchange Rate: 1 US$ [a] =	15.59 Eritrean Nakfa (ERN)
PPP Exchange Rate (Local Currency/PPP$): 1 ERN = [b]	0.1040
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	9.0 | 8.9 | 8.4 | 9.4
Population | Population growth rate [d]	5 228 000 (2015) | 2.10 (2011)
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	22.64 (2011) | 3.95 (2011)
GDP per capita (current US$) | GDP growth rate (annual %) [d]	544.46 (2011) | 8.67 (2011)
GDP (Current US$) [d]	
GNI per capita, Atlas method (current US$) [d]	520 (2011)
Population below national poverty line | Survey Year [c]	69.0 | 1993
Unemployment rate (%) (d)	7.2
Gini co-efficient (year of survey) [e]	
HDI (Global Ranking) | HDI (Country Index Score) [f]	179 | 0.420
Lending Interest Rate [d]	
Unsecured lending interest rate (housing microloan)	16 (k)
Mortgage Interest Rate (%) | Mortgage Term (years)	| 25 [l]
Down Payment (%)	
Credit % of GDP [d]	103.95 (2011)
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	32.6 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	82 696 [n]
What is the size of this house (in m²)?	125
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	189
Number of Procedures to Register Property [j]	11
Time (days) to Register Property [j]	78
Cost (% of property value) to Register Property [j]	9.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] [SMCP 2002 figures
[l] Housing and Commerce Bank of Eritrea
[m] Tesfa News
[n] Asmara Housing Project

with the United Nations will likely strengthen the country's resilience, improve its export base, improve the livelihoods of the rural population and strengthen food security.

Access to finance

Eritrea's financial system is considered to be significantly underdeveloped with a limited supply of financial services, which fall far short of demand. Banking-sector assets are equivalent to just 18.4% of GDP[5]. None of the banks publish financial statements and most of the operations in the banking sector are manually executed. Currently, commercial banks are required to set aside 20 percent of their deposits as reserves.

Eritrea's banking sector is dominated by state-owned banks and is in poor condition. There are currently six financial institutions: the Central Bank (Bank of Eritrea); the Commercial Bank of Eritrea (CBE), a state-owned bank with nearly 28 branches in the country; the Housing and Commerce Bank of Eritrea (HCBE), a private bank, specialising in commercial and residential mortgage loans; the Eritrean Investment and Development Bank, a state-owned bank specialising in long-term industrial and agricultural loans; one insurance company; and Himbol, a government owned and operated exchange and remittance service. Microfinance has been in operation since 2005 and has served the rural poor, particularly women. Despite the potential of this mode of financial operation, its reach is limited by the rudimentary ITC network currently available, including mobile telephone penetration. Cell phone subscriptions have increased slowly from only one to 17 per 1 000 inhabitants between 2000 and 2015.

According to the World Bank's 2017 Doing Business Report, in the 'ease of getting credit' category, Eritrea was ranked 185th out of 190 countries. Notwithstanding some positive developments, access to traditional financial services remains difficult. The share of the population having an account at, or borrowing from, a financial institution is low. The cost of borrowing still remains prohibitively high, with real interest rates around seven to 12 percent. If not subsidised, the interest rates could be as high as 30 percent depending on the use of the money being borrowed. Moreover, financial markets have not evolved in ways that allow individuals and firms to diversify their savings and enable firms to raise money through stocks, bonds, and foreign exchange markets.

Eritrea's economy is mainly cash-based, with limited use of demand deposits and almost no term deposits. Reforms in 2016 brought in an automated payment system and the old Nakfa (ERN) banknotes were replaced. The combined effect of these actions has been to reduce the size of the black market and hinder human trafficking. All individual citizens have been encouraged to transact their business through the banking system[6]. However, due to the issuance of new banknotes, many people are struggling to make ends meat as the cost of living increased[7].

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). HCBE offers savings and current accounts in the local currency (ERN), 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.

Eritrea ranks low in Africa in terms of loan access and information on borrowers (such as credit history and credit risk). Data on mortgage lending is not available and does not appear to be collected by the Central Bank – it is therefore not possible to determine the size of the mortgage market. However, it is likely to be small. The country's collateral markets are underdeveloped making it difficult for citizens to obtain mortgage loans. For example, undeveloped land, no matter the tenure form, cannot be used as collateral and this denies landholders the opportunity to borrow for house construction.

Affordability

According to Numbeo, the rental cost of a formal apartment in the Asmara city centre ranges between ERN 4 000 (US$256) to ERN 25 000 (US$1 603) a month; while housing outside the city centre ranges between ERN 2,500 (US$160) to ERN 12,000 (US$769). In 2017, Eritrea had an estimated GNI per capita of US$591, the average net salary after tax per month is ERN 1 500 (US$96); and that an estimated 69 percent of people live below the national poverty line, indicates how unaffordable much of the housing market is for the average Eritrean.

As 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. In many instances, homes are built over years and cost the entire life savings of those who invested in them. Given the tough economic conditions and in order to alleviate their housing problems, many individuals have resorted to 'selling' part of the land allocated to them for development purposes. The main purpose of these sales by the owners is to use the proceeds to build their own houses on a portion of their land. This practice has become widespread over the past 20 years despite the fact that the government considers this practice to be an 'illegal sale of land'.

For the minority that can afford mortgages, the banks, usually HCBE, require a 25 percent deposit, and then an installment to income ratio of no more than a third of the borrower's income over a maximum tenor of 25 years. According to local news sources, a 16m^2 room in Asmara and in villages in the vicinity goes for ERN 1 000 (around US$64) per month and the median average salary of a government employee in the country is ERN 800 (US$51) 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 30-120m^2 and 125-200m^2 respectively. Apartment prices range from EUR 18 007 (US$21 128) for a 30m^2 unit to EUR66 471 (US$77 996) for a 120m^2 unit. House prices vary from EUR71 323 (US$782 696) for a 125m^2 home all the way up to EUR113 006 (US$132 624) for a 200m^2 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.

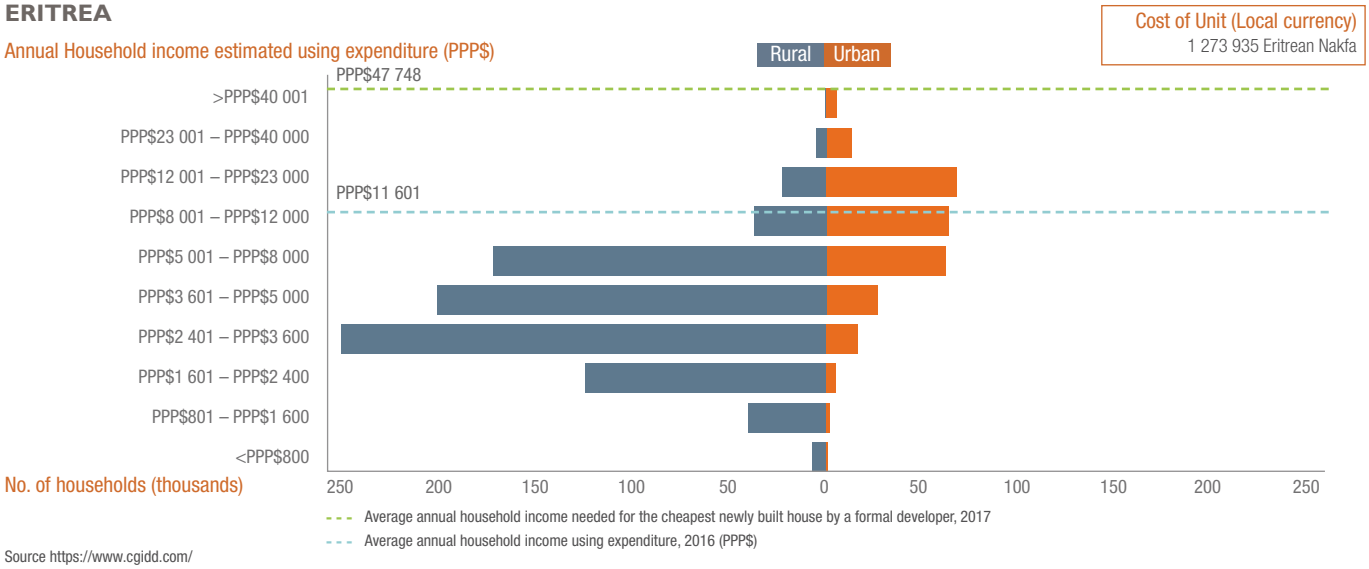
Housing supply

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

There has been no new information around the nation dispersal of the population or demographic profiles, based on available information over half of the households in the city of Asmara are 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. With regard to '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.

According to the Human Rights Council (HRC), over the years, the successive movement of refugees and internally displaced persons has caused severe housing shortages. In recent years, the Eritrean authorities have resorted to evictions and demolitions of houses that were built outside of local planning permissions. The HRC has reports of the demolition of approximately 800 houses in Asmara and

ERITREA



Source https://www.cgidd.com/

several other villages in the vicinity of the capital city, as well as other towns such as Adi Keyh, in the southern part of the country. An estimated 3 000 people were made homeless as a result of these demolitions. Many evictees sought refuge with friends and family which further exacerbated the overcrowded housing problem and further limited access to affordable water and safe sanitation. According to the HRC, by resorting to these types of actions, the Eritrean authorities have demonstrated that they are reluctant to create the necessary conditions to expand access to adequate social housing.

It is not clear what the government's current housing delivery rate is, but recent reports suggest many of the newer developments are targeted at the medium to high end of the property market. According to news reports from 2014, a number of multimillion dollar infrastructure projects have been developed. From luxury resorts to colleges to modern homes and dams, Eritrea is witnessing an unprecedented development boom. Examples of this high-end boom include the Asmara Housing Project which was launched in 2013 and developed in the Sembel, Halibet and Space 2001 districts of the city. According to news reports, over 45 percent of this Housing Project has been completed[8]. The project has been undertaken by an Italian Company, Piccini, in collaboration with other local construction companies under the umbrella of The Housing and Commercial Bank of Eritrea. The project comprises a total of 1 754 housing complexes including 930 apartments and 824 villas as well as 192 business complexes[9]. This housing project also includes road infrastructure, construction of sewage system and water pipelines, electricity as well as telephone and internet installations. In addition a pre-cast factory in Asha-Golgol has been actively producing the materials required for the project[10]. In an interview with state media in February 2014, President Isaias Afwerki was quoted by online news source, Madote, as saying, "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. There is also the 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. Another Italian company, Gruppo Italiano Costruzioni, has also been involved in delivering 1 680 housing units in the country. The US$300 million Massawa project appears to be a mix of luxurious resorts, hotels and residential buildings. Currently, construction of the project has been postponed, presumably, due to the Asmara pilot project taking priority.

Property markets

The property market in Eritrea is challenging. According to the World Bank's 2017 Doing Business Report, registering property in Eritrea requires 11 procedures, takes 78 days and costs 9.1 percent of the property value. Furthermore, the majority of title or deed records in the country are in paper format and there is no electronic database for checking for encumbrances (liens, mortgages, restrictions and the like). There are no publicly available official statistics tracking the number of transactions at the immovable property registration agency.

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.

Policy and regulation

The Land Proclamation and Legal Notice 31/1997 serves as the country's post-independence land law. According to the Proclamation, land is the exclusive property of the state; the sale, transfer and mortgaging of land is prohibited. Therefore, an individual citizen only has usufruct rights over land, and the government could allocate land through leaseholds. Essentially, every Eritrean citizen, who has met the necessary criteria (including national service duties) is given the right to be allocated a plot of land for housing in urban areas and ancestral villages. The Proclamation specifies that: 1) An annual rent must be paid, which is determined by the law or by regulation of the Ministry of Finance, with the sole exception of rural housing. 2) Land rights cannot be transferred, except where expressly provided for by law. 3) Expropriation can be ordered only for purposes of development and capital investment aimed at national reconstruction or other similar purposes with the decision being final and not justifiable[11]. 4) Compensation for expropriated land, which must be agreed between the owner and the state, is to be paid in cash or in kind. The amount will be commensurate with the damage experienced and will be paid before the holder relinquishes the land. In the case of disagreement, the titleholder can bring a suit before the High Court[12].

Significant obstacles have been created in the housing industry as a result of this legislation. One of the challenges has been the housing delivery system, which has been unable to speedily respond to the need for housing land, and the demand for housing has far exceeded supply. Other factors such as poor governance, mismanagement and a lack of clarity within institutional structures has further compounded the country's housing shortage.

At the national and local level, 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 utilised according to designated purpose.

Opportunities

Analysts agree that Eritrea's growth prospects are potentially favourable in the medium term due to the mining of mineral resources, the commodity price recovery and plans to scale up energy supply. In addition, the National Indicative Development Plan 2014-2020 foresees the allocation of substantial resources and investment to increase the supply and quality of the country's human capital in the broadest sense and within competitive standards. Eritrea's rich entrepreneurial tradition provides opportunities for private sector growth and industrialisation.

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

Beyond mortgage finance, there is a significant need for additional cheaper building materials, which provides potential investors with the opportunity to gain substantial market share by manufacturing some building materials locally.

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Ethiopia

Overview

Ethiopia has a projected GDP of 8.1 percent for 2017, driven by government investment in infrastructure, as well as sustained progress in the agricultural and service sectors. More than 70 percent of Ethiopia's population is employed in the agricultural sector, but services have surpassed agriculture as the principal source of GDP. Based on the UN's Human Development Report (2016) the country has a very low human development ranking of 170 out of 188 countries. Ethiopia's population is over 102 million, of which 20.4 percent is urban and the rate of urbanisation is 4.64 percent. The main drivers of urbanisation include: natural growth; migration to urban centres, the reclassification of villages into towns; and the expansion of urban centres.

The combination of high population and urban growth rates, coupled with a high prevalence of urban poverty has placed enormous strain on Ethiopian cities. As such significant investment in basic infrastructure such as health, education, housing, roads, water and sanitation and recreational facilities is required. Since 2004/05, the government has focused on developing housing, upgrading slums, providing infrastructure and promoting small urban enterprises. The Growth and Transformation Plan (GTP2) for 2015 to 2019 will continue to target infra-structural development with the view of the country being classified as a 'middle income' by 2025.

Access to finance

Following the merger of the Construction and Business Bank with the Commercial Bank of Ethiopia there are now 18 banks in Ethiopia of which 16 are private and two are public. 494 new bank branches were opened in 2016 (of which 363 were private) raising the total branch network to 3 187 from 2 693. The share of public banks, in total branches declined to 39.5 percent from 41.9 percent last year, indicative of the growing role of private banks. According to National Bank report the total capital of the banking system reached ETB 46.4 billion (US$2 billion) with private banks accounting for 51.1 percent of that figure. The largest banks are the government-owned Commercial Bank of Ethiopia (CBE) and Development Bank of Ethiopia (DBE) which account for 48.9 percent of the total capital of the banking system in 2016.

The share of private banks in deposit mobilisation increased to 33.6 percent from 32.2 percent last year due to the opening of new branches. CBE alone mobilised 66.1 percent of the total deposits banking system owing to its large branch network. Raising funds through borrowing by the banking system, has not been an important source of resource mobilisation in Ethiopia as virtually all banks were sufficiently liquid aided by increased deposit mobilisation and collection of loans. Consequently, the total outstanding borrowing of the banking system stood at ETB 32.9 billion (US$1.41 billion) slightly higher than ETB 31.2 billion (US$1.33 billion) a year ago. Of the total borrowed amount, domestic sources accounted for 89.1 percent and foreign sources the remaining balance. Additionally the number of microfinance institutions (MFIs) remained at 35 while their total capital and total assets increased significantly by 23.5 percent and reached ETB 8.9 billion(US$380 million) and by 20 percent reaching ETB 36.7 billion(US$1.57 billion), respectively.

Their mobilised deposits grew by 24.3 percent to ETB 18.4 billion (US$786 billion) and their outstanding credit rose by 15.5 percent to ETB 25.2 billion (US$1.08 billion). The five largest MFIs namely Amhara, Dedebit, Oromiya, Omo and Addis Credit and savings institutions, accounted for 83.6 percent of the total capital, 92.9 percent of the savings, 88.3 percent of the credit and 89.2 percent of the total assets of MFIs at the end of 2016. Banks, including DBE disbursed fresh loans to the tune of ETB 88 billion (US$3.76 billion) in 2016. Of the total new

KEY FIGURES

Main Urban Centres	Addis Ababa (capital)
Exchange Rate: 1 US$ [a] =	23.58 Ethiopian Birr (Birr)
PPP Exchange Rate (Local Currency/PPP$): 1 Birr = [b]	0.1113
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	10.1 | 6.9 | 8.4 | 11.6
Population | Population growth rate [d]	102 403 000 | 2.50
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	19.92 | 4.79
GDP per capita (current US$) | GDP growth rate (annual %) [d]	706 | 7.56
GDP (Current US$) [d]	72 374 252 815
GNI per capita, Atlas method (current US$) [d]	660
Population below national poverty line | Survey Year [c]	29.6 | 2010
Unemployment rate (%) (d)	5.2
Gini co-efficient (year of survey) [e]	33.17 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	174 | 0.448
Lending Interest Rate [d]	8.00 (2008)
Unsecured lending interest rate (housing microloan)	14
Mortgage Interest Rate (%) | Mortgage Term (years)	12 | 1 [k]
Down Payment (%)	
Credit % of GDP [d]	36.86 (2008)
Average Mortgages % of GDP [g]	1.87 (2014)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	43 780
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	9.35 | 12.39
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	10.69 | 8.07
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	11 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	52 173
What is the size of this house (in m^2)?	86
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	25
Ease of Doing Business Rank [j]	159
Number of Procedures to Register Property [j]	7
Time (days) to Register Property [j]	52
Cost (% of property value) to Register Property [j]	6.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] National Bank of Ethiopia
[l] Ethiopia Construction

loans, about 43.6 percent were made by private banks, and the rest by public banks, about 29 percent of the loans went to industry followed by domestic trade (17.1 percent), housing and construction (15.5 percent), agriculture (15.2 percent) and international trade (10.8 percent) and others (12.4 percent).

The total outstanding credit of the banking system expanded by 20.4 percent and reached ETB 280.3 billion (US$12 billion) at the end of June 2016. Specifically outstanding claims on the private sector rose by 23.8 percent, on public enterprises 21.2 percent and on the central government 6.2 percent. Outstanding credit to industry accounted for 37.8 percent followed by international trade (18.5 percent), domestic trade (10.2 percent), housing and construction (10 percent) and agriculture (7.3 percent). The share of private sector (including cooperatives) in outstanding credit was ETB 179.2 billion (US$7.7 billion or 63.9 percent) depicting a 21.5 percent annual growth.

Recently, government banks like the Commercial Bank and the Development Bank have joined the mortgage market but only in the commercial construction sector. The same is true of the emerging private bank sector. There is limited involvement in residential mortgage by public and private banks because of the perceived high risk and shortage of experience. In recent years, MFIs have become increasingly important players, as they are viewed as effective mechanisms for poverty reduction, the loan policy of MFIs indicates that preference should be given to poor rural farmers and microeconomic activities of rural and urban communities with small cash requirements. MFIs offer a potential area as a source of finance for the poor and low-income earners. According to information obtained from the Association of MFIs in Ethiopia, some relatively big MFIs have started extending small loans for housing.

The Doing Business Report 2017 showed that almost 94 739 individuals and 7 656 firms were recorded on the public credit registry, yet this represents only 0.2 percent of the population. As a result, Ethiopia continues to underperform with respect to getting credit and is ranked 170th out of 190 countries. Ethiopia's foreign domestic investment (FDI) is mainly in labour-intensive areas. Although the 32 projects launched in 2015 accounted for only 4.4 percent of total investment in Africa, these made up 18.5 percent of the jobs from the FDI in Africa. Ethiopia has slowly been opening up to foreign investment in the manufacturing and retail sectors. A major player in the mortgage market is CBE which has grown since the introduction of the Integrated Housing Development Programme's (IHDP) current project in the capital of Addis Ababa, in which it plays an important role in the provision of mortgage finance. Mortgage rates for the 40/60 development scheme are estimated at 14 percent over a ten year period with a 40 percent down payment.

Affordability

Housing affordability has implications not only for housing but also for employment, health, labour market performance, finance, community sustainability, economic development and urban and regional development. In Ethiopia a major challenge for affordable housing for low-income people is the limited access to housing finance. Following the market-led adjustments implemented Post-1991, subsidised interest rates were removed which significantly increased lending rates. It increased from 4.5 percent for co-operatives and 7.5 percent for individuals to 16 percent for both, severely reducing the opportunity for low-income households to secure a home loan. A key challenge to housing affordability is the absence of a diversified and flexible housing finance sector. 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 government's IHDP has compounded the housing affordability issues for lower income residents. Compliance to the financial provisions of the banks has resulted in a housing typology that does not offer incremental stages of construction or the use of alternative building materials. This dependence on specific materials has contributed to rising construction costs and steadily increasing housing prices. In June 2016, the Commercial Bank of Ethiopia and Ministry of Urban Planning and Housing, revealed that the condos in the new 40/60 scheme were an additional ETB 4 919 (US$210) per square meter from their original price. This price increase is due to rising construction and labour costs which have forced the Ministry of Urban Development, Housing and Construction and Addis Ababa Savings and Houses Development Enterprise to re-evaluate their prices, taking into account the current market, land, water, electricity and building design prices. If the revised prices are reviewed then the cost of two-, three- and four bedroom condos currently valued at ETB 614 693 (US$26 269), ETB 636 974 (US$27 221) and ETB 829 690 (US$35 457) respectively will increase accordingly by the square meter of the apartments. The apartments are 124.97m², 129.5m² or 168.68m² in size. The increased costs of construction, and thus the down payments as well as mortgages have placed additional financial burdens on the poor. As a result, many beneficiaries from low-income groups have rented out their units to more affluent citizens. In turn, the unit owners tend to stay in their original substandard dwellings or have returned to another precarious housing type.

Housing supply

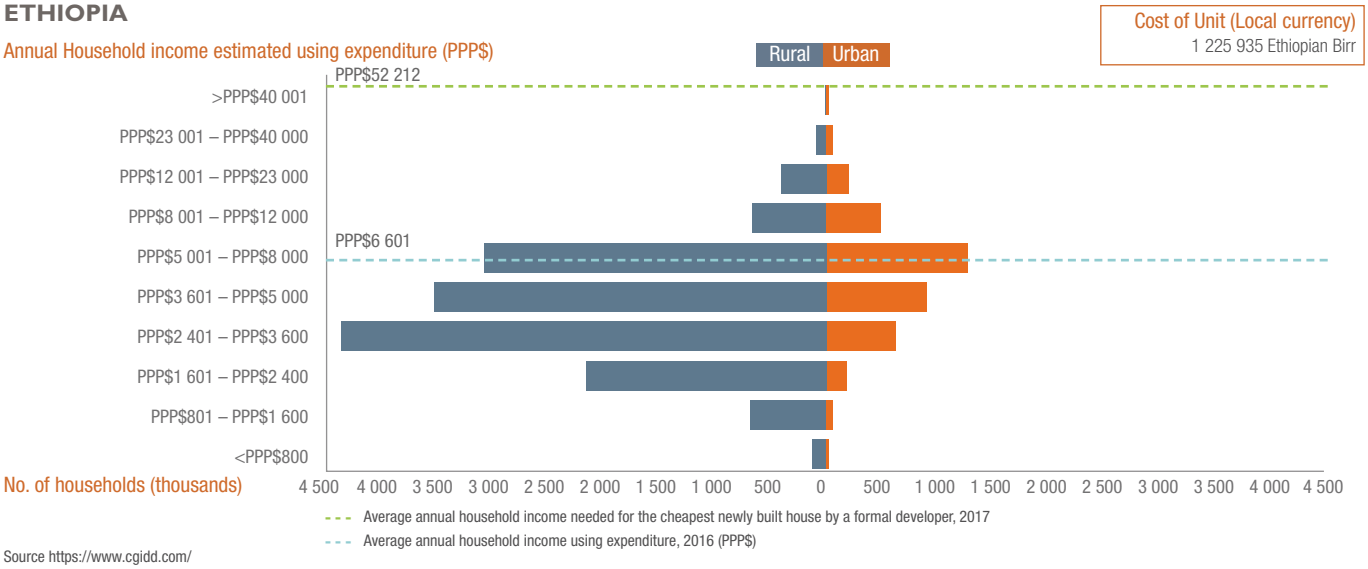
The existing housing stock, particularly in Addis Ababa, is generally of poor quality, with many settlements being congested and unplanned. Using the UN-HABITAT slum definition, 80 percent of Addis Ababa is a slum with 70 percent of this comprising of government owned rental housing. Only 30 percent of total housing stock is in fair condition, while the remaining 70 percent is in need of total replacement or significant upgrading. According to estimates by the Ministry of Works and Urban Development, the housing deficit in Addis Ababa alone is about 300 000 units. The housing deficit is not just measured by the large number of units that are required today but also in the quality of the housing stock and the extremely small sizes of most available dwelling units. What is even more worrying in this regard is that the problem has worsened between the two censuses surveys of 1994 and 2007.

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

- **Government-built Condominiums:** the government implemented a new housing project (IHDP) in Addis Ababa, (as well as other cities) which is divided into four different groups based on payment modalities: 10/90, 20/80, 40/60 and housing association. The payment modality for the last one necessitates hundred percent upfront settlements, while the others incorporate 10, 20 and 40 percent down payment mixed with a long-term mortgage plan. The majority of people demanding houses focused on the former of the three alternatives. The Government Housing Project was planned in two phases. In phase one 947 376 people registered for housing and the governments built 270 146 houses however of the available stock only 182 000 houses were allocated.

  Currently there are 88146 condominium units that are under construction disbursed between 18 sites. The new condominium houses that are being built will be 18 storey buildings. According to the latest figures available from the 40/60 housing programme, 154 000 of the 160 000 people registered under the scheme are saving money each month toward acquiring a home. Out of these, 17 600 have paid the full amount and more than 29 000 have paid 40 percent of the total cost. Those who have paid in full will have priority when the condominium units are handed over to the home owners[10].
- **Private sector real estate developers** have so far played a minimal role in addressing the housing deficit as all their projects are aimed at high-income households. More than 50 companies are developing real estate in the capital city and surrounding areas. This could be seen as additional market value, over and above the government led development, as the target of real estate developers is rarely addressing the low income societies and it is not a remedy to the housing problems rather to the growing demand of the public. Given that the government cannot address the need for the increasing demand for real estate on its own, it has allowed a number of local private investors to become the major actors in the development of real estate in Ethiopia. To this effect, 215 investors have received business licenses to develop the real estate sector in Ethiopia according to the data available at the country's trade ministry. There are now 50 of them operating in the market and competing with each other.
- **Owner-built housing construction:** Self-built housing was by far the most common type of housing delivery approach before the introduction of the IHDP. Though relatively limited now, this building approach is still active in

ETHIOPIA



Source https://www.cgidd.com/

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 raising or replacing older properties.

- **Housing co-operatives** are the primary mode of housing construction in Addis, constituting over half of the city's total formal sector housing stock. Co-operatives in Ethiopia, similar to many other countries, are formed by groups of people who come together as an entity to perform the function of a 'developer'. In the absence of an active private sector presence in real estate development, the cooperatives are clearly filling the gap. They are recognised as legal entities by the government, and allocated land upon which to design and construct their development. The city administration has registered more than 500 housing cooperatives. The minimum membership in a housing cooperative is 14 while the maximum is 24. Many cooperatives members are middle-income, based on employer associations such as Ethiopian Airlines or other state-owned companies.

Property markets

According to the Doing Business Report 2017, Ethiopia is ranked 176th out of 190 economies on the ease of dealing with construction permits. Regarding registering property, seven procedures are required; it takes 52 days and costs 6.1 percent of the property value. As such, Ethiopia stands at 133rd in the ranking of 190 economies on the ease of registering property[11].

Ethiopia has a federal system of government constituted by nine regional states and two city administrations, with a dual land tenure system (for urban and rural land). Land in Ethiopia is the property of the state and can generally be acquired only on the basis of a lease. Private ownership of land is prohibited. In many residential urban areas, there are freehold plots owned by private individuals outside of the lease system, but even for these plots of land, the owners technically own only the buildings on the land and not the land itself (which remains public property). Transfer of any freehold with or without a property on it triggers the immediate conversion into the lease system. This means that the transferee is required by law to enter into a lease agreement with the relevant government authority. Once acquired through a lease, the land cannot be mortgaged or sold, but the lease value of the land (the down payment and annuity paid) and the fixed assets on that land may be mortgaged or transferred to third parties.

Land administration is delegated under the constitution to the regions (for rural land) and to city governments and municipalities (for urban land). Accordingly, regional governments and municipal administrations are authorised to lease rural and urban land under their respective laws. In the city suburbs, the Government reserves what it calls a land bank for investors, which, having compensated the landholders, it provides to investors engaging in real estate development. An investor who acquires land under a lease has to enter into a land lease agreement with the Government and obtain a lease holding certificate issued in its name. The minimum lease down payment is 10 per cent of the total lease payment. The remaining balance of the lease amount is to be paid in equal annual installments over the payment term. Interest is to be paid on the remaining balance, in line with the prevailing interest rate on loans offered by the Commercial Bank of Ethiopia.

The lease contracts normally include provisions to regulate when construction will start, how long it will take till completion, the payment schedule, grace period, rights and obligations of the parties, as well as other relevant details. The down payment of the lease price must be paid prior to signing the contract. The duration of an urban land lease for real estate development is 60 years for Addis Ababa and 70 years for other cities and towns in Ethiopia[12].

Policy and regulation

Housing in Ethiopia is not considered as a shelter only but an asset, means of social security and indicator of social status. There were no housing policies as such but simple laws. The current slums and housing problems are the result of accumulated deficits of policies and practices for several years. The Federal Ministry of Works and Urban Development is the government department responsible for the provision of housing. In recent years urbanisation has resulted in unprecedented levels of growth with the development and expansion of Addis Ababa and other cities. The urban development policy and strategies are aimed at promoting the role of urban areas, within the overall national development plan. The policy and strategy is further articulated in the IHDP which makes provision for affordable and low cost housing, empowering urban residents through property ownership, job creation, income generation and improvement of quality of urban environmental infrastructural development, etc and the urban renewal program.

Under the strong vision and leadership of the Ministry of Urban Development, Housing and Construction, commendable progress has been made in shaping urban developments in Ethiopia. That being said, while the government has an urban- development Policy, it does not have a consolidated strategy.

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

- Urban Development Policy (2005): Formulated by the Council of Ministers of the Federal Democratic Republic of Ethiopia to link together the small-scale efforts made by regional governments and cities since 2000.
- The Federal Rural Land Administration and Land Use Proclamation No.456/2005: Enacted for the purpose of ensuring tenure security, strengthening property rights of farmers, sustainably conserving and developing natural resources, establishing land data base, and establishing an efficient land administration in the country.
- Expropriation of Landholdings for Public Purposes and Payment of Compensation and Council of Ministers Regulation No.135/2007: The Federal Constitution vests in the government the power to expropriate private property in the public interest, provided it pays compensation prior to acquisition and in an amount commensurate with the value of the seized property.

- Ethiopian Building Proclamation 624/2009 formal sector: A legal document outlining the building regulations and requirements, for use by local authorities to ensure building standards are maintained in their jurisdiction. Parts of Ethiopia are located in an earthquake zone and a code exists to ensure buildings resist maximum predicted earthquake loads. The codes are only used and enforced in buildings developed in the formal sector.
- 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.
- Ethiopian Building Proclamation 624/2009 outlines building regulations and requirements utilised by local authorities to ensure compliance within the formal sector.
- Proclamation no.555/2007 defining the mandate of the Agency for the management of Government Housing maintenance, rent collection and property administration.

Opportunities

Ethiopia's investment policy encourages foreign investment in the real estate sector, and there have been an increasing number of foreign investors in this sector. Chinese developers are at the forefront of this trend. For instance, Tsehay Real Estate's Poli Lotus International Centre and Sinomark Real Estate's 21-tower Royal Garden developments are examples of Ethiopia's biggest real estate schemes. However most of the private real estate developers in Ethiopia are local investors.

Private investment in the real estate sector is expected to grow in the coming years. There are a number of factors driving this. These include (i) overall economic growth (as real GDP has grown by an average of 10.8 percent per annum in the last 10 years); (ii) demographics (the urban population continues to rise and the population of Addis Ababa is expected to more than double by 2040 reaching an expected eight million); (iii) a long history of unmet housing demand; (iv) the expansion of city roads, infrastructure and other major roadways (Addis Ababa's urban metro system which is the first in Sub-Saharan Africa, the improvement of numerous regional roads, and the wider reach of electricity and water services to the edges of the city); and (v) tax and investment incentive schemes, involving a broadening of investment areas, extended lease periods, and reduced income tax.

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Gabon

Overview

Gaining independence in 1960 Gabon is a former French colony; located on the west coast of Africa bordering Equatorial Guinea, Republic of Congo and Cameroon. The country covers an area of 267 667 m² for a total population of 1 803 718 million with a third of them living in the capital city Libreville. The official language is French and Bantou Group language. The life expectancy in the country is 65/67[1] years old. The climate condition of the country is mainly tropical, very hot and humid, with a range of terrestrial typologies including a narrow coastal plain; hilly interior; savannah in the east and south. Gabon is rich in mineral and natural resources which are petroleum, natural gas, diamond, indium, manganese, uranium, gold, timber, iron ore and hydropower.

Gabon is the fifth largest oil producer in Africa, in conjunction with timber and other mineral reserves they form the backbone of the economy. According to the World Bank report, in the past 5 years the oil sector on average has accounted for 80 percent of exports, 45 of GDP and 60 percent of budget revenue. As a result of this economic reliance on the oil sector the decline in the price of crude oil has affected the country's future economic focus and it was forced to cut down its budget provision.

For many years Gabon has maintained a relatively calm political and security situation. During Bongo's reign, Gabon was considered one of the most stable countries in sub-Saharan Africa however this has been compromised due to the ongoing political conflict between the state leadership and some opposition parties. France has enjoyed a relatively privileged[2] relationships with Gabon, until recently when the country opened up to other foreign companies showing more interest in Gabon's natural resources and infrastructure development projects.

Access to Finance

Gabon financial sector is made up of the Gabonese Development Bank (BGD) and nine commercial banks[3]. Almost 80 percent of loans and deposits are highly concentrated with three of the largest banks. BGD's main role is to lend money to small and medium-sized companies. There is representation of international interests within the sector indicated through the presence of the US bank Citigroup in Gabon. Corporate services are offered by commercial banks however, corporations operating in the country have the freedom to contract credit from abroad[4]. In addition, local credit is available to both local and foreign investors on equal terms. Nevertheless, the country's main economic actors, such as oil companies are financed from outside the country[5]. Gabon is part of the Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l'Afrique Centrale, or CEMAC) and as such utilises the common currency known as the Communaute Financiere Africaine (CFA) Franc, which is tied to the Euro for the purpose of currency stabilisation. Furthermore in compliance with being part of the CEMAC Gabon's centralised monetary agency is the regional, Bank of Central African States (Banque des Etats d'Afrique Centrale/BEAC) which regulates the banking and Microfinance institutions (MFIs) sectors through the Central African Banking Commission (COBAC)[6]. The country is also home to Central Africa Regional Stock Exchange which was established in 2008.

Gabon's housing finance program and budget are divided between different state institutions that have the mandate to deliver and execute housing programmes in the country. These institutions are: the Ministry of Housing, the ANGT and the National Real Estate Company a government body created in 1976 with the aim to develop and oversee housing projects. Today the government retains 70 percent of the stake of the National Estate Company. Additionally, the Gabon

KEY FIGURES

Main Urban Centres	Libreville
Exchange Rate: 1 US$ [a] =	556.51 Central African (CFA)
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0042
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	2.3 | 2.6 | 2.5 | 2.5
Population | Population growth rate [d]	1 979 000 | 2.54
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	87.37 | 2.78
GDP per capita (current US$) | GDP growth rate (annual %) [d]	7 179 | 2.26
GDP (Current US$) [d]	14 213 558 130
GNI per capita, Atlas method (current US$) [d]	7 210
Population below national poverty line | Survey Year [c]	32.7 | 2005
Unemployment rate (%) (d)	19,7
Gini co-efficient (year of survey) [e]	42.18 (2005)
HDI (Global Ranking) | HDI (Country Index Score) [f]	109 | 0.697
Lending Interest Rate [d]	15.00 (2007)
Unsecured lending interest rate (housing microloan)	30 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	2.9 | 0 [k]
Down Payment (%)	
Credit % of GDP [d]	22 86
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	376 000 000 [k]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	11.6 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	35 000
What is the size of this house (in m²)?	150
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	30/40
Ease of Doing Business Rank [j]	164
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	103
Cost (% of property value) to Register Property [j]	10.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Trading Economics
[l] Retail

National Housing Fund (NHF) created in 1973 and the National Building Society (SNI) created in 1976 by merging the National Housing Corporation and the Gabonese Development of Real Estate and Equipment. In addition, Credit Foncier of Gabon (CREFOGA) was established by the Gabonese government in 1976 as a specialised agency in housing finance. However, the business model of CREFOGA was severely handicapped by unpaid debts which resulted in its liquidation[7]. Another financial government institution is the Guarantee Fund for Housing (Fonds de Garantie pour le Logement, FGL). The FGL has the administrative and financial distribution mandate to deal with housing deficit. The government of Gabon has also established the housing bank, which is commissioned to provide loans at all stages of the housing construction and sale process.

Today, there are a number of financing mechanisms in Gabon that have been identified through the National Infrastructure Master Plan (NIMP) in order to facilitate real estate investment, public-private partnerships and built operation transfer cession as well as fully control private projects. There are also private banks and credit institutions operating in the housing sector with the aim to stimulate and provide finances to real estate developers and new home buyers.

Affordability

Gabon's income per capita is US$19 300, 2016. However, the country is subject to high income inequality that has left some local community members with no tie to government officials, in extreme poverty. As a result of the decline in oil prices and national budget cuts in 2015, economic growth of Gabon decreased from 5.6 percent to 4 percent[8]. This situation has affected not only the local economy but also community purchasing power. As such the Plan Strategique Gabon Emergent Vision 2025 (PSGE) was launched in 2012, to try and diversify and develop new industries such as transformative industries (agribusiness and wood processing) and infrastructure development/construction by building smart cities that will respond to housing needs based on sustainable development principles. The expected economic growth of the country is 2 percent in 2017[9].

Gabon has made some considerable improvements of its business environment and is currently ranked 164 out 190 countries globally and stands at 152 on the ease of starting a business[10]. However lately, political instability has affected the business environment in Gabon. Among the key innovations that government has put in place, is reducing the paid – in minimum capital requirement for starting a business (CFA 500 000). Regardless of the fact that, for the last 4 decades Gabon experienced high growth due to oil revenues this did not translate into job creation or poverty alleviation. The latest unemployment rate is above 20.3 percent with primarily youth and uneducated people affected. According to the World Bank report on Gabon (2016), the high unemployment rate in Gabon is due to a weak education system that is not providing the right skills required for economic growth associated with disparate social legislation.

The 2016 World Bank report on Gabon business overview stressed that Gabon's poverty rate is very high 30 percent of the local population are vulnerable and living with a monthly income of below minimum wage of US$225. More so, many local community/residents do not have access to basic services such as safe drinking water, electricity and health care in more than 60 of the regions[11]. Income inequality in Gabon and unemployment remain a major challenge especially among the youth population 46 percent of which are under the age of 25[12].

Housing Supply

At present, the majority of major social housing developments are led by the international companies mainly from China and India. The Oxford business group stressed that Gabon is facing a huge backlog of housing demand especially social housing. However, this situation could improve with new government's financial strategies and through better regulations and facilitating access to land titles.

Since the inauguration of president Aly Bongo Ondimba into office in 2009, the government has ratified the NIMP based on sustainable development principles with a short to long term vision. The plan includes the development of infrastructure strategies across different sectors, these are: transportation, energy, and telecommunication, housing and utility infrastructure[13]. According to the NIMP action 152, the government plans to build 35 000 houses with the aim of significantly increasing housing supply and facilitating access to mixed used housing. The project aims to build and deliver to the country on average 5 000 units annually, in order to encourage social diversity, vertical and horizontal densification. The materialisation of the NIMP housing delivery vision is currently under way in the peripheral area Libreville. One of the projects that have already started is the new urban development project called Angondje Development District located in the west part of the city. Since the beginning of this project, 872 prefabricated houses were completed and at the end of March 2016, 633 houses were allocated to their owners[14]. Another 420 social houses are being constructed by the Chinese company Dacheng Taihe Steel Structure Science and Technology, based Beijing. The project is underway, 320 houses of this project have been completed and delivered. Chinese investment in Gabon is based on Sino-Gabonese friendship and cooperation. The government aims to allocate 5 000 registered plots annually with a title deed to identified builders, private developers and housing construction developers. The objective is to facilitate housing market access to public servants such as teachers, health personnel, army etc.

In addition, the SNI is currently working in partnership with a mining company known as Companie Miniere de l'Ogooué to build 2 000 houses destined to low income earners in Bikélé, this project will be financed by the Gabon international Bank of Commerce and Industry (Banque Internationale pour le Commerce et l'Industrie) and the Union Bank of Gabon (Union Gabonaise de Banque). The Central African Development Bank based in Congo Brazzaville is also supporting the project. To date two thirds of this project have been completed with key infrastructures such road connections, water and electricity supply remaining.

Another housing project currently underway in Gabon is the development of 3133 houses in Estuaire, the project was initially planned for completion at the end of 2016, but only 2048 houses have been completed so far. The government of Gabon is also committed to facilitate the establishment of housing cooperatives through public funding that will be financing housing credit at 0 percent and a maximum of 30-40 percent of buyer's credit. At the same time, the government planned to divert housing bonuses usually paid to public servants to the finance housing cooperative.

The National Agency for Public Works of Gabon is also involved in redevelopment and revitalisation projects in certain areas around Libreville. One such project is the revitalisation of the port Mole area with the aim to transform the area into a centre of urban life. This project involves the refurbishment of the marina area with public and recreation centre space, commercial and leisure space, restaurants and hotels. Most of redevelopment projects will also have a consequence on housing demand in the area or its surrounds, for people desiring to live in close proximity to job opportunities. Hence, within the Mole precinct, the government is planning to develop major roads/boulevards along which mixed used buildings will be developed to accommodate residential and commercial markets[15].

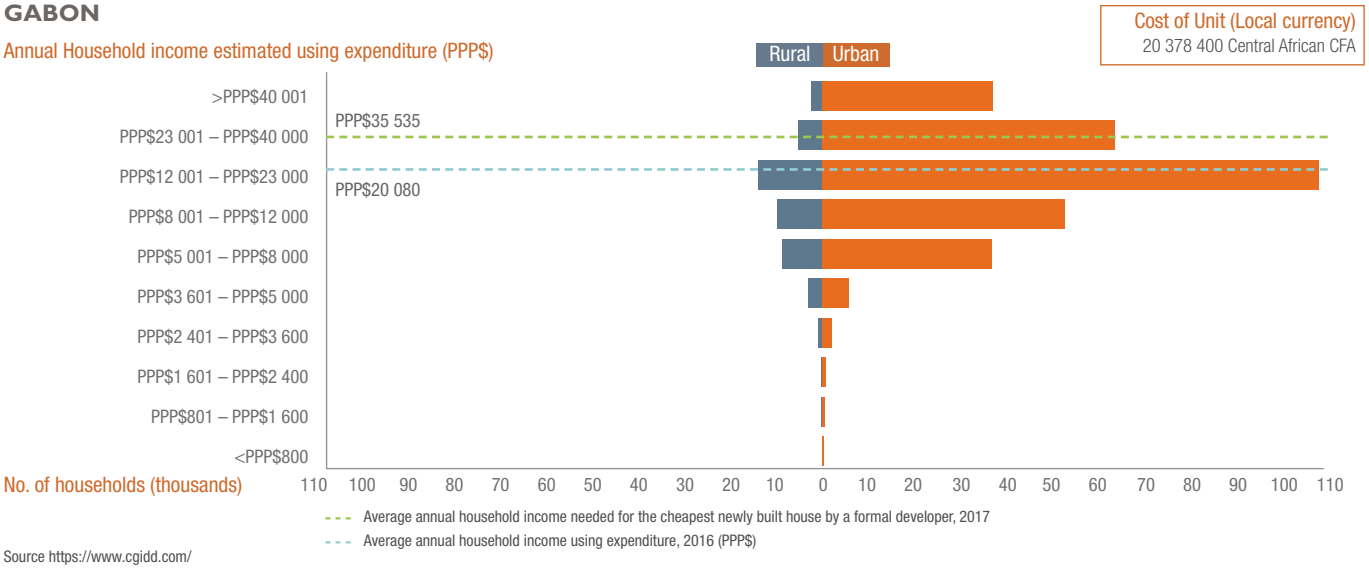
However, in the last two years most of Gabon's housing development projects have suffered financial setbacks due to the drop of oil prices which have forced the government to reallocated funds to more prioritised projects. In addition to economic challenges, political unrest that followed the presidential election of 2016, has affected the country's effort to diversify its economy and attract new investment. However, since January 2017, the situation has calmed down due to national reconciliation talks organised by the elected president.

Housing development programs are currently taking place under Action 153 of the National Infrastructure Master Plan (2011) called Restructuring and slum upgrading. This program will involve restructuring and relocation of residents from precarious neighbourhoods to new urban centres with suitable accommodation and social infrastructure. This approach will promote access to land and social facilities as well as social services to local residents. This new development is supposed to take into account all different categories of social life and income.

Property market

In spite of rapid growth of urban population that the country has experienced in the last decade 89 percent[16] of Gabon's real estate market has remained underdeveloped and characterised by high-end sales and expatriate rentals as key drivers followed by demands for social housing[17]. However, much of housing development, property demand and infrastructure development in the country has been driven by the hosting of the 2012 and 2015 Nations African football tournament despite the growing challenge/needs for social housing for poor communities and low-income earners.

GABON



Source https://www.cgidd.com/

Hauts de Gué-Gué, La Sablière and Batterie IV are amongst the successful developments located around Libreville. Demand for high quality residential property is also on the rise due to competition demands between private and corporate occupiers with the consequence of rental price increases[18]. In addition, there is an increasing demand for retail and office buildings in the country, with state institutions and international institutions being the target user[19].

The average rental rates in Gabon are as follows, in and around the capital city of Libreville:

- Apartment (1 bedroom) in City centre — US$1 461.32
- Apartment (1 bedroom) outside city centre — US$450.57
- Apartment (3 bedroom) in city centre — US$3 501.08
- Apartment (3 bedroom) outside city centre — US$913.32

The government of Gabon announced in 2012, the implementation and construction of 5 000 houses to take place in Esterias 30 km north of Libreville which will be financed by the Gabon government through Gabonese Development Bank (Banque Gabonaise de Development).

In order to keep up with housing delivery program, the government, is engaged in a number of reforms to try and stimulate the housing sector. Among these reforms are; alleviation of administrative and regulatory obstacles that were hampering social housing delivery projects.

Institutional reforms are also taking place in the housing sector which include the creation of new specialised housing agencies; the establishment of several new institutions such as the National Agency for Urban Planning; Topographical Works and Land Registry called (Agence National de l'Urbanisme, des Travaux Toppographique et du Cadastre, ANUTTC) with the mission to plan and oversee all land and real estate development projects, maintain and extend the national land registry, facilitate the purchase and transfer of property units.

Hence, Gabon's priority is to increase the house stock as stressed in the NIMP launched in June 2012. The budget for the housing development projects identified in the master plan for the period between 2011 and 2016 is estimated at US$2.66 billion; part of this money will come from the public sector, the private and foreign investment.

Policy and Regulations

Gabon's current economic policy and regulation focus is driven with the objective to transform the country into an "emerging" economy[20]. This approach seeks to improve investment in other sectors to move away from oil dependency. The country 1998 investment code elaborated in accordance with CEMAC's investment regulations provides equal right to foreign and local companies operating in Gabon[21]. However, a certain number of strategic business sectors such as mining, forestry and petroleum are organised under a specific investment code based on customs and tax incentives[22]. In order to increase transparency in its recourse and mining industry, the country is in the process of introducing a new mining and petroleum code. Gabon has to also adhere to the Organisation for the Harmonisation of Business law in Africa (OHADA) which allows foreign investors to choose without restraint from a wide range of legal business structures such as private limited liability company or public limited liability company.

Gabon constitution of 1991 which has been amended several times, acknowledges the right to housing for every Gabonese citizen in Article 1 in these terms:

- Paragraph 10 "Everyone Gabonese has the right to property. No one maybe deprived of his/her property except for public necessity, legally recognised, required on condition of prior and just compensation; however, property expropriations incurred in the public interest, for failure or lack of development, and properties registered, are governed by law."
- Paragraph 11 "all of Gabon has the right to freely choose his domicile or residence anywhere in the country and to engage in all activities, subject to respect for public order and law."

Gabon does not have a clear land policy, the closest form of land policy dates back to 1911 which still forms part of the land legislation[23]. Most land belongs to the state and there is no cadastral plan in some parts of the country aside from Libreville. The country also suffers from a lack of a proper system of transfer of title deed/land ownership, which affects poor communities as without proper land/property ownership they lack collateral to access credit. To overcome this situation, the NIMP, under Action 146 plans to reinforce the legal framework for the construction and housing sector. This plan aims to create a legal framework and incentive in order to facilitate access to private property development and construction activities by defining and putting in place clear rules and regulations. This new regulation focuses on a law for real estate development, decree on operations conditions of the property development business, a decree on the conditions of access to the property development business and the renewal of professional developer card and a convention relating to benefits granted to developers for the completion of social housing.

Opportunities

Gabon offers many business and financial opportunities for investors regardless of its small population. The country has one of the highest GDP per capita in Africa which is an advantage for investment in the country. In the last decades it has attracted and continues to attract French retailers such as Carrefour super markets and Casino. There is also a new shopping center called Grand Marche soon to be completed on a 7 hectare land parcel. The Grand Marche project is financed by the Swiss group Webcor at the value of roughly US$49 million and the construction is conducted by the same company in Libreville.

Up until recent years Gabon has enjoyed a relatively stable economic relationship with its former colonial power. However, due to changes in the global economic arena, Gabon has broadened its economic and diplomatic partners to other emerging powers from Asia and Africa who have the ability to bring the country money and expertise to boost the country's economy away from oil dependencies.

In 2012, Gabon also introduced a new system of 'guichet unique' with the aim to simplify the procedure of land purchase and reduced the time to acquire a title deed from the initial 10 years to 180 days, and reduced administrative steps from 134 to seven.

In addition to the Angondje District Development project, there are also other similar projects in the pipeline with the same approach and addressing the same issues with the same standards. These projects are Nkoltang located on the Route national 1 situated 5 km east of Nkok, this project is yet to begin. The other urban district project in the pipeline is the Lambarene situated in the river transport hub and the aim of this project is the construction of 1 000 units.

Gabon has shown signs of commitment to finance housing projects though alleviation of regulations and financing housing projects. This is a good indicator for the housing and property sector to grow further. Private investment in development projects is also expected to increase gradually for the next 20 years due to political will and government commitment to make the country an "emerging' economy"[24]. However, one of the biggest challenges remains the affordability and accessibility to housing/social housing for low income earners/poor unemployed communities. The policies in place do not clarify the strategies that will be utilised in order to improve access to adequate and safe shelter for all Gabonese.

The government strategy to boost the property market and housing sector is beginning to show positive signs by attracting foreign investment. There are a number of foreign companies that are already operating in social housing development projects as noted by BHG's Ondounda that "there is great potential in housing as there are a lot of real estate developers and construction companies seeking to promote and develop their activities in Gabon which include local small and medium-sized enterprises as well as foreign companies that have recognised the opportunities presented by the Emerging Gabon Strategy".

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Gambia, The

Overview

The Gambia, is one of the smallest countries on the continent the new president, Mr. Adama Barrow was sworn into office on February 18th 2017, following tensions around the handover of power which required intervention from Economic Community of West African States (ECOWAS). The new administration has yet to table an official policy programme relevant to the housing sector but the expectation is that they will provide more clarity on their programme within the National Development Plan (2018-2021) which will be launched in 2017[1].

The country is classified as a least developed country (LDC), with a Gross National Income (GNI) per capita of US$440 in 2016[2]. The Gambia is also ranked 173rd out of 188 in the United Nations Development Programme's (UNDP) Human Development Report (HDR), 2015, with a score of 0.452, which puts it in the low human development category. Accordingly, the incidence of poverty is very high, with the Gambia Bureau of Statistics (GBoS) 2015 Integrated Household Survey[3] indicating that an estimated 48.6 percent of the population live below the poverty line. Rural areas are especially disenfranchised, with rural poverty estimated at 79.5 percent. The high incidence of rural poverty and the high population growth rate of 3.4 percent[4] can be seen as leading to the country's high urbanisation rate of 4.3 percent. The growing urban drift is set against the backdrop of inadequate policy frameworks and strategies to manage it. The lack of planning in the face of rapid urbanisation continues to have a number of consequences for the country, which include an increasing number of slums, large scale flooding, pollution as well as pressure on social services. Furthermore, the country is expected to face huge pressure around land suitability for human settlements due to rising sea levels with a number of studies indicating that a one meter rise in sea levels would impact almost nine percent of the country's total land area (especially in the capital city of Banjul)[5].

The development metrics outlined above indicate that the country has failed to deliver enough growth to reduce poverty and meet other developmental objectives. At the macroeconomic level, according to the IMF's most recent country report[6], while The Gambia has been able to record periods of growth between 6-7 percent, real GDP has been choppy over the last 20 years, resulting in an average growth rate of just 3.6 percent, below the Sub-Saharan Africa (SSA) average of 4.9 percent over the corresponding period. The country's long-term development plan launched in 1996, Vision 2020 has the ultimate goal of transformation to a middle income country by 2020. With just 3 years left before the end of the cycle of Vision 2020, the country's Real GDP Per Capita of US$469[7] as at 2016, is well below the US$1 250 per capita target. The country's poor economic performance over the last 4 years in particular has been attributed to weak institutional framework for effective economic management and limited policy coherence, based on the UNDP in its mid-term review of the country's medium term development policy framework from 2012 to 2017, the Programme for Accelerated Growth and Development (PAGE). While a major change in policy direction is not expected with the installation of the new administration, the change is expected to come from better implementation of government policy programmes and greater engagement with international partners, that had hitherto fallen out with the previous administration, to help fund planned government programmes.

Accordingly, the Government of The Gambia's (GoTG) policy orientation will continue to be anchored on a liberal agenda and is expected to be in broad consonance with international development framework as enshrined in the

KEY FIGURES

Main Urban Centres	Banjul (capital), Serekunda
Exchange Rate: 1 US$ [a] =	47.47 Gambian Dalasi (GMD)
PPP Exchange Rate (Local Currency/PPP$): 1GMD = [b]	0.0766
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	6.8 | 8.3 | 7.7 | 5.1
Population | Population growth rate [d]	2 038 000 | 3.03
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	60.22 | 4.02
GDP per capita (current US$) | GDP growth rate (annual %) [d]	473 | 1.63
GDP (Current US$) [d]	964 599 178
GNI per capita, Atlas method (current US$) [d]	440
Population below national poverty line | Survey Year [c]	48.4 | 2010
Unemployment rate (%) (d)	7.0
Gini co-efficient (year of survey) [e]	47.33 (2003)
HDI (Global Ranking) | HDI (Country Index Score) [f]	173 | 0.452
Lending Interest Rate [d]	28.5 (2014)
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	20 | 10 [k]
Down Payment (%)	
Credit % of GDP [d]	53.79 (2014)
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	32 700 [k]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	11.43 | 25.55
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	8.75 | 3.91
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	5 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	26 160 [m]
What is the size of this house (in m²)?	150
What is the average rental price for a formal unit (in US$)	250
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	145
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	66
Cost (% of property value) to Register Property [j]	7.60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Home Finance Company Ltd
[l] Salam, Jah Oil and Gacem
[m] Taf Africa Homes, Yundum Yaram Bamba Estate

African Union for Housing Finance Member Institutions
Home Finance Company of The Gambia
Social Security & Housing Finance Corporation

Sustainable Development Goals (SDGs). While the GoTG is yet to come out with any specified policy direction around urban development and housing, we anticipate that it will revolve around attracting as much private participation as possible and increased donor buy in to support key policy programmes around affordable housing and dealing with potential issues around climate change, especially rising sea levels.

Access to finance

The Gambian financial sector is comprised of 12 banks (one of which is an Islamic bank) with the remaining 11 conventional banks being mostly foreign owned. The banking industry continues to be highly monopolised, as indicated in the Gambia Bankers Association year end report for 2016, revealing that the top four banks account for 69.6 percent and 70.6 percent of industry assets and deposits respectively. The banking industry continues to be catered towards meeting the needs of the small formal sector, and with Central Bank of The Gambia (CBG) estimates for banking penetration ranging from 20-25 percent nationwide; financial inclusion continues to be a perennial challenge. This is despite the fact that as of the end of 2016, there were 80 registered credit unions, 3 microfinance companies and 65 Village Savings and Credits Associations (ViSACAs) that were operational[8].

According to the CBG[9], the banking industry is tentatively stable and well capitalised with an average capital adequacy ratio of 38.5 percent in 2016, which is well above the statutory minimum of 10%. A key trend that has characterised the performance of the banking sector since 2013 has been the decline in private sector credit. The underleveraged nature of balance sheets of banks is reflected in the high capital ratios as well as the in the precipitous decline in the composition of gross loans and advances in total asset portfolio of banks, declining from 22.1 percent in 2014 to 12.1 percent as of March 2017. The macroeconomic environment between 2013 and 2016 which helped to support a situation of high interest rates has undoubtedly played a part in dampening credit growth; however there are a number of other structural issues such as inadequate credit reference services and challenges in foreclosing on collateral, amongst others which also hinder credit growth. The CBG is actively working with the industry to counter some of these challenges and the recent establishment of the collateral registry and the licensing of the first private credit reference bureau, are positive steps in this regard. The expectation is that an improved macroeconomic environment and other structural reforms in the sector will help reverse the trend of decline in private sector lending. The significant decline in the CBG's monetary policy rate from 23 percent in the beginning of 2017 to 15 percent as of July and the over 8 percent point decline in the yield of the benchmark 91-Day Treasury Bill between the end of 2016 to August 2017 will help to support greater credit expansion in the economy going forward, assuming that the interest rate continues to decrease and the improved macroeconomic fundamentals can be sustained and deepened.

The difficulties in getting access to credit in The Gambia is also evidenced in the World Bank's *Doing Business 2017 report*, which ranks The Gambia 118th out of 190 economies for getting credit. However it has experienced marked improvement of 45 points since last year due to reinforced access resulting from reforms. The new law on secured transactions implements a functional secured transactions system and establishes a centralised notice based collateral registry. This is especially pertinent for house financing sector where only one financial operator, the Home Finance Company Ltd (HFC), offers mortgages to customers. This is evident given the company's portfolio which is very narrow with just 45 mortgages on its books as of the end of 2016, with a total portfolio of just US$369 thousand, which is very insignificant compared to total banking industry loan portfolio of circa US$88 million as of 2016. HFC offers a mortgage product that can finance up to 70 percent of the value of a property payable over a maximum of 10 years. HFC offers four different types of mortgage products, namely Home Purchase, Home Completion, Home Improvement and Home Equity. The company's mortgage interest rate averaged 20 percent in 2016[10]. The company has had a significant problem with non-performing loans, with non-performing loans ratios of 65 percent as of 2016. This situation has slowed the growth of the number of mortgages underwritten by the company as it focuses on loan recoveries.

The Gambia has a pension industry that actively supports housing expansion. The Social Security and Housing Finance Corporation (SSHFC) aims to provide adequate social protection for workers and to facilitate social shelter delivery on a sustainable basis. The corporation operates four constituent funds: the Federate Pension Fund, the National Provident Fund, the Injuries Compensation Fund and the Housing Finance Fund. SSHFC requires a minimum down payment of 25 percent of the selling price, with the balance payable monthly over a 15 year period.

Affordability

GBoS Income and Household Survey 2015/2016 notes that 56.1 percent of households in the Gambia live in owner occupied dwellings, with 31.2 percent living in rented housing. A higher percentage of people in rural areas live in owner occupied dwellings (88.4 percent) as compared to the capital city Banjul and other urban centres where 66.4 percent and 46.5 percent of inhabitants respectively, live in rented housing. Accordingly, the demand for housing is higher in the urban areas, where 34 percent of the urban population live in slums and are faced with significant challenges in terms of housing, health and environmental degradation.

According to Numbeo, property prices have risen steadily over the past few years, in some areas by as much as 30%, spurred on in part by the property interests of Gambians in the diaspora. There is a shortage of affordable housing for most Gambians. The main developer of affordable housing in The Gambia is the SSHFC, which is mandated to provide serviced plots of land with or without small construction loans for low and middle income groups. They also develop complete housing units for purchase by middle income households. The price of a three bedroom house (220m^2) is about US$100 000 (GMD4.3 million), while a two-bedroom house is US$50 000 (GMD 2.2 million). According to Taf Africa Homes a leading real estate developer in The Gambia and the sub-region, it would cost approximately GMD 4 800 (US$100) per square meter to buy a two or three bedroom house located in its planned affordable housing development situated within the metropolitan centre[11] working out to around GMD 1 200 000 (US$25 977) and GMD 1 800 000 (US$38 965) per property. While the price point for the planned affordable housing estate by Taf Africa Homes is much lower than that offered by SSHFC, it is still well above the affordability threshold for the vast majority of Gambians. This shortage of affordable housing is also reflected in the lack of adequate, affordable rental housing stock, and consistent reports of steep rises in urban area rentals[12]. On average, it costs GMD 6 000 (US$140) and GMD 11 500 (US$269) per month to rent a one and three bedroom apartment respectively in the metropolitan centres.

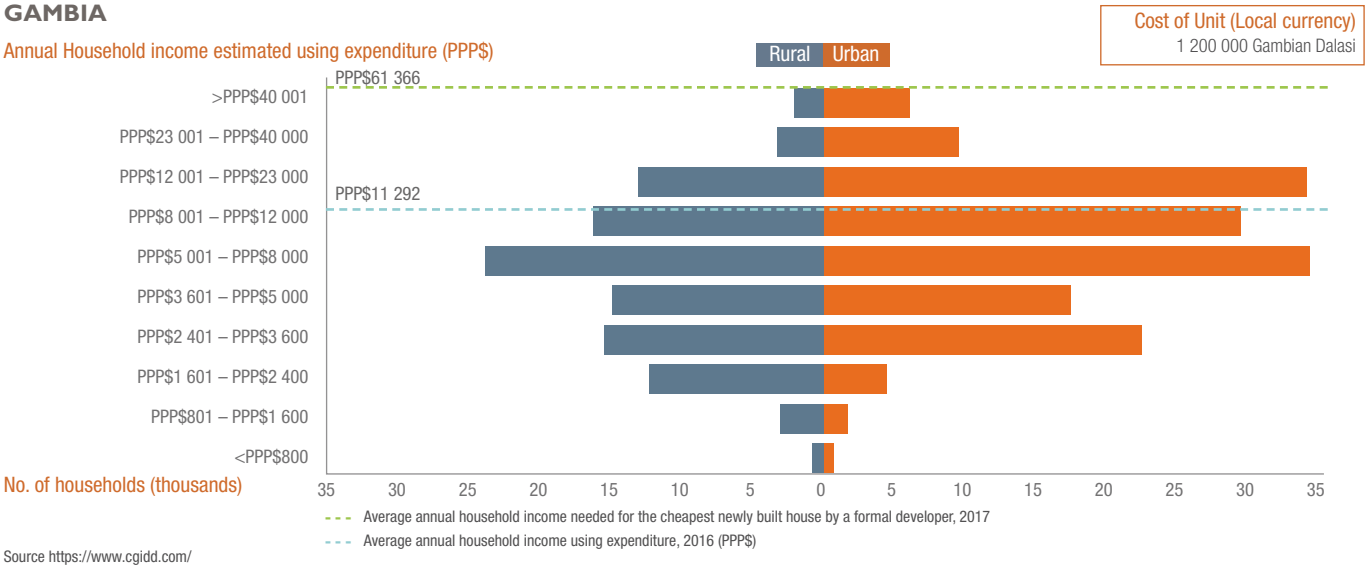
Given the lack of affordable housing in the country, most Gambians self-build their houses as they cannot afford to purchase a house outright. This has led to the rapid growth of Amiscus Horizons Ltd, a company that runs a cement block savings scheme using a pay as you go model that started operations in 2014. The company allows its clients to build up enough blocks for a period of 2 to 5 years to be able to complete their house. Most of the company's clients are middle income earners like teachers, nurses, police officers, mid-level civil servants and young professionals. As per Amiscus Horizon's estimates, the cost of affordable housing should be within the range of GMD500-700 thousand (US$10 000-US$15 000) excluding the cost of the land[13]. This estimate is well below the current going rate of affordable housing developments by SSHFC and leading property developers.

Housing supply

The demand for housing among the urban population continues to exceed supply, with the housing deficit estimate of 50 000 housing units proffered by the Ministry of Lands and Regional Government in 2015, still being the deficit being referred to by industry players.

There have not been any new affordable housing developments in the country since last year's publication, with the last major housing program completed in the country being in 2011, when UN-Habitat implemented its Participatory Slum Upgrading Programme. A 36-month programme with an estimated cost of US$5 million, it sought to meet the housing needs of low and middle income earners in the city of Banjul, and the Kanifing and Brikama municipalities. The programme aimed to construct 2 000 housing units across the three cities. In addition, 200 commercial shops, mosques, three chapels, community centres, recreation facilities and parks were planned to be constructed in the three sites. The project was part of a wider collection of urban upgrading projects that sought to address urban infrastructure, governance, health, environmental issues, local economic development, urban safety and urban disaster management, all being

GAMBIA



Source https://www.cgidd.com/

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 biggest housing schemes in the country were implemented by SSHFC, with the notable ones being the Bakoteh, Kanifing and Brusubi. The two former projects were completed in the 1980s. The Bakoteh project provided 200 housing units of two and three bedroom houses, and failed as the end product was unaffordable by the target group of beneficiaries. The government thus had to subsidise the houses for 15 percent and waived any interest incurred on the loans which were given to the beneficiaries for a 25 year repayment period. For the Kanifing Project, the developed land was demarcated on 743 serviced plots ranging in size from 250m^2 to 350m^2. Small construction loans were given to project beneficiaries who were then guided in the construction of their own houses. The loan was part of the World Bank Urban Management and Development Project and offered beneficiaries 9 percent interest over a 25 year repayment period. The third housing project, Brusubi, involves three phases and promises to deliver close to 3 000 housing units. This project site's total area is 6.9 hectares and covered by the lease for Brusubi Housing Project phase 1. The project comprises 138 service plots, of which 100 plots consist of complete housing units for outright purchase. The remaining 38 service plots are to be sold by tender to mobilise resources to meet additional infrastructural and other costs. The complete housing units consist of three bedroom bungalows and two storey houses. The project was co-financed by Shelter Afrique and offered at a fifteen year mortgage term. However, a review of the project indicates that the mortgage default rate is relatively high indicating the fact that high loan defaults are a cross cutting issue for all mortgage finance players in the country.

SSHFC is embarking on extending housing facilities in the urban centres of the country, especially within the Kanifing and Brikama municipalities in a bid to reduce the strain on the immediate urban infrastructure and other services. According to the Corporation's website, the Brikama Jamisa Project is the company's first Growth Centre Project; while more land has been allocated for residential use in Tujereng and Jabang for Housing and Real Estate Development. The Tujereng project comprises of 1 515 residential serviced plots, 11 business plots and 94 plots earmarked for the development of complete housing units. The Jabang project has a total of 817 residential serviced plots, 29 business plots and 39 plots reserved for the construction of complete housing units. To date, almost all the serviced plots have been allocated. The total expenditure of approximately GMD 135 million (US$3.2 million) has already been allocated to these sites for the development of supporting infrastructure.

The change of government and improving financing avenues that are expected to emerge with greater donor engagement with the country, is expected to give a boost to SSHFC to launch new projects like the affordable housing project envisaged with the BP Investment Group in 2014 that failed to get off the ground and that was meant to deliver 400 houses and 110 apartments by 2016. We do not expect this project to be delivered given doubts as to the credibility of Dubai based BP Investment Group, but SSHFC is actively working to engage more credible partners to launch similar themed projects.

Furthermore, there are several private sector players operating in The Gambia, such as Sky High Group, TaF Africa Homes, Swami India, Global Properties and Amiscus Horizons that have designs on making a foray in the affordable housing sector. While the majority of the aforementioned companies are predominantly focused on the higher end of the housing market, Amiscus' main objective is to make housing affordable for all Gambians by pioneering the concept of cement block banking and plan to extend to other products like tiles and corrugated sheets.

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 customary tenure or controlled by farmers and traditional rulers. Such land can however be easily taken over by government or declared reserved land to be used in future for social amenities such as schools, hospitals or office buildings.

As a result, land tenure remains an ongoing issue. This is partly because registering property involves, on average, five procedures, which take 66 days and cost 7.6 percent of the property value. Tenure security is limited, with only 45 percent of the population being secure and in some cities the number is even lower. Tenure security is highest in rural areas, at between 70 percent and 89 percent. It takes an average of three years to secure a title deed and the cost is exorbitant: GMD 4 000 (US$93) in transfer tax to the municipality and GMD40 000 (US$935) in capital gains tax per transaction. This limits accessibility to mortgage financing, and dampens the incentive to self-build through housing microfinance.

Policy and regulation

The most notable policy development revolves around the establishment of the Collateral Registry and Registration System, instituted by the CBE under the Securities Interests in Movable Properties Act 2014, which makes provision for the creation, perfection, priority and enforcement of security interests in movable property[14]. The intent of which is to facilitate credit delivery through the provision of efficient and cost effective services and creating an enabling environment to ensure easy access to credit[15].

However there has not been any significant development in housing specific legislation and regulation, neither has there been a formulation of a highly needed urban development strategy or policy guiding the urbanisation process by the new government through the Ministry of Lands and Regional Government, which

continues to be broadly responsible for implementing housing and land related policy[16]. Accordingly, the main policy and regulatory frameworks that govern the housing sector are as outlined in last year's annual report, notably:

- SSHFC Act (1981);
- State Lands Act (1991);
- The Physical Planning and Development Control Act (1991);
- Land Acquisition and Compensation Act (1991);
- The Survey Act (1991);
- Local Government Act (2002);
- Rent Act (2014); and
- Mortgages Act (1992).

Opportunities

The affordable housing market in the Gambia continues to be underserved. A number of recent interventions may encourage greater private sector participation in the affordable housing segment. A key development in this regard is the new government's commitment to ensuring macro-stability to support a lower interest rate environment, the expectation of which is for a marked decline in lending rates of banks and increasingly encourage them to partner with developers to offer mortgage financing products. There is also a push for the use of alternate approaches, technologies and materials which speed up the delivery and improvement of housing; however these are yet to take off in earnest[17].

The high levels of informality and self-builds, coupled with an established regulatory framework for the microfinance industry, opens up a huge window for the development of housing microfinance products that the existing financial industry players are yet to take advantage of. However, the successes of Amiscus Horizons and the crash in the yields of government Treasury bills should encourage more financial industry players to seek out greater opportunities within this sector.

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Ghana

Overview

Despite Ghana's remarkable progress in its financial development, macroeconomic and financial sector issues combined with market inefficiencies persist. Since the country's independence in 1957, the Ghanaian financial sector has developed substantially from two banking institutions[1]. As of 2016, the West African country has 33 licensed banks, 564 licensed microfinance institutions (MFIs), 64 non-bank financial institutions (NBFIs), and one mortgage house[2].

Ghana's inflation rate is expected to decrease from 12.10 percent in June 2017 to 11.2 percent by December 2017 – buoyed by a three-year assistance programme from the IMF[3]. As of March 2017, public debt stood at GHS 127 billion (US$28.84 billion) with the average lending rate for credit markets decreasing to 26.6 percent in May 2017 from 28.57 percent in February 2016[4]. Ghana is economically dependent on exports and as such its economic stability is affected by the fluctuating prices of commodities. Interest rates continue to hover near the five-year high[5]. Additionally, the banking sector has experienced management inefficiencies accentuated by a substantial amount of non-performing loans (NPLs), at 8.4 percent in 2016, as well as a recent slowdown in deposit mobilisation[6].

Mortgage finance has also experienced several difficulties. There continues to be approximately 6 000 mortgages in the country, despite there being more than 5.5 million Ghanaian households[7]. Limited mortgages have been attributed to inadequate capital allocated to long-term financing, persistent gaps in borrower credit appraisals and difficult macroeconomic conditions resulting in high interest rates[8]. Similarly, housing microfinance has also encountered challenges in its consolidation, perhaps to a greater extent than mortgagees[9]. Comparatively, 14 of 31 banks offer mortgage financing whereas around five MFIs offer counterpart shelter credit products. Notwithstanding these challenges, there are opportunities towards improving residential housing supply and strengthening inclusive housing finance development in Ghana.

Access to Finance

Housing finance whether public, corporate or end-user has various levels of accessibility to Ghanaians. The government, in national, regional and local forms, has sought to strengthen domestic revenue mobilisation to sustain infrastructure investments, including those for housing. Beyond this supply-driven residential development initiative, the government, through the Ministry for Water Resources, Works and Housing (MWRWH), actively seeks to expand affordable housing finance through civil servant loan schemes and rent control.

Real estate is a critical source of public funding for the Ghanaian government. Local governments levy property taxes, typically 0.5 percent to three percent of property worth, to bolster their financial resources. Aside from income and corporate taxes, the national government also charges a five percent value added tax (VAT) on property transactions. Even with these sources of financing available to government housing programs, few mass housing projects have been delivered to reduce the staggering housing deficit, estimated to be 1.7 million housing units in 2017.

Private sector housing finance entities have largely relied upon accessing external sources of financing for their business development. Similar to other geographic

KEY FIGURES

Main Urban Centres	Accra (capital), Kumasi
Exchange Rate: 1 US$ [a] =	4.41 Ghanaian Cedi (GHS)
PPP Exchange Rate (Local Currency/PPP$): 1 GHS = [b]	0.6468
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	17.2 | 17.0 | 10.5 | 7.2
Population | Population growth rate [d]	28 206 000 | 2.24
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	54.68 | 3.41
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 513 | 3.58
GDP (Current US$) [d]	42 689 783 734
GNI per capita, Atlas method (current US$) [d]	1 380
Population below national poverty line | Survey Year [c]	24.2 | 2012
Unemployment rate (%) (d)	2 4
Gini co-efficient (year of survey) [e]	42.77 (2005)
HDI (Global Ranking) | HDI (Country Index Score) [f]	139 | 0.579
Lending Interest Rate [d]	12.5 – 35 (2015)
Unsecured lending interest rate (housing microloan)	39 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	33 [l] | 20 [m]
Down Payment (%)	
Credit % of GDP [d]	35.35 (2015)
Average Mortgages % of GDP [g]	1 (2017) [m]
Estimated number of mortgages	
Average loan size in US$ (mortgage)	53 000 [m]
Average loan size in US$ (non-mortgage/micro lending)	15 578 [l]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	16.34 | 10.41
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	6.12 | 9.61
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 5 760
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7 [n]
What is the price of the cheapest, newly built house by a formal developer or contractor?	55 211 [o]
What is the size of this house (in m²)?	100
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	400
Ease of Doing Business Rank [j]	108
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	46
Cost (% of property value) to Register Property [j]	1.20

[[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] GhanaWeb
[l] Bank of Ghana Annual Percentage Rates
[m] Ghana Home Loans
[n] Ghacem
[o] Ghana Real Estate Developers Association

African Union for Housing Finance Member Institutions
HFC Bank (Ghana) Limited
Ghana Home Loans

regions in the developing world, corporate finance has been identified as either a primary or secondary impediment to firms or their growth in Sub-Saharan Africa[10]. For Ghana, access to corporate finance has been explicitly referred to as a "particularly severe constraint" to firms in the West African country[11].

Businesses, particularly small and medium enterprises, often rely upon self-financed capital investments[12]. Self-financing is commonplace due to limited sources of debt and equity financing, such as those from venture capital or private equity firms. The consequence has been the reliance of housing finance products on deposits at Ghana's banks. For several housing finance entities, like the NBFI Ghana Home Loans (GHL) or MFIs, the international donor community has been a source of substantial funding.

End-users are significantly restricted in accessing finance in Ghana whether in urban or rural areas. In rural parts of the country, the housing needs of farmers and ranchers are less severe as they are able to collectively harness agricultural and forestry materials for their communities' shelter needs. Yet, pastoralists confront liquidity challenges in accessing financing acutely for farm production credit[13]. Without access to credit, the basic needs of rural households can become financially subservient to their agricultural operations and be inadequately met. The country's central bank, the Bank of Ghana (BoG), has long promoted rural banks to expand access to finance in the Ghanaian countryside[14]. In 2017, the BoG classified 141 rural and community banks[15].

Urban dwellers, especially the 61.5 percent of those employed informally in the private sector throughout cities, confront a host of challenges in accessing finance[16]. The many households earning irregular wages resort to friends, family and moneylenders to obtain credit. Rather than taking loans for investment in education or housing, borrowers typically use credit to support their everyday livelihood needs, especially during emergencies when economic opportunities diminish. Outside of those from friends and family, loans from moneylenders are often exorbitant if not predatory. For housing, mortgage finance is only available to the select few of Ghana's urban society. Alternative microfinancing does exist, yet the expensive terms deter many households from participating, including for the few MFIs offering housing finance products.

Affordability

Affordable formal housing is out of reach for many in Ghana. The Ghana Real Estate Developer Association (GREDA) has cited that the least expensive house, available on the periphery of Accra, costs between US$55 211 and US$67 633. Such housing is unaffordable to Ghanaians as mortgagees estimate the median Ghanaian household can afford much less, around US$14 000. Throughout urban areas, many Ghanaians live in informal, sub-standard housing that is overcrowded and lacks basic infrastructure of quality, such as water, electricity and waste management. The lack of affordable formal housing is attributed to rising land values, poor building regulations, a lack of housing finance as well as a reliance on foreign imports for the manufacturing of certain building materials, such as aluminium ingots and rolls for roofing sheet production, and clinker for cement manufacturing[17].

Mortgage financing has profoundly expanded in the last decade in Ghana. In 2006, the commercial finance institution Home Finance Company Bank (HFC Bank) was the only mortgage provider in the country. Today, over 40 percent of commercial banks offer mortgage products. Mortgagees typically offer their home purchase credit products for terms up to 20 years. Furthermore, the aforementioned mortgage house, GHL, is a NBFI as well as a prominent mortgage market provider in the country[18]. In 2015, GHL accounted for half of all mortgages, worth an estimated US$180 million in Ghana. GHL has the opportunity to increase its lead further as the NBFI originates 75 percent of housing loans in the national market[19].

At present, there is a bifurcation in Ghana's mortgage market that is illustrative of constrained affordable housing finance in the country. The preference of the financial sector for residential borrowers with foreign currency over those in GHS indicates the narrow homebuyer base and inhibited affordability in the mortgage finance market. The structural currency preference in the Ghanaian mortgage market is predominantly for loans denominated in US$ versus GHS. For example, HFC Bank reported US$ mortgages and had an interest rate between 12 percent and 14 percent in 2015[20]. Contrastingly, GHS mortgages had interest rates between 28 percent and 31 percent for the same period. While there is less risk for lenders with these foreign banknotes, those Ghanaians paid with domestic currency are excluded, if not at a significant disadvantage, from accessing affordable residential credit.

Conversely, MFIs may provide a viable solution to the future development of affordable housing finance. Although at present there are 2 234 MFIs in the country, as categorized by the Bank of Ghana, few lend explicitly with housing microloans[21]. In fact, there are likely five housing MFIs in the country, primarily operating in the south of Ghana[22]. For those MFIs providing shelter loans, the interest rates exceed those of GHS denominated mortgages by as much as 15 percent for two to three-year durations. Much remains to be done to strengthen endogenous and thorough development of sustainable incremental housing finance products that MFIs and community credit unions can ideally provide. Ghana stands to benefit from innovative approaches to diversify and strengthen its housing finance sector in a more accessible and efficient manner.

Housing Supply and the Property Market

Housing deficits have been a continuous issue since Ghana's independence. The problem has worsened as the housing deficit grew from 52 536 units in 1960 to an estimated 1.7 million units in 2017. The staggering deficit has contributed to rising home prices for purchase and rent. The result has been overcrowding, particularly in urban areas. For example, in the Ghana's Accra Region 61 percent of households occupy a single-room house with a family size of 3.8 persons[23].

The factors contributing to inhibit housing unit delivery are multidimensional. Urbanisation has forced households unable to afford formal housing to resort to informal shelter, contributing to the proliferation of slums. Ineffective government institutions and programmes further constrict housing supply. Despite a widening home deficit, parastatal agencies such as the Tema Development Corporation and the State Housing Corporation, were only able to deliver 24 000 units between 1957 and 1990[24]. If housing supply continues in such a constricted manner, the housing deficit is projected to increase to two million units by 2018.

In addition to direct government residential delivery efforts, private sector developers have sought to make affordable formal housing supply a reality in Ghana. However, the annual output of GREDA's members is a modest 4 500 housing units. As such a two-fold approach is necessary that serves to increase wages and reduce housing costs.

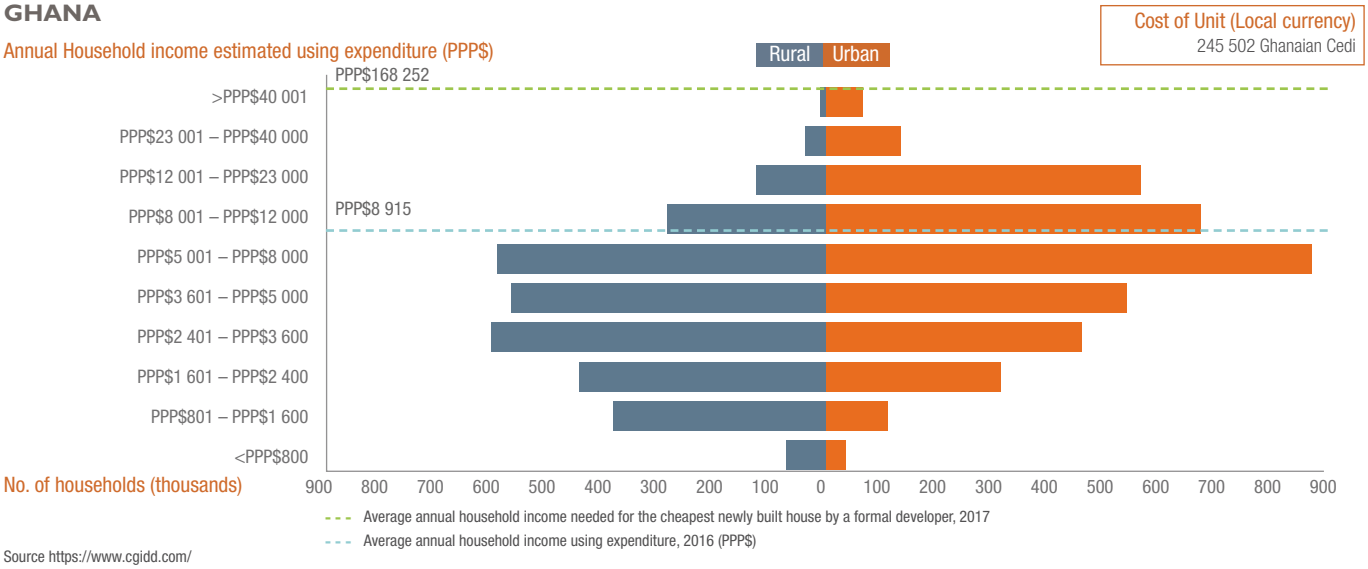
Housing developers have been recently attracted to the removal of real estate taxes as a means to deliver more affordable housing supply. Specifically, developers have expected the administration of President Nana Akufo-Addo to lift: the five percent VAT on real estate transactions, the eight percent rent tax for housing as well as the VAT on imported raw materials for residential construction inputs. Without such taxes related to housing development, the developers foresee the ability to reduce the residential supply costs passed along to consumers.

The cost of land is another principal factor in contributing to unaffordable housing. Land acquisition continues to be subjected to challenges in social, political and economic terms. Amplified competition among Ghanaians has resulted in land disputes in a majority of cases[25]. The lack of expedient land titling and registration processes further hinder the property market[26]. Currently, it takes one to three years to receive land title registration. The Ministry of Lands and Natural Resources seeks to streamline land administration. Further, as part of the New Patriotic Party (NPP) manifesto, the new Minister of Lands and Natural Resources has reiterated the government's commitment to reduce registration processes to 30 days maximum. Disputes have concurrently hindered property development, especially for residential units. Common multiple ownership claims on land plots often cause formal builders and housing finance institutions to withdraw their participation from such projects.

Policy and Regulations

The Government of Ghana has sought to address the multifaceted challenges facing the country's housing sector. Through the 2015 National Housing Policy, the government has endeavoured to remedy issues by creating "an enabling environment for housing delivery" targeting low income markets[27]. The policy follows longstanding legislative and institutional efforts in developing public private partnerships to bolster residential construction and housing finance throughout the country.

GHANA



Source https://www.cgidd.com/

The Akufo-Addo administration, inaugurated in January 2017, has proposed the development of a Housing Fund. Discussions for this Fund have ascribed two purposes for its functions: subsidising the cost of housing for the low income market and restructuring mortgages to make monthly payment obligations more affordable. The latter echoes the formation of Ghana's former Bank for Housing and Construction (BHC) established in 1974 as a government owned entity. The BHC was forced to close in early 2000, as beneficiaries refused to repay their loan obligations, and the BHC had no legal means to recuperate losses from delinquent borrowers without lengthy adjudication by the courts per the Mortgage Decree of 1973[28]. In 2008, the Home Mortgage Finance Act attempted to resolve bottlenecks and improve creditor rights protection.

The government has been successful in enabling the creation of Credit Referencing Bureaus (CRBs). The 2007 Credit Reporting Act, permitted CRBs to be developed for the purpose of determining borrower credit risks through a data-rating tool for financial and non-financial institutions. Today, millions of Ghana's adult population have credit scores due to the screening efforts of the three CRBs: XDS Data Credit Referencing Bureau, Hudson Price Credit Bureau and Dun and Bradstreet Credit Bureau Limited. The provision of credit screening has further incentivised borrowers to meet loan obligations due to the threat of lender denial based on past delinquencies or defaults. Even though there are tangible results from the CRBs, much remains to be done on credit screening as the trio or ratings institutions cover only an estimated 10 percent of Ghana's adults[29].

Another regulatory innovation in promoting the housing finance sector development has been through Non-Banking Financial Institutions Law. In 1993, NBFIs, such as building societies, were placed under the supervision of the central bank through this law[30]. The NBFI business model has been critical to the success GHL has achieved as a market leader in mortgage financing supported by external investment. Formerly, GHL was the prominent NBFI in mortgage finance, by some estimates accounting for 50 percent to 60 percent of the national mortgage market. However, GHL's NBFI business model will likely change in the near future; in June 2016, the BoG granted licensing for GHL to operate as a deposit-based banking institution.

Opportunities

The progress Ghana's housing and financial sectors have achieved can result in further development of opportunities and sector growth for residential financing. There are a variety of options for investors, developers, policymakers and advocates to promote affordable housing and consolidate inclusive housing finance development in a collaborative manner. It is evident there are financial and policy-based opportunities to reduce risks and minimise high mortgage and microloan rates to promote inclusive access to housing finance[31].

The profound increase in land prices, driven in part by urbanisation, has led to increased multifamily development throughout Ghana's cities. Condominium units are prime for growth as they can be more accessible to those without the income requisite for detached, standalone housing units. The largest pension fund in Ghana, the Social Security and National Insurance Trust (SSNIT), has invested in the development of residential flats across urban areas[32]. The resulting 7 168 flats produced can be an informative approach for institutional investors, developers and public sector actors seeking to address housing needs in an affordable and accessible manner for lower income Ghanaian households.

While homeowners are commonplace throughout Ghana, an estimated 47.2 percent of citizens in 2010[33], the majority of households are engaged in rental tenure arrangements, particularly in urban areas. Financial institutions have started to experiment with tenancy purchase arrangements to provide loan instruments for renters aspiring to become homeowners. With the high costs of home purchase and the proclivity of Ghanaians to rent, such housing finance products can have potentially strong appeal.

The need for capital allocated towards supporting longer-term mortgage instruments underscores the maturity mismatch deposit-taking institutions confront in terms of housing finance. Fortunately, Ghana has longer maturity assets available through its life insurance and pension industries. Regionally, the Ghanaian life insurance industry is a leader in West Africa. However, in 2014, this financial sector lagged at 3.07 percent behind South Africa and Kenya with 13.39 percent and 3.17 percent market penetration respectively[34]. Strengthening the life insurance sector can in turn stimulate longer-term asset allocation better suited for investment in housing finance.

Pension funds are another area of potential long-term capital allocation. SSNIT covers one-tenth of the country's labour force with its hybrid Tier-1 benefits. It is also the largest institutional investor in the Ghana Stock Exchange[35]. Aside from its real estate investments and developments, SSNIT invests in HFC mortgage bonds. The channelling of capital into mortgage debt securities underscores the critical maturity relationship the pension capital has that is well suited to mortgage investment.

In addition to improving capital allocation for longer-term housing instruments, Ghana's pensions can be used to assist workers towards achieving homeownership before retirement[36]. SSNIT's Tier-2 mandatory contributions have been identified as a means to mobilise savings for housing finance, enabling more Ghanaians to access mortgage financing[37]. Notably, there is potential for SSNIT's Tier-3 to provide a means for workers in the informal sector to access housing finance as well[38].

Other than the aforementioned affordable housing supply and mortgage opportunities, there is potential for micro lenders and community credit unions to thrive with incremental land and housing products. With the right terms, these alternative financial modalities can flourish, especially as an overwhelming majority of Ghanaians prefer to build their homes in a piecemeal manner as they accumulate their savings and grow their families. Furthermore as borrowers

complete repayment obligations on other microloans, lower and irregular income beneficiaries can have the means of attaining a credit rating aligned with the industry standards of the CRBs. This can lead to greater opportunities in providing those with moderate and variable incomes a feasible means to eventually use shelter-financing products that serve the housing needs of the many throughout Ghana.

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Guinea

Overview

The Ebola epidemic had the most devastating impact on the state of Guinea. In 2015, the country stood at 0.1 percent growth and a budget deficit of more than seven percent of GDP with major constraints on its capacity to accelerate essential reform to relaunch development and transform the economy structurally. In 2016 growth bounced back to 4.9 percent as a result of political appeasement and good performance in mining and agriculture. The country's institutional reform plans were structured around the National Economic and Social Development Plan (PNDES) of 2016 – 20 which focused on governance, transforming the economy, developing human capital and sustainable management of Guinea's resources.

Reforms are however being implemented at a slower pace as the country's developments and resources were dominated and channelled to the fight against Ebola. Foreign investment came to a virtual halt and activity in the service sector declined significantly, with the fall in commodity prices further adding to the shock with average growth being above three percent. The economic costs from these shocks include high fiscal costs as the country's economic position weakened in 2014/2015. The economic forecast in Guinea is cautiously optimistic, in 2016 GDP grew at 5.2 percent, at 1.1 percent in 2014 and 0.1 percent in 2015. Growth was driven by increased mining activity and a resilient agricultural sector.

In attempts to restore economic growth and institutional reputation, the recent successful completion of an Extended Credit Facility program with the International Monetary Fund by the Government of Guinea has the potential to contribute to better macroeconomic management and recovery of the economy. Revenue performance in Guinea reflects a number of policy measures to improve domestic revenue mobilisation coupled with a reduction in expenditure which included the authorities restructuring the central bank guarantees to local and foreign banks in securing commercial loans that reduced budget flexibility and budget risks by locking spending over several years.

The government has requested its partners to increase their funding of infrastructure but the potential financing is expected to be limited. Guinea's inflation rate stood at 20.2 percent in 2010, 10.6 percent in 2016 and is expected to be 9.7 percent in 2017 as a result of country's currency depreciation and increasing domestic prices. According to the World Bank and IMF Debt Sustainability Analysis (DSA), Guinea remains assessed as at moderate risk of debt distress.

Poverty in Guinea is above average with rates reported at 35 percent in urban centres in 2012. During the same period, the share of the population living in extreme poverty has grown significantly from 18 percent to 27 percent. The country's welfare levels are based on asset ownership and income which has declined by more than 30 percent for rural households especially for rural women. In urban areas unemployment doubled from eight percent to 16 percent.

Guinea is a member of West African Economic and Monetary Union (WAEMU) and Conakry is the capital city, where most of the country's economic activities

KEY FIGURES

Main Urban Centres	Conakry (capital)
Exchange Rate: 1 US$ [a] =	9009.14 Guinean Franc (GNF)
PPP Exchange Rate (Local Currency/PPP$): 1 GNF = [b]	0.0003
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	8.2 | 8.1 | 6.5 | 4.8
Population | Population growth rate [d]	12 395.92 | 2.5
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	4 667.19 | 3.8
GDP per capita (current US$) | GDP growth rate (annual %) [d]	508.1 | 5.2
GDP (Current US$) [d]	6 298.93
GNI per capita, Atlas method (current US$) [d]	490
Population below national poverty line | Survey Year [c]	55.2 (2012)
Unemployment rate (%) (d)	1.6 (2009)
Gini co-efficient (year of survey) [e]	33.73 (2012)
HDI (Global Ranking) | HDI (Country Index Score) [f]	183 | 0.414
Lending Interest Rate [d]	19 (2000)
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	17 [k] |
Down Payment (%)	
Credit % of GDP [d]	30.50
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	
What is the price of the cheapest, newly built house by a formal developer or contractor?	31 999 [l]
What is the size of this house (in m²)?	250
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	163
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	44
Cost (% of property value) to Register Property [j]	8.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Ecobank
[l] American Homebuilders of West Africa

are centred. The health and economic crisis has affected housing sector investment. The overall leading interest rate in Guinea stood at 15 percent in 1987, reaching its peak at 27 percent in 1992 and settling at 19.3 percent in 2000. The mortgage rate at Ecobank, one of the leading commercial banks in Guinea stands at 16.50 percent. The housing market in Guinea comprises of 70 percent of rental housing in stock with average rental price in the city centre being US$1 000 and US$500 outside the centre. According to the Guinea National Institute of Statistics census data, there were 1 471 268 households in 2012. The aftermath of Ebola Virus left households ravished in poverty the government as a result decided to embark on programmes to provide affordable housing to reduce the housing crisis in the city of Conakry. The programmes will be conducted by the National Real Estate Development (SONAPI) of the United States and Property Development Investment S.A together with the Government of Guinea.

Access to finance

Guinea's financial system is small and dominated by the banking sector which includes the Central Bank of the Republic of Guinea (BCRG) and the National Agency for Microfinance (ANAMIF). The country has 13 commercial banks, seven insurance companies and several microfinance institutions, thirteen of which are officially approved. According to the Central Bank of Guinea the thirteen microfinance institutions serve 290 000 customers mainly based in rural areas that carry out agricultural activities. As a result of Guinea's strong trader market, microfinance institutions finance small microenterprises (SME's), largely managed by women in small businesses. Outstanding loans amounted to US$15 486 for saving stock of approximately US$8 million.

In 2011, the Central Bank increased the monitoring and regulation of banks and microfinance bodies to boost the financial system so it could meet the growing general need for funding, especially among private firms. The investor base is largely dominated by commercial banks which as of June 2009 held over 80 percent of outstanding securities and by March 2013, Guinea received no sovereign debt rating by any of the three major credit rating agencies.

A new Debt Sustainability Analysis indicates that Guinea continues to face a moderate risk of external debt distress. Authorities remain committed to ensuring that debt remains at sustainable levels. In Guinea interest rate decisions are taken by the Central bank of Guinea (CRG). The lending interest rate stood at 17.26 percent from 2006 until 2017 at 12.5 percent, reaching an all- time high of 22.25 percent in January of 2007 and a record low of nine percent in December. The deposit interest rate is 6,69 percent and loans to the private sector of GNF 4 365.20 billion (US$486.7 million) by 2009.

The financial sector's contribution to the economy remains marginal. Moreover, the weak competitiveness of the country's economy is largely due to inadequate access to financing since the banking sector is mainly concentrated on short term credits. Some existing sub-regional financial institutions are trying to set up in Guinea, this should be encouraged by reforms that are essential for the banking sector's development. To this end, the Guinean Government in partnership with independent financing institution, Project Development International, S.A. envisaging initiating reforms in the banking and housing sectors to facilitate access to bank and real estate credit in addition to establishing a mortgage bank to allow for loans to be extended to home buyers.

According to the Doing business World Bank data, access to credit in Guinea was improved through amendments to the OHADA Uniform Act on secured transactions that 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. In Guinea 2.4 percent of adults in 2011 borrowed from a financial institution and 2.0 percent in 2014. The purpose of the loans were mainly centrered on medical access and education all in alignment with the socio-economic and health state of the country at the time. Data available on mortgage finance is limited and information on the accessibility of credit available, credit registry and credit bureau coverage of adults in Guinea remains unavailable.

There is no credit bureau coverage in Guinea, this is largely for the reason that only five percent of adults in Guinea have bank accounts or access to credit. Microfinance activities are regulated by the Central Bank of Guinea (CRG) and in 2009 CRG gross loan portfolio stood at US$7.58 million with the number of active borrowers sitting at 63 410 and in 2012 the bank provided US$11.93 million worth of loans with 98 420 active borrowers. The percentage of non-performing loans stood at 5.9 percent in 2010 to 6.5 percent in 2015. In Guinea, banks that provide credit include the Rural Credit of Guinea, OraBank, Ecobank and the Central Bank of Guinea, all of which provide both mortgage and home improvement loans. The institutions process of loan disbursements are structured in a three-step process whereby installments are based on the progress of work for the acquisition of apartment or house. Other efforts to bridge mortgage finance inadequacies in Guinea include the project by the China Dreal Group (CGD) together with FiBank. At the end of 2015, CDG created a real estate loan foundation with US$25 million at a low interest rate of two percent and periods of up to 30 years. This foundation was however set up to support middle income household acquire up-market houses developed by the group.

According the Global Findex in Guinea four percent of adults are formally banked with an account at a formal financial institution and two percent have credit from regulated institution with one outstanding loan. There are 53 percent of enterprises with an account at a formal financial institution and five percent have outstanding loans.

Affordability

Economic recovery will be a long process in Guinea as government adjusts from the surge of international aid received following the Ebola related emergency. Ebola stalled promising economic growth in 2014/15 and impeded several projects. Guinea suffers from chronic electricity shortage; poor roads; rail lines and bridges and the lack of access to clean water.

The main challenges for the country are youth unemployment, worsening urban poverty which has increased from 23.5 percent in 2002 to 30.5 percent in 2007 and 35.4 percent in 2012. The country faces shortage of basic public services, including education, health care, security and decent housing.

Housing supply

Guinea's urban growth is the result of its natural population growth, the rural exodus and the transformation of the outskirts of the country's towns and cities. Imbalances in the urban structure of towns and cities have increased, confirming the predominant role of the capital city and economic centers. The estimated population in Conakry amounted to 15.7 percent of the national population. The housing market in Guinea comprises of 70 percent of rental housing in stock with average rental price in the city centre being US$1 000 and US$500 outside the centre. According to the Guinea National Institute of Statistics census data, in 2012 there were 1 471 268 households.

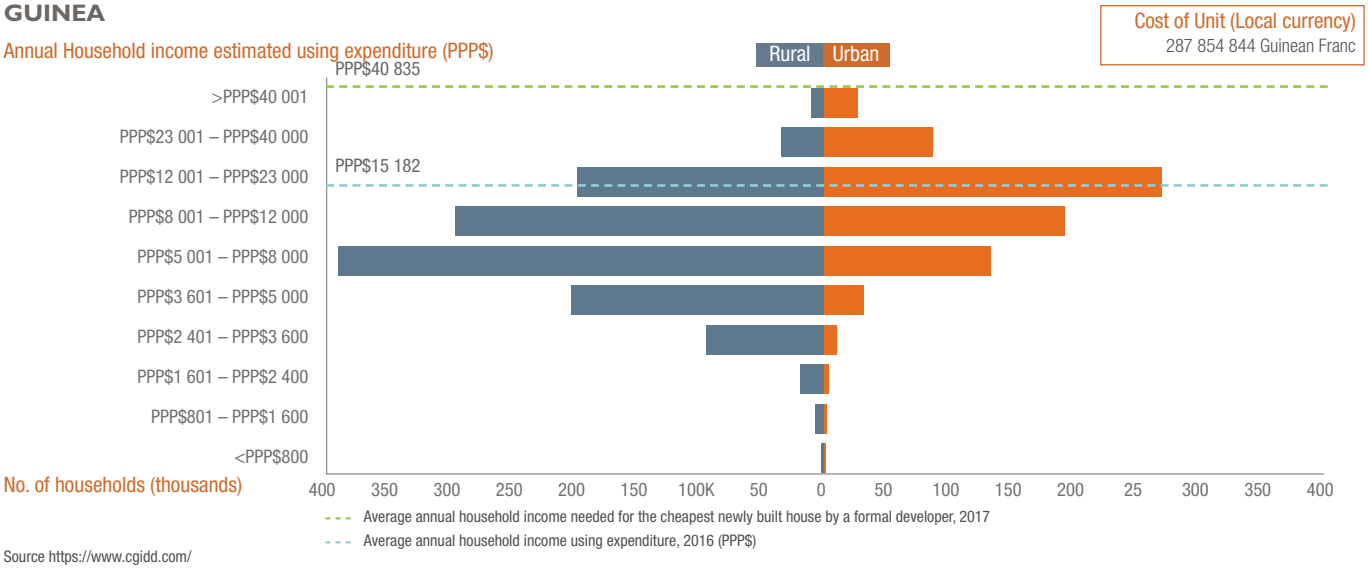
The provision of housing in Guinea is characterised by Public-Private Partnerships (PPP) between Government and private developer's projects. The government has signed agreements with a number of foreign companies for the construction of 120 000 social housing comprising of 768 apartments and 384 social housing units. In 2011, the mining company Rio Tinto developed a project to build 320 social housing units. It negotiated and signed 15 memoranda of understanding and three contracts in real estate development.

In 2015 government initiatives to improve housing conditions has been seen in a project to build houses for teachers. In an agreed partnership with the Federation Syndicale Professionnelle De L'Education (FSPE), the teacher's union in Guinea, and La Confederation Nationale des Travailleurs de Guinee (CNTG), the National Confederation of Guinea Workers. The construction of housing units are anticipated to start in 2016 and run through 2025 at an estimated US$2 875 billion. The programme is part of a larger effort by the Government to alleviate the serious housing shortage nationwide.

Property markets

According to Doing Business, Guinea is making steady progress when it comes to improving the business environment regarding real estate. In 2010 the cost of registering property was lowered; in 2013 Guinea made obtaining a building permit less expensive; in 2014 the country made transferring property easier by reducing the property transfer and, in 2015, the registration of property was made easier. Guinea improved its Doing Business registering property ranking from 143 in 2016 to 140 in 2017 – it now costs 8.5 percent of the total cost of the property to register a warehouse, involving six procedures and takes 44 days.

GUINEA



Source https://www.cgidd.com/

The formal land laws and policy in Guinea recognise customary land rights. However there remains a mismatch between statutory policies and customary practices, most of Guinea's land is unregistered and governed by customary law whereby rights to land are vulnerable to transfer by the state or privatization. The formal market in Guinea is largely restricted to urban areas and is inaccessible to poor and low-income migrants in the city center. The 1992 Guinea Land Code (Code Foncier et Domanial) affirms state ownership of vacant land and recognises the private ownership of land. Land rights are secure through purchase, inheritance, lease, loan, borrowing, sharecropping and appropriation.

The average rental price in the city center is US$1 000 and US$500 outside the city center. Prices in new up-market development on the district of Kipé, on the north coast of the capital are placed at US$2 000 per square meter and can then be rented for US$2 000 per month. There is a small pool of local real estate agents in the country, the sector is largely dominated by foreign developers such as the American Homebuilders of West Africa which offers various residential housing models with the average cost of a 250m², two-bedroom house set at US$31 999 (GNF 28 million).

Policy and regulation

The 1992 Guinea Land Code (Code Foncier et Domanial) sets the agenda for land, and land ownership in Guinea. It outlines the general principles and laws towards property rights, ownership and tenure. The Land Code advises that land must be registered as to enable owners to exercise their rights over the property. However, the implementation of these rules has been limited, in 2011 the government in efforts of improving this, provided computer hardware and training at the National Government Property Directorate including Land Registry and database software to computerise the land registry.

In Guinea the conditions governing the exercise of microfinance institutions (MFIs) are defined in a legal framework adopted by the Republic of Guinea. Authorities have taken initiatives to promote the sector and map out a national strategy for micro-finance in the country. The National Micro-Finance Board set out to create a GNF 130 billion (US$14 million) fund to support activities initiated by the youth and women.

Opportunities

The most dynamic sectors in Guinea are agriculture and mining. The government recognises the need for adequate housing and has placed efforts in the form of social housing projects that are executed through Public-Private Partnerships (PPP) however the affordable housing bracket has not been catered to as yet. There are a number of reforms that the country could undertake that would catalyse economic growth which would likely increase housing affordability. For example, increasing finance tools available for low-income earners to enable increased access to land and property in urban areas. The recent establishment of private funding solutions by various developers suggests that there is a shift in the traditional practice of funding providing a variety of funding tools for low-income earners. The banks in Guinea have been instrumental in increasing domestic revenue - a sign that the financial sector is better equipped to expand access to finance. The country has a low-inflation and according to the IMF, debt remains at a sustainable rate, providing a comprehensive environment for future investments.

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Guinea-Bissau

KEY FIGURES

Main Urban Centres	Bissau
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0043
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.5 | 2.6 | 2.7 | 2.6
Population | Population growth rate [d]	1 815 000 | 2.52
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	50.09 | 4.05
GDP per capita (current US$) | GDP growth rate (annual %) [d]	620 | 5.57
GDP (Current US$) [d]	1 126 122 708
GNI per capita, Atlas method (current US$) [d]	620
Population below national poverty line | Survey Year [c]	69.3 | 2010
Unemployment rate (%) (d)	6.9
Gini co-efficient (year of survey) [e]	50.66 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	178 | 0.424
Lending Interest Rate [d]	5.60
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	11.20 | 20 (2016)
Down Payment (%)	
Credit % of GDP [d]	24.49
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	...
What is the price of the cheapest, newly built house by a formal developer or contractor?	...
What is the size of this house (in m^2)?	...
What is the average rental price for a formal unit (in US$)	...
What is the minimum plot size for residential property	...
Ease of Doing Business Rank [j]	172
Number of Procedures to Register Property [j]	8
Time (days) to Register Property [j]	51
Cost (% of property value) to Register Property [j]	5.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)

Overview

The Republic of Guinea-Bissau, located in West Africa, covers an area of 36 948 km^2 and has a population of around 1.9 million[1]. The country restored constitutional order after the 2014 elections and as a result, the year that followed saw the country undergoing robust economic growth. However, Between June 2015 and December 2016, four prime ministers were dismissed. This resulted in an institutional deadlock that prevented parliament from meeting in 2016[2]. Due to the spectre of political instability and a susceptibility to foreign shocks (particularly changes in the prices of cashews), Guinea-Bissau's economy remains fragile. However, recovery was not halted completely, 2016 saw an exceptional year for cashew sales and a notable expansion in the harvest of food crops (8.9 percent)[3]. Growth forecasts for 2017 and 2018 are 4.8 percent and 5.0 percent respectively4[1].

Economic activity is centered in the capital city, Bissau, and almost 30 percent of the total population lives in this metropolitan city[5]. The GDP per capita was US$620.2 in 2016, up from US$596.9 in 2015. Inflation was an estimated 2.6 percent, population growth was at 2.5 percent and domestic credit provided by the financial sector in 2016 was 24.5 percent of GDP, up from 23.7 percent in 2015[6]. Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA). The political instability has affected the economy and thus decreased investment into the housing sector. Because of fiscal difficulties, chronic underinvestment is expected to continue according to the African Economic Outlook.

Access to finance

Guinea-Bissau has four banks (Banco Da Africa Ocidental, Banco Da Uniao, Banque Régionale de Solidarité and Ecobank). The number of commercial bank branches per 100 000 adults was 2.5 in 2015, a figure that had remained constant from 2013. Automated teller machines (ATMs) per 100 000 adults was at 3.67 in 2013, an increase from 1.36 in 2010[7]. Bank credit remains sluggish amidst high non-performing loans (NPLs) and low profitability. Although lower than the 26 percent rate from immediately before the 2015 bank bailout, the overall NPL ratio remained high at 19.4 percent as of end-March 2017[8]. Credit to the private sector expanded by 10.6 percent in 2016, driven by the strengthening of economic activity[9]. Credit extension has continued to be concentrated in commerce, construction, and manufacturing, which together accounted for about two-thirds of total credit[10]. The moderate credit growth reflects risk aversion by banks in the context of high NPLs, particularly in agriculture.

Despite the high NPL rates, the banking sector is stable; it lends only to a small section of the economy and is relatively risk averse, with credit risk perceived as being high. As a result, Guinea-Bissau's getting credit ranking as of 2017 is 139 out of 190 countries[11]. Banks tend to invest in UEMOA bonds. Because of this, the banks – regulated by the Central Bank of West African States (BCEAO) – are also relatively liquid. The four banks have increased their loans outstanding, from CFA 25.76 billion (US$43.7 million) in 2010 to CFA 62.6 billion (US$106 million) in 2015. Most of these loans are short- or medium-term, with just CFA 646 million (US$1.1 million) categorised as being long-term. At the same time, deposits held by the banks have increased, from CFA 54 billion (US$92 million) in 2010 to CFA 114 billion (US$195 million)[12].

Data available on mortgage finance is limited. In December 2014, according the IMF, banks were lending at an average prime rate of 9.5 percent and as of 31 December 2016, the commercial bank prime lending rate was 15 percent[13], though these numbers are not related to mortgages. For mortgages, in particular, the interest rate was 9 to 11 percent in 2015, according to the Branch Chief of Ecobank Headquarters in Bissau. Mortgages available are restricted to medium and high income households, and those who have a warranty or an employment contract of 10 years, the typical term of a mortgage. Whoever does not meet these requirements will have to save the amount needed or to apply for a loan abroad, for example in Portugal, if they have a business or a warranty seen as capable of covering the costs of the loan. It appears that many citizens have used this strategy successfully.

For all four commercial banks, repayments for loans granted will be a maximum of 33 percent of an employee's salary. Some people manage to build their homes using this type of loan, with loan values varying from CFA 3 to 5 million (US$5 464 to US$9 107). This depends on the nature of their employment contract, which allows for the yearly renewal of the loan at the beginning of each year (some organisations will provide a four or five year contract, depending on the length of time needed to develop their projects). According to information gathered at Orabank, there are plans, still subject to research, to expand the provision of mortgage finance to large segments of the population. Due to the country's political instability, it is still very difficult for the banks to provide loans for a long payment period, which makes access to housing finance extremely limited. If a mortgage market were to develop, banks in Guinea-Bissau would have access to Caisse Regional de Refinancement Hypothecaire-UEMOA (CRRH- UEMOA), the regional mortgage refinance facility.

It appears that housing microfinance is limited, with the formal microfinance sector accounting for CFA 71 million (US$129 318) in outstanding loans in March 2016 – from CFA 84 million (US$152 996) in 2014 – and CFA 265 million (US$482 668) in deposits, also in March 2016 – from CFA 207 million (US377 027) in 2014[14]. There is a small microfinance sector with 18 licensed institutions. However, only five are operational, and they provide limited financial services[15]. The microfinance sector, in terms of outstanding loans, customers and number of points of service, is substantially smaller than microfinance sectors in the other UEMOA member countries[16]. In terms of construction finance, banks do not cater to the construction of new units, with only 2.8 percent of loans in 2016 going to the building and construction sector[17].

Affordability

Aside from constraints in accessing housing finance, Guinea-Bissau has low levels of affordability because of the low GDP per capita. Fifty-eight percent of households earn below US$2 400 a year, according to C-GIDD data. Household income is heavily dependent on cashew and rice production, which are subject to volatility because of international prices and local weather. With little productivity growth in the country, it is unlikely that the majority of households will be able to afford units constructed by formal developers, and would be better served by the provision of housing microfinance.

Government initiatives to improve housing conditions were underway, but have been interrupted with no clear date for their resumption. In the past, and according to information obtained at the Ministry of Public Works, whatever units constructed by the government were allocated by assessing applicants or by using a lottery system. There was a commission with the responsibility of evaluating the allocation of houses and assessing specific household needs. Though these households were predominantly awarded to war veterans or civil servants.

There are some private developers working in the field but the houses that they construct tend to be for rental purposes, serving employees from international organisations. The rents in these developments can range between CFA 500 000 and 1 000 000 (US$910 and US$1 821). Similar units for sale are available for between CFA 18 million to 50 million (US$32 785 to US$91 069).

Housing supply

From the census[18], which was conducted in 2009, 73 percent of households were recorded as owning their houses, while 19 percent of households live in private rental. The numbers for Bissau, the capital, are quite different, with 3.8 percent of households living in public rental stock, 46.4 percent in private rental and 42.7 percent occupying houses that the household owns. The census recorded 176 500 households (compared to 267 293 households estimated by C-GIDD in 2016), of which 89.1 percent resided in housing that is considered precarious. The situation is better in cities, where 78.6 percent of households live in precarious housing, and markedly better in Bissau, where only 24.5 percent of households live in precarious housing. The UN-Habitat State of African Cities Report 2014, the latest report of the series, states that 83.1 percent of urban households live in slums[19]. In urban areas, 28.2 percent of households live in one-bedroom units, compared to 9.8 percent in rural areas (overall, 17.7 percent nationally). The trend is the same for two-bedroom units (27.7 percent of urban households, against 16.5 percent of households in rural areas), but changes from three-bedroom units onwards – 43.8 percent of urban households live in units with three bedrooms or more, compared to 74.3 percent of rural households.

There is no specific system for housing delivery in Guinea-Bissau. Middle income households purchase plots to construct housing. This requires approval by the city council, and, in theory, construction can only begin once approval is given. This land is generally owned by the council or is inherited by individuals. Prices of plots in Bissau are increasing, and have been subject to speculatory investments. The backlog, in 2015, according to the Public Affairs Minister, José António Almeida, stood at only 4 000 units[20]. However, considering the quality of housing reported in the most recent census, this number is likely higher. The government is aware of this issue and, in an effort to increase the supply of housing, has signed agreements with China and Morocco for the construction of 1 500 social houses. The agreement with the Chinese government should deliver 250 houses during its first phase, with a target of 1 000 units in all[21]. The projects are to be constructed in two different neighbourhoods, as part of a regeneration strategy in Bissau, with the households displaced by these developments being housed in new social units near the airport. In September 2016 the Ambassador of Guinea-Bissau in China, Malam Sambu, said the Chinese government had provided 82 million yuan (US$12.3 million) in funding and without specifying dates, Sambu said China would finance the social housing project under construction in Guinea-Bissau with some of this capital.

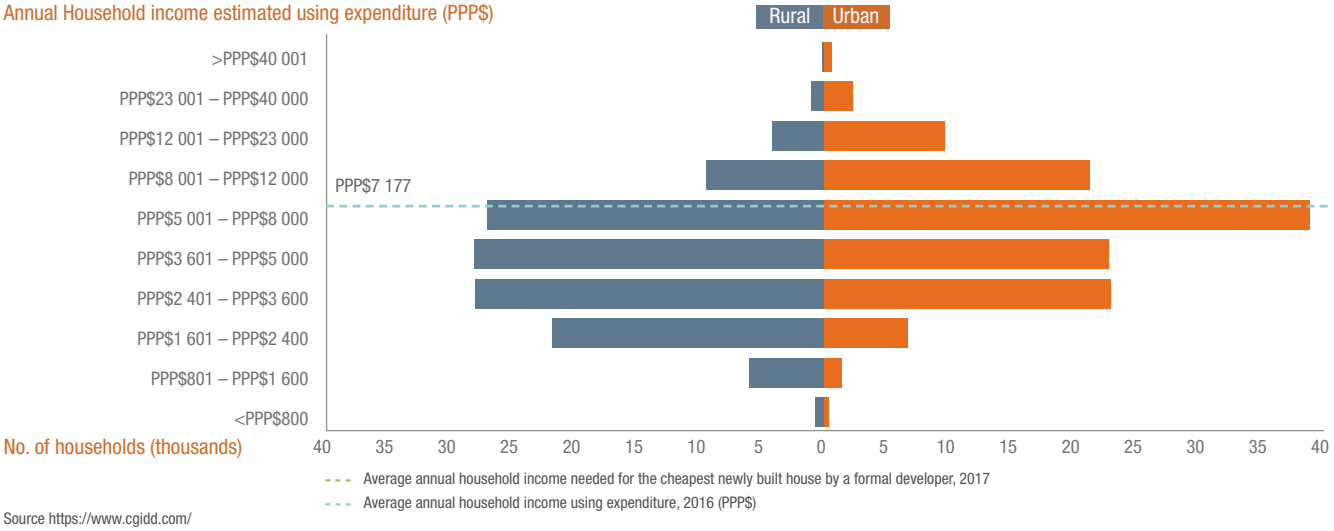
Most households (76.3 percent) live in units that are categorised as having adobe (earth) as the predominant building material, with a further 14.5 percent of households living in units categorised as reinforced adobe. A further 5.4 percent (10 percent of urban households) live in units constructed using cement-blocks. In urban areas, 84.3 percent of households live in units that have zinc roofs (57.6 percent nationally), while 60.3 percent of households have straw roofs in rural areas (36.9 percent nationally). In terms of floors, while no households in urban areas have clay floors, according to the census, 66.9 percent of rural houses do. In contrast, 83 percent of urban households have cement floors.

Property markets

According to *Doing Business 2016*, Guinea-Bissau is making steady progress when it comes to improving the business environment regarding real estate. Importantly, this has included some significant steps in terms of registering property. In 2008, the cost of registering property was lowered; in 2014, the country increased the number of notaries dealing with property transactions; and, in 2016, the cost of registering a property was decreased again[22]. The last reform has resulted in Guinea-Bissau improving its *Doing Business* registering property ranking, from 168 in 2015 to 150 in 2016 and 149 in 2017. It now costs 5.5 percent of the total cost of the property to register a property, involves eight procedures and takes 51 days[23]. These reforms will likely, if at all, only affect a small segment of the formal property market, which is geared to serve upper income households, foreigners and workers of the international community. There is little effective state regulation of the real estate market, and no policy in place to be implemented.

Though there are a number of laws in place to govern its ownership, land is predominantly accessed, outside of Bissau, in accordance with traditional practices. Both traditional practices (though there is variation throughout the country) and a 1975 statute (the statute legislates access to land) do not provide for freehold ownership, only usufruct rights. Law 4 of 1975 stipulates that "all the land of the national territory…is part of the public domain of the State and cannot be reduced to private property." National laws do allow for concessions of up to 90 years, though there is no standard process to securing a concession. Efforts to finalise a new land law, the 1998 Land Law of Guinea Bissau, which should improve

GUINEA-BISSAU



Source https://www.cgidd.com/

security of tenure, have stalled, with the law still awaiting adoption. The impact of the law would likely be minimal without significant work to improve institutional capacity. Considering that most of the real property rights in the country have not formalised under the form of concessions, acquiring a concession of Right of Private Use is complex and expensive[24].

Policy and regulation

According to information obtained from the Ministry of Public Works, there is a document that regulates the buying and building of houses in the country. The document is entitled, 'General Regulations of Urban Construction of Houses in Guinea-Bissau'. It explains the different classifications, areas for construction, environmental quality and security, among other regulations to follow when building or demolishing a house. Implementation of these rules would likely be limited. Beyond the reforms concerning the property market, but concerning the conduction of business in the country, Guinea-Bissau introduced a special commercial court and launched a one-stop shop to register a business, as well as creating an online database of all registered businesses[25]. This will hopefully increase the openness of the real estate market, making it easier for entrants into the market.

Decree No. 47.486 regulating the Ownership of Lands Occupied by Non-Owners regulates the ownership of lands occupied by non-owners. It consists of 6 articles defining the conditions under which land users may request, (free of charge) the ownership of lands within one year from the date of this Decree. Act No. 6/73 approving the Overseas Land Act regulates the right of use of public and private lands of the overseas territories. It consists of 33 parts specifying the conditions to be satisfied, in order to exploit occupied and non-occupied land for different uses. It establishes the requirements to be met in order to benefit from a land concession, or to obtain a permit for land leasing. Norms No. 9/11/1992 Approving Legal and Fiscal Regime for Land Occupation - these Norms approve the Legal and Fiscal Regime for Land Occupation and regulate the requests of concessions for unoccupied and uncultivated lands to be used for: agro-forestry/silvo-pastoralism, agricultural, livestock, or other purposes.

The banking sector is regulated by BCEAO, which publishes regular data for each member country. BCEAO has also issued regulations that cover credit bureaus and microfinance institutions, and has been particularly proactive when it comes to efficiently regulating the latter[26].

Opportunities

Guinea-Bissau has significant promise, despite the political instability. There are a number of easy reforms that the country could undertake that would catalyse economic growth, which would likely increase housing affordability. For example, abolishing a special tax on cashew exports will decrease the poverty rate by two to three percent, according to the International Monetary Fund[27]. What is required is political stability, targeted investment (particularly concerning the port of Bissau) and international support. The recent establishment of a commercial court and a one-stop shop for business registration suggests that there is the will to make the necessary reforms. The stabilisation of the banks, which has lowered their NPL rates and seized collateral, is a sign that the financial sector is better equipped to expand access to finance. As part of UEMOA, Guinea-Bissau has a low inflation rate and low forex risk, providing a sound foundation for future investment.

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Kenya

Overview

Kenya is East Africa's largest economy, a leading financial centre in the region and a regional leader in terms of investments in mega projects. According to Deloitte 2016 Africa Construction Trends, as at the end of 2016 Kenya had 11 ongoing mega projects valued at 728 billion Kenya shillings (US$7.05 billion) which have positioned the country as the regional economic powerhouse. These projects include; the standard gauge railway, Lake Turkana Wind Power Project and the Lamu port berths. The country successfully conducted the 2013 general elections under the new constitution and the ruling party has successfully managed the transition from the old constitution to the new one albeit with some challenges. A number of new governance institutions have been created and are now operational. The second General election under the new constitution was held on 8th August, 2017. The political temperatures before the general elections were very high making a number of investors adopt a 'wait and see' attitude pending the conclusion of the elections. The general elections were largely peaceful and were hailed by all the international observers as broadly free and fair. Importantly, Kenya has become resilient over the years enabling the economy to rebound even with internal and external shocks. For instance, In spite of the prolonged famine occasioned by failed rains and the elections mood, the economy is still currently growing at 5.8 percent, way above Sub-Saharan average of 1.5 percent at the end of 2016. The completion of the phase one (Mombasa-Nairobi) of the standard gauge railway in 2017 presents a great opportunity for investors targeting investments in Kenya. The standard gauge railway which stretches from the coastal city of Mombasa to the country's border with Uganda, is the country's most ambitious and most expensive project since independence.

Kenya's economy has consistently posted superior performance over the last five years. It registered GDP growth rates of 6.1 percent in 2011, 4.6 percent in 2012, 5.7 percent in 2013, 5.3 percent in 2014, 5.6 percent in 2015 and 5.8 percent in 2016. According to Kenya's Economic Survey (2017) Report of the Kenya National Bureau of Statistics (KNBS), GDP growth in 2016 was largely accounted for by accommodation and food services which grew by 13.3 percent in year 2016 compared to a decline of 1.3 percent in 2015. According to the Economic Survey, other sectors such as information and communication, real estate, transport and storage registered improved performance. On the other hand, the severe drought experienced in the last quarter of 2016 negatively impacted on agriculture and electricity supply. The report documents a decline in construction, mining and quarrying as well as financial and insurance sectors in 2016.

KEY FIGURES

Main Urban Centres	Nairobi (capital), Mombasa
Exchange Rate: 1 US$ [a] =	103.30 Kenyan Shilling (KSh)
PPP Exchange Rate (Local Currency/PPP$): 1 KSh = [b]	0.0211
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	6.6 | 6.3 | 5.5 | 5.1
Population | Population growth rate [d]	48 461 000 | 2.56
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	26.06 | 4.24
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 455 | 5.85
GDP (Current US$) [d]	70 529 014 778
GNI per capita, Atlas method (current US$) [d]	1 380
Population below national poverty line | Survey Year [c]	45.9 | 2005
Unemployment rate (%) (d)	9.2
Gini co-efficient (year of survey) [e]	48.51 (2005)
HDI (Global Ranking) | HDI (Country Index Score) [f]	146 | 0.555
Lending Interest Rate [d]	16.56
Unsecured lending interest rate (housing microloan)	14 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	14 | 15 [k]
Down Payment (%)	
Credit % of GDP [d]	42.39
Average Mortgages % of GDP [g]	3.24 (2015)
Estimated number of mortgages	18 240
Average loan size in US$ (mortgage)	47 170
Average loan size in US$ (non-mortgage/micro lending)	80 000 [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	44.57 | 27.25
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	2.24 | 3.67
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	8 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	30 000 [m]
What is the size of this house (in m^2)?	80
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	200
Ease of Doing Business Rank [j]	92
Number of Procedures to Register Property [j]	9
Time (days) to Register Property [j]	61
Cost (% of property value) to Register Property [j]	6.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Kenya Bankers Association
[l] Bamburi Cement, East Africa Portland Cement
[m] Suraya Property Group

African Union for Housing Finance Member Institutions
HF Group
National Housing Corporation Kenya

The World Bank predicts that the country's economy will experience a bumpy ride occasioned by depressed private sector credit growth, rise in international oil prices and fiscal shocks. However, the World Bank report contends that the negative exposure will be moderated by the effect of the completed phase of the standard gauge railway. This is predicted to lead to a net slight decline in economic growth rate to 5.5 percent by the end of 2017 before rebounding to hit 6.1 percent by year 2019.

The fall in transportation, housing and utilities as well as communication prices in 2016 led to decline in annual average inflation from 6.6 percent in 2015 to 6.3 percent in 2016. The drop in transportation costs was due to the fall in oil prices while the fall in utilities prices was driven by increased production of geothermal power and its inclusion in the national power grid. The increased activity in the housing sector may to a large extent explain the general drop in housing prices observed in Kenya in 2016. For instance, according to Kenya Economic Survey 2017, construction industry expanded by 9.2 per cent in 2016

from an expansion of 13.9 per cent documented in 2015. The survey finds that the government agency for housing namely the National Housing Corporation (NHC), completed housing projects in 2016, at a total cost Kes 877.9 million (US$8 505 135).

During 2016, the Shilling strengthened against the Pound Sterling and most of the regional currencies but weakened against the, Euro, the Japanese Yen and the US Dollar in 2016. The last quarter of 2016 saw the introduction of interest rate regulation through the amendment to the Banking Act. The amendment to the law now requires that lenders must peg the cost of loans at 400 basis points above the benchmark central bank rate (CBR), currently at 10 percent. In addition the law also obliges commercial banks to pay interest on deposits held in customers' savings accounts by a minimum of 70 percent of the CBR. The KNBS report finds that the interest rate regulation significantly led to a reduction in domestic credit from 20.8 percent in 2015 to 6.4 percent in 2016. Furthermore, if the 2016 trend continues through 2017, activities which largely rely on commercial banks borrowing will be curtailed.

All in all, Kenya has the potential to be one of Africa's great success stories from its growing and youthful population, a dynamic private sector, a new constitution, and its pivotal role in East Africa. Housing markets are local, and housing market outcomes reflect local economic conditions (Hwang & Quigley, 2006). As such, favourable changes in economic conditions, income, and employment as well as monetary policies as documented in Kenya over the last years is expected to have major implications on Kenya's housing market, housing prices, vacancies, and residential construction activity.

Access to finance

Kenya has robust formal and informal financial markets. The formal financial sector is regulated by the Central Bank of Kenya (CBK) and Capital Markets Authority (CMA). The CBK describes the structure of the Kenyan banking sector as at 31 December 2016 as having comprised of the Central Bank of Kenya, as the regulatory authority, 43 banking institutions (42 commercial banks and one mortgage finance company), eight representative offices of foreign banks, 12 microfinance banks (MFBs), three credit reference bureaus (CRBs), 15 money remittance providers (MRPs) and 80 foreign exchange (forex) bureaus. Out of the 43 banking institutions, 40 were privately owned while the Kenyan government had majority ownership in three institutions. As at December 2016 three commercial banks were not in operation since one of them was under statutory management and other two were under receivership.

According to Central Bank of Kenya (CBK), almost all commercial banks offer mortgage loans to both their customers and bank staff. The number of banks offering mortgages to customers has remained 34 since December 2015 after three banks (Chase bank, Imperial Bank and Dubai Bank) which were all offering mortgages. The CBK makes a number of findings; firstly the mortgage interest rate charged in 2015 averaged 17.1 percent and with a range of between 11.9 – 23.0 percent as compared to 15.8 percent average with a range of 8.0 percent – 21.3 percent in 2014. Secondly, about 89.3 percent of mortgage loans in 2015 were provided on variable interest rates basis compared to 92.5 percent in 2014. Thirdly, majority of mortgage borrowers in 2015 preferred fixed rate mortgages so as to hedge against interest rate fluctuations. Fourthly, loan to value (maximum loan as a percentage of property value) was pegged below 90 per cent by majority of the banks in 2015 and 2014. Lastly, the average loan maturity in 2015 was 9.6 years with minimum of 5 years and a maximum of 20 years. As at the date of compiling this report, the CBK had not released comparable figures for 2016. These figures are expected to be contained in the Central Bank of Kenya annual bank supervision report 2016. Nevertheless, with interest rates now capped at Central Bank Rate (currently at 10 percent) plus 4 percent, as at December 2016, the mortgage rates were at a maximum of 14 percent.

It is important to note that according to recent World Bank report, Savings and Credit Cooperative Societies (SACCOS), have overtaken commercial banks and mortgage providers in the provision of home construction in loans in Kenya. The SACCOs now account for more than 90 percent (over 100,000 housing loans) of home loans in Kenya according to the World Bank. SACCOs package home loans as development loans and at more affordable interest rates usually at 12 percent per annum. SACCOs also offer small formal mortgages through the Kenya Union of Savings and Credit Co-operatives (Kuscco) Housing Fund. Importantly, SACCOs avail unsecured construction loans in many instances. SACCOs therefore play a critical and major role in the provision of affordable housing in Kenya. This is especially so considering that the number of mortgage accounts in 2015 stood at 24 458 with a mortgage outstanding value of Kes 203.3 billion (US$1 969 724 860). The value of non-performing loan (NPL) mortgages in 2015 stood at Kes 11 737 million (US$113 708 584) while the NPLs stood at 1475. As at January 2017, the Sacco Societies Regulatory Authority (SASRA) had 176 registered SACCOs, one SACCO under statutory management and another one deregistered.

CBK also reports that the total net assets in the banking sector stood at Ksh 3.76 trillion (US$36.5 billion) as at 31 December 2016. The year 2016 witnessed a decline in money market rates as a result of the implementation of the amended Banking Act in Mid-September. The Monetary Policy Committee (MPC) vacated the Kenya Bankers Reference Rate (KBRR) which had previously been adopted as the benchmark for pricing commercial banks loans in favour of CBR. As at December 2016, base rate was at 10 percent meaning that commercial banks could only lend at maximum of 14 percent (CBR/Base rate + 4 percent). The implication of this interest rate cap is that it has increased demand for home loans but reduced supply of the loans. This is because commercial banks are practicing selective lending or a cautious approach to lending. According to KNBS, the monetary policy decisions were designed to support economic growth and to check inflationary pressures in view of the biting drought in the country. The 91 day Treasury bill rate dropped from 9.81 percent in December 2015 to 7.25 percent in June 2016 and later rising to 8.44 percent in December 2016. The interbank lending rate dropped from 6.91 percent in December 2015 to 5.92 percent in December 2016. The capping of interest rates stabilized interest rates in the second half of 2016. The loans-deposits interest rate spread is now capped at three percent and therefore there was a marked drop in the interest rate spread from 9.53 percent in December 2015 to three percent in December 2016.

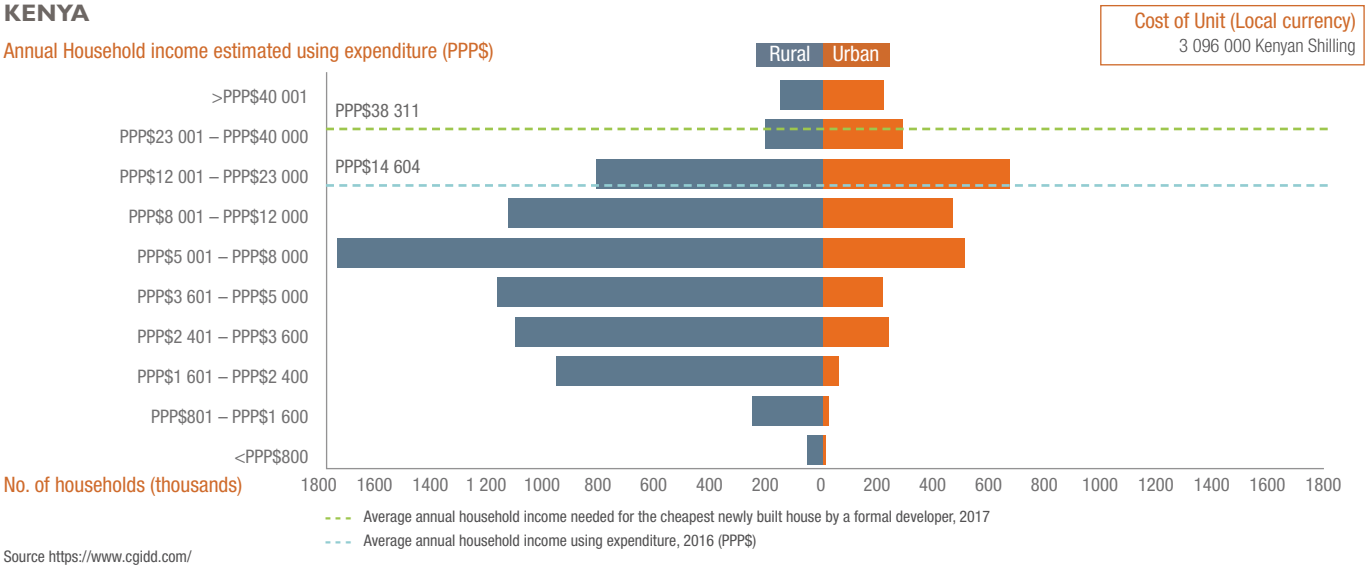
Cooperative movements remain important stakeholders with regard to supporting the mortgage market. The National Cooperative Housing Union (NACHU), an apex organisation made of registered primary housing cooperatives, works to provide affordable and decent housing to Kenyans within the low and modest income communities. NACHU has more than 800 housing cooperatives in eight regions of Kenya and has become a leading organisation in the provision of housing microfinance, capacity building and technical services. NACHU has supported various community housing and real estate project. Their recently completed projects include Alfa Mwanda Housing Project in Nakuru (33 units), Faith Foundation Housing Project in Nairobi (52 units), Royal Housing Project (50 units) and Mutindwa/Good Neighbours Housing Project (39 units). The projects currently running include; Kabiria Housing Project in Nairobi (37 units), and Ngumo Mbega Housing Project (20 units).

Altogether, access to finance remains below that of developed countries. Yet key statistics, such as loan and advances from the banking sector, indicate a significant positive change. According to CBK, loan and advances from banks increased by 15.12 percent from Ksh 1 881 billion (US$18.5 billion) in December 2014 to Ksh 2 091.4 billion (US$20.6 billion) in December 2015. The comparative figures for 2016 and 2017 are yet to be released by the CBK.

Affordability

With regard to the demand-side of Kenya's housing market, as the economy and urban population expand, a matter of grave concern still remains, affordability. Going by the Kenya Bankers Association's Housing Price Index (KBA-HPI), house prices continued on a downward trend in the last quarter of 2016 which represented a reversal of the upward trend experienced in the last quarter of 2015. KBA associates this reversal to interest rate caps which lowered availability of mortgages. However, this view is not shared by HassConsult. HassConsult observes that the fall in house prices was recorded in areas with middle market properties located in satellite towns. Hass Consult argues that house price increases recorded in exclusively high end suburbs is explained by the fact that consistent with global trends, high end areas tend be least affected by economic slowdown. The company points out in its report that since the first quarter of 2016, the growth in house prices has consistently exceeded growth in land prices for the first time in nine years.

KENYA



Source https://www.cgidd.com/

According to United Nations Sustainable Development Goal number 11, countries should ensure that all people have access to adequate, safe and affordable housing. Conversely, the World Bank Kenya Economic update 2017, observes that Kenya has an estimated accumulated housing deficit of 2 million units and approximately 61 percent of urban households are living in informal settlements. Notably, most Kenyans have informal sources of income which are not recognized by banks for purposes of securing mortgages. In effect, the World Bank observes that 90 percent of Kenya's urban households live in rented houses. The World Bank contends that house prices are far beyond the reach of most Kenyans. This is due to poverty and unavailability of credit due to informal sources of income and the fact that banks do not lend to those in the lower end of the market. The problem of affordability of houses in Kenya is compounded by the continued escalation in land prices especially in urban areas. Nevertheless, recent Kenya government policy and legislative interventions are expected to bring down the cost housing with positive implications on affordability. For instance, the tax incentive available to developers of multiple units will ensure that developers of over 400 affordable housing units in a given year will pay corporation tax of 15 percent instead of 30 percent. There is significant mobilization by SACCOs to have members group themselves, buy big chunks of land, sub-divide and build houses as communities. This mobilization may account for the fact that SACCOs are the major financiers of affordable houses in Kenya. However, SACCOs are financially constrained implying that housing deficits will continue to widen in the absence of major interventions. Of course this presents handsome opportunities to investors interested in building affordable houses in Kenya's urban centres.

More and more developers are now focussing on the affordable housing segment, building smaller units at much lower prices. Jamii Bora (trading as Urbanis Africa) and Karibu Homes-Parktel (in partnership with Shelter Afrique) are among the pioneering developers to implement this strategy. Karibu Homes, for instance, has a project of 1 074 units, which includes one-bedroomed houses priced at about Ksh 1.6 million (US$15 511) which have already been completed. Urbanis Africa, on the other hand, has, for several years, launched several affordable housing projects which once completed will churn out more than 5 000 units. These projects are in the pipeline and yet to be completed. Other developments include the 1 000 units by Suraya Property Group priced at Ksh 2.9 million (US$28 113). The construction of the 185 housing units by Suraya Properties commenced in march 2017 and is expected to be completed in August 2018. In addition, 2 000 units by Erdemann Property Ltd for Ksh 6 million (US$58 164) and Ksh 7 million (US$67 859 for two and three bedroomed units, respectively. A recent survey by Turner & Townsend ranks Nairobi as the cheapest city for construction in the world despite the high cost of land.

Housing supply

The CAHF (2015) estimates the annual housing requirement in Kenya at about 132 000 units compared to government projects annual production at 50 000 units, leaving a recurrent annual deficit at about 82 000 units. This huge deficit indicates a dire need for increased housing investment, especially innovative and targeted developments, to boost supply. Statistics on investment into housing indicates that there is a growing interest in this sector. According to the annual economic survey of KNBS, only Ksh 127.7 billion (US$1.24 billion) was invested into housing production in 2010 but investment in dwellings has consistently been on the rise, recording growth at a rate of 15.2 percent, 17.2 percent, 14.6 percent and 17.3 percent in 2011, 2012, 2013 and 2014, respectively. In 2015, about Ksh 257.3 billion (US$2 494 306) was injected into the housing sector country-wide with Nairobi alone receiving above Ksh 58.4 billion (US$566 138 654), accounting for roughly 7 479 new housing units. According to KNBS 2017 Economic Survey, there was an increase in the value of new private buildings in Nairobi County by 7.5 percent from KSh 70.9 billion (US$687 315) in 2015 to KSh 76.2 billion (US$738 694) in 2016, owing to sustained rise in construction of residential and non-residential buildings.

In addition, according to The National Treasury (Kenya) 2017 budget statement, the Kenya government has promised to launch an additional 1 500 housing units for Kenya Police and Prisons' staff at a cost Ksh 1.4 billion (US$13 563 263). Importantly, the government has reduced corporation tax from 30 percent to 15 percent for developers who construct at least 400 affordable housing units per year. The Cabinet Secretary, National Treasury argues that this tax reduction is meant to provide low cost housing to meet increasing demand for urban housing. Accordingly, the Cabinet Secretary has called upon investors to take advantage of the tax incentive to construct low cost housing.

Throughout 2016 and 2017, Affordable Housing Institute partnered with Habitat for Humanity on a market facilitation competition in Kenya, providing training and technical assistance to two small businesses in the housing sector.

Property Markets

With effect from the last quarter of 2016, property prices for middle market prices have continued to record a declining trend while those in high end suburbs experience price surges. According to Knight Frank, Wealth report 2017, Kenya added 900 individuals to the elite dollar millionaire class in 2016. Effectively, this addition increased the number of dollar millionaires from 8 500 in 2015 to 9 400 in 2016. Importantly, the report finds that wealthy Kenyans prefer investment in real estate for wealth preservation, presenting handsome prospects for future property developers. According to Knight Frank Africa report 2017, Kenya's capital, Nairobi has the largest volume of modern retail floor space in Sub-Saharan Africa outside South Africa. In addition the report observes that the Kenyan government estimates the current residential housing shortage is 200 000 units per year and that the country is trying to address the problem in a number of ways such as slum upgrading and provision of tax incentives to major developers.

According to the Knight Frank Prime Global Cities Index, prices of luxury homes in Nairobi increased by 3.3 percent and 2.2 percent for a 12-months' period and six-month period ending March 2016, respectively. In the 3 months (December 2016-February 2017) the Knight Frank Prime Global Cities Index documents that prime

house prices in Nairobi rose by 0.9 percent. Based on the annual performance, Nairobi is now ranked 15 in their 35-city survey, up two positions from 17 in the last quarter of 2015 This ranking dropped to position 36 in the first quarter of 2017. In the opinion of Kenya Bankers Association, the surge in house prices is instigated by developers' preference of the middle end of the market, developers' inclination towards renting than selling, growing mortgage market and gradual opening up of new geographical areas for housing development in response to physical infrastructure expansion, especially transport.

Policy and Regulation

Bruce (2015) of USAID puts it rather clear that the way in which nations define property rights – such as private, public, state-held – and permit citizen to hold property (e.g., private, leaseholds, etc.) and defend those rights through the rule of law or administrative procedures, greatly influences the processes of globalization, national economic growth, and the development of a democratic society. In Kenya, the Ministry of Land, Housing and Urban Development and the National Land Commission (NLC) are two main institutions responsible for land administration. The ministry is part of the executive arm of the national government while the NLC is an independent body created by the 2010 Constitution.

Noting the existence of many land laws, the Ministry realised that some of the laws were incompatible and resulted into a complex land management and administration system, fragmentation and breakdown in land administration, disparities in land ownership and poverty. To address these problems, from 2010, the Ministry embarked on the formulation of several land laws in line with the constitution that had just been promulgated in 2010. The resultant new laws include the National Land Commission Act of 2012, the Land Registration Act of 2012 and the Land Act of 2012. The new laws have repealed the Indian Transfer of Property Act, the Government Lands Act, the Registration of Titles Act, the Land Titles Act, the Registered Land Act, the Wayleaves Act and the Land Acquisition Act. The Land Control Act, the Landlord and Tenant (Hotels, Shops and Catering Establishments) Act, the Sectional Properties Act and the Distress for Rent Act were not repealed.

Since enactment of these laws and the formation of NLC, administrative structures for management of land in Kenya changed considerably. The NLC, created in 2012, has a range of functions including advising the national government on a comprehensive programme for the registration of land titles, management of public land, implementing settlement programmes, developing an effective land information system and managing a land compensation fund. Another important function of NLC will be the allocation of public land. The allocation of public land to private individuals has been a concern for many Kenyans for a long time. Allocation of public land was within the control of public officers at the Ministry of Lands, who were susceptible to influence by the executive arm of the government. The process of allocation of public land was therefore shrouded in secrecy and, often, members of the public would only realise that public land has been expropriated, after a title deed has been issued to private persons.

The Housing (Amendment) Act, 2017 now requires the government to maintain a data-base of low income individuals living in urban areas and to update the database yearly and the identification of persons who qualify for low cost houses. The amendment requires the cabinet secretary responsible for housing to in consultation with the Cabinet Secretary for finance- (a) prescribe guidelines to promote construction of low cost houses using appropriate building technology; and (b) provide incentives including tax waivers to investors in the housing and construction industry who take deliberate measures to invest in low cost houses. In addition, the National Construction Authority (Amendment) Regulations, 2017 deleted Part IV of the National Construction Authority (NCA) Regulations 2014 which deals with identification and reporting of construction works contracts or projects by owner.

Opportunities

Kenya requires the construction of at least 200 000 units per annum according to year 2017 government estimates contained in the National Treasury (Kenya, 2017), Budget Statement for the Fiscal year 2017-2018. The number of housing units are projected to cater for new urban dwellers but according to the World Bank, the country's housing deficit stands at two million. Even as the need is obviously present, the fact remains that only a handful of Kenyans can afford a formally built house and that the majority would prefer to rent unless the cost is brought down to a truly affordable price. True to these words, the housing case for Kenya is basically a case for affordable housing. In the words of Aden Van Noppen, of Acumen Fund, providing more affordable homes and housing finance in Kenya is not impossible and there are a growing number of groups who are making strides in this direction. They are taking risks and testing new models, and many of them need capital from patient impact investors in order to move forward. For instance, on end-user finance, products that match cash flows of the middle and low income earners are likely to be appealing to many customers, such as home improvement loans, incremental construction financing, group loans and joint-income loans.

On the supply side, developers will be able to make a significant impact by constructing smaller units (studio, one-bedroom and two-bedroom units), making joint purchase of land to reduce overall cost of completed units, sourcing concessionary loans at lower interest rates and by using alternative building materials. Typical examples on this would include the already successful Karibu Homes-Parktel, Suraya Property Group, Erdemann Property Ltd and Jamii Bora trading as Urbanis Africa, among others, who have ventured and proven that development of affordable houses is still possible.

Importantly, the Government of Kenya's new tax incentives for builders of at least 400 affordable housing units, presents great opportunities in the housing sector. Knight frank ranks Kenya as one of the fastest growing cities in Sub-Saharan Africa (at 4 percent per annum). The country has a growing population of middle class in need of affordable housing but the supply of credit is very low compared to demand. The implication of this is that with high demand for housing and low supply of both housing and credit, investors in affordable housing in Kenya are guaranteed of huge returns.

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Lesotho

Overview

Lesotho is a mountainous landlocked country completely surrounded by the Republic of South Africa (RSA), with an estimated de jure population of 2 007 201 as of 10th April 2016[1]. The 2006 census population was 1 876 633. This implies that an annual population growth rate of 0.68 for the period 2006-2016.

In December 2016, the country's inflation rate decelerated from 5.3 percent to 4.0 percent in April 2017[2]. Overall in 2016/17, inflation in Lesotho is expected to average 6.6 percent mainly due to increase in cost of food and non-alcoholic beverages. However, it is projected to decline marginally in 2017/18 to 6.3 percent[3]. The broad measure of money supply expanded by 10.9 percent in March 2017 compared with a decline of 4.2 percent in December 2016.

GDP stands at US$1.9 billion (2017 estimates). In 2016 it was US$2.2 billion[4]. At the end of March 2017, government budget balance is estimated to have registered a deficit of 10.2 percent of GDP compared to a revised deficit of 6.0 percent in December 2016. The economic activity in Lesotho gained momentum in the second half of 2016 due to recovery in global manufacturing which had weakened severely in 2015. The cyclical recovery in manufacturing and trade together with buoyancy in global financial markets, is expected to lead to global growth of 3.5 percent in 2017 and 3.6 percent in 2018, respectively[5]. Following tiny recovery of only 1.7 percent in 2015/16 and 2.1 percent in 2016/17, the recovery of economic activity is projected averaging 3.4 percent over the medium term because of significant agricultural production recovery which sharply rose by 139 percent over the 2016/17 crop year[6]. Mining growth is also projected at 1.7 percent in 2017/18 from 8.1 percent in 2016/17, as a result of recapitalization in Liqhobong Diamond Mine which has recently resumed full production. Lesotho's manufacturing activity is dominated by textiles and apparel and the sector's exports are predominantly destined to the United States and South Africa. In 2015/16.70 percent of Lesotho-Made garments were exported to the United States under AGOA, while 30 percent terminated in South Africa. In summary, the Lesotho economy remains exposed to internal and external shocks and therefore close monitoring of domestic developments is necessary and crucial.

Access to finance

Lesotho has relatively limited banking sector throughout the country, however, the number of branches has increased significantly from 44 in 2013 to 76 in 2016. This sector is regulated by the Central Bank of Lesotho (CBL) and dominated by commercial banks namely, Standard Lesotho Bank Limited (SLB), First National Bank (FNB), Nedbank Lesotho and Lesotho Postbank (LPB). The first three banks offer mortgages except the Lesotho Postbank.

SLB is present in all 10 districts with a total of 17 branches, 86 ATM networks and 555 point-of-sale terminals spreading throughout the lowlands and highlands of Lesotho[7]. Currently the bank has 263 381 active customers, including 195 705 debit holders and 10 059 credit card holders. SLB also has and offers home loans from LSL100 000 up to 10 million at the rate of 12.5 percent per annum. Initially the bank required 20 percent deposit or more, but recently the deposits depend on a house or house plan valuation report. Proof of income such as a pay slip determines the amount one would qualify for[8]. FNB Lesotho Limited has eight branches (in five districts), 63 ATMs, 485 point-of-sale terminals and 145 145 active clients[9]. Nedbank Lesotho has nine branches with 20 ATMs network spread throughout its branch network and point-of-sale terminals[10].

KEY FIGURES

Main Urban Centres	Maseru
Exchange Rate: 1 US$ [a] =	13.58 Lesotho Loti (LSL)
PPP Exchange Rate (Local Currency/PPP$): 1 LSL = [b]	0.1992
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	3.1 | 6.6 | 6.7 | 6.0
Population | Population growth rate [d]	2 203 000 | 1.33
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	27.84 | 3.25
GDP per capita (current US$) | GDP growth rate (annual %) [d]	998 | 2.50
GDP (Current US$) [d]	2 199 709 489
GNI per capita, Atlas method (current US$) [d]	1 210
Population below national poverty line | Survey Year [c]	57.1 | 2010
Unemployment rate (%) (d)	26.2
Gini co-efficient (year of survey) [e]	54.18 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	160 | 0.497
Lending Interest Rate [d]	11.58
Unsecured lending interest rate (housing microloan)	21.5 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	12.5 | 20 [l]
Down Payment (%)	
Credit % of GDP [d]	9.77
Average Mortgages % of GDP [g]	2.5 (2017) [l]
Estimated number of mortgages	
Average loan size in US$ (mortgage)	23 076 [k]
Average loan size in US$ (non-mortgage/micro lending)	2 590 [l]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 68934
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	5.17 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	19 410 [n]
What is the size of this house (in m²)?	40
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	375
Ease of Doing Business Rank [j]	100
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	43
Cost (% of property value) to Register Property [j]	8.20

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Lesana Financial Services
[l] Standard Lesotho Bank
[m] Afrisam Company Lesotho
[n] Lesotho Housing and Land Development Corporation

LPB provides financial services predominantly to the under-served Basotho in the urban areas and previously un-served rural population. LPB has 42 branches spread throughout the country and ATMs[11]. The bank does not have mortgage facilities however, it provides general purpose personal loans from LSL1 000 up to LSL150 000 with an interest rate of 21.5 percent annually over a period of one to five years. To qualify for such loans, the bank needs a salary confirmation payable into a client's LPB account. A pay slip is used to assess amount one would qualify for[12].

There are 235 non-banking financial institutions (NBFIs), 51 active financial cooperatives, 11 insurance companies, four licensed asset managers, 30 licensed insurance brokers[13], 102 pension funds and six collective investment schemes (CIS), including two money market funds (MMFs). Three banks serve the formal sector, mostly salaried employees as well as medium and large corporate enterprises. There are also 29 registered micro lenders in Lesotho[14] and an estimated number of 50 not registered with the Central Bank[15]. Amongst all these micro lenders in Lesotho, there are only two that are providing housing related loans in a specific housing portfolio and these are Lesana Financial Services and Letshego Financial Services[16]. The average loan size given by Lesana Financial Services is Ls33 359.20 (US$2 590)[17]. Lesana Financial Services, is a subsidiary of Select Africa, and classified as a microfinance lending institution provides housing loans and general purpose credit, investment, insurance and financial advisory products in countries across Africa. The loans are payable at the rate between 21.5 percent for housing related loans and 45 percent for other loans a year over a period of 60 months.

The Interest rates in Lesotho follow the same trend as those in South Africa. Commercial bank prime lending rate averaged 11.7 percent from June to December 2016. The first year deposit rate remained unchanged at 3.5 percent over the review period. The large margin between the lending and the deposit rates imply low lending by commercial banks, despite high demand for start-up and working capital[18].

Notwithstanding all these positive trends, access to finance in Lesotho is still very low despite the significant rise in the number of bank branches and other services within the banks. An estimated 19 percent of Basotho were not financially served. The adult population percentage that have bank accounts is estimated at 38 percent (14 percent in rural areas) and additional 23 percent have other means of formal financial service. Generally, the level of formal financial inclusion of adults Basotho is estimated at 61 percent and those served by informal financial services stand at 23 percent[19].

Affordability

Lesotho is classified as one of the least developed countries globally, with the national population living below an international poverty line of US$1.25 per day estimated at 40 percent[20]. Unemployment rate, nonetheless remains very high, estimated at 28.1[21] and this affects the disposal income each household can have to access basic services as well as available financing avenues. A shortage of labour market contributes significantly to the country's poverty[22]. Persistent economic slowdown in South Africa is impacting negatively on the employment of Basotho mineworkers as well as exports and the stability of Southern Africa Customs Union (SACU) revenues.

The Lesotho National Housing Policy revealed that about 70 percent of Basotho households earn less than LSL 000 (about US$99) a month house cost to household expenditure ration of 4:1[23]. This implies they do not meet the commercial banks' requirements for a loan such as, a deposit and amount of loan repayment which is above their net salary. Access to housing finance is mainly through mortgage financing with about 400 loans a year provided to citizens earning more than US$900 a month.

A significant number of Basotho cannot afford to buy formally developed houses, despite the 17 percent of Basotho earning a salary or a wage. In Lesotho, a salary determines the amount of loan one would qualify for, hence is beyond the low income earner's reach[24]. For someone to qualify for the Nedbank loan, for example, proof of income such as payslip, employment contract stating terms and conditions of employment and at least 10 percent deposit of the total loan amount is mandatory. Standard Lesotho Bank on the other hand, offers home loans from LSL100 000 up to LSL10 million. Initially the bank required 20 percent deposit or more, but recently the deposit required depends on a valuation report and proof of income which determines the amount of loan one would qualify for. The Postbank offers personal loans for general purposes only provided clients bank with Postbank. Salaries and wages determine the amount of loan.

Nonetheless, Basotho still rely on social networks and inheritance to own property, with a small percentage (23 percent) living in houses they financed through bank loans. Some build their homes themselves while about 23 percent live in homes they inherited[25].

Housing Supply

The housing delivery systems are mainly through home ownership, employment tied housing rentals (especially for the civil service employees depending on the type of house, they pay a portion of their salaries as rent from LSL100 for a one roomed house to LSL800 for a three-bedroomed house), and rental housing with about 52 percent of households renting single-row houses (malaene) in urban areas. The housing need seems to be on the rise particularly in urban areas (estimated at 35 percent) compared to rural areas which account for less than 1 percent and this can be attributed to urban migration. The national household average size is estimated at 4.8 persons for rural areas and 3.4 persons in urban areas[26]. This is a clear indicator of lack of adequate housing in Lesotho. There is a dire need for housing supply to curb the overcrowding situation. The informal housing supply in the country is estimated at 70 percent[27] and rental affordability is estimated at 25-30 percent of household expenditure hence urban households can afford to pay between LSL208 – LSL250 (US$14.28 – US$17.16) a month and LSL417 – LSL500 (US$417.62 – US$34.32) a month[28].

Rental markets and house purchases in Lesotho vary, depending on the type of delivery system (being informal or formal), the geographical location (urban, peri-urban and rural) and category (low, middle and high income) households fall in.

Lesotho Housing and Land Development Corporation (LHLDC) provides rental for middle income at LSL5 000 (US$343.16) on average and LSL7 000 (US$480.42) for high income on average. Sigma Housing Estate caters for low income with rentals ranging from LSL1 800 (US$123) to LSL2 500 (US$171); LSL5 000 (US$343) to LSL10 000 (US$686) for middle income and LSL15 000 (US$1 029) and LSL25 000 (US$1 715) for high income categories. Their housing stock for sale caters for middle to high income only which ranges from LSL650 000 – LSL950 000 (US$44 610 – US$65 199) and LSL1.5 million – LSL3.5 million (US$102 947 – US$240 210) respectively. Informal housing that exists serves majority of low income earners. These are mostly single and double-roomed attached houses classified as *Malaene* in Lesotho. The rental costs range from LSL500 to LSL800 (US$34 – US$54) per month.

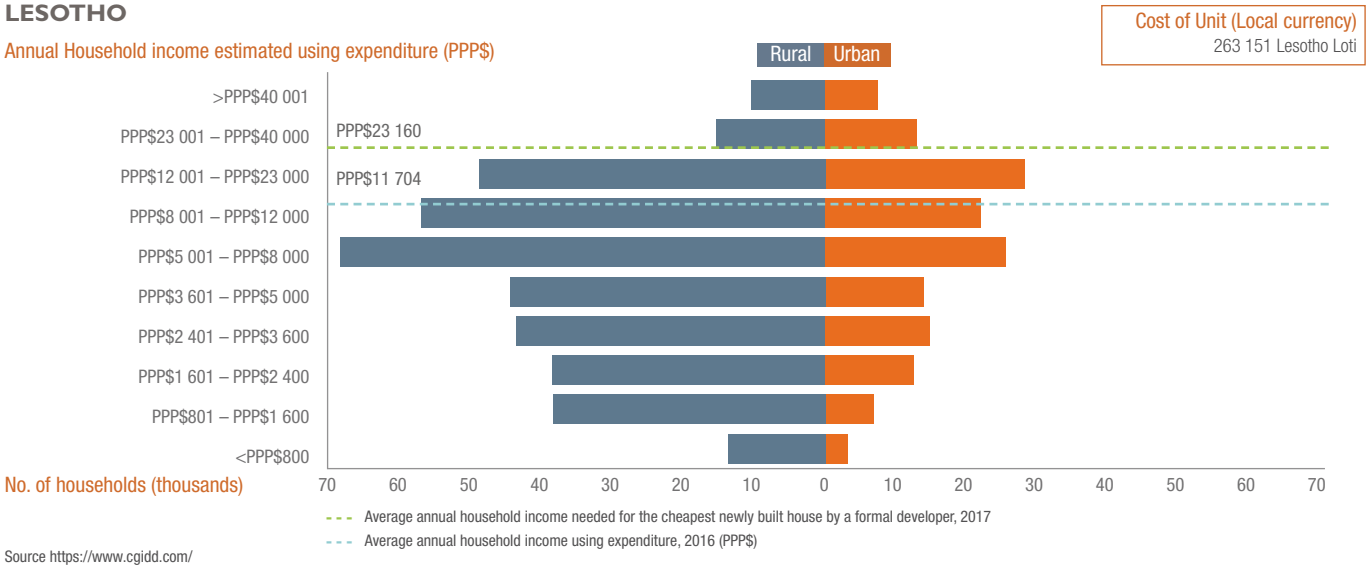
LHLDC is a government parastatal mandated to deliver formal housing in Lesotho. To date, it has sold detached houses mainly for middle to high income and the costs vary. In 2017, the cheapest newly built house by LHLDC is LSL250 000 (US$19 410) measuring an average of 40 square meters on a fully serviced plot[29].

20 three-bedroom houses that were built in the Katlehong area (plots size ranged from 540 to 604m^2) for high income only were all sold in 2005; 996 plots (with an average size of 450m^2 for low income and 600m^2 for middle to high income) were developed in Maseru South West (MASOWE) III and only 34 houses were built and sold between 2005 and 2016 due to financial constraints. Only 16 houses were but only 5 sold in 2017 to date. The low-income houses sold were three one-bedroom units and three two-bedroom units while middle-income had three designs of three-bedroom units and four different designs of two-bedroom units.

In the MASOWE IV housing project, LHLDC has 448 residential plots with 189 earmarked for low-income (plot size of 450m^2), 227 for middle to high income plot sizes ranging from 700 to 800m^2. The target was turn-key for all income groups with a minimum price per unit of LSL85 000 and LSL160 000 (US$5 833 – US$10 981) maximum price. There are also 17 two-bedroom houses in Linakotseng which are almost completed. Linakotseng housing project was initiated by the Ministry of Local Government and Chieftainship (MOLGC) as a low income housing project. The project was later transferred to LHLDC in 2015.

Maseru Municipal Council (MMC) is responsible for planning and allocating land within the designated city boundaries. In 2012, MMC developed about 800 plots

LESOTHO



Source https://www.cgidd.com/

for residential housing in Masianokeng. The average plot of 600m^2 was sold at LSL80 (US$610) per square meter. To date, all 800 plots have been sold. There is a booming market for private housing developers and this has helped to create competitive housing markets. In 2017, MMC has sold out serviced sites for the high income class in the inner city of Maseru at LSL250 (US$19.04) a square meter and the plots were 40 and 30 at Matala Phase II selling LSL50 (US$11.42) a square meter for middle income class. There has been a considerable consideration for low income class located at Khubelu area for 36 plots selling at LSL60 (US$4.57) a square meter[30].

Private housing developers in the country, produce housing stock mainly for middle to high income. The Matekane Group of Companies (MGC) is involved in property development and to date it has built 20 three-bedroom luxury houses at Mpilo Estate. The price per unit ranges from LSL1.8 million to LSL2.5 million (US$137 090 to US$190 403). Another private company engaged in developing housing estates is Sigma Construction and Property Development that had developed low, middle, and high income residential houses (both detached and attached) in Mabote, Khubetsoana, MASOWE II and III. The Green City Property Developers have planned to construct close to 800 gated housing units over a five year period to cater for the middle to high income class at an area called Pena-Pena at Ha Abia just outside the Maseru City[31].

Habitat Lesotho works in partnership with vulnerable groups, i.e. orphans and vulnerable children (OVC), elderly and disabled. 143 Low income houses were built at Khubelu village, in Maseru between 2003 and 2006. The houses ranged from LSL15 000 (US$1 142.43) for a single room with an improved ventilated pit latrine (VIP) to LSL35 000 (US$2 665.65) for a three rooms also with a VIP. These costs included the price of planned and surveyed plots (sizes ranged from 375 – 550m^2). Habitat Lesotho also builds two roomed houses and a VIP and construction costs range from LSL45 000 – LSL55 000 (US$3 427.27 – US$4 188.88) depending on the geographical location where these houses are built. To date 1 372 households have been served. Between July 2016 and June 2017, 70 vulnerable families constructed two-roomed houses together with a pit latrine[32]. Most of these houses provided under Habitat Lesotho assistance are 100 percent subsidised by the donors.

Property Markets

The number of housing units available in the country is not documented, however the Lesotho Housing Profile (LHP) estimated a housing need of about 60 000 by 2025. In order to meet the housing demand, LHP estimated that about 5 200 houses (interpreted as about 9 000 rooms) will be needed a year to meet the urban housing demand[33].

Home owners and renters use their own links such as social networks, like family and friends, to find out about property markets in the country thus making the housing market very small. Only a few, mostly middle to high income earners, rely on real-estate agents. Property markets are more skewed towards potential buyers in the middle to high income category, leaving out the lower income. Unfortunately, the real-estate sector is not regulated. Hence, lack of data and inflated prices make it very expensive and inaccessible to majority of Basotho. The Housing Department within MOLGC is the designated regulatory body[34] for the housing sector in Lesotho. Nonetheless, the sector's growth is estimated at about 1 percent a year, and contributes about 9 percent of GDP[35]. Since 2010 up to May 2016, 67 592 leases have been issued and registered with the office of the Registrar of Deeds.

Policy and Regulation

The Constitution of Lesotho recognises the importance of policies that enable Basotho to have decent shelter. Section 34, notes the importance of adopting policies that encourages its citizens to acquire property including land, houses, tools and equipment, as far as economic conditions allow[37]. This clause does not confirm that provision of a house to Basotho citizens is a constitutional right. This implies therefore, that housing in Lesotho is a basic human need but not a basic human right and as such, it is a sole responsibility to individuals to provide for their own housing.

The National Strategic Development Plan (NSDP), under its strategic framework 2012/2013-2016/2017 emphasises the importance of developing a key infrastructure plan that integrates well planned services and human settlements, thus improving access to quality housing as well as development of shelter and property[38]. It further encourages the implementation and enforcement of safety standards of housing and promoting planned urban densification in residential developments for maximum utilisation of limited urban space.

There are legal and regulatory instruments in place to enable forward planning and development, although they are outdated. For instance, the 1980 Town and Country Planning Act, the 1989 Development Control Code, the 1991 Development Regulations, the 1990 Planning Standards and the 1995 Building Control Act as well as its 1995 regulations. There is an urgent need for government to review and update these important and critical land laws in Lesotho in order to effectively address challenges related to development in the country.

Land administration reforms were undertaken through the support of Millennium Challenge Account (MCA) signed between the GoL and USA Government, aimed at improving land laws and policies as well as supporting the establishment of Land Administration Authority (LAA). The legislative and institutional reforms that have taken place to date include the Land Administration Authority Act of 2010; the Land Act of 2010; the Land Regulations 2011; the Land Court Regulations 2011 and the Sectional Titles Draft Bill 2011 still to be tabled before Parliament for endorsement.

LAA is an autonomous body made up of former government departments which dealt with cadastral national mapping and deeds registration. This merge was

facilitated by the 2010 Land Administration Authority Act. In turn, several bottlenecks (i.e. number of days it takes to acquire a land lease from submission of documentation) which hindered speedy processing of land leases were removed, this in turn, improved the revenue collection for government through efficient land billing and collection systems i.e. land taxes.

Opportunities

There is still an opportunity for property market investment due to the demand for property, particularly for the middle to higher income groups. There has been quite a number different property estates advertising for different housing options in 2017 to cater for different housing options.

The ongoing legislative and policy reforms coupled with the current developments which are concentrated mostly in Maseru, leaves other districts open for investments in the housing sector. Microfinance institutions, which are gradually increasing with a focus on housing microfinance, can provide innovative housing finance options targeted at lower income earners in order to grow the sector. As a result of the Ministry of Trade and Industry implementation of the Private Sector Competitiveness and Economic Diversification Project initiative, the number of days required to register a company reduced from 28 to 7. Again, number of days required to obtain an industrial license reduced from 35 to 5 days; and turn-around time for a trade license was reduced to 15 days from 30-50 days.

Progress made in addressing land allocation and management weaknesses highlighted previously helped to reduce the number of days taken from 30 to 11 days to acquiring a land lease from date of submission. The number of land transactions recorded has increased tremendously in 2017 which will help to facilitate different development initiatives on the pieces of land by the land owners including housing development. This also increases investment opportunities as commercial banks accept land lease as collateral for loans. An approval of Sectional Titles will create opportunities in property ownership as it enables separate ownership of a section or sections of a building. Apartments can therefore – be owner occupied. Processes to review the 1980 Town and Country Planning Act, which is aimed at promoting orderly development of land in urban areas, have started. The reviews document will pave way to the establishment of planning boards, declare planning areas and set out procedures for the preparation of physical plans which will create opportunities for acquisition of planned sites for development in an efficient manner.

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Liberia

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 an estimated population of 4.61 million[1] based on the 2008 national population census and an average annual population growth rate of 2.65 percent[2]. Liberia's urban population peaked in 1991 at 58 percent; by 1996 it had reduced significantly to 43 percent due to the civil war. After the war, Monrovia experienced a population growth of 8.7 percent in 1997, which created a great burden on already damaged infrastructure. Limited post-war resources, coupled with weak regulations, created a fertile ground for the proliferation of slums. Liberia is currently urbanizing at a rate of 3.3 percent and has a total urban population of 2.3 million.

Liberia is a member state of the Economic Community of West Africa, (ECOWAS). It joined the West African Monetary Zone in 2010 with the intention of joining a common currency, a move that could stabilise the country's economy and strengthen its monetary policy. Liberia is considered a low income country with a GNI per capita of LD$30 025.5 (US$370)[3]. Its emerging industrial sector makes the country's economy largely dependent on the main exported natural resources: iron ore, rubber, timber, gold, diamond, coffee, and cocoa. Liberia is one of the poorest countries in the world with a Human Development Index (HDI) score of 0.427, placing it at a ranking of 177 out of 188 countries. This ranking hasn't improved over the last two years[4]. The Ebola epidemic coupled with a drop in commodity prices has further weakened the country's economy. GDP growth has seen a steady decline from 8.7 percent in 2013 to 1.6 percent in 2016. With the Ebola epidemic largely under control, an increase in consumption levels and signs of recovery from the global commodity crisis, the country's GDP is expected to improve[5].

Despite its slow economic recovery, there remains challenges that will continue to stress the Liberian government's revenue. Iron ore prices are expected to decrease for the rest of 2017 and 2018. This increases the risk of a possible Arcelor Mittal withdrawal from the country. Arcelor Mittal is one of the largest employers and largest private sector investors in Liberia. Pull-out could substantially hinder Liberia's growth for the next couple of years. Expectations of oil exploitation by mid-2018 have not materialized. Liberia is facing lower revenue growth and tighter borrowing limits. This calls for increased efforts to contain the wage bill and align expenditure and borrowing with development priorities in the lead up to the 2017 presidential elections[6]. Decreased revenue growth could further stretch housing affordability, while making access to housing finance more difficult.

The government has been fiscally responsible in the face of a rough external environment. Inflation is within single digits and has decreased from 7 percent in 2015 to 5 percent in 2016. The Liberian government's attempt to put austerity measures in place was met with mass protests in December 2016 against the rise in goods and services taxes. The IMF has extended its economic programme under the extended credit facility (ECF) and will now overlap with the October 2017 presidential election, a period known for increased expenditure. The extension of the programme will keep certain checks on fiscal policy but checks on structural reforms and expenditure will be lax enough to allow a widening of the deficit to 3.2 percent of the GDP[7]. Despite the country's improved macro-economic performance, it faces a very challenging business environment as illustrated in the World Bank's Doing Business 2017 report. Liberia ranks 174th out of 189 countries. Challenging areas include, access to affordable and long term credit, registering property and enforcing contracts.

KEY FIGURES

Main Urban Centres	Monrovia (capital)
Exchange Rate: 1 US$ [a] =	81.14 Liberian Dollar (LRD)
PPP Exchange Rate (Local Currency/PPP$): 1 LRD = [b]	1.7889
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	8.0 | 12.5 | 10.0 | 8.6
Population | Population growth rate [d]	4 613 000 | 2.51
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	50.10 | 3.31
GDP per capita (current US$) | GDP growth rate (annual %) [d]	455 | -1.60
GDP (Current US$) [d]	2 101 000 000
GNI per capita, Atlas method (current US$) [d]	370
Population below national poverty line | Survey Year [c]	63.8 | 2007
Unemployment rate (%) (d)	3.7
Gini co-efficient (year of survey) [e]	36.48 (2007)
HDI (Global Ranking) | HDI (Country Index Score) [f]	177 | 0.427
Lending Interest Rate [d]	13.59
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	14.5 (2016) | 10
Down Payment (%)	
Credit % of GDP [d]	36.58 (2015)
Average Mortgages % of GDP [g]	0.34% (2008)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	0.28 |
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	361.91 |
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	9.77 [k]
What is the price of the cheapest, newly built house by a formal developer or contractor?	20 000
What is the size of this house (in m^2)?	
What is the average rental price for a formal unit (in US$)	1 700 (2016)
What is the minimum plot size for residential property	162.5
Ease of Doing Business Rank [j]	174
Number of Procedures to Register Property [j]	10
Time (days) to Register Property [j]	44
Cost (% of property value) to Register Property [j]	13.00

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] House that Jack Built 2016

Access to finance

Liberia's financial sector in December 2016 included the Central Bank of Liberia (CBL) overseeing nine licenced commercial banks. Bank branches increased to 93 from 87 in 2015. There are also 20 registered insurance companies with 31 branches and two brokers, 20 registered microfinance institutions (16 of them are deposit takers), 400 credit unions, 2 300 village savings and loans associations and nine rural community finance institutions (RCFIs). According to the CBL report of 2016, the banking industry's balance sheets showed positive growth at the end of November 2016, with total commercial bank assets increasing at a rate of 5.4 percent, 21.2 percent in capital, and 3.8 percent in deposits over the figures recorded for the same period in 2015. The current distribution of overall loans offered by commercial banks in the market is: 39.7 percent for trade, 12.8 percent for construction, 4.4 percent for transportation and storage, 1.1 percent for manufacturing, 4.3 percent for agriculture, 0.4 percent for mining and 38 percent for other activities[8].

Although the financial sector of Liberia is growing, access to finance is still limited to the urban areas. Access to affordable long term credit continues to be a challenge for the majority of the population. The average interest rate for a personal loan is 13.94 percent, and the average mortgage rate is 14.16 percent[9].

Access to housing finance is limited and when available is confined to Liberia's capital city, Monrovia. The mortgage sector in Liberia has historically been weak. 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. Currently, EcoBank and UBA are among the commercial banks that offer mortgage products as well as some microfinance institutions such as Liberia Enterprises Development Finance Company, LEDFC.

Today, the government is encouraging homeownership, as well as the development of a mortgage sector to make houses affordable to low and middle income earners. The first subsidized formal mortgage programme for post-conflict Liberia was launched in 2013 by The Liberian Bank for Development and Investment (LBDI), financed with LD$811 million (US$10 million) from the 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 the National Housing Authority, LBDI then sold the units to 89 beneficiaries. The Mortgage Credit stimulus initiative also allowed LBDI to offer about 100 mortgages over 10 years. The LBDI loans are offered to households purchasing NHA housing offered at LD$1.6 million (US$20 000).

Beyond LBDI's subsidized rates, longer-term financing will be required in order to bridge the affordability gap. An Employer-Assisted Housing Feasibility study determined that mortgage penetration could be deepened to reach 7 000 formally employed workers should mortgage financing be available with 25 year terms[10].

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". Susus are informal savings clubs, where a group of people get together and contribute an equal amount of money into a fund on a regular basis. The total pool is transferred over to members on a rotating basis. Susus generally do not charge interest. There are also 20 microfinance institutions operating in Liberia. The Liberia Enterprises Development Finance Company (LEDFC) continues to lead in the sector.

Liberia ranked 97th out of 189 economies in access to credit according to the World Bank Doing Business report 2016, compared to 101 in 2017. There were no improvements in legal rights nor was there any information on the depth of credit. There are still no credit bureaus or deeds registries in the country. The change in rank seems to be a result of Liberia's position in relation to other developing economies in the world.

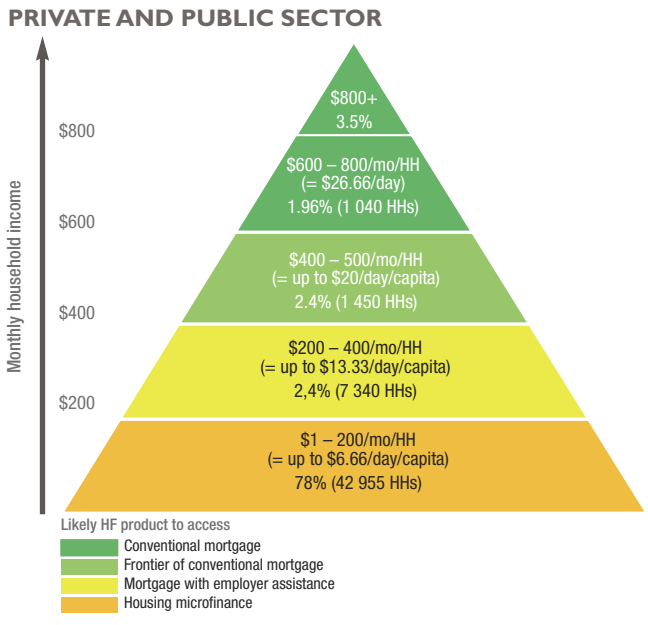
Affordability

Liberia is considered a low income country and has a strategic goal to become a middle income country by 2030 through its Poverty Reduction Strategy. Nevertheless, it has a long way to go with 68.6 percent of its population living under the international poverty line and a GNI of per capita of LD$ 30 025.5 (US$370). Although the Ebola crisis is mostly under control, it had a tremendous negative impact on productivity which was worsened by a slump in international commodity prices. According to the 2014 Household Income and Expenditure Survey (HIES), 54 percent of Liberians were living in poverty in between January and August 2014, and the unemployment rate was three percent nationally with 4.5 percent in urban areas compared to 0.6 percent in rural areas. Unemployment increased to 4.2 percent nationally in 2015[11].

Like many African economies, most of the formal workforce is in the public sector, while the highest salaries are among the few private sector workers. Most public-sector employees make under LD$16 230 (US$200) a month. A high level of income inequality persists in spite of the economic growth with 10 percent of paid employees receiving 72 percent of total cash earnings. There is also income inequality between the rural and the urban populations, and inequalities between the counties as illustrated in the 2010 Labour Force Survey (LFS), all statistics related to the LFS remain the same as of 2010 since detailed survey has been completed since. The monthly average wage of approximately LD$4 057 (US$50) in urban areas was 40 percent higher than that in rural areas. According to the LFS, the roughly 1.1 million employed persons aged 15 and over are approximately equally split between rural and urban areas. The majority of the population is self-employed, and employment vulnerability[12] has increased to 78.7 percent (United Nations Development Programme, 2016). In 2015, the national legislature passed the bill for minimum wage introduced in 2010. The new minimum wage is LD$486.9 (US$6) a day for unskilled labour. The enforcement of the Decent Work Act took effect on March 1, 2016.

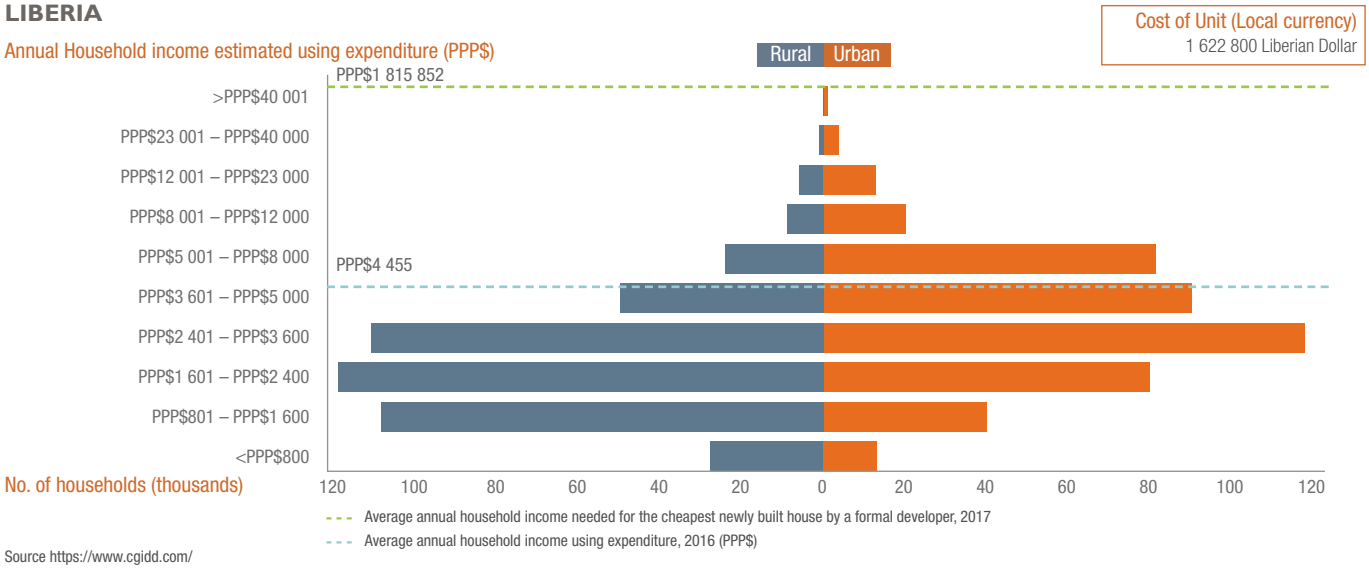
Access to mortgage finance is extremely limited. High levels of poverty and income informality, combined with high interest rates (14.5 percent) and short tenors (10 years maximum), make housing finance inaccessible to the majority of the population. Fragile land tenure and the falsification of deeds further make issuing mortgages difficult.

A survey led by the Affordable Housing Institute in 2016 among major employers in the formal economy (both public and private sector) showed that only the top 7.5 percent of employees could access a home at current rates. Affordability could be further expanded with the deployment of employer-assisted housing schemes to another 13 percent of the population. The remaining 78 percent could access housing microfinance products.



Because home ownership is inaccessible to most, rental is a popular option. Rental homes are provided primarily by informal housing promoters. Rents vary according to the location and the quality of homes. They range from LD$2,028.75

LIBERIA



Source https://www.cgidd.com/

(US$25) (for a basic room with a shared bathroom) to LD$137 955 (US$1 700) per month for houses in Monrovia for higher income households and expatriates. Less than one percent of the population has access to government subsidized homes managed by NHA. The majority of the population in urban areas live in slums or in multi occupied houses where rents are subject to fluctuations according to demand.

Housing supply

Housing stock in Liberia can be classified into 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 areas, and houses built with cement, concrete and stone, and corrugated iron for the ceiling in urban areas, particularly in Monrovia. The majority of houses are self-built and auto financed. According to the 2014 Household Income and Expenditure Survey, there were 938 383 estimated households in Liberia, 60 percent in urban areas, and 40 percent in rural areas. Houses in low income Monrovia tend to have many rooms (5.5 median) and the large houses tend to be crowded, multi-occupied rooms with a mean of 20 people whereas other cities have 1 to 2 households in a house with a mean of 10 people. There is little or no data on the current housing stock, the data available is the UN-Habitat Liberian housing profile stock estimated to be 327 000 dwellings in 2010. Even before the last civil war, Liberia's housing stock was insufficient. The war devastated much of the country's urban housing stock, and as a result, the majority of the population was displaced and now live in dilapidated conditions, and in slums. The poor state of housing contributed substantially to the rapid spread of the Ebola virus.

The National Housing Authority, a state-owned institution, is the only institution to provide housing at a relatively large scale although production is still far below what 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; the investment was estimated at LD$ 3 213 million (US$39.6 million). Though delivery is slow and developments are small, a few recent successes should be noted. In February 2017, 70 affordable housing units, constituting Phase III of the NASSCORP Village Housing Estate, were inaugurated in Brewerville City in Montserrado County. NASSCORP spent LD$446.3 million (US$5 500 000) on the construction of the housing units and said that the proceeds would be used to construct more units across the country. Each unit is sold for LD$1.6 million (US$20 000) and is combined with a government subsidized mortgage of 7 percent over 10 years. Phase I of the same project constituted 58 units, Phase II constituted 35 units and now Phase III constitutes 70 units totalling 163 units constructed by NHA over the last few years. Phase IV, which will constitute 53 housing units is expected to be constructed within the next year[13].

The houses are two and three bedrooms units and cost LD$1.2 million (US$15 000) and LD$1.6 million (US$20 000) respectively. Affordability is further increased by linking the homes to the LBDI mortgage scheme which offers a fixed interest rate of eight percent per annum and repayment between 5 and 10 years. A down payment of 30 percent is required.

A brief affordability analysis of the scheme is presented below. The minimum monthly income required to buy a home is LD$314,324 (US$386) a month, which remains out of reach for the majority of the population.

In May 2017, the National Housing Authority started a construction project to relocate households from a seaside slum, suffering from severe erosion. The NHA, along with partners, has started clearing 12.5 acres of land for the construction of 108 housing units for residents of West Points that were recently affected by the erosion[14].

Property markets

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 2017 Doing Business Report, Liberia ranks 179 out of 189 economies in terms of ease of registering property. 10 procedures are required to register property, almost double the six procedures required, on average, across Sub-Saharan Africa, and the process takes 44 days. The cost of registering property is 13 percent of the value of the property[15].

Policy and regulation

The legal and regulatory framework governing urban development and specifically housing is very meagre and is generally not followed by developers. The zoning law though enacted in 1947 has not been implemented and the building code has not been used.

To attain the vision defined in "Liberia Rising 2030" and the Transformation Agenda (AFT), the government of Liberia has recognized the need to improve the country's housing policy. To meet this end, the government instructed the National

Programme LBDI- NHA	LBDI- NHA loan*								
	Loan-to-value (LTV) limit	Required down payment in US$	Loan to homebuyer in US$	Interest rate	Term (in years)	Debt service constant	Required monthly payment in US$	Minimum monthly income required	Minimum annual income required
US$15,000 house	70%	$4 500	$10 500	8%	10	120	$127	$386	$4 633

Housing Authority to develop a national Housing Development Policy and Strategy. In response, the NHA has produced a draft of a new national policy to guide the production of 512 000 housing units between now and 2030. A two day national stakeholder's colloquium was organized in April 2014 to have a large representation from across Liberia to deliberate on the new policy. In July 2016, the Ministry of Internal Affairs (MIA) together with UN-Habitat and the Cities Alliance started the National Urban Policy. The policy is set to provide a coordinating framework to deal with urban development, reduce slum formations, access to land, basic services and infrastructure. The government's agenda is being implemented under challenging conditions that poses significant risks for achieving such an ambitious agenda, most of the projects have been directed towards infrastructure and health[16].

Opportunities

After recovering from two civil wars, economic instability, and the Ebola crisis, economic progress has been slow, but the government's infrastructure programme and the growth in the service industry are indicators of economic recovery. The real GDP growth was 2.8 percent in 2016, up from 0.4 percent in 2015. It is also estimated that the trend of global demand for commodities will remain unchanged over time in spite of the decline in their prices in 2014-2015. There is no doubt that the global demand for natural resources, the different government economic development programmes, the NHA programme for affordable homes, improvement in doing business environment and fiscal incentives to encourage investments and develop the private sector, are all indicators of opportunities in housing development in Liberia.

Liberia's housing sector offers interested investors major opportunities mainly due to the enabling conditions and relatively unpenetrated market. There exists significant effective demand that is not being met by the current marketplace because it is not financeable as a classical for-sale turnkey-offtake development. Furthermore, large stable employers seem to be interested in facilitating quality housing for their workers because a better-housed workforce is more productive, more loyal, and more profitable, all of which strengthens employer corporate profitability[17]. Housing demand is *geographically concentrated* around cities and major employers, most of whom are located in metropolitan urban areas. Finally the government seems to be pro-housing and interested in facilitating delivery and financing.

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Libya

KEY FIGURES

Main Urban Centres	Tripoli (capital), Benghazi
Exchange Rate: 1 US$ [a] =	1.37 Libyan Dinar (LYD)
PPP Exchange Rate (Local Currency/PPP$): 1 LYD = [b]	1.1547
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	9.8 | 25.7 | 12.9 |10.1
Population | Population growth rate [d]	6 293 000 | 0.93
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	78.75 | 1.18
GDP per capita (current US$) | GDP growth rate (annual %) [d]	5 602 (2011) | -62.08 (2011)
GDP (Current US$) [d]	34 699 395 524 (2011)
GNI per capita, Atlas method (current US$) [d]	4 730 (2011)
Population below national poverty line | Survey Year [c]	30 | 2014
Unemployment rate (%) (d)	19.2
Gini co-efficient (year of survey) [e]	
HDI (Global Ranking) | HDI (Country Index Score) [f]	102 | 0.716
Lending Interest Rate [d]	6 (2014)
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	6 | 30 (2016)
Down Payment (%)	
Credit % of GDP [d]	
Average Mortgages % of GDP [g]	1%
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	15.59 | 15.78
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	6.41 | 6.34
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	12 (2016)
What is the price of the cheapest, newly built house by a formal developer or contractor?	50,000 (2016)
What is the size of this house (in m^2)?	100
What is the average rental price for a formal unit (in US$)	520 (2016)
What is the minimum plot size for residential property	250
Ease of Doing Business Rank [j]	188
Number of Procedures to Register Property [j]	...
Time (days) to Register Property [j]	...
Cost (% of property value) to Register Property [j]	...

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)

Overview

Libya is in North Africa and bordered by Niger, Chad, Egypt, Sudan, Algeria, Tunisia, and the Mediterranean sea. In 2016, the country has a population of 6.3 million, a decrease from 2015 as a result of insecurity that prevails in the country. 79.6 percent of the population lives in urban areas. Libya's economy depends on oil, prior to the national unrest, the oil sector accounts for 80 percent of GDP and 97 percent of exports. Libya was considered as an upper middle income country with the highest GDP in Africa and one of the highest HDI rankings in the world.

The national unrest has resulted in the fall of Muammar Gaddafi's authoritarian regime, civil war, chaos, tribal and religious militia and terrorist activities which has weakened the economy and affected some of the neighbouring countries. Up to 2017 the political and security situation has remained unstable. Although the country has tried to put in place a stable government but competing authorities and continued low oil revenues are having a negative impact on the economy and the population. The country is confronted with humanitarian crisis. According to African Economic Outlook, the economic growth contracted by 8.1 percent in 2016. However, the projected real GDP growth rate is estimated at -4.9 percent and -3.9 percent in 2017 and 2018 respectively due to the projected rise in oil price and the anticipated recovery of the crude oil production to around 900 000 barrels per day (bpd) in 2017 and 2018 from under 400 000 bpd in 2016.

The General National Congress GNC replaced the National Transition Council in August 2012. In 2014, a new parliament was voted into power, known as House of Representatives (HOR) which relocated to the eastern city of Tobruk, leaving Tripoli controlled by powerful militia groups. These militia have taken advantage of the power vacuum caused by the outgoing GNC and the new parliament. Late in 2015, the UN brokered an agreement to form a new "unity" government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administration have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016 in a heavily guarded naval base. This new government faces opposition from two rival governments and a number of militias. As a result public policy functions such as government interventions to support affordable housing delivery have effectively stalled and budgets have not been approved for ministries or government programmes.

Since the political turmoil, oil revenues have decreased by 90 percent, there are frequent electric outages and little formal business activity. Some sources claim that nearly a third of the country's population has fled to Tunisia as refugees. Key challenges that Libya faces include restoring the rule of law, putting in place a functional government, reducing dependency on the petroleum industry, and reaching consensus on strategies for reconstruction and long term development.

Access to finance

Development of Libya's financial sector has stagnated due to Libya's instability, high inflation and a sustained liquidity crisis. The house of Representatives established a second central bank operating in eastern Libya, which printed its own Libyan's dinars due to liquidity crisis, injecting an estimated four billion illegitimate Libya's dinars into the economy.

In the past, Libyan banks were highly liquid and experience high levels of NPLs due to limited credit information systems and poor banking supervision which restricted the availability of housing finance. Official figures of NPLs are largely

unreliable, last reported at ranging from 17.2 to 35.4 percent over the past decade, yet it is estimated that they have reached a level where most of Libya's public institutions would be considered technically insolvent without central government 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 in1970, when Gaddafi came to power, all the banks were nationalized, and international sanctions through the 1990s limited foreign investment in Libya. Libya's banking sector was dominated by five state owned banks (which controlled about 85 percent of banking assets), 16 commercial banks, four specialised 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.

Bank lending for housing finance is restricted due to high collateral requirements, lack of a Libyan land register or credit bureau and inadequate central bank regulation. Libya has a very low loan–to–deposit ratio, with the most recent data reporting 23.4 percent, as of March 2013, compared to an average of 80 percent for the region. The Savings and Real Estate Investment Bank would grant subsidised housing loans to Libyan citizens at zero interest rate and tenures up to 30 years. Yet, there was a lack of independent oversight, which allowed mismanagement and many Libyans view these loans as grants, so there are very high default rates. The bank's poor targeting of home loans and lack of enforcement for repayment distort the housing finance market and restrict the development of a functioning mortgage system.

Domestic credit to the private sector has risen to 35.7 percent of GDP in 2015, largely due to falling GDP, rather than more lending. The ratio of housing finance to GDP ratio is estimated to have remained low, at below one percent. Unless allocated a loan through the government program, for which households who do not yet own a home qualify for, it is particularly difficult for low income or small borrowers to access finance for housing.

In 2013, the government passed a law to enforce a strict Islamic Banking regime and ban interest in financial transactions starting in January 2015. Libya being the third Middle Eastern country behind Iran and Sudan, to ban non-sharia compliant banking. Nevertheless, lack of government control of the country has left enforcement of this policy in limbo and many commercial banks have ceased lending, effectively paralyzing the banking sector.

Affordability

Oil revenue offered the government of Gaddafi to carry out an ambitious housing programme after the coup d'etat which brought him to power. The government put in place policies to provide houses for all Libyans and as such the shortages of late 1960s were resolved. From 1973 there was an abundance of housing. Each household was entitled to a government subsidised home. Starting from 1984 housing shortages was recorded. The gap between production and demand is not only due to population growth but to other factors such as legislation that prohibited private initiatives and the isolation of Libya due to Gaddafi's past activities. Up till 2017 the gap between supply and demand of housing has widened.

After the political turmoil the housing shortage has deteriorated to a point that in 2016, 65 percent of Libyans were said to be dissatisfied with housing delivery according to African Economic Report 2016, the lowest rate in the continent. At least 70 percent of the Libyan working population is estimated to be employed in the public sector while a mere four percent are working in the private sector. GDP per capita at US$14 359 though improved from 2015 but compared to before the civil war had a large impact on affordability. Prices of rents are accelerating to a point that is well beyond the affordability of an average household; a one bedroom unit in central Tripoli costs between US$400 – US$600 per month and estimated at US$376 outside the city centre.

Housing is very difficult to access on the private market due to the small amount of private land available for purchase and development. As a result most households in the past would sit on waiting list for years until they are able to access a subsidised house from the Libyan government, often living in poorly serviced informal neighbourhoods 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 in 2012 and even higher for youth, up to 50 percent, with the majority of the unemployed holding university degrees. As a result of the political situation unemployment is expected to rise and the earning capacity of Libyans has continued to fall due to disruption in government and in business.

Housing supply

Housing in Libya has historically been the main responsibility of the government with the government providing free education, transport, healthcare and public housing offered to households with zero percent interest loans under Gaddafi's regime. In the 1970's the government had an ambitious programme for housing as a result the shortage experienced in the late 1960s was eliminated as a matter of fact there was a surplus between 1973 up to 1981. In 1973 there were 17 274 residential units in surplus. The surplus decreased yearly till 1982 when there appeared to be a shortage which has continued till today. From 1989 to 1996, around 75 percent of housing was constructed by the public sector. From 1997 onward, the government has continued to play an instrumental role in housing supply. Activity in the housing construction and real estate sector has been halted by the political turmoil. In 2014, the housing shortage was estimated at 350 000, yet there has been a lot of destruction in cities and displacement of people, which will exacerbate housing shortage estimates once peace is restored.

The Housing and Infrastructure Board (HIB) of the Ministry of Housing and Utilities (MHU) was traditionally responsible for the implementation of public works contracts. HIB works on infrastructure and public building projects, along with managing the state's residential projects on a turn-key basis, contracting with both national and multinational firms.

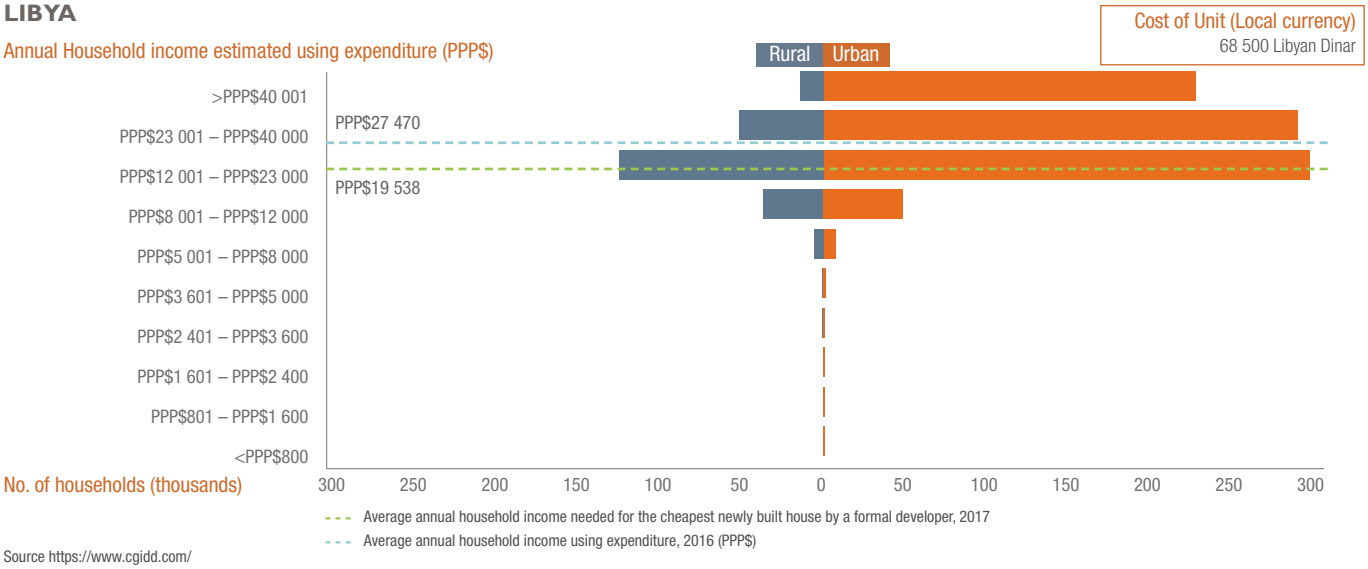
At its creation in 2007, HIB was tasked with building 200 000 units. Official figures from the MHU in 2012 indicated that 134 341 housing units were under construction, 94 500 were in their biding phase and 11 121 had been completed. The entire programme has been on hold since, with an estimated US$ 11 billion worth of uncompleted housing projects under construction. EU imposed sanctions on HIB, that had put restrictive measures in place since 2001, were lifted in January 2014, yet due to the poor security situation, the majority of HIB projects have remained unfinished.

Since 2011, many foreign and local investors involved in housing construction in Libya has been forced to abandon or face interruptions in their work. Efforts to recommence have been disrupted by continued insecurity, arguments over payments for delays, and increased cost in the intervening period. This had resulted in very limited new supply and an increasing housing backlog. In December 2013, AECOM announced partnership with HIB worth over US$205 million for 25 months, yet the programme has not been implemented due to the unstable security situation. Another international firm, Egypt's Al Abd halted work on housing projects worth US$102 million in 2015 over ongoing security tensions.

Property markets

The property market in Libya has been influenced by the legislation which prevents ownership for leasing purposes. Under the socialism regime of Gaddafi, one of the most important laws regarding housing development is Law n° 4 which prevented activities for profit purposes stopped housing rents and prevented the private sector from building houses for leases purposes. As a result of the socialist regime a lot of changes occurred that led to administrative instability and the situation is even worse in 2017 due to the political situation. There are no procedures in place for obtaining a construction permit, registering property or resolving insolvency, giving Libya a ranking of 187th, out of 190 countries in those sections of the 2017 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'état 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 was considered acceptable to fulfil their needs. As a result, it is very difficult to determine ownership.

LIBYA



Source https://www.cgidd.com/

In the years before the fall of Gaddafi's regime, 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 sustained 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 compensations. Draft bills on property 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 since confiscation and property registration were destroyed in the early 1980s. It is estimated that up to three-quarters of homes in Tripoli could have been formerly confiscated properties.

Until the ambiguity of property rights is resolved the banks will remain reluctant to register property as collateral. The property market is further constrained due to insecurity and difficulties in the ease of doing business and because corruption remains so high in Libya. Transparency International's 2016 Corruption Perceptions Index rated Libya 170th in the world out of 176 countries.

Policy and regulation

Libya housing policy and regulation can be classified under three periods after the coup d'état of 1969, 1970 to 1978, 1979 to 1988 and 1989to 2000.

1970-1978

After the coup d'Etat, a number of laws were passed to organise the housing sector among which are the resolution of the Council Leadership Decision for leases which gave rights to people and companies to lease property. Law 116 in 1972 gave commercial banks the right to give loans for housing. Law 88 in 1975 stipulated the nationalisation of land, Law 28 in 1976 reduced loan charges by 30 percent and prevented advance rent as well.

1979-1988

This period witnessed vast political and economic changes. Libya adopted socialism as economic system in 1977. Laws have since been published according to the green book, Moamar Al Gaddafi thoughts. This period was marked by Law 4 which prevented leases and restricted the right of ownership to one house beyond which property was confiscated. As a result of law 4 the government confiscated all dwellings prepared for lease by the private sector. The dwellings confiscated were transferred or used for housing with the inhabitants purchasing and paying for their property by monthly payments. By the end of this period law 88 was passed in 1988. This law gave right to practise economic activities.

1989 – 2000

Post sanction period, more flexible laws were passed among which is law 11 regarding possession of real estate was passed in 1992 and modified by law 14 which gave the right to posses more than one house or piece of land suitable for construction.

According to some studies the policies aimed to provide suitable housing in quantity and in quality for the people of Libya however some internal and external factors have contributed to the effective implementation of the policies and the gap between the supply and demand for housing. The three periods were dominated by Gaddafi and the policies were political and economic tools. Libyan policies under the authoritarian regime has been characterised by large-scale subsidies. The country also for some time was isolated which made it difficult to access information. Gaddafi's government did carry out mass construction of housing to ensure an adequate house for all Libyans but the deficit of housing was a challenge. The post Gaddafi's Libya is still in a state of uncertainty. Once the rule of law is restored there will be a need for reconstruction. Infrastructure and housing should be the top of priorities in addition to putting in place policies and regulation that encourage the creation of wealth. Regarding housing the lawful authorities should adopt policies that promote effective development and protect the population. Policies that promote real estate development, policies that will empower Libyans to participate effectively in the reconstruction of their country.

Opportunities

It was estimated by the World Bank that restoring Libya's infrastructure will cost US$200 billion over the next ten years. A peace settlement in Libya could lead to a rebound in oil outputs and exports, which would improve the fiscal deficit and current account imbalances, and allow Libya to address housing shortages and economic development. According to African Economic outlook, the GDP is projected for -4.9 percent in 2017 and -3 percent in 2018 due to projected oil prices and anticipated recovery of crude oil production to 900 000 bpd from under 400 000 bpd in 2016.

The economic outlook for 2017 and 2018 depends on the political unity and the extent of improvements in security. Libya is one of the richest countries in the world, the potentials are immense and the country offers a lot of opportunities. Once Libya becomes peaceful, addressing the chronic housing shortage and providing to internal displaced people can be expected to become a primary priority of the government.

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Madagascar

Overview

Madagascar is the world's fourth largest island[1], located off the coast of Mozambique. The total population is roughly 25 million inhabitants (July 2017) with a population growth rate of 2.5 percent[2].

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. Living conditions have worsened as a result of increasing inflation rates. Although the country has significant national resources, it is estimated that more than 70 percent (2012) of its inhabitants live below the poverty line[3]. A calmer political environment with better governance and the recovery of public and private investment should allow for further economic growth, driven by agriculture, production in export processing zones, new information and communications technology, transport, tourism and construction[4], which should alleviate poverty and unemployment.

For the most part, the country has been stable following the presidential election of 2013, at which point "a new economic and social development strategy based on inclusive growth and sustainable development" was adopted[5]. Expressed further through the implementation of the 2015-2019 National Development Plan (PND), however poor social conditions remain including poverty, malnutrition and growing inequality[6].

Madagascar is one of nine countries which have been selected to pilot the Climate Investment Fund's (CIF) Scaling Up Renewable Energy Program in Low Income Countries (SREP). It will receive new funding and operational support to do this, with the African Development Bank (AfDB), serving as an implementing agency as Madagascar develops its new CIF investment plans. Criteria used to select countries included 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 launched a dialogue on green growth to assess the challenges and opportunities in the country, developing ways of moving toward sustainable development for all while preserving the country's natural capital.

KEY FIGURES

Main Urban Centres	Antananarivo (capital)
Exchange Rate: 1 US$ [a] =	3058.52 Malagasy Ariary (MGA)
PPP Exchange Rate (Local Currency/PPP$): 1 MGA = [b]	0.0011
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	7.4 | 7.1 | 7.0 | 6.5
Population | Population growth rate [d]	24 894 000 | 2.67
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	35.74 | 4.48
GDP per capita (current US$) | GDP growth rate (annual %) [d]	401 | 4.20
GDP (Current US$) [d]	9 990 653 078
GNI per capita, Atlas method (current US$) [d]	400
Population below national poverty line | Survey Year [c]	75.3 | 2010
Unemployment rate (%) (d)	3.6
Gini co-efficient (year of survey) [e]	40.63 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	158 | 0.512
Lending Interest Rate [d]	60 (2015)
Unsecured lending interest rate (housing microloan)	30 (2016)
Mortgage Interest Rate (%) | Mortgage Term (years)	19% (2016) | 20 (2015)
Down Payment (%)	18.79
Credit % of GDP [d]	
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	3 000 [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	22.15 | 17.52
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	4.52 | 5.71
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	8 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	142 500 [m]
What is the size of this house (in m²)?	95
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	10
Ease of Doing Business Rank [j]	167
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	100
Cost (% of property value) to Register Property [j]	9.20

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Industry Professional
[l] Holcim Madagascar
[m] Ecologist Ministry

Currently, environmental degradation costs the country nine percent of GDP annually. Ecological deterioration is aggravated by poor resilience to natural disasters, most of the productive economic sectors are very vulnerable to climatic incidents. For instance, 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 country is defined as low income, with an estimated GDP growth rate of 4.4 percent for 2016 and a projected growth rate of 3.5 percent for 2017[7]. The country continues to rank poorly on the ease of doing business index with an overall ranking of 167th of 190 in 2017. An improvement over its 2016 rank of 169th following a simplification of procedures to establish businesses, transparency in issuing construction permits (availability of construction rules online), and improved cross-border trade (simplified customs procedures, institution of data sharing system).

As of 2016 the GDP was composed of three key sectors 58.9 percent services, 24.8 percent agriculture and 16.3 percent industry[8]. The labour market is defined by under-employment or low-paid jobs, and with 76.2 percent of the population being under 35 the labour force is supplemented by 400 000 youths annually[9]. However unemployment is only at 3.6 percent (2014) which is relatively impressive for the region, considering its closest neighbour Mozambique lies at 22.4 percent[10]. The informal sector is thereby growing, marked by an expansion of micro and small enterprises, as a result there is an increasing demand for reflective government policy which provides opportunities for entrepreneurs[11]. Potentially involving institutional and regulatory frameworks with provision for incentives, appropriate and accessible financial services and innovative practices to strengthen multi-sectoral partnerships[12].

Access to finance

Madagascar's financial sector is managed tightly by the Banque Centrale de Madagascar (BFM), and the country has a comprehensive national finance strategy for 2013-2017. The BFM lending rate has been held at a steady 9.5 percent since August 2009, allowing a sense of stability in an otherwise uncertain economy. The rate was reduced to 8.3 percent in May 2015. It is expected that the easing of monetary policy measures will result in an easing of credit conditions for the private sector.According to the BFM, there are 11 banks, seven non-bank financial institutions (pension funds and insurance companies) and 30 microfinance institutions (MFIs). The financial sector is dominated by commercial banks, which hold about 84 percent of the total system's assets, while non-bank financial institutions and micro-lenders account for the remaining 16 percent of assets.

Only five percent of the population use banks[13]. The BFM is pursuing a prudent monetary policy by adjusting currency in circulation to the real needs of the economy in order to maintain inflation below 10 percent. Emphasis will be placed on monetary targeting through the use of indirect monetary policy instruments such as liquidity injection and absorption auctions to manage liquidity as conditions warrant. The BFM aims to strengthen the analytical framework for the monetary policy, in particular by improving the forecasting model and enhancing communications to better inform the market on the effects and impacts of monetary policy.

Interest rates are high, averaging 14.9 percent for a three-year loan, reflecting a lack of competition between banks and the likely incorporation of a risk premium in the rates charged. The banks' funding structure is generally short term, with short-term credits representing an average of 55 percent of the total stock of credits, compared to 45 percent for medium-term and long-term credits. The banking sector's performance reflects its aversion to risk. However, it must face the challenges inherent to development imperatives: competition within the sector; diversification of financial products and expanded access to bank financing for economic agents, particularly SMEs; customer protection and sector resilience. As a result of the high interest rates, only a select clientele can afford to obtain credit from the banks. According to the World Bank Madagascar has one of the highest interest rates at 48.76 percent.

The microfinance sector is small at five percent of bank transactions, but has been growing rapidly. From a value of about MGA22.7 billion (US$7.471 million) in 2002, it had grown to about MGA244.4 billion (US$80.4 million) in 2011. The sector has approximately 31 players, including state, foreign investors and donor-supported initiatives, regulated by the BFM. There are 12 MFIs registered with MixMarket (an online source of microfinance performance data and analysis) composed of 760 thousand borrowers and a gross loan portfolio (GLP) of US$137 million[14]. Of these CECAM has the most active borrowers with 66 870 in 2015 and a GLP of US$18.9 million, conversely MicroCred Madagascar (MCM) has only 31 790 thousand active borrowers and a GLP of US$47.68 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 in addition to the supply of financial products. As of 2015 only 31.2 per thousand people borrowed from commercial banks and although this number has grown steadily since 2006 at which point it was 13.3 per thousand, the proportion is still marginal[15]. The number of depositors with commercial banks is somewhat higher at 73.5 per thousand (2015) which is a steady increase following the drop between 2010 and 2011 from 106.5 to 52.3[16]. Outstanding loans from commercial banks in 2013 amounted to 10.72 percent of GDP, and deposits amounted to 18.47 percent of GDP. In 2015, Madagascar had only 2.3 ATMs per 100 000 adults, and 2.1 bank branches per 100 000 adults[17].

MCM was the first MFI to launch an agent network in Madagascar in the first quarter of 2015. As of January 2016, they had 392 agents, seen as sufficient for supporting its client base for the next year. Customers are not charged for cash in but do pay fees for cash out. Agents may collect know your customer (KYC) data, but cannot open accounts. As of December 2015, 40 percent of MCM's transactions are through the agent channel, which is seen as a success from the perspective of customers, although it is increases costs for the bank through increased commission fees.

According to the Global Findex report, 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. Access to financial services continues to be limited as a percentage of GDP, the total outstanding loans average 8 percent and only 7.8 percent of the population hold bank loans. 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 BFM ran into financial difficulties in 2004. Overall, there is a poor business climate. It has, moreover, regressed in many other fields. Major obstacles to attracting investment are political instability, difficult access to credit, corruption, lawlessness, and lack of infrastructure, costly and unreliable energy supply and the absence of an independent legal system.

Affordability

Housing is unsurprisingly largely unaffordable to the majority of the population in Madagascar given the high rate of poverty, the average monthly net salary is US$131[18]. Rental of a one bedroom apartment in the city centre costs US$215 and outside the city US$99, a three bedroom is US$1 976 and US$2 233 respectively[19]. The price to purchase an apartment in the city centre is US$2 142 per m^2 and outside the city is US$2 474 per m^2 [20]. Furthermore the average mortgage interest rate is 20 percent[21].

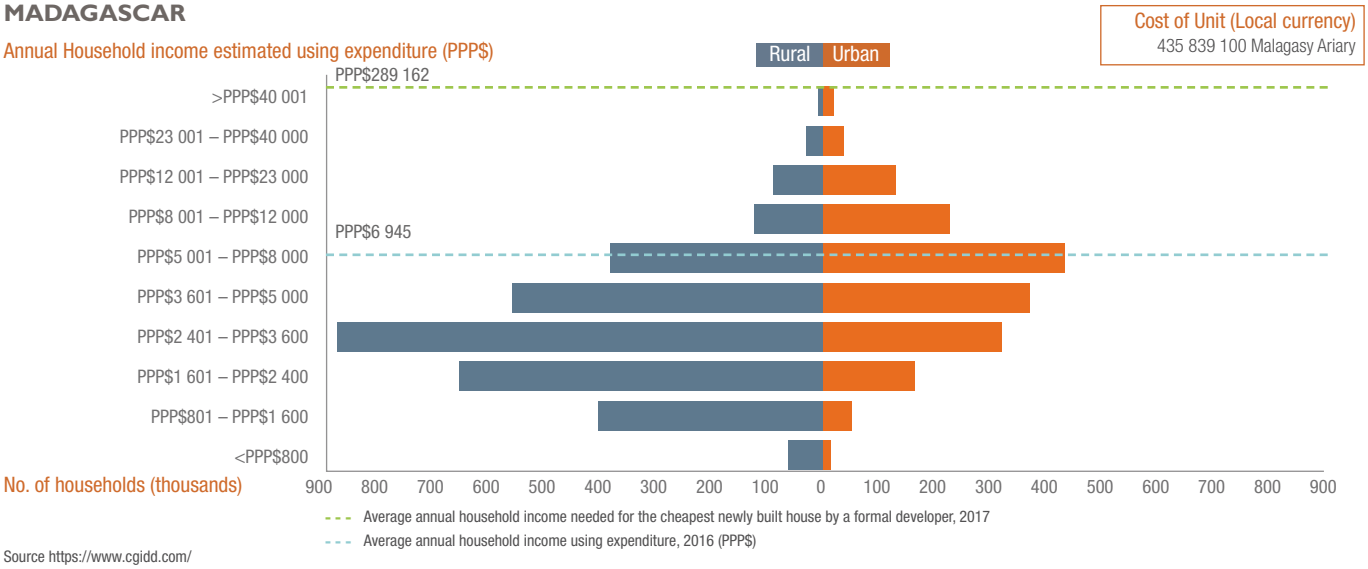
Household affordability is further affected by droughts, flooding and cyclones, the three most common disasters that affect more than half of all households. It is not unusual for a household to suffer a loss equivalent to a full month's income. 72 percent of households say that recovering from such 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 have access to water, and only 7.1 percent to improved sanitation. Approximately 88.2 percent of the urban population live in slums, and over 57 percent of urban residents have no refuse removal services at all. The urban population is rather low at 36.4 percent however demand for housing is on the rise with a high rate of urbanisation of 4.47 percent[22].

Habitat for Humanity confirms that the majority 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



Source https://www.cgidd.com/

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 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 brick 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 under 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.

There has been improvement within the construction industry following two reforms, namely increasing transparency of dealing with construction permits through the free online publication of construction-related regulations, and reducing the time needed to acquire a permit, despite these measures Madagascar's ranking in dealing with construction permits has dropped to 184th from 182nd in the doing business index. The current process involves 15 procedures to obtain a construction permit, it takes 185 days and costs 28.2 percent of the property value. Overall improvements have however been made to facilitating business within the country reflected in the overall increase in ranking from 169th in 2016 to 167th in 2017, doing business index.

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 doing business index for registering property, at 159th out of 190 in 2017 (down from 157th in 2016). As of 2017 it takes six procedures, 100 days and 9.2 percent of the property value to register property. The inefficiency of the process is further exacerbated by the number of departments and agencies that are involved in the process including the Property Registry, Topographical service, Regional Planning Service and the Tax authority additionally it is legally required to use a notary, increasing the potential expense.

In order to evolve Madagascar's housing market and align it with economic and social development the government needs to create policies to facilitate the acquisition of land and houses for low to mid income housing as the rich have no difficulty acquiring a house or land and their purchasing power fuels the high end real estate market increasing prices and alienating the majority of the population.

Policy and regulation

The policy and regulations in Madagascar related to housing are outdated, as some of them were introduced in the nineties. Recent data is thereby not readily accessible. However as of 2005, in recognition of the inadequacies of land tenure and administration the government embarked on implementing an ambitious national land tenure reform program aimed at delivering a transparent, inclusive, equitable, and efficient administrative and management system expressed through the ratification and adoption of two laws, the 2005 Framework Law and 2006 Law on Untitled Private Property[23]. The objectives of which were to provide a legal and regulatory reform; to modernise land registries and survey/mapping offices; to decentralise land management to commune level (establishing permanent land office, guichet foncier, at the commune level to deliver land certificates); and to ensure training and capacity building[24]. The status and delivery of these objectives is however not available[25].

More recently and relation to the broader economic development agenda, the 2017 Economic Development Document was produced by the Ministry for Economy and Planning, (in compliance with IMF membership) to support and facilitate the consolidation and implementation strategy for the PND. The central objective of the aforementioned polices is social inclusion, to alleviate poverty and promote economic growth and stability. As such the document catalogues the underlying concerns which include;"modest economic performance, inadequately inclusive economic growth, predominant subsistence economy, land tenure problems; economic dualism; persistent inflation and the erosion of purchasing power; limited coverage of the social protection system; inefficient financial system limiting access to financing; persistent governance problems; underdeveloped sanitation infrastructure; the adverse impacts of climate change"[26].

The PND is highly reliant on cooperation and investment from international agencies such as the IMF (providing financial and technical support) and the private sector. Based on the available information housing is not identified directly as a mechanism for social development or as an objective of the policy.

Opportunities

The potential for growth and development in Madagascar is pegged to its ability to stabilise the macroeconomic environment through strengthened governance and increased private investment so that society and the economy can again begin to flourish.

The Government of Madagascar identifies "fight against poverty through inclusive growth" as its main objective and possesses a strategy centred on three pillars: improving governance, promoting economic recovery, and expanding access to basic social services. This strategy has been outlined in the Programme Général de l'Etat (PGE) and translated into a 2015-2019 National strategy.

With the growing presence of microfinance in the country, there are opportunities for MFIs to diversify their product range to cater for the housing needs of low income earners. Energy efficient products should also be in high demand. There is a need for stakeholders in the housing sector to participate in the affordable housing process – from the supply of affordable and innovative building materials (that take into consideration the environmental vulnerabilities of the country) to the delivery of formal housing that is affordable to lower income earners.

Investment in the housing sector potentially is very profitable in Madagascar, house prices are very heterogeneous and change from one place to another and from one region to the capital. However rental markets are on the rise, which serves as a motivation for housing investors and developers to work on their development strategy and assess potentially alternatives housing purchase models such as rent to buy. Nonetheless the population needs to have more opportunity and needs support in order to have the means to acquire land and houses adapted to their purchasing power which is very low as compared to other countries.

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26 IMF (2017),ii

Malawi

Overview

Malawi is a small, landlocked country with an estimated population of 17.66 million. Lilongwe, Blantyre, Mzuzu and Zomba are the main urban areas, with a collective annual growth rate of 3.99 percent, and 14.9 percent of Malawi's population residing in these areas.

Malawi ranks amongst the world's poorest countries, and performs low on various macro-economic indicators. The country's annual GDP growth rate was listed as 2.9 percent in 2016, following adverse effects of on agriculture due to droughts. It's GDP per capita was US$481, and its GNI per capita was US$320, 2016.

In 2015, the construction sector grew by 3.4 percent and was estimated to grow by 2.1 percent in 2016. The sector was projected to account for 2.7 percent of the annual GDP in 2016. The construction sector is largely dependent on government and donor-funded projects which are on the decline. The obvious constraints include high lending rates and build-up of non-repayments by Government.

Access to finance

The Reserve Bank of Malawi (RBM) indicates that there are 12 banks and one Leasing and Finance Company in the country. According to the doing business indicators the country has improved from 152nd in 2016 to 101st out of 190 in 2017, regarding getting credit. This notable change is attributed to new legislation on secured transactions implementing a functional secured transactions system and establishing a centralised, notice-based, online collateral registry.

The banking sector constitutes nearly 80 percent of financial sector assets but penetration of formal banking and financial services remains low. A 2014 FinScope Study pegged financial inclusion at 54 percent, with only 22 percent of Malawians having bank accounts. Additionally 16.1 percent of adults held a bank account; six percent borrowed from a bank; and six percent had an outstanding mortgage, 2015. Access to credit through formal channels is beset by a lack of collateral, high lending rates, and low levels of financial literacy.

The RBM Financial Stability report 2017, shows that the banking sector's total assets, which grew from US$158 827 586.21 (MK1 151.5 billion) to US$167 917 241.38 (MK1 217.4 billion) between September 2016 and March 2017, are tied up within their loan book. The report further indicates that the non-performing loans to gross loans and lease ratio improved to 15.1 percent in the same period. However, this is still way above the regulatory benchmark of five percent. In 2016, real estate accounted for 3.42 percent of the asset composition; and in 0.9 percent of the loan book.

The few banks offering mortgages include; the National Bank of Malawi, Standard Bank, FDH Bank and New Building Society (NBS). Overall, access to mortgage finance is limited by strict eligibility criteria including a minimum 10 percent cash deposit, a minimum of six month history with the bank and three months of payslips.

In the past twelve months, the RBM has continuously reduced the base lending rate, currently pegged at 18 percent. Main mortgage financiers have responded to the policy rate by equally slashing their lending interest rates: FDH, CDH

KEY FIGURES

Main Urban Centres	Lilongwe (capital), Blantyre
Exchange Rate: 1 US$ [a] =	726.61 Malawian Kwacha (MWK)
PPP Exchange Rate (Local Currency/PPP$): 1 MWK = [b]	0.0049
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	21.0 | 22.6 | 16.0 | 9.7
Population | Population growth rate [d]	18 091 000 | 2.90
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	16.45 | 4.02
GDP per capita (current US$) | GDP growth rate (annual %) [d]	300 | 2.50
GDP (Current US$) [d]	5 441 852 138
GNI per capita, Atlas method (current US$) [d]	320
Population below national poverty line | Survey Year [c]	50.7 | 2010
Unemployment rate (%) (d)	21.0
Gini co-efficient (year of survey) [e]	46.12 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	170 | 0.476
Lending Interest Rate [d]	44.39 (2015)
Unsecured lending interest rate (housing microloan)	5.5 (2016) [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	31 | 10 [l]
Down Payment (%)	
Credit % of GDP [d]	19.68
Average Mortgages % of GDP [g]	1.49 (2014)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	17 632.01 (2016) [m]
Average loan size in US$ (non-mortgage/micro lending)	703.23 (2016) [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	8.41 [n]
What is the price of the cheapest, newly built house by a formal developer or contractor?	21 097.046 (2016) [o]
What is the size of this house (in m²)?	180
What is the average rental price for a formal unit (in US$)	98.45 (2016) [p]
What is the minimum plot size for residential property	15 X 30 [q]
Ease of Doing Business Rank [j]	133
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	69
Cost (% of property value) to Register Property [j]	1.70

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Epik Finance
[l] Natbank
[m] National Bank, FDH Bank, NB BankS, and Standard Bank.
[n] Averagesalarysurvey.com
[o] Malawi Housing Corporation
[p] Press Properties Limited

Investment, and NBM charge 27.5 percent; and 27 percent by Standard Bank. NBS, the largest mortgage provider, indicates that it adds a maximum of seven percent on the base lending rate. NBS's maximum term is 15 years with a maximum loan-to-value ratio of 80 percent to 90 percent.

The microfinance sector also offers a broad range of loans that provide some leeway to housing finance. Between March 2016 and September 2017, the microfinance sector total assets increased from US$3 972 413.79 (MK28.8 billion) to US$4 827 586.21 (K35.0 billion), representing a 21.5 percent increase. Within the same period, the loan portfolio for the sector increased from US$27 862 068.97 (MK20.2 billion) to US$29 655 172.41 (K21.5 billion), accounting for 61.3 percent of total assets. Deposit taking microfinance subsector posted a loss of US$36 000 (MK26.1 million) in March 2017 from a profit of US$9 655.17 (MK7.1 million) in March 2016. This decrease cascaded into a drop in Return on Assets (ROA) and ROE (Return on Equity) from two percent and nine percent in September 2016 to -0.2 percent and -1.2 percent, respectively. The decrease in profitability is attributed to an increase in operating expenses.

The primary MFIs are; Select Financial Services, Epik Finance, and Greenroot Microfinance. Epik Finance, offer incremental building loans to low and middle income earners; the maximum loan value is US$900 (MK500, 000), repayable over 18 months. Innovative programmes such as the partnership between Habitat for Humanity (HfH) and two housing microfinance lenders: Opportunity Bank of Malawi (OBM) and Select Financial Services enable low income households access small habitat loans and provide them with Construction Technical Assistance (CTA).

Most banks have excess liquidity, their funds consisting primarily of a combination of equity and retail funds from savers. Some have external lines of credit, but only for schemes such as SME lending or access to foreign exchange. The main source of funds for mortgages remains retail funds, with most surplus funds being invested in Treasury bills. Malawi's modest pensions sector is mainly invested in equities, Treasury bills and property development; with only a few in housing finance lending. Access to housing finance is further restricted by limited tenure security and lack of a national identification system.

The legal framework for credit information sharing was established following the enactment of the Credit Reference Bureau (CRB) Act in 2010, together with the overarching financial sector legislation and the Financial Services Act of the same year. As a result, two credit reference bureaus were licensed, namely Credit Data CRB and CRB Africa.

In 2013, government passed the Personal Properties Security Bill that allows borrowers to use, and lending institutions to accept moveable assets as collateral or security as one way of easing access to finance.

Affordability

There is massive wealth and spending disparity in Malawi. In July 2017, the daily minimum wage was raised from MK787.70 (US$1.07) to MK962.00 (US$1.3). Low income levels constrain access to, and affordability of mortgages; less than one percent of Malawians qualify for a mortgage.

Prices of a newly built entry-level house, built by a developer, average MK8.5 million (US$11 643). Since only 30 percent of a household's income is allowed towards servicing of loans or mortgage payments, a borrower needs to earn at least MK700 000 (US$978.9) to afford the house. All mortgage lenders target salaried individuals and those operating registered businesses with Business Accounts. NBS provide a facility of 80 percent of the collateral value; National Bank provides a mortgage as small as MK500 000 (US$684.9); and the least mortgage value at Standard Bank is approximately MK4 million (US$5 479.80). Repayment periods range between 15 and 20 years, during which the lending bank owns the property until the loan is settled.

Housing Supply

Most houses are built, incrementally by owners through savings (90 percent). A 2014 Integrated Household Panel Survey (IHPS) highlighted a drop in the percentage of traditional houses from 47.6 percent in 2010 to 41.4 percent in 2013, semi-permanent housing increased from 24.2 to 26.4, and permanent housing increased by 4.3 percent over the same period. The IHPS notes that 78 percent of households live in their own houses, while 12 percent rent; 46 percent of urban dwellers rent homes compared to five percent in rural areas.

Malawi's high urbanisation rate has led to increased demand for decent housing in urban areas with an annual demand of 21 000 new units. This demand far outpaces the supply capacity of developers.

Housing developers in Malawi include public and private providers. Parastatal Malawi Housing Corporation (MHC) is the main public provider that builds and rents out relatively cheap houses targeting low, middle and high income urban households. MHC delivers on its mandate through construction of conventional houses and development of 'traditional housing areas' for low income groups. The MHC is currently facing resistance with its plans to increase rentals by 100 percent. The range of MHC housing is a monthly rental of MK9 000 (US$12.30) to MK300 000 (US$410.95). Occasionally, MHC puts houses on sale and the purchase price is determined through a due valuation process where factors like size, age, location and condition are considered. Existing tenants are given first option to purchase the house.

MHC owns approximately 7 000 housing units countrywide. A plan to build 4 200 additional houses and develop 5 800 plots between 2007 and 2011 did not reach fruition, with only 481 houses completed. The institution has been harbouring plans to construct 15 000 houses with 2 500 expected to start in the next financial year. Despite similar plans having not gained ground in the past. There are currently over 60 000 people on MHC's waiting list.

Historically, rentals for most of MHC's residential properties have not kept pace with increases in cost. This has limited the Corporation's capacity to scale and sustain services. Since 2011, MCH rentals have increased by an average 12.3 percent but each adjustment has been met with resistance from tenants who argue that MHC does not fully meet its maintenance obligations. In 2014, the Ministry of Lands, Housing, and Urban Development indicated that they would be reviewing the MHC Act in order to allow it to build houses for profit, a path that is currently prohibited.

Private housing suppliers include; Press Properties Limited, Kanengo Northgate, NICO Assets, Knight Frank, Enterprise Development Holdings (EDH), and FISD Limited.

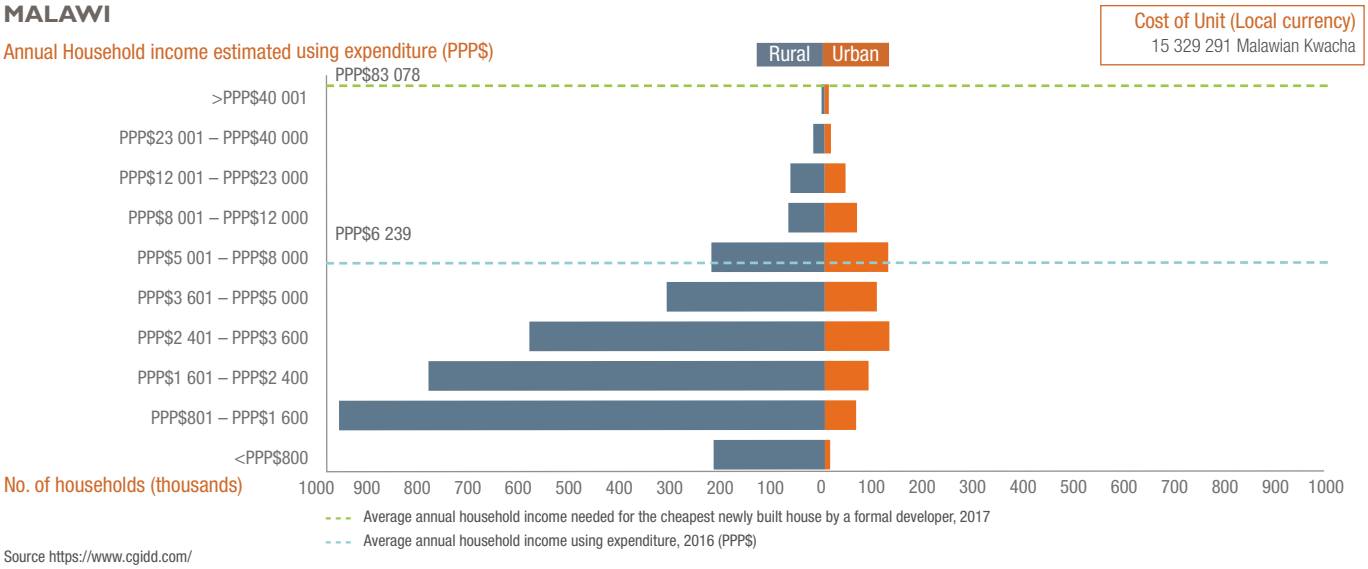
Since 2013, EDH a social enterprise formed from the Centre for Community Organisation and Development (CCODE), has been working with UK-based Real Equity for All, supporting poor urban communities to plan and implement local solutions to challenges of inadequate land, housing and infrastructure. As of 2015, EDH had successfully negotiated more than 2 000 plots of land and constructed over 780 low cost rental houses in Lilongwe and Blantyre. The cheapest house, which is a bedsitter, is rented for MK32 500 (US$44.52) a month, MK45 500 (US$62.33) for a one-bedroom, MK57 500 (US$78.77) for a two-bedroom, and MK70 000 (US$95.89 for a three-bedroom house. However, a big share of these houses have been sold out to individuals.

Furthermore, the Cities Alliance, a global partnership for urban poverty reduction, initiated a slum upgrading programme in partnership with UN-Habitat in January 2011. The project aimed to formulate city development strategies and a slum upgrading programme covering cities of Blantyre, Lilongwe, Mzuzu and Zomba.

Low-income earners, especially those living in peri-urban and rural communities, receive financial and technical assistance from NGOs such as CCODE and HfH, as well as government through the Decent and Affordable Housing Subsidy Program (DAHSP). Previously, both CCODE and HfH provided housing loans to low-income households, but they both changed their approaches to only provide construction training assistance.

HfH has built over 3 000 low-cost houses and latrines in Malawi. In 2005, HfH launched the 'building in stages' programme, an incremental building scheme 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 Mtandire slums.

MALAWI



Source https://www.cgidd.com/

The DASHP is aimed as providing shelter needs to the poor rural households. The project targets 80 beneficiaries in each electoral constituency. Five percent of the targeted beneficiaries, constituting the poorest, are provided with full houses while the rest of the beneficiaries are offered 50 percent subsidy on iron sheets and cement. By March 2017, 9 000 houses had been constructed the project had disbursed MK5.8 billion (US$7 982 274) across the country for the first phase, which saw 12 508 houses improved. Also in 2014, Lafarge 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 a MFI. LafargeHolcim has also created 14Trees, together with CDC, (UK's development finance institution) aimed as scaling up affordable housing solutions across Africa starting in Malawi with DURABRIC - the innovative low-carbon construction alternative to burnt clay bricks.

Property Markets

Land in Malawi is managed by either: Ministry of Lands, Housing, and Urban Development; Malawi Housing Corporation; and 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.

As property consultants Knight Frank notes, the residential market in Malawi is still suffering following devaluation and floatation of the national currency which has led to decline in both the rental and sales markets. For example, the now defunct integrated housing estate in Lilongwe Area 49 (meant to be implemented by MHC and Chinese Henan Guogi Development Company) suffered from dollarisation of the cost which resulted in doubling of Bills of Quantities (due to Kwacha depreciation) and therefore, pricing out potential buyers. As a result, most of the houses are now being rented out.

In Lilongwe and Blantyre the market continues to benefit from the large expatriate community (nearly 25 000 in Blantyre), which has traditionally influenced the linking of rents to the US Dollar. As of September 2017, rental for single bedroom units ranged from MK 68 481.30 (US$93.81) to MK146, 000 (US$200) while a three bedroom unit cost between MK148 284.90 (US$203.13) and MK876 000.00 (US$1 200) depending on location and proximity to the city centre.

The doing business report ranked Malawi 95th of 190 in ease of registering property 2017. Registering land involves 6 processes, over 69 days at a cost of 1.7 percent of the property value.

Recently, there has been considerable activity in upgrading older, well-located buildings in an effort to meet expatriate demand for high quality residential properties. Nevertheless, there is a real constrain in the supply of housing, which has caused rapid property price increases.

Policy and regulation

Housing related policies feature amongst national priorities in Malawi's strategic papers. Malawi's Vision 2020 places greater focus on developing and upgrading human settlements for 'equitable access to housing for all'. Further, the draft Malawi Growth and Development Strategy (MGDS III) recognises that the majority (76 percent in Lilongwe) of urban residents live in sub-standard housing and/or informal settlements, characterised by a lack of access to public services, tenure insecurity and inadequate housing. The draft MDGS III document intends to bridge the housing gap by "increasing access and availability of affordable and decent houses." The country has also ratified the Global Agenda for Housing, Habitat III, which binds governments to ensure everyone has an affordable home by 2036.

However, the existing laws and polices fall short of fostering land access, housing provision or access to housing finance. In July 2016, Parliament passed four land-related Bills: Land Bill, Physical Planning Bill, Land Survey Bill and Customary Land Bill. Already, the Customary Land Bill has ignited debate over the need for the role of chiefs in land administration with opposition arguing that it strips chiefs of their traditional power over land and overburdens poor people to pay for land leases. Proponents argue the new law gives rural communities an opportunity to own land individually (as opposed to communal ownership), which they can register and therefore use it as collateral.

The Land Act 1995 sets out the classifications of land and recognises various types of land tenure. Presently, an estimated 90 percent of land is customary. However, there are no defined laws that deal with property rights of customary land, making transferring customary property rights difficult. The Customary Land (Development) Act largely recognises customary land as agricultural land. Both the Deeds Registration Act, which supports and regulates deeds registration, and the Registered Land Act 1967, which provides the legislative foundation for the transfer from a deed registration system of land administration to a title registration system, apply to customary land but it remains highly unregistered.

Thus, the formal mortgage tenure system only covers eight percent of the land, held under leasehold, and almost all of this land is in urban areas. This has resulted in tighter eligibility criteria, which limits access, as the property cannot be used as collateral for the mortgage. Further, the formal land registration system is generally inefficient.

The rural housing market is currently informal as evidenced from policy and practice, it will remain such for a while. The Local Government Act of 1998 devolves powers to local assemblies to administrate Traditional Housing Areas (THAs), a function formerly performed by MHC. But the Act has not been fully utilised as most land in rural areas remains customary. This hinders rural

communities, who own vast acres of land, from benefiting from the Personal Properties Security Bill. Worse still, rural land stands cannot be zoned or planned despite the Town and Country Planning Act of 1988 regulating zoning across the country. Town and Country Planning Standards and Guidelines are thus applied only to urban areas. Ultimately increasing the barriers in investing in rural housing, and approving rural housing loans.

Legally, the sole shelter parastatal, MHC, cannot extend its work to rural areas; and private developers shun the rural market because of unattractive collateral assets. While institutions like UN Habitat have quantified urban housing demand, currently at 21,000 units annually, no such effort has been devoted to rural housing despite that 80 percent of Malawians live in rural areas. On the contrary, government is developing the National Urban Policy framework (funded by Cities Alliance with technical support from UN-Habitat) aimed at shifting national development from its rural focus to urban growth in light of rapid urbanisation.

The existing National Housing Policy has been in draft form since 2007. The polices accentuates increasing access to housing for all income groups through improving urban land markets, enhanced access to housing finance, upgrading of informal settlements, better quality of rural settlements and housing, and adoption of a decentralised approach to housing delivery.

Apart from laws, policies and strategies, housing is also a matter of political correctness and remains a major highlight in political party manifestos. It features in the ruling Democratic Progressive Party (DPP)'s 2014-2019 manifesto as a 'cement and malata' project, now being implemented as DAHSP. It hinges on provision of subsidised cement and iron sheets to enable low-income earners to improve their houses. An estimated 16,000 grass-thatched houses with earth rammed floors are expected to be improved, annually through this programme. However, similar past initiatives have not been sustained once political governments change course.

Opportunities

While Malawi's population remains predominantly rural, the United Nations Centre for Human Settlements (UNCHS) forecasts a reversal in population dynamic by 2050. The urban population grows at a rapid pace of 4.3 percent. The accelerating rural-urban traffic and high population growth rates provide both challenges and opportunities in terms of housing supply and demand. UNCHS has since urged authorities and sector players to take proactive action to ensure that social services move with population dynamics.

Malawi is experiencing sharp improvement in macro-economic indicators. The inflation rate, for example, has decreased to 9.3 percent, from over 20 percent in the previous year. This has been largely attributed to good performances in the agriculture sector, which is the mainstay of Malawi's economy. Sustenance of good macro-economic indicators will result into reduced prices of goods and services including construction materials.

An equally interesting aspect is the decrease in base lending rate which currently stands at 18 percent. The cascading effect of this is that banks are also cutting their interests rates which not only broadens affordability of loans but also mortgages. 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. Further, the land reform process which is currently ongoing will improve the value of land and spur investment on it and for it. This is not possible in the current situation where most land is under customary title hold and therefore unusable as collateral. By present evidence, government is committed to implementing legal, policy and structural reforms in preparation for the imminent urban boom. The passing in parliament of four land-related Bills gives credence to the commitment.

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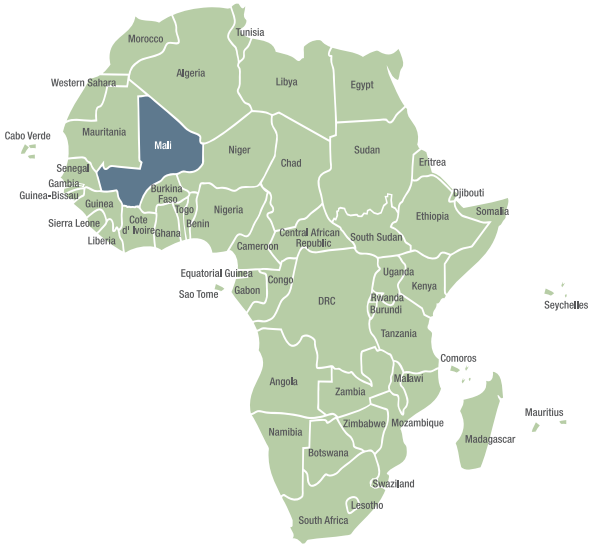
Mali



Overview

The Republic of Mali is one of the largest countries in West Africa covering 1 248 574 km^2. Mali's total population was estimated at 18 million, growing at an annual rate of three percent. This is projected to double by 2030, while the urban population will triple from the current level of 40.7 percent[1].

Mali is one of the poorest countries in the world. According to the UNDP's Human Development Index, it ranked 175th of 188 countries in 2016. However, life expectancy at birth is estimated at 65 years, one of the highest in Africa. Gross national income (Atlas method) was US$750 per capita in 2016, again among the lowest in the world. In 2014, 46.9[2] percent of Malians were living below the national poverty line.

With the July 2013 presidential election, the political situation took a strong path to stabilisation, which was strengthened with the signing of peace agreements with rebel groups in May and June 2015. However, challenges remain on the way to full peace all over the country, as sporadic outbreak of violence due to rebel or jihadist attacks were recently noted in several parts of the country. GDP growth remained strong over the past five years, with the highest growth recorded in 2014 at seven percent, before dropping to 6.0 percent in 2015 and 5.4 percent in 2016. GDP growth in Mali is driven by gold exports and the primary sector (thanks to good harvests). Inflation remained under control at around 0.3 percent in 2016 and around 0.9 percent in 2017. The October 2015 Mali Economic Recovery and Development Conference held in Paris yielded Euros 3.2 billion from the donors to support the country over the period 2015-2017.

During his presidential campaigns, President Ibrahim Boubacar Keita committed to providing affordable housing. This was restated by Prime Minister Moussa Mara when he took office, promising that the Government will provide 50 000 housing units by 2018, through the Presidential Housing Programme. The Government is still committed to this promise with more than 8 000 housing units delivered in only two years in office, while prospects are good for achieving the goal of the 50 000 units. An important development in the housing finance sector in 2016 was the absorption of the *Banque de l'Habitat du Mali* (BHM), the Mali Housing Bank by the *Banque Malienne de Solidarité* (BMS) in May 2016, following recommendations from Mali's development partners to dismantle because of poor performance.

KEY FIGURES

Main Urban Centres	Bamako
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0046
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.4 | 0.3 | 0.9 | 1.6
Population | Population growth rate [d]	17 994 000 | 2.97
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	40.68 | 4.88
GDP per capita (current US$) | GDP growth rate (annual %) [d]	80 | 5.35
GDP (Current US$) [d]	14 045 098 238
GNI per capita, Atlas method (current US$) [d]	750
Population below national poverty line | Survey Year [c]	43.6 | 2009
Unemployment rate (%) (d)	8.1
Gini co-efficient (year of survey) [e]	33.04 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	175 | 0.442
Lending Interest Rate [d]	5.60
Unsecured lending interest rate (housing microloan)	24 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	9 (2015) | 6 (2015) [l]
Down Payment (%)	
Credit % of GDP [d]	28.95
Average Mortgages % of GDP [g]	9 [l]
Estimated number of mortgages	
Average loan size in US$ (mortgage)	20 690 (2015) [l]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 142 000
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7.94 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	24 642 [n]
What is the size of this house (in m^2)?	59.64
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	200
Ease of Doing Business Rank [j]	141
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	29
Cost (% of property value) to Register Property [j]	11.80

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Microfinance institutions
[l] Central Bank (BCEAO)
[m] Retail
[n] Office Malien de l'Habitat

Mali significantly improved its ranking on the "Starting a Business" indicator of the 2017 Doing Business Report from 172nd in 2016 to 108th in 2017.

Access to Finance

In 2017, the financial sector consisted of 13 banks (of which a bank branch)[l], three financial institutions (the *Fonds de Garantie pour le Secteur Privé* which received approval from the Government to operate as a financial intermediary in 2015), 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). Five banks in Mali formally offer housing loans. Some commercial banks also offer up to CFA Francs 30 million or US$50 365[3] for equipment loans for housing enhancement, acquisition or construction of housing for individuals at as high as 12 percent interest rate over five years. Many of these banks (such as Ecobank Mali and Coris Bank International Mali) are also very active in supporting housing projects through partnerships with either developers or housing cooperatives.

Despite the number of financial institutions, access to finance as measured by credit-to-GDP ratio was estimated at only 27.8 percent in 2015, according to the Central Bank (*Banque Centrale des Etats de l'Afrique de l'Ouest* - BCEAO) statistics. In 2015 there were 533 bank branches, 405 ATM machines and 1 310 529 bank accounts for the whole population, most of which were concentrated in urban areas[ii]. At December 2016, a total of CFA Francs 2 101 billion (US$3.81 billion) of loans were emitted, a 21 percent increase from the 2015 level. However, only 36 percent of these loans were medium to long-term[iii]. The non-performing loans ratio stood at 5.3 percent in 2015, a slight decrease from its 2014 level[iv].

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[v]. Interest rates on deposits have remained almost constant at around 3.5 percent.

In 2015, following an assessment of the financial sector in Mali, the dismantlement of the Mali Housing Bank was recommended, and led to its absorption by the *Banque Malienne de Solidarité* (BMS) in May 2016. Indeed, the fiscal sustainability of BHM which was subsidized by the Government of Mali as one of its main housing policy instruments was seriously questioned. It is also important to mention that despite the creation of the *Caisse Regionale de Refinancement Hypothecaire* (CRRH), a regional mortgage refinancing facility, Malian banks are among those which take less advantage of it; Mali being the country with the lowest affiliated banks to the CRRH. However, housing finance continued to grow, with the Mali branch of Bank of Africa launching a new product to fund housing projects of its clients in 2016. It is a mortgage product named "*Prêt ma maison*" offered over a period of 15 years at moderated interest rate. The amount of the mortgage depends on the applicant's revenue and the interest rate is negotiable. No down-payment is required from the applicant to obtain the loan, but standard guarantee conditions (secured job or a stable source of revenue for example) apply. The BMCE Group of which Bank of Africa is part of, offers similar products in other countries such as Benin and Togo. Since this product is new, it is difficult at this point to measure take-up.

Several other banks support the housing finance sector, through public private partnerships. This is the case for example with Coris Bank International, which supported a 3 100 housing units development in N'Tabacoro for a total of more than CFA francs 25 billion (US$45.37 million).

The microfinance sector has soared in Mali since the end of the 1990s. According to the Central Bank of West African States (BCEAO), 105 microfinance institutions (networks) were listed in Mali at the end of March 2017 (excluding affiliated members of networks. On a sample of 17 microfinance institutions representing about 90 percent of the sector, there was a total of 449 service points for a total of CFA francs 88.4 billion (US$160.44 million) outstanding credits and CFA francs 72.4 billion (US$131.40 million) in deposits for a total of 1.035 million clients[vi].

Housing microfinance is very limited in Mali, with only one microfinance network, *Nyesigiso*, offers housing microfinance. *Nyesigiso*, in partnership with FGHM, provides mortgage loans for the acquisition of housing units on serviced sites (the maximum amount of these mortgages is CFA Francs 20 million, or US$36 298, over up to 15 years) and construction loans for financing the construction of new housing units, for up to CFA Francs three million (US$5 445), payable over a maximum of 36 months[vii].

The FGHM, created in 2000 to cover losses incurred by financial institutions in the case of default by mortgagees, and to sustain home ownership for households remains one of the strongest pillars of the Mali housing policy. FGHM offers two products: mortgage guarantee and social housing guarantee. This was a unique housing finance product in the WAEMU region until recently (Cote-d'Ivoire launched the same type of financial institution in 2014), as it allows the institution to meet the dual demand of covering the risks of default and enhancing the quality of the portfolio.

Affordability

While land and housing is not expensive by international standards, very low incomes mean that formal housing is still unaffordable to a large proportion of the population. According to OMH data, the cheapest housing unit built by a developer in 2016 costs (land cost included) CFA Francs 13 577 850 or US$24 643. This house was built on a 200m^2 plot, over 59.62 m^2. This means that it cost on average US$413.33 per square meter to build such a house. Prices in the capital city of Bamako are higher. However, in the provision of serviced plots, the focus is on plots costing between CFA Francs 1.5 million and CFA Francs 2 million (between US$2 722 and US$3 630) in cities, all over the country. A standard galvanised iron sheet, often used in self-build initiatives, costs between CFA Francs 3 000 (US$5.44) for a 4kg sheet and CFA Francs 6 000 (US$10.88) for a 7kg sheet. The minimum acceptable size land plot is around 160m^2.

Cement price continues to drop since the completion of several cements plants across the country (the Dio plant, the Diamou plant, the Astro plant, and the Diamond plant). Only five years back, the ton of cement was sold at around CFA Francs 120 000 (US$217.79) or CFA Francs 6 000 (US$10.89) the bag of 50kg. Today, the same 50kg bag of cement costs CFA francs 4 375 or US$7.94. This follow the general trend in cement price in West Africa, with an increase interest of major investors in the region such as WACEM, Dangote, Lafarge and Heidelberg Cement.

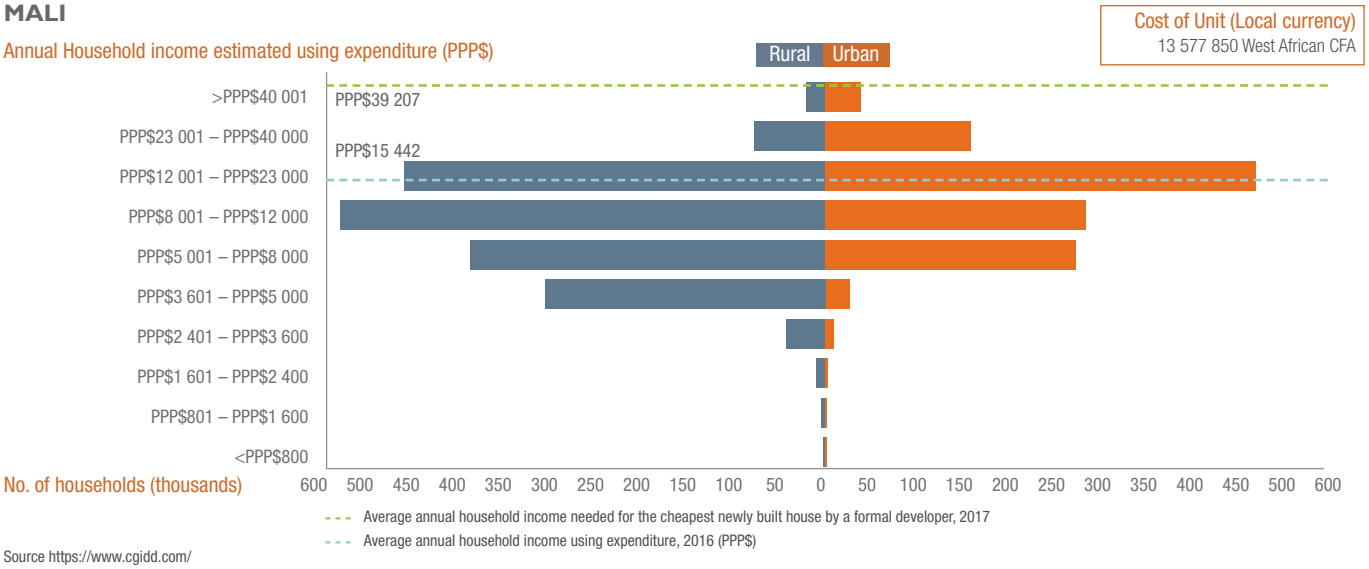
The average annual income as estimated by the per capita gross national income (Atlas Method) was at US$760 in 2016. The price of the cheapest housing unit, as mentioned earlier, is therefore about 29 times the annual per capita income. This justifies the government's emphasis on affordable housing and subsidy programmes to support people to acquire housing.

Housing Supply

A recent World Bank study estimated the need for housing in Mali at about 82 500 units per year, 51 100 in urban areas, and 31 400 in rural areas[4]. Malian authorities at the highest level have made the provision of affordable housing a top priority of their political and social agenda. In line with similar initiatives by his predecessors, the sitting President of Mali launched in 2013 an important housing programme, with the goal of delivering 50 000 affordable housing units by the end of his term in 2018. The Government's strategy to achieve this goal is based on public private partnerships with major companies in the housing construction sub-sector. Several partnerships have been concluded with, among other important actors: the *Association des Promoteurs Immobiliers du Mali* (APIM - Malian Association of Real Estate Developers), the *Association Professionnelle des Banques et Etablissements Financiers du Mali* (APBEF), the Chinese company CMEC, Palmer Energy and Construction Corporation, a US-based company. The latter signed in 2014 a contract with the Government of Mali (through the Ministry of Housing and Urban Development) for the delivery of 4 000 social housing units within four years (the works started in October 2015), and an agreement to deliver another 10 000 units which started in the first quarter of 2016. CMEC signed an agreement for the delivery of 24 000 housing units Several local banks, including Coris Bank International, Ecobank-Mali, *Banque Malienne de Solidarité* (BMS) and *Banque Internationale pour le Mali* (BIM-SA) partnered with real estate developers to support the Government programme. All this is spearheaded by the *Office Malien de l'Habitat* (OMH), one of the major players in the public sector. Among other things, OMH (i) administers the Government's subsidy program in partnership with the FGHM, (ii) negotiates and signs public private partnerships with potential investors, (iii) manages the acquisition and sales of newly built housing units; (iv) ensures that Government lands are serviced to host housing development projects; (v) administers the allocation of housing to potential beneficiaries so as to ensure transparency and fairness. The Government increased the OHM budget by more than 200 percent between 2016 and 2017 to support the supply of housing.

The major developments on the supply side over the past year include the completion of an additional 3 000 housing units announced by the Ministry of

MALI



Source https://www.cgidd.com/

Housing and Urban Development in 2016, ready to be sold. As the end of the president's term approaches, the Government of Mali is taking aggressive measures to meet its target for the Presidential Housing Programme, which is to complete 50 000 housing units. Thus, the OMH budget more than doubled for year 2017 jumping from about CFA Francs 23 billion (US$41.74 million) to CFA Francs 73 billion (US$132.49 million) with the clear goal of getting as close as possible to the 50 000 housing units' target.

Despite tremendous efforts by the government to provide housing to its population, self-construction remains the main means of housing supply. 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 involves two approaches: simple self-construction and assisted self-construction, the latter involving direct technical assistance from the Malian Housing Office, available only to housing cooperatives.

Other investors funding the housing sector in Mali include the Islamic Development Bank (IDB). This institution signed in 2012 financing contracts with the government for the supply of 1 000 housing units in Bamako. The project costed CFA Francs 14.8 billion, half of which were provided by the IDB. The 1 000 units were completed by July 2015 and sold out to beneficiaries.

Property Markets

In Mali, most land is owned by the government (mainly central); however many individuals claim ownership without proper land titles. To secure the property market, the government is progressively putting in place a national cadastre, focusing first on urban areas and regional capitals. In October 2014, a group of donors led by the French committed to support Mali in this ambition, at the occasion of a round-table on land management reforms in Mali. Following this, a Permanent Secretariat for Domain and Land Reform was set up with a five-year mandate to prepare and conduct the reform. Financial resources in the amount of CFA Francs 30 billion (US$54.45 million) were provisioned for the Secretariat while technical assistance will be provided by the French. The first phase of the project covers Bamako (245 km^2) and the Kati Circle (16 897 km^2).

Despite the above-mentioned challenges, property markets function somehow in Mali, with the OMH, the Banque de l'Habitat du Mali (BHM, until 2015) and a few small private real estate developers as main actors. Developers agree to sell all completed housing units to the OMH, which in turn sells them out to households under leasing or direct purchase contracts. BHM and a few other commercial banks, as well as the microfinance network Nyesigiso provide housing loans or mortgages up to CFA Francs 20 million over a 20 year term at an average interest rate of about 10 percent a year. The loans are then guaranteed by the Malian Mortgage Guarantee Fund (FMGH). A down-payment of 30 percent of the purchase price is required by the BHM, which then finances the remaining 70 percent with a mortgage.

Difficulties remain that hinder the efficient functioning of Mali's property markets, despite significant efforts by the government. According to the World Bank's 2017 Doing Business Report, access to construction permits involves 10 procedures, takes 124 days and costs 372.2 percent of the per capita income. This places Mali in 142nd place out of 189 countries, four places up from its 2016 Report ranking. This was due to the reduction of the time needed to obtain a geotechnical study. On the 'registering property' indicator, Mali ranked 135th out of 189 countries in 2017, four places up compared to 2016. Indeed, it takes five procedures and 29 days, and costs 11.8 percent of the property value to register a property. Also, the quality of land administration index remains low at eight on a 0-30 scale, despite the significant land administration reform launched since 2016, and which led to the creation of a separate Directorate for Public Land Administration and a Directorate for the National Cadaster. This resulted in the dematerialisation of about 34 000 deeds titles in 2017 and 108 000 in 2016 into a new land management information system (Modonum)[5].

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[viii] percent of urban dwellers rent their housing units. Aggressive housing policy implementation has slowed down the development of informal settlements, which was as high as 65 percent in 2002.

It is also worth noting that a few websites developed by very small real estate operators often advertise and try to maintain up to date opportunities for selling or buying properties, mostly around Bamako and other urban centers. Prices range from a couple of million CFA francs to several tens of millions CFA francs, obviously, for middle and high income classes.

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 *Office Malien de l'Habitat* (OMH), 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$136.12) and CFA Francs 100 000

(US$181.49) 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 OMH.

The *Banque de l'Habitat du Mali* (BHM), the Mali housing bank was created as a specialised institution dedicated to offering housing finance services. However, it has shown some structural weaknesses, with non-performing loan rates as high as 76 percent. This pushed the Government to come to its rescue over several years, thus increasing its share in the bank. Financial assessment by the donors recommended the privatisation of the BMH, which finally took place in May 2016, with the absorption by the *Banque Malienne de Solidarité* (BMS). The government has also taken a number of other measures to facilitate housing supply. The regulatory framework for the housing sector in Mali is one of the most comprehensive in the WAEMU, including a law on condominiums, a law governing property development and a law on housing finance. These measures have increased the number of local real estate developers operating in the housing market and the number of housing co-operatives.

In June 2015, The Parliament of Mali voted a new law on Credit Reference Bureaus in compliance with the WAEMU directives on the matter. This is a key development for the housing sector as it will enhance the credit environment in Mali.

Opportunities

With that of Senegal and Cote-d'Ivoire, the Malian housing sector is one of the most vibrant of the WAEMU region. Recent available data estimated the housing needs in Mali at about 82 500 units per year, of which 61 100 is for urban areas and 31 400 is for rural areas. This is in line with the Government ambition of providing 50 000 housing units over the period 2013 – 2018. The Government program has raised the interest of several investors in the housing construction sector in Mali. However, there is still a lot of room, at least for the coming years, for newcomers, to meet housing demand in Mali. Housing supply is currently influenced by the Government which is very active in contracting public private partnerships to that end, the goal being the promotion of house ownership, mainly affordable housing, given the low level of income in the country. Experience from the past few years clearly showed that national capacities to meet the needs for housing construction are very limited, which leaves some room for new developers to come in. Opportunities also exist in the rental segment of housing, especially in urban areas where four inhabitants in ten are in demand for rentals.

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Mauritania

Overview

Mauritania is classified as a lower middle-income country. The country connects the Maghreb region and sub-Sahara Africa. Despite its relatively low GDP, the country is rich in natural resources. The Real GDP growth increased by an estimated 3.1 percent in 2016 from 2.0 percent in the previous year. This growth was mainly driven by the primary sector and recovering mining exports. However, the absence of economic diversity, the drop in the price of iron ore, as well as a decrease in agricultural performance, stunted the projected growth to 5.6 percent. As part of the expanding tertiary sector, – the banking, insurance and real estate subsector contributed to 20.4 percent of GDP in 2015. In 2016, the Mauritanian economic situation remained weak as the iron-ore price stayed low and foreign demand continued to be low. Replace with mining accounted for 70 percent of exports and 30 percent of its national budget, therefore contributing greatly to the economy. The rate of change in their country's economic activities, however, remained closely tied to the global economic situation. This is also known as the world economic situation which is a study that portrays the world's economy in the near and medium context. The slowdown in China's economy in 2014 had a major impact on the Mauritanian economy as 50 percent of the country's iron ore is procured by China.

Since the 1960s, Mauritania has rapidly urbanized with 49 percent of its population concentrated in urban areas. Of that 49 percent, 28 percent live Nouakchott, the capital city. The rate of urbanisation was at 3.452 percent in 2016 according to a study conducted by "Trading Economies" The first phase of extreme expansion of the cities was largely due to rural-urban migration as a result of drought and food insecurity in the 1970's. Initially planned and built as an administrative capital in 1958 for fewer than 15 000 people, Nouakchott – now has a population of over one million. As more people moved to the urban areas, the nomadic lifestyle that was prevalent before this period decreased extensively to approximately seven percent of the population, posing capacity challenges at the local government level in terms of city planning, economic integration, provision of basic services and infrastructure. Approximately only a quarter of the urban population is connected to electricity, half to water, and only a small fraction to sanitation networks. While rural areas still do not face similar population pressures, dispersed rural settlement patterns have extremely low standards of rural service delivery, including transport and electricity, leaving the rural poor disconnected from any growth the economy may enjoy.

KEY FIGURES

Main Urban Centres	Nouakchott (capital)
Exchange Rate: 1 US$ [a] =	365.48 Mauritania Ouguiya (MRO)
PPP Exchange Rate (Local Currency/PPP$): 1 MRO = [b]	0.0093
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	0.5 | 1.9 | 2.2 | 4.9
Population | Population growth rate [d]	4 301 000 | 2.80
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	60.45 | 3.77
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 077 | 2.00
GDP (Current US$) [d]	4 634 588 338
GNI per capita, Atlas method (current US$) [d]	1 120
Population below national poverty line | Survey Year [c]	42.0 | 2008
Unemployment rate (%) (d)	31.0
Gini co-efficient (year of survey) [e]	37.48 (2008)
HDI (Global Ranking) | HDI (Country Index Score) [f]	157 | 0.513
Lending Interest Rate [d]	17.00 (2012)
Unsecured lending interest rate (housing microloan)	17
Mortgage Interest Rate (%) | Mortgage Term (years)	
Down Payment (%)	
Credit % of GDP [d]	24.95 (2012)
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 27 075
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7.74
What is the price of the cheapest, newly built house by a formal developer or contractor?	29 172
What is the size of this house (in m²)?	120
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	160
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	49
Cost (% of property value) to Register Property [j]	4,60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)

The UNDP Human Development Index ranking as of June 2017 was 0.513. The Gini coefficient according to the UNDP remains at 40.5 indicating that this relatively poor country still has high levels of income inequality. Unemployment rates in Mauritania are estimated at 12.8 percent, and this rate rises to almost 17 percent in urban areas. 86 percent of workers are in the informal sector. In Mauritania, poverty is most prevalent in rural areas (44.4 percent). Although, overall, poverty is decreasing. A mixture of continued rural-urban migration and the instability of the resource-based economy might be triggering a steady rise in urban poverty. Where, according to the United Nations Economic Commissions for Africa Country Profile, 31 percent of the population live in relative poverty and 16.6 percent of the population is living in extreme poverty conditions with prevalence in rural areas.

Mauritania is ranked 160 out of 190 countries in the World Bank's 2017 Doing Business Report by eliminating the minimum capital requirement for and expanding borrower coverage in the credit registry. With the support of the World Bank and African Development Bank, the country continues to use the action plan that focuses on clearer property rights; simpler administrative procedures and taxation; streamlined investor protection; and an updated judicial system.

Access to finance

There is no stock market in Mauritania. Despite an announcement in 2014, the Mauritanian Central Bank's intention to launch a stock market in two to three years has not materialised. Currently, commercial bank loans are the only type of credit instrument, making access to housing finance in Mauritania through the formal banking system very difficult as even general financial services are out of the reach of the majority. The World Bank cites access to finance as the top constraint to the Mauritanian private sector. Only 17 percent of the population is included in the formal economy. Cash is the most common means of payment in the domestic economy. Lending to both the private sector and individual households continues to be low while limited access to credit and high costs of financing constrain entrepreneurial activity. Business regulatory reforms have made it considerably easier to do business in the country. The World Bank's 2017 Doing Business Report's within the 'ease of getting credit' category ranking has increased from 162 to 157 out of 189 countries. The credit registry coverage for Mauritania's adult population has increased from 6.1 percent in 2016 to 6.6 percent in 2017. Mauritania's credit market remains fragmented, shallow and extremely informal because "Few of the positive effects ordinarily associated with agglomeration have emerged. Urban centres are characterized by informality, poor infrastructure, and poor service coverage, self-employment and weak human capital – characteristics which are neither favourable to attracting the private sector to invest nor to creating an enabling environment for the development of higher-productivity services and tertiary sectors."

"As of April 2017, there were 25 banks, national and foreign; operating in Mauritania, despite the fact that only some 15 percent of the population holds bank accounts." In 2015, there were 21 registered microfinance institutions (MFIs); two specialised financial institutions: Caisse de Dépôts et de Développement (CDD), a public development bank created in 2011 with special legal status, and Finance, Conseils, et Investissement; two pension funds; 12 insurance companies; two active microfinance networks, the largest Agence de Promotion des Caisses Populaires d'Epargne et de Crédit (PROCAPEC) with 51 offices, and Oasis Mutual investment Credit (MICO (FCI); and 32 exchange bureaus. These institutions operate under the purview of the Central bank of Mauritania.

The sector remains vulnerable to shocks as liquidity continues to decline. Due to fiscal and external trends at the end of 2015, the IMF estimated the debt-to-service ratio to be at 14.7 percent. Although the banking system seems well capitalised overall, some banks are still not meeting the minimum capital requirement and are under-provisioned. Asset quality remains weak: non-performing loan (NPL) ratios that increased to 27.6 percent in 2015 from 20 percent in 2013 due to stricter risk classification remain unchanged. Increased NPLs naturally lead banks to lend less credit. With Mauritania's already chronically low mortgage lending rates, an increase in NPLs further prohibit credit to housing finance.

Mauritania still has an extremely small mortgage market with no specialist housing lending banks, essentially new limiting instruments to facilitate the financing of housing. According to the World Bank's 2014 Financial Sector Assessment Program, Mauritania lacks vital instruments such as a housing loans fund; a housing loans refinancing fund; long-term housing loans with periodically re-negotiable rates that minimise interest rate risks due to a mismatch between assets and liabilities; housing savings plans that provide stable resources; and microcredit for housing. CAPECs have undertaken limited operations in financing housing.

The Central Bank of Mauritania continues to strengthen its regulatory framework and supervision capacity to support the continued development and stability of the financial system. However, opening branches outside the main urban centres of Nouakchott and Nouadhibou has not encouraged an increase in the use of banking services.

The World Bank's 2017 Ease of Doing Business Report indicates that there are no private bureaus and only 6.6 percent of adults are registered on a public credit registry. Household credit was at 38 percent in June 2016 and dominated credit to the private sector. The effectiveness of mortgages has been hampered by banks' lack of diligence in registering mortgages, given high registration fees. In response, the authorities reduced the registration fees in 2006.

Affordability

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. There are two main types of housing. Firstly, substandard dwellings (tents, shacks/huts, baraques and m'bar) representing 32.5 percent of all housing and secondly, formal dwellings comprising the remaining 67.5 percent. Since independence, the government has placed enormous emphasis on housing development and the eradication of slums, making home ownership relatively high despite the high incidence of poverty.

The Urban Development Project (UDP) is a programme that aims to combat poverty in precarious settlements in Nouakchott and Nouadhibou, combining access to housing, access to credit, vocational training, and local development. It was launched in outlying settlements and land parcels around Nouakchott and enabled long-term residents of city slums to move to an improved urban environment on rationalized plot patterns with registered land titles in a test environment where the results of this project were as follows: outcomes were satisfactory, risk to development outcome was moderate, Bank performance was satisfactory, and Borrower performance was satisfactory.

Certain lessons learned include that the project method is not the most efficient way for workable capacity building. So, developing local governmental capacities needs a national program, based on sustainable resources and strong political commitment that ultimately will be reinforced by donors. The project revealed the viability and sustainability of microcredit operations for creating income activities in Mauritania. Slum upgrading has limitations when there is a lack of established appropriate regulatory frameworks for land development in an urban environment.

Accommodation is the single most expensive item of expenditure. The average salary is about MRO120 000 of which MRO80 000 is spent on rent for a One-bedroom flat in the city centre and around MRO65 000 outside the city.

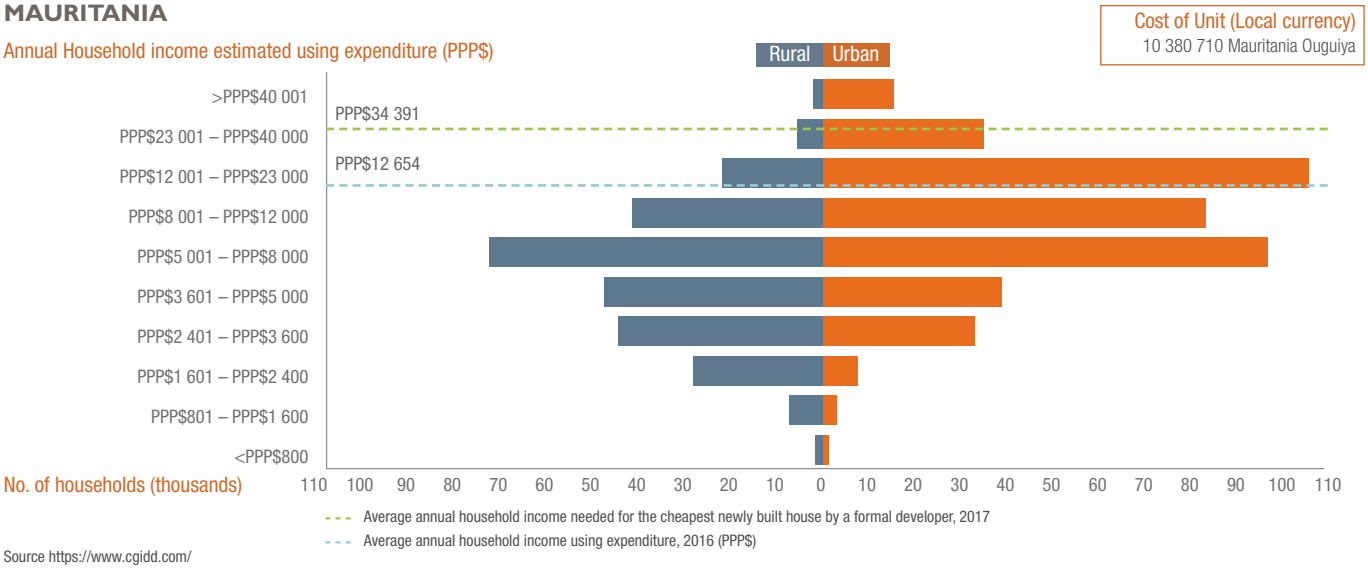
Although Mauritania's gross national income (GNI) is very low at US$1 200, it is higher than its GDP, suggesting more foreign investments within the country than external investments, making it unlikely that most Mauritanians would be able to afford these properties. Poverty is decreasing in Mauritania however at very slow rates with 2014 standing at 33 percent and 2016 at 31 percent. The World Bank/IMF's Poverty Reduction Strategy Paper III (2011 – 2015) action plans included goals to improve living conditions by making decent low-cost housing available and providing proper amenities and infrastructure.

Housing supply

The Mauritanian housing sector remains largely unchanged since 1975 when the government introduced regulations, which include persuading government employees to purchase their own property to reduce the demand for public housing that will in turn attract developers to start work on private development. Construction remains a relatively small portion of GDP, with a negligible increase from last year's estimated six to seven percent, based on extrapolations from the latest available figures of 5.5 percent in 2011, down from six percent five years earlier. Housing resources are strained and a large percentage of the urban population lives in substandard housing, such as tents, huts, or shacks. Self-construction has therefore continues to be the main method of building houses in Mauritania.

Presently, the top end of the residential development market is wholly local and is still dominated by the ad hoc construction of buildings for owner-occupation or leasing mainly to the expat market in Tevragh Zeina. Many diplomatic staff are housed in accommodation that has been built within embassy compounds.

MAURITANIA



Source https://www.cgidd.com/

A low-cost housing micro-credit system was instituted under PDU, which is also referred to as the Urban Development Project which helped to produce 5 000 housing units in Nouakchott and Nouadhibou. The determination of the government authorities to clear squatter settlements and offer people more decent housing led to the development and implementation of neighbourhood-based integrated restructuring programmes. The first of these between 2003 and 2007 was a pilot in El Mina. Subsequently, government opted for a more affordable, participatory approach to rehabilitate the other informal settlements of Nouakchott and Nouadhibou. This entailed engaging with representatives in awareness raising and information sharing as well as a broad enumeration of households. The programme has been successful in both the Arafat and Hay Saken informal settlements.

The kébbe and the gazra, the two types of informal housing still prevalent in the urban areas, were initially the result of spontaneous settlements; yet they are still standing and similar construction continues. Government efforts to eliminate the problem of informal settlements have not yielded the desired results. To fight against the proliferation of slums, the Mauritanian government implemented policy evictions, which were a scheme or plan to evict squatters in the early 1980's. However, with the spread of kébbés, politicians still prefer to preserve social peace and consider more consensual solutions. Despite these efforts, there remains high levels of mistrust between government officials and informal sector dwellers.

External investment into the property market appears to be materializing according to the Middle East Monitor, Qatari funded housing projects in were being developed in the municipality of Jadir Al-Mahkan in the southern state of Tarrza consisting of 100 housing units. However, given Qatar's most recent international issues, there appears to be no information available to measure progress of this development thus far as Mauritania has sided with the other Arab countries where they have cut off all dealings with Qatar including funding for various projects.

Property markets

Article 15 of Mauretania's 1991 constitution guarantees private property and the 2012 Investments Code further outlines property rights. The Mauritanian Civil Code which is modelled after the French Civil Code, further protects private property rights. However, it is important to note that the lack of judicial capacity to settle land disputes remains a major challenge in accessing and registering land. This makes purchase or leasing of lend increasingly precarious as the ambiguity between state and customary land laws remain. According to the US State Department, in 2014 rural communities around Boghé claimed that a lease agreement between the state and a Saudi Arabian bank for cultivation, was in fact expropriation. The 1983 Law on Land Tenure allows the state to seize any land that remains unused and sell it to private individuals. The ambiguity of land law is further compounded by customary regulations.

Information regarding property rights appears to be mixed, owing to the fact that three agencies are in charge of land designation with overlapping responsibilities: the Ministry of Housing, Urbanisation and Planning is responsible for land management, the Ministry of Finance is responsible for land allocation, and the Agency for Urban Development.

Previously, the lack of cadastral information and cumbersome legal procedures hampered the transfer of property titles to Mauritanians. However, in 2015, a computerised system was established by the Ministry of Economy to provide more transparent land allocation. The Land Registry Agency within the Ministry of Habitat maintains all information regarding property titles, mortgages and other tax related matters. Due diligence is performed prior to the final title transfer to register a property. Owners need a notarised sale agreement and a title certificate. According to the World Bank's Ease of Doing Business 2017 data, Mauritania is ranked 102 of 190 countries for registering a property. The process requires four procedures, takes 45 days to complete the transfer of property, and costs 1.2 percent fees for the registry's functions.

There appears to be no updated data regarding the deeds registry for 2017. However, in 2016, the latest available data from the Directorate of Land and State Assets, indicated that there was a total of 27 075 official deeds registered of which 27 003 were in urban areas and 72 in rural areas. Of the 27 075 deeds, 92 percent were titled to men and 8 percent to women. In terms of overall housing, there were 38 574 occupancy permits listed implying that the rental market has about 11 499 units making it 29 percent of market. It was previously estimated that the city of Nouakchott had more than 500 000 provisional property deeds which were delayed in titling due to previous institutional overlap of jurisdictions, this information remains unchanged with no new information available.

Policy and regulation

The policy and regulation framework in Mauritania remains an impediment in the housing finance sector as risk associated with the lack of solid and unequivocal laws remains high. Changes are, however, being made to improve this but the pace is not sufficiently swift to address the policy dichotomies. To become an owner in Mauritania one must obtain permission to occupy the land by hakem (official), the public often regards this license as a property right in itself, however it has no final legal value. It is issued against the price of land and the cost of demarcation. From this point, the beneficiary has two years to build (according to planning regulations) before claiming the outright ownership. This process is very complex and slow. There have been many reported incidents of abuses, illegal occupation, land speculation and issuing of fraudulent title by hakems.

The rapid urbanisation that followed the droughts of the 1970's outstripped the ability of government to manage urban growth and the provision of housing. Some institutional mechanisms aimed at liberalising and promoting the sector, together create loose policy framework. Property-based local revenues are minimal and further hamper the ability of local governments to provide basic infrastructure,

particularly to the informal settlements on the urban fringe where most of the urban growth is concentrated. The main policy and regulation frameworks governing the housing sector include:

- Mauritania Constitution of 1991 Article 15 – provides that the right to property is guaranteed; however the law may limit the scope of the exercise of private property if the requirements of economic and social development require this;
- Land Code, ordinance 83-127 of 5 June 1983 – Article 2 "The State recognizes and guarantees private ownership of land which is in accordance with Sharia, contribute to economic and social development of the country";
- 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; and
- 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 "Twizé" 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

Mauritania was one of the top 10 reformers worldwide in the World Bank's Doing Business ranking. There is opportunity to continue strengthening structural reforms to promote improved property rights, and streamline investor protection with support from the World Bank and the African Development Bank. Mauritania has recently experienced significant increases in the number of new registered banks, which should have a positive impact on the availability of credit to households, and promote investment opportunities in the financing of housing.

Historically, Mauritania has been relatively open to foreign direct investment (FDI). High level government officials in Mauritania have expressed their objective to improve the business climate in order to attract more FDI, particularly from the United States. There is no law prohibiting or limiting foreign investment, which can target any sector of the economy. There are no laws or regulations specifically authorizing private firms to adopt articles of incorporation or association, which limit or prohibit foreign investment, participation, or control. There are no other practices by private firms to restrict foreign investment.

Furthermore, there appears to be some opportunities for both the public and private sectors to strengthen the development of housing finance, and increase its supply. Efforts could be targeted toward establishing refinancing and guarantee mechanisms, and creating new products, such as housing savings plans, long-term mortgages and renegotiable mortgage products. The major players in this case would be commercials banks venturing into developing Building Society Arms that will support individual housing loans as well as favourable loan terms to construction companies. These would complement those recommended by the World Bank's Country Partnership Strategy for the government to explore the feasibility of establishing: 1) a loans recovery company and/or a mortgaged real property management company; 2) a mortgage refinancing fund; and 3) a mortgage guarantee fund.

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Mauritius

Overview

Officially the Republic of Mauritius (French: République de Maurice), 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 360 800 households. It is located about 2 000 kilometres (1 200 mi) off the southeast coast of the African continent, and includes the islands of Mauritius and Rodrigues, 560 kilometres (350 mi) east of Mauritius, and the outer islands (Agaléga, St. Brandon and two disputed territories). The islands of Mauritius and Rodrigues form part of the Mascarene Islands, along with nearby Réunion. Republic of Mauritius comprises 9 Districts, 1 Autonomous Region, and 2 Dependencies. The country is 2,040 km² (790 sq mi) and its capital and largest city is Port Louis.

The Mauritian economy is well run, with sound political and economic management practices. The government has demonstrated firm commitment to promoting industrialisation and entrepreneurship, in an effort to boost sustainable economic growth and enhance the competitiveness of the economy. The Mo Ibrahim Foundation again ranked Mauritius first in Africa in terms of governance in the 2016 Ibrahim Index of African Governance.

The Mauritian economy grew by 3.6 percent in 2016 compared to 3.4 percent in 2015, following a slight pick-up in private investment but was offset by weak external demand. While Mauritian economy has diversified since independence in 1968, Mauritius is still dependent on sugar and textile for foreign income and its main market remains Europe. Due to its openness and dependency on a few sectors, Mauritius remains exposed to external shocks. However, adequate political and economic policies has ensured the economic growth albeit sluggish.

Mauritius' fiscal deficit was recorded at 3.4 percent of gross domestic product (GDP), by close of the fiscal year 2015/16, as the government rolled out a number of new social programmes but reduced capital spending. In July 2016, the Bank of Mauritius cut the key policy rate by 40 basis points to 4.0 percent, in the light of a benign inflation environment and subdued domestic and external demand.

The World Bank ranked Mauritius first in Sub-Saharan Africa in terms of ease of doing business. Mauritius is one of the most successful economies in Africa and has the highest GDP per capita. The country's success is a result of trade-led development supported by exports of textiles, sugar and tourism. In recent years, Mauritius attracted foreign direct investment due to its skilled labour force and good infrastructure. Mauritius is ranked high in terms of economic competitiveness, a friendly investment climate, good governance and a free economy. The Gross Domestic Product (PPP) was estimated at US$22.025 billion in 2014, and GDP (PPP) per capita was over US$16,820, one of the highest in Africa.

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). Efforts are being made to diversify the financial services sector and develop new sectors such as the ocean economy. Yet the Government provides support to the existing manufacturing. The luxury real estate sector, supported by a beneficial tax regime and government-backed programmes, will

KEY FIGURES

Main Urban Centres	Port Louis (capital)
Exchange Rate: 1 US$ [a] =	33.91 Mauritian Rupee (MUR)
PPP Exchange Rate (Local Currency/PPP$): 1 MUR = [b]	0.0600
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.3 | 1.3 | 2.5 | 2.7
Population | Population growth rate [d]	1 263 000 | 0.07
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	39.55 | -0.24
GDP per capita (current US$) | GDP growth rate (annual %) [d]	9 627 | 3.70
GDP (Current US$) [d]	12 164 207 330
GNI per capita, Atlas method (current US$) [d]	9 760
Population below national poverty line | Survey Year [c]	
Unemployment rate (%) (d)	7.7
Gini co-efficient (year of survey) [e]	35.84 (2012)
HDI (Global Ranking) | HDI (Country Index Score) [f]	64 | 0.781
Lending Interest Rate [d]	8.50
Unsecured lending interest rate (housing microloan)	9 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	4.25 | 30 [l]
Down Payment (%)	
Credit % of GDP [d]	113 60
Average Mortgages % of GDP [g]	15.65 (2015)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	2755 [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	20.99 | 18.20
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	4.77 | 5.49
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 27075
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	6.6 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	33 000 [n]
What is the size of this house (in m²)?	39
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	100
Ease of Doing Business Rank [j]	49
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	14
Cost (% of property value) to Register Property [j]	10.60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
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[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] MCS Mutual Aid Association
[l] Mauritius Commercial Bank, MauBank Ltd and HSBC
[m] Competition Commission of Mauritius
[n] Ministry of Housing

African Union for Housing Finance Member Institutions
Mauritius Housing Company Ltd

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.

During the delivery of its 2015/16 national budget, the Government of Mauritius announced the set-up of the "Smart City Scheme" to provide an enabling framework and a package of attractive fiscal and non-fiscal incentives to investors for the development of smart cities across the island. The smart-city concept focuses on providing investors, nationals and foreigners, with options for living in sustainable, convenient and enjoyable urban surroundings. These new cities will be built around the "work-live-play" lifestyle in a vibrant environment with technology and innovation at their core.

Access to finance

Mauritius boosts a vibrant financial services sector; its share to the gross domestic product remains about 12 percent. Basic financial sector infrastructures, such as payment, securities trading and settlement systems, are modern and efficient, and access to financial services is high, with more than one bank account per capita. The Financial Services Commission supervises the non-bank financial institutions including the stock exchange and insurance companies.

Mauritius has relatively active capital markets. The institutional and technical infrastructure of the SEM is highly developed, but the market is characterized by low volume and poor liquidity as is typical of small economies. The fixed income market is relatively well developed. The Bank of Mauritius regularly issues a diversity of government securities and the country has a sovereign debt rating of Baa1 by Moody's.

As at end-June 2016, 23 banks were licensed to carry out banking business in Mauritius, of which eight were subsidiaries of foreign-owned banks and four were branches of international banks. Two banks were involved in private banking business and one bank conducted Islamic banking exclusively. Twelve banks offer housing related finance. Moreover, there is a network of 221 branches, 10 counters, one mobile van and 461 Automated Teller Machines (ATMs). There are also six foreign exchange dealers, six money changers and eight non-bank deposit taking institutions, all supervised by the Bank of Mauritius. All banks remain comfortably liquid, well-capitalized and profitable, with non-performing loans representing 7.1 percent of total loans as of 2016. Banks appear to be strong.

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 57 percent of the whole banking system's assets.

The country's commercial banks are well capitalised, well regulated, liquid and profitable. The capital adequacy ratio (17.5 percent in June 2016) comfortably exceeds the regulatory minimum of 10 percent and the overall quality of assets is good. However, the profitability of banks deteriorated slightly in 2016 and the asset quality worsened. The ratio of non-performing loans (NPLs) increased from 5 percent in June 2015 to 7.1 percent in 2016. Exposure of banks to large borrowers, measured as a percentage of banks' capital base, has fallen to 197.7 percent as at end-June 2016, compared to 224.3 percent as at end-June 2015.

Deposits, which represent banks' main funding source dropped from 73.5 percent in June 2015 to 73.2 percent in June 2016. The advances-to-deposits ratio, which indicates the extent to which funds mobilised by way of deposits have been utilised to finance lending activities, decreased from 78.2 percent as at end-June 2015 to 74.0 percent as at end-June 2016.

Some 15 banks offer mortgage finance, and the use of mortgage finance is generally high by African standards, although it has declined recently. According to the Mauritius Housing Census, just over 12 percent of houses were mortgaged in 2011, versus 16 percent in 2000. Mauritius has a relatively large pension industry, and 51.4 percent of the labour force are contributors. The national pension fund is also involved in the housing sector and, for example, lends money to the Mauritius Housing Company (MHC).

A key mortgage lender targeting low and middle-income earners is the MHC, 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 a special attention to the low income households. In 2015, the MHC held a 10 percent market share. The MHC offers a diverse range of products. In 1982, MHC introduced a special savings scheme, which has been a major source of contributions. 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 increases risk. The Borrowers' Protection Act of 2007 aims to ensure responsible borrowing and lending, and provides for a Commissioner to examine and have a say in cases of foreclosure. This has resulted in a worsening of the country's insolvency resolving capacity (from 36th in 2015 to 39th in 2016 in the World Bank ranking). While there are no private credit bureaus, over half of the population (56.3 percent) are included in the public credit registry.

The FinScope Mauritius study carried out in 2014 revealed a high level of financial inclusion, with only ten percent of adults (above 18) classified as financially excluded (that is they do not use any formal or informal financial product or service). Eighty-five percent of the adult population is banked, 49 percent use non-bank products and services and 26 percent use informal mechanisms to manage their finances. Financial inclusion rates are hampered by income regularity as most financial products are pegged on consistent income. Fifteen percent of adults who show signs of over-indebtedness have credit.

According to the Bank of Mauritius, credit extended by banks to households continued to decelerate and reflected the sharp decline in consumption credit and some stabilisation in credit extended for housing purposes. Given the background of high credit growth in a low interest rate environment, the Bank remains concerned over the level of household indebtedness.

Against a backdrop of low interest rates, household indebtedness, measured as the ratio of household debt to disposable income, dropped to 50 percent in 2015-16 from 54.4 percent in 2014-15. Corporate indebtedness (measured as the ratio of corporate debt to GDP) also declined from 54.5 percent in 2014-15 to 53.8 percent in 2015-16.

Affordability

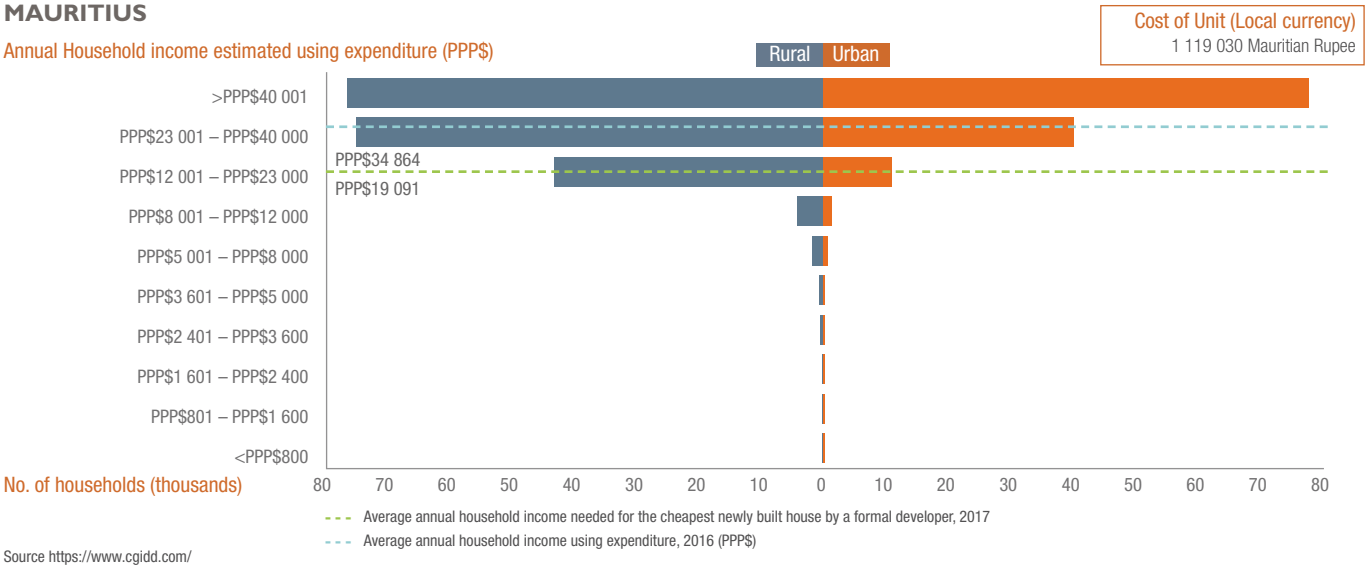
In 2012, the average monthly household gross income, comprising income from employment, property, transfers and other sources before compulsory deductions and taxes, amounted to Rs 30 489 (US$829.52) (56.6 percent higher than the figure of Rs20,896 (US$694.45) in 2006/07).

According to Statistics Mauritius, in 2012, the majority of households (92.7 percent) owned their dwellings or were supplied free by parents or relatives, 6.4 percent rented their dwellings (compared to 8.4 percent in 2006/07) and less than one percent were supplied free by the employer. Household ownership was higher in rural regions; 10.5 percent of households in urban regions lived in rented dwellings compared to 3.5 percent for their counterparts in rural regions.

Some 45 percent of the households are indebted, of which more than half have a debt on housing. At the 2012 HBS, 45.3 percent of the households reported having made at least one debt repayment during the month compared to 46.5 percent in 2006/07 Household Budget Survey. Housing remained the largest component of debt repayment.

Although Mauritius is a middle-income country, a segment of the population is unable to afford their housing. In 2016, Mauritius had an unemployment rate of 7.3 percent, or over 42 000 people. As such, 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 Mauritius Housing Company (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 1991 to serve low income Mauritians. It offers both fully developed units and site-and-service options at subsidised rates.

MAURITIUS



Source https://www.cgidd.com/

The NHDC sells concrete housing units of 50 meters square to families earning less than Rs20 000 (US$544.14). There is a government subsidy of 75 percent the price of the unit for families earning less than Rs10 000 (US$272.07), 50 percent for families earning between Rs10 000 (US$272.07) and Rs15 000 (US$408.11) and 20 percent for those earning between Rs15 001 (US$408.13) and Rs 20 000 (US$544.14). Housing units are built on leased land and the annual rental varies based on the income of the family from Rs1 (US$0.03) to Rs3 000 (US$81.62).

The NHDC site-and-service scheme provides applicants a portion of state land through a lease. Qualifying income criteria require a monthly income of between Rs10 000 (US$272.07) and Rs25 000 (US$680.18). 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.

There are 19 442 owners of ex-CHA houses across the island. In order to empower these families to take full responsibility of their assets, Government introduced the "Right to Buy" policy in 2007 to enable the sale of State Land on which stood the CHA houses, against payment of a nominal amount of Rs2 000 (US$54.41). In 2012, it was found that a number of vulnerable families, particularly lone mothers, could not benefit from this policy due to financial difficulties. Such vulnerable lessees of ex-CHA Housing Estates are assessed on a case to case basis and if found eligible, they are granted the land free of charge through a waiving of the purchase price and registration fees.

Government also encourages self-help construction of housing units by very low to low income families who already own a plot of land and are having difficulties to construct a concrete housing unit. These families are financially assisted through a grant scheme either for the casting of roof slabs to complete their construction or for the purchase of building materials to start their construction.

The cost of building a single storey house, as measured by the Construction Price Index has not changed since in 2016. However, since 2009, the index has risen by 14 points. The cheapest newly built house by a formal developer costs around US$32 000 excluding the land, and is 120m^2 with three bedrooms, a living and dining room, kitchen, toilet/washroom and small veranda. Minimum plot size is 250m^2 in urban areas. A bag of 50 Kgs of cement costs US$6.60 (incl.VAT).

Housing supply

The 2011 Housing and Population Census reports that there are 356 900 housing units in Mauritius and Rodrigues. According to the Housing and Population Census of 2011, 99.4 percent of households have access to electricity and 94.2 percent have access to water inside their home. Most housing stock in Mauritius is of good quality. 91 percent of the dwellings are durable with only 4.8 percent of the population living in iron/tin walled houses. The Census also found that 90.5 percent 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.

The housing stock increased more in rural than in urban regions. 77.7 percent of the housing units were non-mortgaged while 12.3 percent where mortgaged in 2011. 88.9 percent owned their dwelling while eight percent rented and 3.1 percent had free accommodation. The average monthly rent for housing was Rs4 400 (US$153.41) in 2011 representing an increase of 91 percent since 2000. As the Consumer Price Index, the rental price since 2012 has increased marginally by 3.8 points.

The household size has decreased from 3.92 in 2000 to 3.56 in 2011. Moreover, the number of persons per room has also decreased from 0.91 to 0.79.

Successive government budget proposals have ensured that all citizens have a house providing decent living conditions. The strategy focuses on social and low-income housing as well as facilities for middle income families.

- The Housing Empowerment Scheme targets middle-income families earning up to Rs50 000 (US$1 360) a month. Under the scheme, banks require five percent minimum downpayments and provide loans up to 95 percent of the cost of a residential unit. The loans also carry a moratorium period of two years on capital repayment. To make this possible, Government is guaranteeing 20 percent of the loan amount. In addition, to reduce the cost of acquiring a housing unit, Government reimburses VAT up to an amount of Rs300 000 (US$8 162) on the construction of any house or purchase of an apartment costing less than Rs2.5 million (US$68 018). For its part, the Mauritius Housing Company provides, free of charge, at least 12 types of architectural plans for each house of an area of 1 000 and 1 200 square feet. The interest rate is 2.5 percent above the repo rate, presently at 4.40 percent.

To this effect, the Mauritius Housing Company and the Mauritius Bankers' Association signed a Memorandum of Understanding outlining agreed conditions between the Government and the commercial banks. Twelve banks are involved in this project.

- In the national budget 2017-18, the Government announced projects to finance Rs 1.8 billion (US$49 million) for the year and Rs 5 billion (US$136 million) for the next three years towards construction of social and low income housing.
- In line with the new approach of the National Home Ownership Programme, the Social Housing Fund has been revamped into a National Habitat Fund. 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$54.41) per plot.

- As regards middle income families, the current bank limit of loan funding (up to Rs5 million (US$136 036)) of up to 90 percent of the residential property has been removed. Moreover, the eligibility criteria for social housing schemes of the National Empowerment Foundation and the NHDC have been increased so as to be realigned with the new poverty threshold on an adult basis of the Social Register of Mauritius.

These programmes complement the extensive investment that the public and private sectors have made in housing development. 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$272.07) and Rs25 000 (US$680.18) 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$0.05) per ft².

Throughout the NHDC, the government also grants up to Rs75 000 (US$2 040.54) for casting a roof slab of up to 210m² to first time homeowners earning up to Rs10 000 (US$272.07) a month. The government also grants up to Rs65 000 (US$1 768) to households earning not more than Rs10 000 (US$272) 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$1 088) 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$40.8 million) to encourage the creation of not-for-profit Housing Development Trusts. A Marshall 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 government expects the real estate sector to be a primary growth driver. 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.

According to the World Bank's 2017 Doing Business Report, it takes 14 days and four procedures on average to register property (which ranks Mauritius as best on the continent and 98th globally with a slight improvement in the score). 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 which 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 was solely the responsibility of government. But as demand kept growing and the government could only build around 900 units a year (with a waiting list of 25 000 housing units in 2015), the private sector was called to participate through various Public Private Partnership (PPP) projects. An interesting aspect of the Finance Act of 2009 requires companies, as part of their corporate social responsibility, to pay two percent of their book profit after tax into a Corporate Social Responsibility Fund. This Fund can be used on approved projects, amongst which social or subsidised housing is a high priority.

Opportunities

Mauritius has been emerging as an international financial centre since the early 1990s, and is the easiest place to do business in Africa. It is a favoured country for structuring cross-border investments into Asia and Africa, and particularly into India and China. This reputation as an offshore financial hub should see it continue to become an important player in international financial flows. The country also has preferential access to markets in the Africa region (such as the African Union, SADC, the Common Market for Eastern and Southern Africa (COMESA) and the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), pointing to its strategic location.

According to the African Executive (2014) in order for Mauritius to become a high income country, it needs to start attracting foreign skilled labour. If labour flows are similar to those experienced by Dubai, Hong Kong and Singapore at a similar stage, over the next decade Mauritius should be ready and willing to accommodate some 5 000 to 20 000 foreigners annually, with a total of 100 000 to 200 000 for the period. In the short run such an influx could be accommodated in the various real estate projects. However, going forward, this offers a greater opportunity in middle to higher end housing finance, as foreign investment and wealth increase in Mauritius.

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Morocco

Overview

Morocco is a lower-middle income country in North Africa with one of the most diversified and developed economies on the continent. Despite its exposure to a succession of crises in recent years (the global financial crisis of 2008, protracted low growth in its European trading partners since 2009, and the onset of the Arab Spring in 2011), the Moroccan economy has remained resilient. Morocco has a number of comparative advantages that provide reasons for optimism for the country's future. These include relative security compared to the rest of the region, an attractive geographical position for investors, a relatively diversified economic base, and a large pool of young workers[1]. While the country does not have any hydrocarbon wealth, it does have an estimated 70 to 75 percent of the world's reserves of phosphates, and is the third largest phosphate producer after the US and China. The phosphate and auto industry are the country's top exports.

Morocco's economic growth slowed down significantly over 2016 to 1.5 percent (compared to 4.5 percent in 2015)[2]. The all-important agricultural sector accounts for close to 15 percent of Morocco's GDP and employs close to 40 percent of the Moroccan workforce. On the upside, exports will continue to outperform, and investment will remain elevated, as the country pushes forward with its plan to become a regional exporting hub between Europe and Africa[3]. Morocco is currently ranked 68[4] on the World Bank's Doing Business index – the same ranking as in 2016 but an improvement of five places from its ranking of 80 in 2015.

Despite relatively good growth prospects, the country remains in the bottom half of the group of countries with medium human development. This is primarily due to the extremely low literacy rates (about 65 percent), and relatively high unemployment rates (10.7 percent in general and 25.5 percent among the youth)[5]. There are still significant differences in the living conditions of urban and rural communities. Poverty rates are on average three times larger in rural areas. Educational opportunities are lower in rural places, where many children drop out of primary school[6].

Between 2016 and 2017, property prices decreased across the country (-5.2 percent) with the exception of a few cities that include Marrakesh and Tangier. Real estate experts expect however the industry to start recovering in 2017. The recent announcements made by the Minister of Housing confirm that the Government remains committed to providing affordable housing.

KEY FIGURES

Main Urban Centres	Rabat (capital), Casablanca
Exchange Rate: 1 US$ [a] =	9.43 Moroccan Dirham (MAD)
PPP Exchange Rate (Local Currency/PPP$): 1 MAD = [b]	0.2839
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.6 | 1.6 | 2.1 | 1.3
Population | Population growth rate [d]	35 276 000 | 1.35
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	60.69 | 2.16
GDP per capita (current US$) | GDP growth rate (annual %) [d]	2 832 | 1.10
GDP (Current US$) [d]	101 445 004 813
GNI per capita, Atlas method (current US$) [d]	2 850
Population below national poverty line | Survey Year [c]	8.9 | 2007
Unemployment rate (%) (d)	10.2
Gini co-efficient (year of survey) [e]	40.72 (2007)
HDI (Global Ranking) | HDI (Country Index Score) [f]	123 | 0.647
Lending Interest Rate [d]	11.50 (2005)
Unsecured lending interest rate (housing microloan)	14.4 – 33.6 [2016] [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	5.85 | 25 [k]
Down Payment (%)	
Credit % of GDP [d]	110.57
Average Mortgages % of GDP [g]	17.56 (2015)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	19.31 | 20.15
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	5.18 | 4.96
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	8.5 (2016)
What is the price of the cheapest, newly built house by a formal developer or contractor?	14 170 (2016)
What is the size of this house (in m²)?	45 – 60
What is the average rental price for a formal unit (in US$)	339.00 (2016)
What is the minimum plot size for residential property	60 [m]
Ease of Doing Business Rank [j]	68
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	22
Cost (% of property value) to Register Property [j]	5.90

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Microloan (annual rates)
[l] Meilleurtaux Maroc
[m] 2009 Finance Act

Access to finance

In recent years, Morocco's banking sector has deepened (with total bank assets reaching 140 percent of GDP), and become more diversified (including a rapid expansion into Sub-Saharan Africa). Banks are well-capitalized and profitable and benefit from stable funding sources. In 2014, in aggregate, the capital adequacy ratio stood at 13.5 percent[7], well above the Basel III requirements, and bank profitability has been stable despite slower lending activity. However, since 2012, the non-performing loan ratio has been rising due to weaker economic activity and strains in the corporate sector, reaching 7.8 percent in May 2017[8].

In July 2016[9], there were 84 institutions that fell under the supervision of Bank Al-Maghrib, Morocco's central bank, including 19 commercial banks, 34 finance companies, 13 microfinance associations and the Central Guarantee Fund. In addition to those, Bank Al-Maghrib granted in 2017[10] five licenses to new Islamic Banks as well as three "windows" (existing banks that will be authorized to sell Islamic finance products)[11]. None of these banks is yet active in mortgage lending.

In September 2016[12], Morocco announced a transition from a fixed-rate to a free exchange rate regime, a 15-year process that was supposed to start in June 2017, but this has been postponed to September 2017. The Moroccan Dirham so far has been pegged to a basket of Euros and Dollars, and the Central Bank has recently changed the weights (60 percent Euros and 40 percent Dollars) in order to further deepen the country's financial markets and help the economy absorb external shocks while preserving its competitiveness. Going forward, authorities will begin to increasingly rely on inflation targets[13]. Furthermore, a new banking law was adopted in November 2014, further implementing Basel III that enhances the systemic risk surveillance.

On July 13, 2017, law 40-17 was adopted by the Government. The law further strengthens the Central Bank's independence and extends its supervisory powers[14]. It gives it total independence from the executive branch and political partisanship, therefore granting more credibility to the monetary policy.

Morocco has the most advanced and diverse housing finance market in the region. There is a wide range of sources for mortgage lending in the country, from public and private commercial banks, as well as consumer credit companies and microfinance institutions. Typical terms are 15-25 years and housing finance can be between 50 to 100 percent of the property's appraised value. Up to 70 percent of residential properties have fixed interest rates. In March 2016, the Central Bank cut its key interest rate by 25 basis points to 2.25 percent- its lowest rate since 2000. As of June 20th, 2017, this interest rate remained unchanged[15]. In 2015 the size of the mortgage market contracted by 24 percent of GDP (down from 25.6 percent in 2014). In February 2016, the annual value of property loans outstanding increased slightly by 0.9 percent to MAD240.81 billion (US$25.29 billion). These figures comprise of two elements – housing loans outstanding (75 percent by total property loans) and property loans to developers outstanding (25 percent of all property loans)[16].

Partnerships between banks and the government make lending more accessible to middle and low income families, through the FOGARIM mortgage guarantee fund. FOGARIM stands for "Fonds de Garantie pour les Revenus Irréguliers et Modestes," or "Guarantee Fund for Irregular and Low Incomes." Launched in 2004, FOGARIM guarantees 70 percent of a mortgage loan made to a household with an informal income for the purchase of a unit worth less than MAD250 000 (US$25 303). Monthly instalments are capped at MAD 1750, around US$184 (upper income threshold) and 40 percent of the households' income (lower threshold)[17]. This Fund guarantees approximately 1 200 new beneficiaries each month. Another guarantee programme, FOGALOGE, targets moderate income civil servants, middle class independent workers and non-resident Moroccans buying or building houses up to about MAD one million (US$104 042) in value.

FOGARIM is open to all banks in theory, but only two of them grant more than 80 percent of all FOGARIM loans[18]. While FOGARIM has not been entirely successful at convincing banks to go down market and at extending access to housing finance to the populations with irregular income, it represents a significant improvement compared to the pre-FOGARIM period.

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. The first covered bonds issues are expected for 2018. Covered bonds are expected to expand and diversify the sources of financing for mortgages.

Morocco maintains promising capital markets for housing finance, with a diversity of financial institutions beyond banking. This includes a dynamic insurance sector, growing pension funds and the Casablanca Stock Exchange. Growth in the microfinance sector has been rapid in Morocco since the Microfinance Act was passed in 1999. The two largest microfinance institutions, Al Amana and Attawfiq, control 72 percent of the market and focus on women, who represent almost 80 percent of micro-borrowers in Morocco. MFIs together with the Moroccan government have set high goals for growth, 3.2 million clients and MAD25 billion (US$2.53 billion) in loans by 2020. Loans are given not only for the development of income-generating enterprises but also for housing purchase or construction as well as for connections to basic utilities. There are MFIs that offer non-collateralised housing finance micro loans. The Moroccan Postal Service also plays a key role as a provider of depository, payments and other retail banking services for small savers via Al Barid Bank. With more than 1 800 branches, the postal service serves about 13 percent of the population, though it represents only two percent of total financial sector assets.

Affordability

Affordability remains an important challenge for housing in Morocco, a country where disparities remain high (income Gini coefficient of 40.9 in 2009).

Between 2014 and July 2015, Morocco increased the minimum wage by 10 percent, to MAD2 568.84 (US$270) a month[19], 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$607), for units ranging from 80m² to 120m². That price included all taxes. The 2014 Finance Law increased this maximum price to MAD6 000 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$14 286). It is between 45 m² and 60 m² and targeted at individuals who earn less than twice the minimum wage (now MAD2 570 a month (US$260), up from MAD2 455 (US$248) as of July 1st 2015) or US$531 a month.

The second type of social housing was initiated under the 2010 Finance Act. The covered surface area of these apartments is defined by law from 50m² to 100m² but developers usually build them closer to 50m² 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$25 303) but there is no maximum income requirement to purchase those "social" housing units. Important tax incentives have made this type of housing very popular among real estate developers.

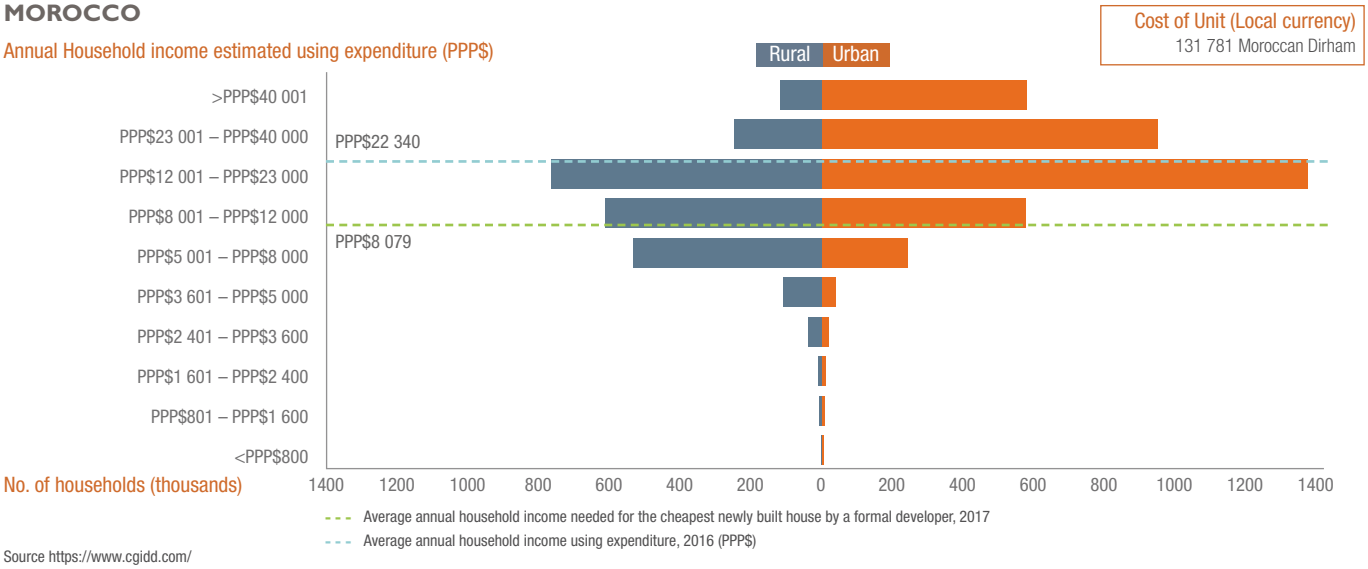
Housing Supply

According to the Ministry of Housing and Urban Planning, the housing shortage between 2012 and 2016 is estimated at 834 500 units. Since 2000, over two million social housing units have been built. Housing demand has been increasing by 150 000 units every year, while annual housing production is only around 100 000 units.

Almost 6.4 million people (20 percent of the population) struggle to afford decent housing. Low income households account for around 75 percent of the total households without access to adequate housing. In contrast, the high-end market is well supplied with around 820 000 units (20 percent of the urban stock either vacant or used as secondary or vacation homes). In order to deal with this demand, the government has implemented several housing projects over the past decade, including social housing and the mobilisation of available land. The Ministry of Housing and Urban Planning has provided incentives for private real estate developers to invest in social housing projects, and as a result these investors have committed to building 900 000 units by 2020.

The villes sans bidonvilles programme (or "cities without slums") started in 2004 in order to eliminate slums throughout Morocco, as they were perceived as a ground for terrorism. While the programme has suffered from a continuous increase of the population targeted (due to the extension of the urban perimeter of cities, population growth within the existing slums, and the development of new slums), it has succeeded at providing better living conditions to 1.24 million people. 56 cities have so far been declared free of slums[20].

MOROCCO



Source https://www.cgidd.com/

The programme was financed through the following means: 40 percent from the general budget, 30 percent through beneficiary household contributions; the housing solidarity fund (funded from taxes on several building materials); profits earned from upper-income house sales; as well as international donor contributions[21].

Since 2004, the government has started establishing new master-planned suburbs and cities to better channel further population growth. Some of the country's largest housing projects in Casablanca include, a 60 000 housing unit development 20km to the south-west of the city (being developed by Al Omrane) and an eco-city that is expected to accommodate 300 000 inhabitants and be completed by 2030 by Societe d'Amenagement Zenata. Saudi-Moroccan real estate developer, GARAN is developing a new urban pole in Bouskoura that will accommodate 150 000 people and is now 65 percent complete[22]. Other developments include Tamesna, just outside Rabat, which is expected to house 250 000 inhabitants. Tamansourt, located 10km from Marrakech, is designed to accommodate as many as 250 000 people (a five-fold increase from its existing 50 000 residents)[23]. Furthermore, the International Finance Corporation (IFC) has invested more than MAD207 million (about US$21.74 million) in development company Alliances Group to boost affordable housing builds[24].

New supply of affordable housing tends to be apartment-buildings of typically four levels, in large-scale projects located on government provisioned land in peripheral locations. In addition to the cost of land, the average middle class self-built house will cost MAD2 800 – 3 000 per m² (about US$283 – US$304) for a villa, and MAD2 000 – 2 500 per m² (US$202 – US$253) for a traditional Moroccan home, and take eight months to construct.

Property market

Morocco's law requires the registration of land rights. Two systems of land registration exist: a formal and relatively sophisticated land market maintained by the Land Registry and found predominantly in urban areas, and a traditional system maintained by local leaders. Approximately 30 percent of the land in Morocco (almost all in urban areas) is registered under the formal system[25]. The country has made significant progress in streamlining its registration process. According the World Bank, it takes approximately five procedures, 30 days and costs almost six percent of the property value to register a property.

Between January 2016 and January 2017, property prices decreased across the country (-5.2 percent) with the exception of Marrakesh and Tangier. The residential real estate price index (REPI) (which gives detailed information on all formal property transactions in the country) shows however a 7.1 percent increase between the first trimester of 2016 and the first trimester of 2017, suggesting that the industry has already started to recover from the slowdown[26].

According to the Central Bank, the number of registered residential property transactions dropped by 1.4 percent in 2016[27]. Urban land transactions also dropped by 3.2 percent in 2016, urban land, houses 4.9 percent, and villas 1.2 percent[28].

Transparency in the sector is improving with the quality label and pricing reference that was introduced in 2014.

Policy and regulation

The Government has devoted significant human, financial and technical resources to implement its national urban strategy. The government considers cities as engines for regional and national growth plans and central to the country's overall competitiveness. The government has encouraged investments in skills and connective infrastructure and has focused on the development of new towns.

In recent years, considerable efforts have been made to increase transparency in the sector, in terms of pricing, oversight and contracts. In 2014, the Ministry of Habitat and Urban Planning introduced a new regulation making written leases mandatory. This was complemented by the work of the Ministry of Economy and Finance that adopted a pricing reference for real estate transaction, which bases taxation on the minimum price per square metre for different types of real estate. And, as mentioned above, REPI, which was developed by the Central Bank in cooperation with the Land Registry, has helped reduce disparities and price gouging.

Policies that directly or indirectly have an impact on affordable housing include:

a) Constitution of 1996:
- Guarantees private property rights.

b) Strategie Nationale de Developpement Urbain:
- Emphasis on the creation of regional growth poles and competitive cities while prompting social cohesion and the efficient use of resources.

c) 2015 Finance law:
- Rental housing targeted at the low and lower middle-classes benefited from tax exemptions with the condition to respect a ceiling rental price.
- For the MAD250 000 type of social housing, the maximum rent was increased from MAD1 200 to MAD2 000 a month.
- For the MAD140 000 type of social housing, the maximum rent was increased from MAD700 to MAD1 000 a month.
- Those incentives, that previously had little impact on the rental market, did not change the situation any further when improved.

d) 2014 Finance law:
- The sale price per square meter of housing for the middle class was limited to MAD6 000 all taxes included in the 2013 Finance law. The 2014 Finance law increased this maxim price to MAD6 000 excluding taxes.

Affordable Housing Institute in partnership with the World Bank, has been evaluating public support to the affordable housing sector to improve how increased support and policy reforms could improve the efficiency of the sector.

Opportunities

Over the longer term, Morocco's economic prospects are among the most promising in the Middle East and North Africa region. The country has a young and growing population, an improving business environment, and is well-placed to serve as a manufacturing hub for exporters to Europe and rapidly growing economies in Sub-Saharan Africa.

While the real estate and construction sectors are currently experiencing a slower period, demand for affordable housing is still high, particularly among the low and middle income population. This demand, coupled with government led initiatives and incentives, could continue to present opportunities for investors. The Minister of Housing has already announced several housing programmes to be implemented by 2021 in order to boost supply and further reduce the gap between supply and demand.

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

Overview

Mozambique has a relatively low level of urbanization with only 32.2 percent of people living in urban areas. However, the urbanization rate is estimated to grow by 3.27 percent per annum and it is expected to increase following urban growth patterns across the continent. It is expected that the number of urban dwellers will rise from the current nine million to around 30 million by 2050.

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 rural poor living below the consumption poverty line of US$0.6 a day. Mozambique is characterized by high unemployment (22 percent) while the vast majority of the labour force relies on subsistence farming and informal activities. The government approved a long-term National Strategy for Development, Estratégia Nacional de Desenvolvimento (ENDE) for the 2015 to 2035 period. The ENDE places particular emphasis on industrialization and identifies agriculture, fisheries, industrial diversification, infrastructure, the extractive industries and tourism as key priority areas.

Due to Mozambique's major liquidity risks and its unresolved efforts to restructure its debt, the sovereign fell into default in early 2017. Macroeconomic instability will persist in the near-term and, owing to low foreign investment and fiscal constraints, economic growth is expected to perform poorly.

Mozambique's economy has been growing at an average rate of between 7.5 to eight percent over the past decade and its future economic potential is underpinned by natural resources. Despite this potential, economic challenges remain. In 2016, the IMF has reported a decline in the country's economic growth to 3.8 percent. Economic growth is now projected to reach a high of 4.7 percent in 2017, mainly on account of a surge in coal production and exports. Inflation remains elevated but is expected to decline, from a year-on-year peak of 26 percent in November 2016 to about 18 percent in June, despite large increases in fuel prices in March.

Mozambique continues to develop 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).

KEY FIGURES

Main Urban Centres	Maputo (capital), Beira, Matola, Nampula
Exchange Rate: 1 US$ [a] =	61.30 New Mozambican Metical (MZN)
PPP Exchange Rate (Local Currency/PPP$): 1 MZN = [b]	0.0471
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	3.6 | 16.7 | 15.3 | 8.2
Population | Population growth rate [d]	28 829 000 | 2.89
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	32.51 | 3.79
GDP per capita (current US$) | GDP growth rate (annual %) [d]	382 l3.85
GDP (Current US$) [d]	11 014 858 592
GNI per capita, Atlas method (current US$) [d]	480
Population below national poverty line | Survey Year [c]	54.7 | 2008
Unemployment rate (%) (d)	22.6
Gini co-efficient (year of survey) [e]	45.58 (2008)
HDI (Global Ranking) | HDI (Country Index Score) [f]	181 | 0.418
Lending Interest Rate [d]	21.18
Unsecured lending interest rate (housing microloan)	35 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	22.75 | 25 [l]
Down Payment (%)	
Credit % of GDP [d]	44.27
Average Mortgages % of GDP [g]	0.91 (2014)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	5 000 [m]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	5.66 | 5.80
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	17.66 | 17.24
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 20%
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	5.5 [n]
What is the price of the cheapest, newly built house by a formal developer or contractor?	55 000 [o]
What is the size of this house (in m^2)?	65
What is the average rental price for a formal unit (in US$)	600 (2016)
What is the minimum plot size for residential property	300
Ease of Doing Business Rank [j]	137
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	40
Cost (% of property value) to Register Property [j]	5.40

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] SOCREMO
[l] Banco de Moçambique
[m] Banco Comercial e de Investimentos
[n] Construction Market
[o] Casa Minha Ida

African Union for Housing Finance Member Institutions
Materia/ APIS Partners

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 do not have a bank account with a formal financial institution, and formal credit is available to only an estimated three percent of the population[1].

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 can be described as healthy and stable. The latest available data (2014) reveals 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 the non-performing loan (NPLs) rate remains below four percent, in accordance with international standards[2]. Lending rates remain very high. Banco de Mozambique decreased its benchmark rate by 7.5 percentage points since January 2012 and prime lending rates fell to 14.8 percent in 2015 from 19 percent in 2011. Because of the current economic situation, Banco de Mozambique has raised the Standing Lending Facility to 16.25 percent and prime lending rates have increased to 22.75 percent. This sets mortgage interest rates at around 28 percent with a repayment term of 15, 20 or 25 years and a minimum down payment of 20 percent[3].

Most of Mozambique's commercial banks offer a mortgage product, but the mortgage loan to GDP ratio is very low and was measured at 0.91 percent at the end of 2014 according to Banco de Moçambique. Banks' mortgage portfolios represent 2.42 percent of total outstanding loans according to WDI. The conditions for mortgage loans are generally restrictive reflecting the banking industry's austerity. Loan-to-cost maximums are generally set at 80 percent. Commercial banks request another property or fixed assets as collateral for a transition loan at least until the construction is 80 percent complete and can thus be mortgaged. Average annual effective interest rate for housing loans is calculated based on the banks' prime rate of 22.75 percent plus a mark-up of up to five percent depending on the client's credentials (typically 28 to 30 percent). The minimum loan amount is around MZN 300 000 (US$5 000).

To make housing loans more accessible, some banks offer property leasing or rent-to-buy schemes in which the property is made available on a rental basis to a tenant who has an option to buy the property at the end of the lease. The Fund for Housing Promotion (FFH) has agreements with several banks to make mortgage loans accessible to public employees. These loans have shorter terms, sometimes five to ten years. In some cases, the lender requires a guarantee or other forms of collateral. Developer finance is considered to be too limited and expensive, with rates of up to 30-35 percent.

Although the microfinance sector is vibrant, only five microfinance providers offer housing microfinance as a product. There have been significant changes in this industry over the past few years and the depth of financial intermediation remains low. Currently only Socremo, at a very small scale, offers housing loans for home improvements and rehabilitation.

Affordability

Prospects of commodity linked earnings were the main drivers behind house price increases in the high end sector due to a high demand and relatively small housing stock on the housing market[4]. The 2016 public debt crisis and metical devaluation has reduced the demand, bringing down the price of houses. Newly built condominiums have increased the availability of housing in higher income markets contributing to lower prices. There are several additional reasons for high housing costs. These include high construction costs (30 percent higher than South Africa) due to higher material costs, low labour productivity and high financing costs. A small percentage of construction materials are locally manufactured most materials are imported from South Africa, Portugal and China. Only the most basic materials (such as cement and wood) are sourced locally. Furthermore, the lack of basic infrastructure adds to the total costs of the development. Plots are often far from main roads and not linked to the public water and electricity network.

Although the minimum wage was revised to MZN 3 642 (US$55) a month in April 2017 with the metical depreciation, the majority of the population earns less than US$60 a month. Banks offering mortgages have a minimum loan amount of MZN 300 000 (about US$5 000), which is far out of reach for the majority and far less than the cheapest house in the market. At the current rate of 28 percent, the minimum loan would be affordable only to a household with a monthly income of about MZN 22 000 (around US$370). The mortgage applicant would also need to save a third of the purchase price to cover the deposit requirements, registration costs and taxes, and valuation and origination fees.

With regards to the lack of affordable housing and the lack of access to finance, most families rely on their own savings, local materials and auto-construct their homes. UN-Habitat suggests Mozambican families have invested at least US$3 billion in informal housing in Maputo alone[5].

Housing affordability is also a challenge in the rental market, where high demand and the lack of adequate supply have resulted in highly inflated prices across all income brackets with owners setting monthly rents in the upper market from US$1 000 to US$10 000 a month in Central Maputo. The lower income market is offering rental houses from US$100 to US$300 a month in the informal neighbourhoods.

Demand for housing far outstrips supply in the middle and low-income market. Low income households are largely excluded from the formal housing market and have no choice, but to rely on auto-constructed, informal housing options.

Housing supply

FFH estimates a housing deficit of two million units and over 13.5 million people that require housing. The equivalent of 2.5 million families, or 60 percent of the Mozambican population live in substandard housing; approximately 70 percent of households in Maputo live in informal housing. In Maputo, has been estimated that 23 000 units will be needed by the year 2020 in the areas of Baixa, Museu, Polana, Sommerschield I, Sommerschield II and Marginal. Only 4 500 new housing units are expected to enter the market in central Maputo over the same period[6]. The housing deficit is also felt in other emerging economic centres in the country, such as Tete, Nampula and Pemba. By 2020, housing demand in Nacala is expected to grow to 4 475 units and 6 500 units in Pemba.

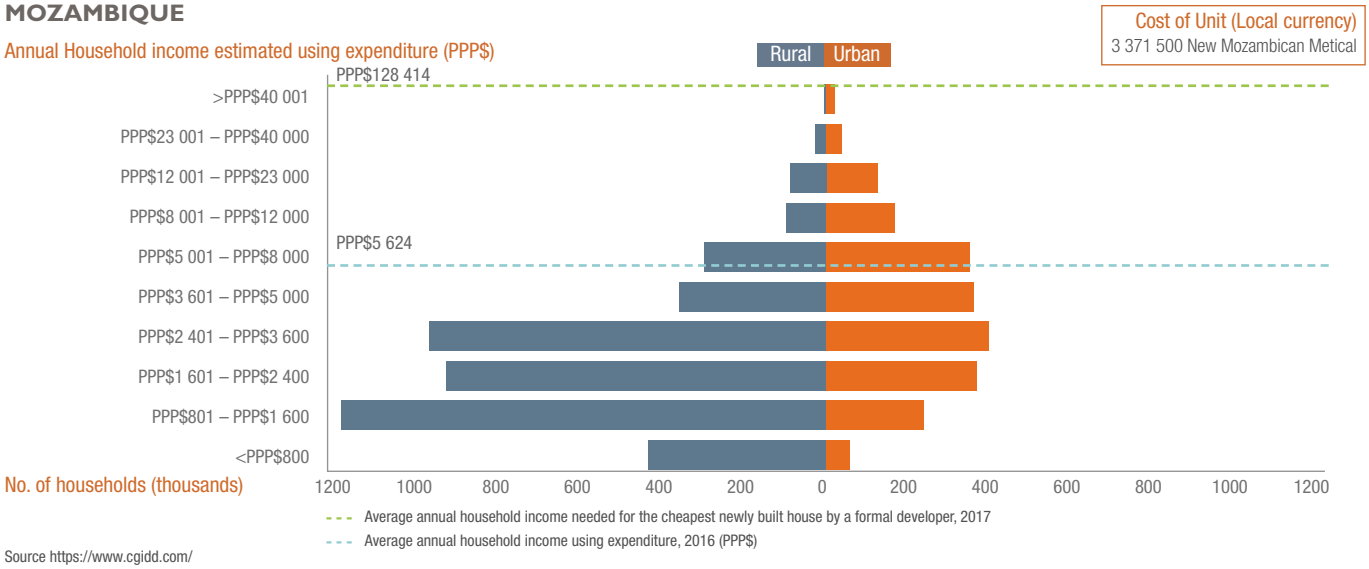
There is very limited investment in the low-cost housing sector, as investors prefer high-end projects. Potential developers are also put off by the need to build supporting transport and services infrastructure for new sites and the lack of government support for low-cost housing schemes. However, the main challenge remains the poor accessibility of low income households to affordable finance. Some private projects aimed to deliver affordable housing such as the Casa Jovem in Costa de Sol and Intaka projects are often mentioned as one example of affordable housing projects. Casa Jovem is a 36 hectare housing project under development on the outskirts of Maputo. The project comprises 1 680 flats in four to eight storey walk-ups, and 300 houses. To date, 100 flats have been constructed. However, with the price of flats ranging between US$47 000 and US$130 000, it is out of the reach of most Mozambicans.

In its previous five-year plan (2010-2014), the government committed to build 100 000 houses and service 300 000 plots of land by 2014. According to local sources, the government only delivered 1922 houses by the end of 2014. The housing target in the new five-year plan (2015-2020) is less ambitious with the state committing to build 35 000 houses by 2019 (7 000 a year), but this number remains unrealistic as the government of Mozambique continues to experience fiscal pressures. Some projects have begun in Marracuene, Tete and Nampula, but there is not a clear strategy to solve the lack of housing in Mozambique. The 'Housing Action Plan for the Young, Civil Servants, and Old Combatants' sets more detailed plans housing deliveries. 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 auto-construction. Only five percent of houses would be fully subsidised. The FFH should take the lead in the implementation of the action plan and should collaborate with all municipalities in the future. 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 (started in 2012), with the intention to build 5 000 houses in the southern city of Matola, in partnership with Henan Goujil mobiliária. Unit prices are between US$63 000 to US$158 100. An agreement with the Chinese government promised a further 5 000 houses in other cities. A partnership with a Spanish construction group also wanted to develop of 4 500 houses in three provinces, with prices starting at US$30 000. Construction was supposed to launch in 2014 but works never started.

In 2013, FFH launched the building of 100 houses in Mutaunha (Nampula) financed through the sale of houses in the Olympic Village, the first phase of which has been completed. Furthermore 240 apartments were expected to be constructed during the second phase of construction with a total value of US$30 million. This will increase the Olympic Village housing stock to about 1 100 homes. Other developments include a US$217 million facility provided through three credit lines

MOZAMBIQUE



Source https://www.cgidd.com/

by the Indian government in 2013 to fund public works and housing projects. The projects included the construction of 1 200 houses in Tete (400 Units), Zambézia (400 units) and Cabo Delgado (400 units) but works did not start yet. In addition, FFH also signed agreements for new social housing projects in the Provinces of Cabo Delegado, Nampula, Tete and Maputofor 50 000 housing units at a total cost of US$5.5 billion. The Municipality of Maputo has recently signed a memorandum with the Turkish Akay Constructions to build 5 000 houses in Zimpeto, Polana Caniço and Ka-tembe with a starting cost of US$70 000. Akay is looking for 2 500 people interested to start the construction of the houses.

Despite all the new housing developments in the market, the cost of the housing units is out of reach for the vast majority of Mozambicans and is only affordable to middle higher income earners and civil servants, so to a maximum of 20% of the population. Auto-construction remains the only option for low income groups. There are pilot projects run by Reall in Beira based on an incremental housing concepts but no units are available in the market yet. Casas Melhoradas in Maputo is another approach to improve housing in unplanned settlements with low cost materials but it is still in the pilot phase with only three units built. Casa Minha, also in Maputo, is an affordable housing project with an innovative strategy to transform an informal settlement into a neighbourhood, they are building seven houses in a first demonstration phase with a plan to be scaled up to 160 houses in the next five years. UN-Habitat has been working with communities to develop resilient houses in informal areas in Quelimane ad Pemba, that cost between $5 000-$6 000 when built by a local constructor.

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.

Plots that are already more developed are however transferred at high prices even though the law clearly outlines that land is government owned and may not be acquired, the right to use the land may be passed on through the property of the investment.

Land use rights are obtained by inheritance, occupation, state grant, purchase or lease. In urban Mozambique, 62 percent of household's access to the land through the land market, 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 (six percent). Most rural land is held by communities, which have perpetual DUATs based on historical 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[7].

The registration and cadastre systems still only cover limited urban areas. This limit 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). The problem of collateral enforcement is exacerbated by the long times it takes to go through the courts (on average three years), and that there are many instances of fraudulent titles.

Approximately only 15 percent of residential properties with mortgages have legal titles.

Some rental housing stock converted to private ownership is emerging from government's policy since 1991 of divestiture to existing tenants at concessionary prices and interest rates. The majority of this stock has already been sold.

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) and those who live on "illegal" land.

Policy and regulation

Many of the laws governing property date as far back as the 1960s and have not been updated since. Housing is coordinated through two government organizations. The National Directorate for Housing and Urbanization (DNUH) and the Fund for Housing Promotion (FFH), both under" Ministério das Obras Públicas e Habitação"(MOPH), are the two government agencies with specific mandate for housing. With the reorganization of the MOPH in 2010, the different departmental roles were clarified so that DNHU is in charge of the politics side and FFH has the mandate to act as an implementation agency. At the same time, within the MOPH, a Directorate that is responsible for the building materials was also created. The Ministry of Land, Environment and Rural Development (MITADER) is the ministry responsible for Land and DUATs as well as the spatial planning framework. The ministry of MAEFP is in charge of municipalities and thus, together with MEF, the entity that can change the property tax laws.

The policy and regulation frameworks governing the housing sector is based on article 109 of Mozambique's Constitution of 2004 and states that all ownership

of land vests in the state and all Mozambicans shall have the right to use and enjoy land as a mean for the creation of wealth and social well-being. The Constitution further provides that the state shall recognise and protect land rights acquired through inheritance or by occupation, unless there is a legal reservation or the land has been lawfully granted to another person or entity.

The Land Law of 1997 reasserts the state's ownership of land and provides that individuals, communities and entities can obtain long-term or perpetual rights to use and benefit from land. The Land Law protects the customary rights of communities to their traditional territories and recognises rights obtained through traditional and good-faith land occupancy, as equivalent to rights obtained by government grant. Community land use rights are legally equivalent to rights granted by the government to individuals and entities. Women and men have equal rights to hold land. Nationals have unrestricted rights of access to land; foreign individuals and entities must have a local residence and an approved investment plan.

The Rural Land Law Regulations of 1998 provides rules for the acquisition and transfer of use-rights. The process for identifying and recording the rights of local communities and good-faith occupants is governed by the 2000 Technical Annex to the Land Law Regulations

- The National Land Registry and Real Estate Cadastre Decree No. 1 of 2003 established new provisions for the registration of inherited land use rights and secure rights to customary rights-of-way.
- The Urban Land Regulations 2006 apply to existing areas of towns and villages and to areas subject to an urbanization 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.
- The Financial Sector Development Strategy 2013-2022 (MFSDS) 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.
- The Economic and Social Plan, and the Slum Upgrading Strategy, both of 2012, add emphasis to housing and urban infrastructure upgrading.
- The Housing Policy of 2011 foresees the creation of adequate housing at an affordable price for all social groups. The policy recognizes 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.
- UN-Habitat is preparing a Housing Sector Profile that will give more insights in the current needs

The Housing Policy is being reviewed in 2017 by DNUH to implement the new strategy of the five-year plan (2015-2020).

Opportunities

The previously healthy economic growth rates and foreign investment in Mozambique have significantly slowed in the last two years. Analysts suggest that the development of the natural gas and coal reserves in Mozambique should have a big impact on GDP growth and create opportunities in the industrial and commercial sectors[8].

There are a wide range of opportunities for both 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 incremental auto-construction housing solutions. There is a big need and potential for housing microfinance with many supporting reasons such as a vibrant microfinance industry, auto-construction 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 local materials that could help to reduce the need for imported building materials and speed up the delivery of affordable housing.

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Namibia

Overview

Namibia is a middle income country in Southern Africa, with a GDP per capita of US$4 427.9 in 2016 according to the IMF's World Economic Outlook. Namibia has been one of Sub-Saharan Africa's most politically stable countries since its independence in 1990, and this has aided it in becoming one of the most attractive investment destinations in the region.

The real GDP growth in Namibia was estimated at 1.0 percent in 2016, down from 5.3 percent in 2015, and is projected to increase to 2.5 percent in 2017 and 3.7 percent in 2018 according to the African Economic Outlook.

The bulk of Namibia's imports, including most food products, are sourced from South Africa. As a result, continued uncertainties in the South African economy is likely to increase exchange rate volatility further, with consequential effects on inflation. The annual average inflation rate was recorded at 6.7 percent in the second quarter of 2016, compared to 3.0 percent in the same period of 2015 according to the Namibia Statistics Agency (NSA) 2016 Second Quarter report.

The high unemployment rate in Namibia has not seen any improvement in the last few years. As of 2016, Namibia's unemployment rate increased to 34 percent of the working population from 28.1 percent in 2014, according to the Namibia Statistics Agency. The Namibia Labour Force Survey 2016 Report, published in June of 2017, states the number of employed people in Namibia were 676 885, while 349 383 people were unemployed of a total of 1 026 268 in the labour force. This shows that from 2014, the employed population decreased by 32 010 persons. Namibia is comprised primarily of two economies, one modern with a skilled workforce and the other based on subsistence farming. The Namibia Statistics Agency accredited the 6.1 basis point increase in the unemployment figure mainly to a prolonged drought that has gripped Namibia since 2015. It further outlined how unemployment was particularly high among those living in rural areas, at 39.2 percent compared to 30.3 percent in urban areas.

Access to finance

Namibia has a mature and efficient banking system. There are 12.8 commercial bank branches per 100 000 adults and 54.73 automated teller machines per 100 000 adults in Namibia (2015,WDI). Namibia scores high in terms of 'ease of getting credit', ranking in 62nd place out of 189 countries in 2017, down three places from 2015 according to the World Bank's 2017 Doing Business Indicators Report.

There are ten licensed commercial banks in Namibia, several of which are privately owned. Three of the banks (Nedbank, Standard Bank and FNB Namibia) are subsidiaries of South African banks. FNB Namibia successfully concluded negotiations to acquire 100% of EBank, a branchless commercial bank in 2016. Bank BIC Namibia Limited was established in July 2015 and started its bank activity in May 2016, it is a subsidiary of Angolan Bank Banco BIC. ATLANTICO Namibia Integrated is a global financial institution, based in Angola and Portugal that is licensed and supervised by the Bank of Namibia. Letshego Bank Namibia Limited is a subsidiary of a Letshego Holdings Limited, the Africa-focused micro-lender from Botswana. The bank was granted a full commercial banking license for its subsidiary in Namibia in 2016. Bank Windhoek is a Namibian-owned bank.

FIDES Bank Namibia, a micro-credit bank focused on small and medium-sized enterprises, has been purchased by Trustco Bank Namibia. There is the Development Bank of Namibia which is responsible for financing development infrastructure, one savings bank (Nampost), an ABSA Representative Office and 32 insurance companies according to the Namibia Financial Institution Supervisory

KEY FIGURES

Main Urban Centres	Windhoek (capital), Walvis Bay, Swarkopmund
Exchange Rate: 1 US$ [a] =	13.58 Namibian Dollar (NAD)
PPP Exchange Rate (Local Currency/PPP$): 1 NAD = [b]	0.1598
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	3.4 | 6.7 | 6.0 | 5.2
Population | Population growth rate [d]	2 479 000 | 2.20
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	47.63 | 4.26
GDP per capita (current US$) | GDP growth rate (annual %) [d]	4 140 | 1.20
GDP (Current US$) [d]	10 267 157 280
GNI per capita, Atlas method (current US$) [d]	4 620
Population below national poverty line | Survey Year [c]	28.7 | 2009
Unemployment rate (%) (d)	18.6
Gini co-efficient (year of survey) [e]	60.97 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	125 | 0.640
Lending Interest Rate [d]	9.87
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	10.50 | 20
Down Payment (%)	
Credit % of GDP [d]	56.82 (2015)
Average Mortgages % of GDP [g]	18.21% (2011)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	10.58 | 11.37
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	9.45 | 8.80
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	
What is the price of the cheapest, newly built house by a formal developer or contractor?	52 681 [k]
What is the size of this house (in m²)?	60
What is the average rental price for a formal unit (in US$)	225.78 [k]
What is the minimum plot size for residential property	300
Ease of Doing Business Rank [j]	108
Number of Procedures to Register Property [j]	8
Time (days) to Register Property [j]	52
Cost (% of property value) to Register Property [j]	13.80

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Windhoek

Authority (NAMFISA). Namibia's banks are regulated by the Bank of Namibia (BoN or Central Bank) while insurance companies and microlenders are regulated by NAMFISA.

According to the Namibia Statistics Agency GDP Quarter 1 report, the financial intermediation sector was estimated to have recorded a slow growth of 0.1 percent in real value added during the first quarter of 2017 as compared to the 3.6 percent recorded during the corresponding quarter of 2016. The slow growth was mainly due to a decline in the banking subsector, which recorded a decline of 0.8 percent during the period as compared to the growth of 5.3 percent recorded during the same quarter of 2016. The decline in real value added can be attributed to an increase in bank charges. The insurance subsector recorded a slow growth of 0.9 percent in real value added in the first quarter of 2017 as compared to 1.7 percent recorded during the same quarter of 2016.

Commercial banks in Namibia are generally regarded as well-capitalised and profitable. Although the banks appear to be healthy, they are nevertheless exposed to risks such as the credit risk arising from household mortgages. According to the Bank of Namibia's Financial Stability Report the ratio of household debt to disposable income was virtually unchanged at 84.6 percent in 2016, compared to 84.7 percent in 2015, underpinned by a slowdown in mortgage lending and instalment credit to households. The concentration of lending in mortgages heightens the banking sector's vulnerability to shocks in the property market. Growth in mortgage lending, which represents the largest portion of total loans advanced to households, slowed to 9.5 percent at the end of 2016, from 12.5 percent in 2015. As a proportion of disposable income, mortgage loans remained more or less the same at 48.6 percent in December 2016, from 48.5 percent in December 2015 (Bank of Namibia). Therefore bearing an impact on household indebtedness which slowed to 9.3 percent during December 2016, from a double-digit growth rate of 12.5 percent in December 2015.

The infrastructure to facilitate mortgage lending is fairly well developed. In terms of the World Bank's 2017 Doing Business Report, Namibia scores seven out of a possible eight on the 'depth of credit information' index, as the country now has four private credit bureaus. In 2016, according to the Doing Business Report, Namibia improved access to credit information by guaranteeing by law borrowers' right to inspect their own data.

Microlending for housing purposes is on the rise 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$30 000 (US$2 200.22) to N$45 000 (US$3 300.33) with the average being N$35 000 (US$2 566.92). The loans are repayable within a period of 11 years at an annual interest rate of about six percent. Five percent is what the Federation charges monthly.

The Mass Housing Development Programme (MHDP) was launched and implemented by the Government of the Republic of Namibia in 2013. The programme is aimed at increasing investment in the affordable housing sector. Furthermore, the Presidency has proposed that the funding model in the mass housing Blueprint will be used for the implementation of the Mass Housing Development

The Minister of Urban and Rural Development instructed the National Housing Enterprise (NHE) in May 2015 to halt construction being carried out through the Mass Housing Programme. Part of the cause for the withdrawal of the project was that it failed to make a dent in the housing backlog after only 1 468 houses out of the planned 10 000 units were completed during the first phase, another was lack of funding.

The suspension was lifted in February 2016. The total number of houses that had been commenced but yet to be completed in February 2016 stood at 3 181.

Affordability

While some structural transformation has taken place and poverty has significantly declined, the majority of Namibians are still employed in low paid jobs dominated by primary agriculture. This has led to a proliferation of informal settlements in the major towns and urban centres, largely resulting from low access to serviced land and low incomes among unskilled and semi-skilled immigrants. About 74 percent of Namibian households cannot afford conventional housing as access to credit remains difficult according to the African Economic outlook. The "Getting Credit" section of the World Bank's Doing Business 2017 Report ranks Namibia at 62 out of 189 countries. The government estimates that 74 percent of Namibians particularly in the low and middle-income brackets cannot afford conventional housing. This is evident in that towards the end of 2016 nationwide, the average price per square meter was N$560 in December 2016 and, according to the 2017 FNB Namibia report it decreased to N$471 per square meter in March 2017.

According to the December 2016 First National Bank Namibia (FNB) Housing Price Index 2016, the median house price for 2016 was N$850 000 (about US$62 339.58), up from N$800 000 (about US$58 672.54) by a private developer in 2015.

The annual median house price for Namibia has been increasing by a percentage of 6 percent per year. Central Namibia prices have eased for detached property due to increased supply of sectional title units. Accordingly, properties remain unsold for an average of 19 weeks according to FNB Namibia. Looking forward, house prices are expected to remain depressed as the economy gradually recovers from fiscal consolidation, rising interest rates, high inflation and rising unemployment.

Housing supply

The National Housing Enterprise, a state-owned company mandated to provide housing solutions in order to alleviate the national housing need, faces a backlog estimated at about 110 000 and growing at an annual rate of 3 700 units according to the Central Bank of Namibia. The NHE's waiting list increased from 76 800 in 2016 to a recorded 84 940 as of mid-2017.

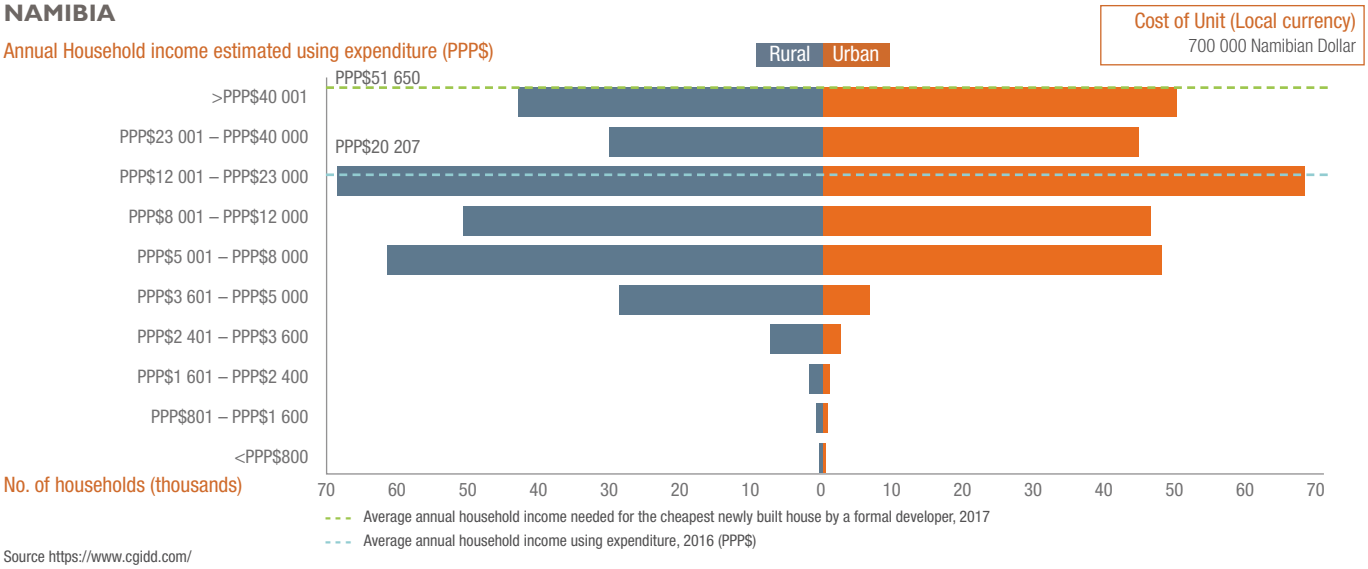
According to FinScope Namibia 2011, the majority of Namibians claim they own their housing, although the majority cannot prove this with a title deed. Only 24.3 percent say they bought their home; the majority (62.4 percent) say they built it themselves. A further 11.8 percent inherited their homes. Some 38 percent funded the ownership (purchase or construction) of their housing themselves through savings. An additional 36 percent said that their housing did not cost anything, as they had used materials they found to construct the dwelling which suggests a high level of informal housing. Approximately 80 percent of people have access to water within their yard, 52 percent have access to piped water into their dwelling or yard and 25 percent have access to a public tap.

Since 2003, the NHE has built about 450 houses per year for its target market: households earning between N$5 000 (US$366.70) and N$20 000 (US$1 466.81) 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$10 634 398.60) between 2006 and 2012. Small NHE houses cost about N$275 000 (about US$20 168.69), on average inclusive of land cost. NHE loans are offered at a maximum of prime (10.25) minus one percent.

The Otjomuise project is implemented by the NHE and the City of Windhoek. Its purpose is to help meet the dire need for adequate housing to reduce the number of people still living in shack dwellings and forms part of the Namibian Mass Housing Programme. Igen Africa has been appointed project manager and is partnering with the South African division of Calgro M3 and Namibian Contractor, Afrikuumba, in a joint entity named CalkuumBA. The project amounts to approximately NAD 1 billion (about US$73 340 680.00). This three-year project, which started in 2014, is intended to provide 2 542 units during phase one and two. Thereafter, a planned phase three is anticipated to produce 12 000 units, according to Bigen Africa.

The Harambee Prosperity Plan was launched on the 5th of April 2016. The Government plans to build 20 000 houses, service a minimum of 26 000 plots and build 50 000 rural toilets in the next four years. Namibia's president, Hage Geingob, during his State of the Nation Address in the National Assembly in early 2017 provided an update on the Harambee Prosperity Plan, highlighting that 7 754 plots had been serviced countrywide, exceeding the annual target of 6 000. He also added that 5 554 houses were completed countrywide in the first year of Harambee and thus exceeding the target of 5 000.

NAMIBIA



Source https://www.cgidd.com/

The private sector continues to engage with the demand for affordable housing. To this end, Ohorongo Cement, FNB Foundation and Pupkewitz Foundation partnered with the Shack Dwellers Federation of Namibia for the construction of houses for low-income families in early 2016. By pledging NAD 3 million (about US$220 022.04) to SDFN and National Housing Action Group in March 2016. In Tsandi, building materials were purchased and construction was completed by September 2016. The First Lady of Namibia, Madame Monica Geingos, in early March 2017 launched 53 new homes at Tsandi. As of March 2017 the progress of the projects was as follows: Otavi in Otjozondjupa; 70 percent of the houses completed, Omaruru in Erongo; currently manufacturing bricks and building of 26 houses was put on hold due to the severe drought and lack of water, Tsumeb in Oshikoto; land clearing and planning of 33 houses and brickmaking is in progress.

The housing backlog in the town of Rundu is around 30 000 units. A new suburb is being planned with 600 modern housing units and townhouses, with 100 of the houses to be completed by the end of 2017, on an 82-hectare plot in an area between the Trans-Caprivi Highway and the Rundu-Nkurenkuru road. This is the first suburb to be developed by local investors. The 600 units will comprise two bedroom houses with a garage and some without a garage, as well as three bedroom houses with garages and some without. The house prices will range between N$500 000 and N$900 000 (US$36 670.34 – US$66 006.61). This is a private-public partnership project with the Rundu Town Council and Armstrong Constructions and Properties.

Helao Nafidi Town Council in early 2017 availed N$11 million (about US$80 6747.48) for the construction of its first 70 houses for low-income earners. This follows the construction of about six houses under the Build Together Programme in 2012. The houses will be constructed at Ohangwena and at extensions 1 and 2 at Engela and Omafa. The two-bedroom houses under construction are estimated to value between N$180 000 and N$190 000 (US$13 201.32 – US$13 934.73).

In July 2017 Trustco Properties launched a development in Ondangwa named Ombala Estate, offering affordable two-bedroom and one-bathroom homes. Plot and plan options are available on erven starting from 310 square metres and at a starting price of N$689 000 (about US$50 531.73) which includes the transfer and conveyancing costs. First-time buyers are encouraged to purchase their new homes at Ombala Estate, with no deposit required for pre-approved clients. The Ondangwa land was purchased by Trustco Properties in 2011 with the sole aim of alleviating the housing crisis. This development spans 130 103 m^2.

Property markets

According to the World Bank's 2017 Doing Business Report, Namibia ranks 174th out of 189 countries for ease of registering a property, a drop from 2015's ranking of 173 but the same place as 2016. 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 in 2016 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 procedures of acquiring a property in Namibia have a bearing on escalating property prices of the limited housing stock available.

When calculating the cost of transfer and registration of full title residential property in 2017, a house that costs N$800 000 (about US$58 672.54) will be N$14 420 (about US$1 057.57), which is 1.8 percent of the purchase price. However, for sectional title of the same property the price transfer and registration will cost 1.6 percent of the purchase price according to calculations on Namibia Real Estate website supplied by Sauls Jacobs & Co. law firm.

Policy and regulation

According to the Presidency (2015) the Vision of the Namibian Government is to eradicate poverty in its entirety by, among other plans providing affordable housing to all Namibians in line with Vision 2030.

The National Development Plan (NDP) was adopted as a medium term plan developed after the launch of Vision 2030. All the national development plans starting from the first (NDP1) to the last aim to implement programmes and plans to achieve the goals of Vision 2030. The Namibian government created more than 112 000 jobs under the fourth National Development Plan over four years, exceeding its target of 90 000 jobs, according to the Deputy Minister of Economic Planning as of mid-2017.

In mid-2017, NDP5 was launched. Speaking at its launch the Namibian president said housing, especially affordable housing, remains a major developmental challenge in the country. The unplanned increase in informal settlements in towns and cities were highlighted as posing challenges to the administration of these cities and towns and that it furthermore compromises the safety and health of communities. During NDP5, the country will explore alternative and innovative methods of providing housing and land to the majority of the people of Namibia. Namibia will also employ a number of specific strategies aimed at strengthening sustainable land management.

The National Housing Policy guides all actions taken by the Directorate of Housing. The Housing Policy identifies the need to develop a National Shelter Strategy and to implement a National Housing Programme. It further guarantees the right to a house, especially for the formerly disadvantaged groups of the society.

The Agricultural (Commercial) Land Reform Act of 1995 provides for government acquisition of Agricultural land for purposes of land reform and redistribution. The National Resettlement Policy of 2001 and the Affirmative Action Loan Scheme are designed to resettle landless households on land acquired under the

Agricultural Commercial Land Reform Act of 1995. The Affirmative Action Loan Scheme, which is managed by the Agricultural Bank of Namibia, was designed to provide support in the form of 25-year subsidised loans to resettle well-established communal farmers in formerly all-white commercial farming areas.

The Communal Land Reform Act 5 of 2002 regulates the powers of traditional authorities over communal land and establishes 12 regional communal Land Boards that control the allocation of customary land rights by the traditional authorities. The Land Boards grant, record, and cancel land rights in consultation with the traditional authorities.

The National Housing Development Act, No 28 of 2000 establishes a National Housing Advisory Committee (NHAC) that is responsible for the establishment of a Housing Revolving Fund by local authority councils and regional councils. The Local Authorities Act, No 23 of 1992 was enacted with the vision of empowering local authority councils to contribute towards the improvement of the inhabitants within their geographical reach. Section 57 to 62 of the Act deals with Housing Schemes.

The National Housing Enterprise Act, No. 5 of 1993 (NHE) is a state owned enterprise governed under the auspices of the Ministry of Regional and Local Government, Housing and Rural Development (MRLGHD). NHE is tasked to provide financial assistance by the delivery of affordable housing and credit facilities in the form of housing loans to low- and middle- income households.

The Namibia Financial Institutions Supervisory Authority Act was put in place to establish an Authority to exercise supervision over the business of financial institutions and over financial services. The Namibia Estate Agents Act of 1976 was established to provide for the establishment of an Estate Agency Affairs Board for the control of activities of estate agents in the public interest. The Pension Fund Act of 1956 makes provision for registered pension funds to be used as a guarantee.

The Sectional Titles Act, Act No 2 of 2009, came into operation in December 2014. The Act does away with limitations and shortcomings that restricted development, access to land and property. It also enables potential buyers to obtain finance from banks much easier. The Deeds Registry Act 47 of 1937 (amended) and the Registration of Deeds in Rehoboth Act 93 of 1976 (amended), provide for registration of all freehold titles at central registries maintained in Windhoek and Rehoboth.

Opportunities

Growth in the Namibian housing sector is primarily limited by financial support for low income groups as well as limited capacity to meet the demand for land and housing development. The NHE recognises the need for a more comprehensive and integrated development approach in order to address the impediments to developing affordable housing in Namibia.

Regarding alternative building methods (ABT), 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.

There have been calls to provide greater opportunities for fundraising through securitisation as 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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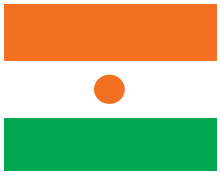

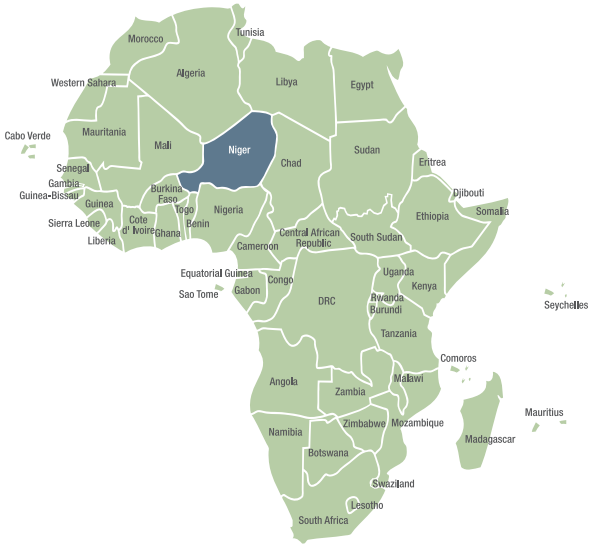

KEY FIGURES

Main Urban Centres	Niamey (capital)
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0045
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.0 | 2.1 | 1.9 | 2.1
Population | Population growth rate [d]	20 672 000 | 3.83
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	19.01 | 5.30
GDP per capita (current US$) | GDP growth rate (annual %) [d]	363 | 5.00
GDP (Current US$) [d]	7 508 986 509
GNI per capita, Atlas method (current US$) [d]	370
Population below national poverty line | Survey Year [c]	48.9 | 2011
Unemployment rate (%) (d)	5.1
Gini co-efficient (year of survey) [e]	31.45 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	187 | 0.353
Lending Interest Rate [d]	5.60
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	10.5 | 15 [k]
Down Payment (%)	
Credit % of GDP [d]	16.80
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	11 804 [k]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	9.275 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	12 804 [m]
What is the size of this house (in m^2)?	
What is the average rental price for a formal unit (in US$)	300 (2016)
What is the minimum plot size for residential property	200
Ease of Doing Business Rank [j]	150
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	35
Cost (% of property value) to Register Property [j]	9.00

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Local Banks
[l] Local Market
[m] Ministry of Housing

Overview

The Niger Republic is a landlocked country in the north-western part of Africa, covering 1 267 000km^2 with two-thirds of its land mass desert. The population is concentrated in the narrow strip to the south where the main economic activities are farming and herding. Only 12 percent of Niger is arable land, where the main cash crops are onion, peanuts, sesame and black-eyed peas. The country is rich in natural resources such as uranium, petroleum, coal, gold, molybdenum, tin, phosphates, iron ore, gypsum and salt. Among the natural resources, uranium, gold and petroleum are currently exploited and Niger is one of the largest producers of uranium in the world. In spite of its resources, Niger remains one of the least developed countries in the world, ranking second lowest (187 out of 188) on the 2015 human development index. The country enjoys a relative political stability with peaceful presidential and parliamentarian elections in early 2016, but continues to suffer from external threats along its borders, including conflicts in Mali and Libya, and religious conflicts such as "Boko Haram" in Nigeria.

Niger Republic has a young and growing population, 20.7 million inhabitants in 2017 with 18 percent living in towns and cities, making the country lightly urbanised compared to other countries in the region. With a fertility rate of 7.5 children born per woman, one of the highest in the world, the urban population is estimated to double in 12 years and the demand for housing and other urban infrastructures to remain very high.

According to African Development Bank, economic growth accelerated to 5.2 percent in 2016 due to a good winter harvest and increased oil production, and is expected to continue in 2017 and 2018. Niger's economic recovery could have been greater had neighbouring Nigeria's economy not fallen into recession. The economic outlook is good and growth is estimated at 5.6 percent in 2017 and 6.7 percent in 2018, due in part to ongoing road constructions, the expected launch of Immouraren, the uranium project, and the construction of oil pipelines increasing oils exports. However, the outlook is subject to risks related to oil price shocks, climatic shocks, and conflicts in the neighbouring countries. The insecurity in the Diffa region due to Boko Haram remains a major economic, social, security and budgetary challenge.

Access to finance

Penetration of formal financial services remains very low in Niger in 2017, with 6.5 percent of adults 15 and above have bank accounts compared to the average of 34.2 percent in sub-Sahara Africa. There is one central bank and 12 commercial banks, with branches mostly concentrated in Niamey, the capital, and some other big cities. An agriculture bank (Bagri) was established in 2011 with branches added in 2015 in Niamey and two other cities. A mortgage bank (Banque d'Habitat) was created early 2011 (but still not operating in 2017), some insurance companies, two pension institutions and some microfinance institutions. Microfinance is steadily growing, with about 27 active Financial Service Providers (FSP). These 27 FSPs disbursed a total of US$52 million to 260 000 borrowers in 2016, and held US$32 million in deposits from 231 000 consumers in the country. ASUSU SA remains the leader of FSPs in Niger with US$36.55 million in disbursed loans, 154.780 active borrowers and US$23 million deposits. 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). The SONUCI is still operating but CDN has been liquidated, and in 2011 was replaced by Banque d'Habitat which to date is not yet operating.

In 2017 all the commercial banks operating in Niger offer housing loans to employees of formal registered companies and other international governmental and non-governmental organizations. Some of the banks have agreements with the companies and organizations to offer preferential interest rate to employees. The loans are secured by the employer, or are mutual guarantee loans. The interest rate is between 6.5 percent and 9 percent, and in most cases 10 percent down payment is required at a maximum term of 20 years.

Mortgage financing is still in an embryonic stage due to the low average income of employees and low employment rate. There is no mortgage bank in Niger, however each commercial bank offers housing loans under certain conditions, including employer-provided collateral, as well as partnerships or other agreements with developers in the housing industry. In most cases, down payment requirements are a minimum of 10 – 25 percent of the loan. The interest rate is between eight percent and 10 percent, at seven to 20 years. Apart from banks and other formal enterprises some private but informal housing promoters use their personal funds to build houses for low income and higher income brackets for rentals. Other forms of housing finance include personal savings, remittances and family assistance.

As with most West African Economic and Monetary Union countries, long-term funding remains a major challenge for Niger's housing market. Nevertheless, there are opportunities for developing national and regional mortgage banks and credit bureaux.

Affordability

Access to mortgage finance is limited, and when available, interest rates and loan tenure render the cost of borrowing very high. As such, most Nigerians cannot afford homeownership. The smallest mortgage available as of 2016 is FCFA Francs 7.5 million (about US$12 647, which, at an interest rate of 10.5 percent and repayable over seven to 15 years, would require a monthly repayment of US$70 to US$151). About seven percent of the country's population earn below US$100 a month (or US$3.1 a day), which makes even the smallest mortgage unaffordable. Only about 22 percent of salaried 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, provided primarily by informal housing promoters and SONUCI. Rents vary according to quality and location and range from the equivalent of US$169 to US$3 000 a month for middle and upper income housing in Niamey, the capital. Other forms of rentals include the popularly known 'rooms' or 'room and parlour' arrangements found all over Niger, especially in the popular streets of the capital, ranging from US$25 to US$100 a month. At present no company or institution currently provides rentals on a larger scale (including SONUCI which used to do so in the past). Additionally, less than 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

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 economic growth and rapid urbanisation has escalated rents and demand for houses, while 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 most development companies function in the roads and urban infrastructure sector, 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 purchases with savings and loans. Among MFIs, the most popular scheme 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 must build their homes over time.

Housing stock found all over Niger can be classified into three categories based on the material used for construction: construction with mud and straw, and ceilings of wood (maison en terrecuite/banco); construction with mud and plaster with cement, and corrugated iron sheet for the ceiling (maison en semi dur); and construction with cement, concrete and stone, and corrugated iron for the ceiling (maison en dur) modern homes. The average cost of construction of the different categories depends on the geographical location, the size of the land, the plan and the quality of the material used. In the capital, housing stock is predominantly constructed with durable materials, cement and concrete.

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 middle to senior civil servants. More recently, the government has introduced policies that are intended to induce the private sector, including public private partnerships and facilitating land access for developers. The Sary-Koubou project in Niamey, financed by government is a good example of recent progress, providing 174 one- to four-bedrooms houses. Each home is constructed on 200m^2 – 400m^2 of land, and were all delivered as of 2016. Other projects include 100 homes 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 government acquired 88 hectares of land and 1 000 plots of land.

According to the housing ministry, the rate of housing supply is insufficient to meet the demand, despite incentive policies to encourage the private sector to invest in mass construction of economic and affordable houses. Demand remains high and housing is one of the priorities of the current presidential programme of Renaissance 2. To date the programme is yet to be implemented. Affordable housing is among the presidential campaign promises and housing remains one of the priorities of the government, as illustrated by the ambitious housing goals of 25 000 houses to be built from now through 2021, or about 6 250 per year. In 2016, the administration initiated a programme to work with the Chamber of Commerce to encourage local entrepreneurs to take advantage of the incentive policies to boost supply and satisfy the national need for affordable housing.

Property market

Property prices have risen steadily over the past decade given an increase in demand for houses (and insufficient supply) due to economic growth, the influx of non-governmental organizations, a nascent petroleum industry, and the increase in urbanisation. Affluent Nigeriens, neighbouring Africans, and 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 president's ambitious programme, known as 'Niamey Nyala' or 'Niamey the cute', a programme to metamorphose Niger's capital into a modern, attractive city.

According to the World Bank's 2017 Doing Business Report, Niger ranks 150 out of 190 economies in terms of ease of doing business, 179 in dealing with construction and 125 in terms of registering property. Four procedures are required to register property (less than the six procedures required, on average, across Sub-Saharan Africa), and the process takes 35 days (almost half the Sub-Saharan African average). Niger has maintained property value, nine percent for the past four years 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

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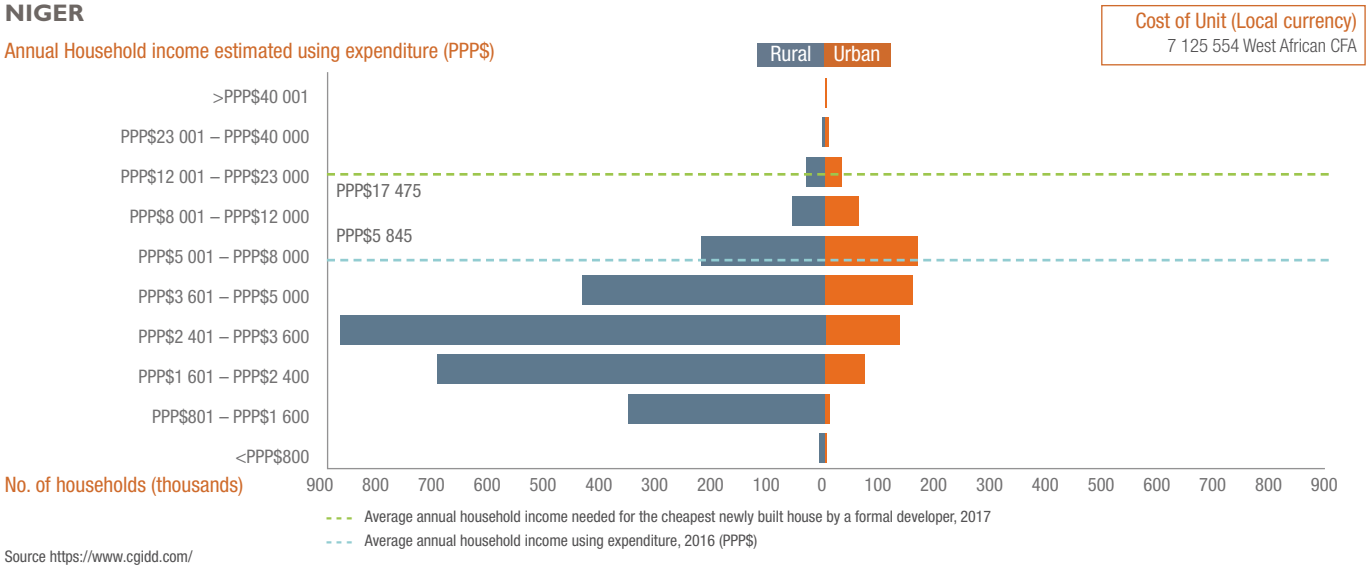

Source https://www.cgidd.com/

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. However, to date the National Housing Fund Scheme and the National Research Centre have not been created.

In 2012, the Public Private Partnership Act was adopted regarding 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 which has facilitated the registration of properties in rural areas. Prior to implementation, it was impossible to register rural land or properties. There are no recent statistics on the number of registered properties. Research is needed to measure implementation and evaluate the impact on the decentralised communities and on the development of housing and housing finance in Niger and other UEMOA countries.

There are different land ownership rights (for example, full and temporary rights, as well as customary rights), and some reform in land administration and the registration of properties to obtain full ownership rights. As a result, the process has improved, although some difficulties persist. There is no official data for the number of full ownership rights of land and property titles, or Titre Foncier issued since Sheida, the reform system adopted by the UEMOA countries in 2006 to simplify the process of obtaining full ownership title. The reform has also reduced the cost of registration, and has eliminated unnecessary bureaucratic authorisations.

Sheida, LOUAF and the new investment code will hopefully contribute to accelerating the development of housing and housing finance in Niger.

Niger adopted a law in June 2013 providing for urban planning and urban management, which was signed in 2014 as a major reform in urban regulation. It is expected that the decree will facilitate the implementation of projects of upgrading slums and contribute to making urbanisation a tool for economic and social development.

Opportunities

Niger offers potential opportunities for housing and mortgage products due to shortages in affordable and adequate houses, its high rate of urbanisation, exploitation of mineral resources, the exploitation of petroleum in spite of a recent drop in global demand, and construction of a second cement factory by Dangote; the ambitious government priorities of the current (and recently re-elected) president, and a significant increase in middle class Nigeriens. Niger is very rich in mineral resources especially resources such as limestone and gypsum used in making cement.

Because Niger is landlocked, it pays relatively high logistics costs. Low energy production constrained growth of the cement industry, but the rate of urbanisation, the government program for housing and the development of energy and infrastructure favours the development of cement industry. The growth of cement industries will not only increase production and reduce costs, but will generate employment, revenues for the government, 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 most Nigeriens, 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 dynamic housing development and housing finance sectors.

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Nigeria

Overview

Nigeria over the past year has faced significant economic challenges, factored by a GDP contraction, foreign exchange instability, and a gap in governance. Uncertainty in the oil sector remains as communities in the Niger Delta pulled out of peace talks following recent flair ups in the region. This is in addition to agitation from pro-Biafra separatists in the south-east, a diminished but still relevant Boko Haram in the north-east, and skirmishes through the middle belt and south-west between Fulani herdsmen and local farmers. The Naira has stabilised against the US Dollar, however liquidity is still constrained. Combined with an OPEC guided oil production cap at 1.8 million barrels per day there are signs of a timid economic recovery, as inflation reached double digits by the end of 2016 and remain high. In line with Buhari's made in Nigeria drive, there was a marked reduction in imports, from US$52.3 billion to US$35.2 billion from the end of 2015 to 2016, although this could be as a result of liquidity constraints. Agricultural output has continued to increase, although the IMF cautions that diversification in other aspects of the economy has stalled. With an overwhelming portfolio, there is concern that Minister for Power, Works, and Housing, Babatunde Fashola has struggled to be impactful in the housing sector.

The Nigerian real estate sector accounts for roughly eight percent of the Nigerian economy. In 2017, The Federal Government housing budget stands at N41 bn (US$114 million), and there is sparse progress in the government's annual production of one million standardised affordable housing units. According to the Managing Director, Federal Mortgage Bank of Nigeria (FMBN), the housing deficit is estimated at between 17 to 20 million housing units with a potential cost of N6 trillion (US$16 billion), and a 900 000 annual unit deficit increase. The Finance Minister recently announced the Family Homes Fund, a public private partnership, which will have the federal government give as part of the Medium Term Expenditure Framework (MTEF) seed funding of N100 billion (US$278 million) over the next three years. It is hoped that the funds from this three year planning cycle will be matched by domestic and external partners to help give discounted mortgages to potential homeowners.

Almost half of Nigeria's population lives in cities, and it continues to witness a disproportion in supply and demand between social economic brackets. While a high income area like Ikoyi in Lagos is reportedly 60 percent empty, overcrowding is a major issue in many poorer areas. This leads to increased conversion of rural areas to semi-urban and urban spaces, often without the necessary plans and policies in place.

KEY FIGURES

Main Urban Centres	Lagos (capital), Abuja, Port Harcourt
Exchange Rate: 1 US$ [a] =	359.54 Nigerian Naira (NGN)
PPP Exchange Rate (Local Currency/PPP$): 1 NGN = [b]	0.0092
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	9.1 | 15.7 | 14.3 | 12.4
Population | Population growth rate [d]	185 989 000 | 2.62
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	48.60 | 4.32
GDP per capita (current US$) | GDP growth rate (annual %) [d]	2 178 | -1.54
GDP (Current US$) [d]	405 082 677 660
GNI per capita, Atlas method (current US$) [d]	2 450
Population below national poverty line | Survey Year [c]	46.0 | 2009
Unemployment rate (%) (d)	7.5
Gini co-efficient (year of survey) [e]	42.97 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	152 | 0.527
Lending Interest Rate [d]	6.87
Unsecured lending interest rate (housing microloan)	17 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	36 [k] | 20 [l]
Down Payment (%)	
Credit % of GDP [d]	25.71
Average Mortgages % of GDP [g]	0.91 (2015)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	18 000 (2016)
Average loan size in US$ (non-mortgage/micro lending)	170 (2016)
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	6.43 | 5.30
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	15.55 | 18.86
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	8.9 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	8 500 [m]
What is the size of this house (in m^2)?	25m*30m
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	25m*25m
Ease of Doing Business Rank [j]	169
Number of Procedures to Register Property [j]	12.10
Time (days) to Register Property [j]	69.60
Cost (% of property value) to Register Property [j]	10.50

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Central Bank of Nigeria
[l] Enhancing Financial Innovation & Access (EFInA)
[m] KongaOnline
[n] Lagos

African Union for Housing Finance Member Institutions

CityCode Mortgage Bank Limited
Abbey Mortgage Bank PLC
Federal Mortgage Bank of Nigeria
Nigeria Mortgage Refinance Company

For the majority of Nigerians, mortgage finance is not an option due to the lack of a robust system, as loan repayment costs remain prohibitively high. Nigeria has a low homeownership rate of 25 percent, lower than that of Indonesia (84 percent), Kenya (73 percent), and South Africa (56 percent)[1]. The major issues that continue to affect housing in Nigeria include inadequate access to finance, slow administrative procedures, and the high cost of land registration and titling.

Access to finance

According to EFINA in collaboration with the Nigerian Bureau of Statistics, while the level of (formally) banked population grew by an additional 2 percent over the last 2 years - 36.3 percent in 2014 and 38.3 percent in 2016, growth of the total population outpaced the growth of the banked population. Additionally, the financially excluded population grew from 36.9 million to 40.1 million. A key factor

responsible for the increase in the financially excluded was the drop in the contribution of MFBs to formal financial inclusion (from 2.6 million to 1.8 million), which is a reflection of the current challenging economic environment – low employment rate, lower disposable income and Increasing inflation rate with greater impact felt by the bottom of the pyramid.

Consumer credit in the commercial banking industry decreased by 3.1 percent from N786 billion (US$2.2 billion) in 2015 to N762 billion (US$2.1 billion) in 2016, the ratio of consumer credit in comparison to the total credit of the private sector also dropped from 3.8 percent to 3.5 percent. The drop can be attributed to a weak consumer demand, increased risk uncertainties by banks for consumer credit, and a high cost of funds in the economy.

The total assets in the microfinance banking industry decreased by 6 percent from N361 billion in 2015 (US$1 billion) to NGN342 billion in 2016 (US$0.9 billion). The shareholders' fund also decreased by 8 percent from NGN84.2 billion in 2015 (US$234 million) to NGN77.1 billion in 2016 (US$214 million). The under-performance within the MFB sector, is a reflection of the country's economic challenges, in the way of losses resulting from the increasing non-performing loan portfolio. LafargeHolcim has extended its microfinance program in Nigeria by new banks (Accion, AB MfB) and is giving construction technical assistance in terms of architectural designs, development of Bill of Quantities and Site overseeing - overall 10 000 houses have been built and 50 000 people have benefited from this offer since 2013 when the project was launched.

Mortgage finance remains a small percentage of Nigeria's GDP, at 0.58 percent – in comparison to the UK (80 percent), USA (77 percent), and South Africa (31 percent). It is clear that the mortgage finance industry in Nigeria is still in its infancy, primarily targeting middle income earners and largely excluding low income earners. There are 57 major mortgage providers in Nigeria – Commercial Banks (22), Primary Mortgage Banks (34), Federal Mortgage Bank of Nigeria (1), the Nigerian Mortgage Refinance Company (1)

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$8.33) and above monthly, or 2.5 percent of their salary. Although the scheme is open to all, the recruitment structure has mostly targeted larger establishments, recruiting middle income earners and ignoring the low income earners in Small and Medium Enterprises (SMEs); additionally some states, such as Lagos, Kano, Edo, Niger, have withdrawn from the scheme. Contributors receive a two percent interest rate per annum and are entitled to apply for the NHF-sponsored loan. Up to N15 million (US$41 667) can be borrowed, and the borrower must make a deposit of between 10 percent and 30 percent. FMBN offers one of the lowest mortgage rate on its products – 6 percent, compared to all banks, which range from 16-32 percent. Equity contribution ranges from 10-30 percent depending on size of loan, with a maximum tenor of 30 years. Between January to June 2017, the bank made a total collection of N9.5 billion (US$26 million) under the NHF and disbursed a sum of N1.1 billion (US$3 million).

As at the end of 2016, the Nigerian NMRC had refinanced mortgages amounting to NGN8 billion (US$22 million) – the amount of its inaugural bond issue. The company is currently in the process of going to the market with its second bond issue of N20 billion (US$56 million), which was initially planned for the 3rd quarter in 2016, but was delayed due to high inflation and interest rates. Additionally the company, in line with its condition for credit recourse, exchanged refinanced non-performing mortgages of N172.5 million (US$479 167) with three Primary Lending Institutions for performing mortgages of N208.9 million (US$580 028).

The government recently launched a National Housing Fund Programme, under the Social Investment Fund. The programme housed within the Central Bank of Nigeria was set up to increase access to affordable housing and home ownership. The first initiative under the NHFP is called 'My Own Home' which already has US$300 million in funding (funders include the government, World Bank and AFDB) of which 80 percent of the funding will be disbursed through microfinance firms (10 firms have been selected). The remaining 20 percent of the funding will be used to capitalise mortgage guarantee and insurance, as well as provide technical assistance services to the relevant stakeholders.

Affordability

More than half of Nigeria's estimated population of 186 million live on less than US$1 a day. The unemployment rate increased from 10.4 percent in 2016 to 14.2 percent in 2017. Coupled with the high rate of unemployment, minimum wage remains at N18 000 (US$60.28) per month, which has remained constant for the past six years, even with an increasing inflation rate at more than 16 percent today. Home purchase and rent prices have grown ahead of general inflation, a standard three bedroom middle income apartment currently commands a rent of US$5 000 per annum and purchase price of US$100 000.

Fifty to sixty percent of the total construction input goes to building materials, and with the floating of the Naira to the US Dollar, it is expected that the price of construction would slightly increase as many construction items remain on the government's list of 44 items disqualified from getting foreign exchange from the Central Bank of Nigeria (CBN)[2] forcing importers to source from a scarcer black market.

In an effort to ensure that land transactions are carried out with minimum difficultly, in January 2015, Lagos State cut down land use charges from 13 percent to three percent of the property's value. The Federal Government is also pushing for a reduction in land transaction fees from 16 percent to three percent. As a result of the high cost of housing in Nigeria, 51 percent of Nigerians live in rented accommodation, 40 percent of which are paying between N20 000 (US$55.56) and N100 000 (US$222.22) yearly (Kolawole 2014).

With the majority of the population forced to rent and low regulatory monitoring regarding rentals, landlords and estate agents dictate the market. To curb this, the Lagos Tenancy Bill of 2011 was promulgated as a law. Amongst other aspects, it states that landlords can only charge for one year's rent in advance. However, the law is not being enforced and people seeking rental accommodation still face issues of landlords requesting payments of two or more years. Agency fees are another expense the Lagos Tenancy Law has been unable to govern, and it is very high in Nigeria, at 10 percent, in comparison to countries such as; Ghana – five percent, and Kenya – 1.25 percent. In some cases this law has led to agencies charging 20 percent to ensure they receive the two years' worth of commission. This is fuelling the rise of innovative schemes by property developers such as rent to purchase, in which you pay a larger rent than usual, but have the option of purchasing the home at the end of the rent stay.

Overall, there is a strong push by the administration to focus interventions on lower income earners who are aspiring to be homeowners, and have been traditionally sidelined by the property market which is predominately controlled and used by the elite.

Housing supply

In Nigeria, neither the government nor the private sector provides sufficient housing units especially for the masses that need and demand it. Housing production is at approximately 100 000 units per year and this is highly inadequate because at least 1 000 000 units are needed yearly to bridge the 17 to 20 million housing deficit by 2033 if the population continues at its annual growth rate of 3.5 percent. It is estimated that it will cost US$363 billion to curb the current housing deficit and the number is expected to keep growing.

President Muhammad Buhari stated that his government would supply two million new middle-class homes in the first year, and one million new middle-class homes for every year of his tenure. This would be coupled with four million lower-class houses and homeowners by the end of his first 4 year term. This was to be rolled out with longer mortgage payment structures, however, given the myriad of economic challenges the country faced over the last year, housing has not been high on the agenda. There was also to be a National Infrastructure Development bank capable of providing nominal single digit interest rates, but this has also not been implemented as yet.

The rapid population increase and rural to urban migration have contributed to the shortfall of housing in Nigerian urban centers. The cost of building materials, access to infrastructure, deficiency of housing finance arrangements, stringent loan conditions from mortgage banks, time to process legal documents and inadequate government housing policies are also major issues affecting housing delivery. Minister of Power, Works, and Housing, Mr. Babatunde Raji recently announced

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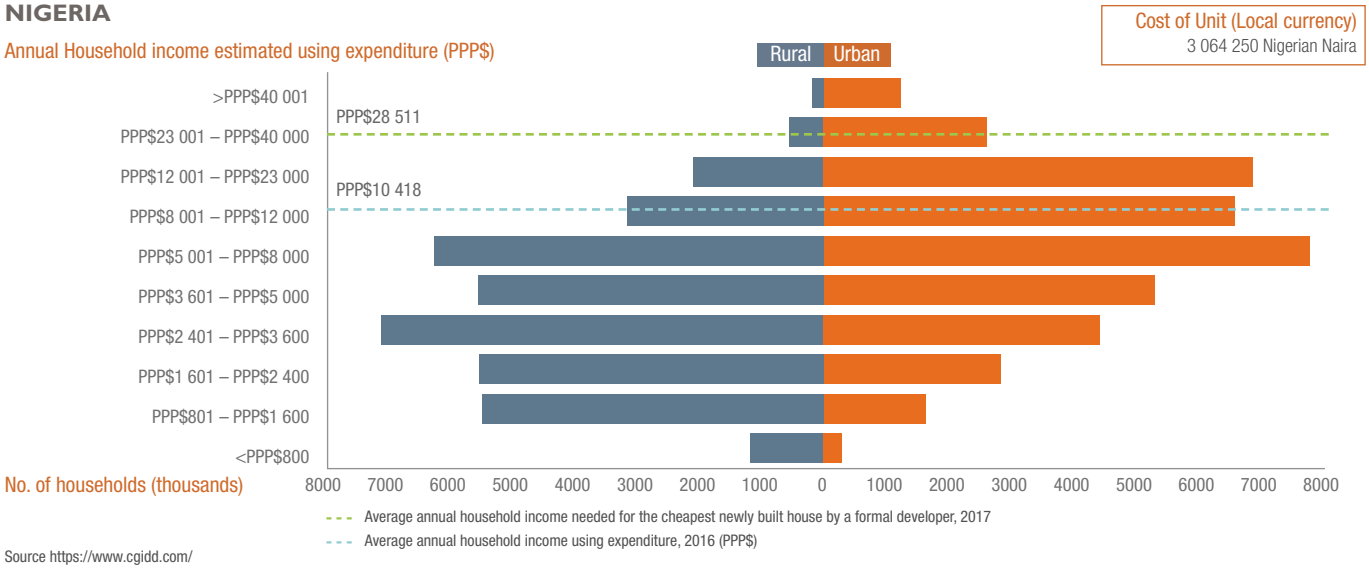

Source https://www.cgidd.com/

the construction of 165 blocks of 2 000 units of housing estates across the various states under the National Housing Programme (NHP). Although many states are yet to benefit from the scheme, the Federal Integrated Staff Housing (FISH) program, intended to provide decent civil servant accommodation, has been launched by the Head of Service of the federation, Mrs. Winifred Oyo-Ita.

The Nigerian government has identified the need for public private partnerships for low income housing supply, and actively tasked the private sector to take the lead in the provision of housing for millions of Nigerians. In addition, the government has looked to external support, with the Infrastructure Bank and Sinohydro Corporation Limited of China finalising a deal for an ultra-modern 27 storey high complex in Lagos state.

Lagos has taken the lead in housing supply with a vast array of new projects on the way. Orange Island (focused on the middle class) is to cover 150 hectares of land in Lekki, at an estimated cost of N40 billion (US$111 million). It should accommodate 25 000 people and be completed by 2019. Another project set to be completed around that time, is the ultra luxurious 25-storey residential building planned by Fujimoto Construction Limited. The proposed tallest residential building in Lagos will be called The Lorenzo and located in Ikoyi. Grenadine Homes, will develop Atlantic Resort (focused on the high income class), a 142 storey one to three bedroom residential tower in Victoria Island. The upcoming Lekki Free Trade zone has triggered a rash of housing development in Ibeju, Lekki with over five residential estates being built.

With the progress of the Lekki Free Trade zone, developers like Primewaterview Holdings Limited have taken the opportunity to build middle-class housing estates along the highway linking the trade zone with the old business districts in Ikoyi and Victoria Island. This is helping to decongest parts of the mainland as former residents of Surulere and Yaba make the move. Despite, increasing options for the middle class and the lower-class market remains underserved, while high income areas like Ikoyi are approximated at only 40 percent occupancy.

Most of the new developments are private sector led targeting the middle and upper classes. Most developments targeted at the lower income bracket are government led, unfortunately the housing ministry has not really taken off in this administration.

Property markets

The real estate sector which accounts for 8 percent of the Nigerian economy, has been plagued with market uncertainty and a drop in demand, reflective of the underperformance in the mortgage and consumer lending sectors. Additional drivers to the sector's underperformance include the rising production costs and decreased foreign investment in the country, as a result of extreme volatility in the country's currency.

The economic slowdown has severely impacted the demand side of the market, which has led to high vacancy rates, especially in the prime and luxury property markets. On property values, Abuja has seen a significant drop in property value; Lagos has seen a marginal increase especially in mid market property segments; property markets in the North East, affected by political instability and security have seen a significant drop in prices. Neighbouring markets to the North East have seen a marginal increase in property values as a result of migration to these regions. However, there has been an appreciation in property values for underdeveloped land, as a result of the growing demand of developers and investors taking up land as an investment for future projects.

In parallel, housing developments have stalled majorly for prime and luxury property markets across the country, while there has been a marginal increase in mid market segments, specifically in states like Lagos, Kaduna and Rivers.

Stakeholders in the real estate market have alluded to the speculative pricing approach of both land and home units, rather than the assessment of demand characteristics of the area where the land and housing units are located – poor data and quack surveyors have been identified as driving factors to this practice.

According to the World Bank's Doing Business 2017 Report, Nigeria ranks close to the worst globally, positioned at number 169th out of 189 countries for registering property. The World Bank estimated that the average property registration process takes 69.6 days in 2017, and costs 10.5 percent of the value of the property, which highlights some incremental progress.

Policy and Regulation

The 1999 Nigerian Constitution states that all citizens have the right to acquire and own immovable property. Similarly, Vision 20:2020 advocates for adequate housing for all Nigerian citizens. The current administration has vowed to tackle the obstacles hindering land acquisition with an aim to shrinking the housing deficit and meeting the demand of the Nigerian population. Despite each successive administration since the return to democracy trying to significantly amend the 1978 Land Use Act, the task still eludes the Senate. The leading recommendation by experts is to expunge the Act from the Constitution and have it redrawn.

The Land Use Act (1978) continues to dictate and hinder the land market in Nigeria. To date the objectives[3] of the Act, which was to make land more easily available has not been achieved, to further distortion and abuse of citizens' rights to access and own land. Formerly, land could be bought from communities, individuals, and institutes, but due to the Land Use Act, urban land is managed by the Governor of a state through a Land Use and Allocation Committee who dispense land through the granting of Certificates of Occupancy. 'Other lands' (not urban) is managed by Local Government through a Land Allocation Advisory Committee. Legally a Nigerian who has a Certificate of Occupancy, which is expensive and often takes more than five years to obtain, does not own the land but is a statutory occupant, as the government remains the sole trustee of land.

There have been slight adjustments to the Act, such as an increase in the amortization period from 25 years to 30, interest on NHF loans to PMI's were marginally reduced from 5 percent to 4 percent, while the lending rate to contributors dropped by three percent points to six percent.

The National Housing Policy of 2012 emphasizes the role of private sector financing highlighting that it should be involved with mass housing, skills acquisition, disaster management, urban renewal, slum upgrading, and job creation. The target of the policy is to guide the building of one million houses yearly, through a variety of schemes such as NMRC.

Opportunities

Given the economic slowdown, it is expected that there will be a slow recovery in the pure market driven activity within the housing market - government driven initiatives are expected to be the main driver of growth within the housing market. Market segment wise, the prime and luxury market segment is expected to face the slowest growth, while the mid-market is expected to grow the fastest. Currently, the luxury supply market is far outpacing demand, with many projects started during the oil boom years, coming to fruition now and remaining empty.

Investors have not been sensitised to the benefits of low cost housing yet, and the government will need to take the lead. The middle income segment currently remains the most attractive, with the speed of occupancy in the Lekki axis of Lagos highlighting demand in this area. More land area in other states should be dedicated to this, as the middle income purchasers are also key to developing a healthy mortgage system.

Regardless of the investments and programmes being introduced in the market (e.g. NMRC, NHFP, FMBN), efforts need to be established to ease the access to housing and housing finance, e.g. process of registering property, mortgage lending rates, rental laws, housing pricing, etc.

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[3] 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).

Rwanda

Overview

Rwanda pursues a series of reforms aimed at improving living conditions and service provision to the population. The GDP annual growth rate averaged 7.25 percent from 2000 until 2017. Between 2002 and 2015, Rwanda's per capita GDP increased by almost 80 percent ; it was last recorded at US$738.60 in 2016. Rwanda's economy grew 5.9 percent and its credit rating was rated B with a stable outlook by the credit rating agency Standard & Poor, in 2016. Rwanda was ranked 52nd in the 2017 Global Competitive Report and is the 2nd most competitive place to do business in Sub-Saharan Africa after Mauritius. It is positioned 56th out of 190 countries in the World Bank Doing Business report 2017, attributed to strong political will driving positive changes.

The national five-year development plan – Second Economic Development and Poverty Reduction Strategy 2013-18 (EDPRS2) – emphasizes coping with the challenges of the urbanisation process. The overall goal is to promote good urban and human settlement development that enhances local and national economic growth, and ensures good quality of life for everyone. A fundamental concern in the context of accelerated urban and demographic growth is access to housing. Since the early 2000's, the way to an exemplary housing policy had been paved, and is now in the process of being implemented. With the uniform registration of land ownership, land reform has made way for a formal real estate market as a legalised part of the national economy. Subsequently the formation of a private construction and real estate sector has been triggered.

The understanding of the actual housing demand in the context of financial resources available to average private households has made housing a high level priority. Housing construction shall no longer benefit only a minority, and urban renewal processes must be based on socially acceptable strategies. Since 2015, the government's commitment to facilitate housing is reflected in concrete legally founded frameworks which facilitate private investment in affordable housing, to ensure that housing integrates all levels of society.

Further strategic frameworks to define development in coming years are under elaboration, including Vision 2050 (succeeding Vision 2020), and the National Strategy for Transformation and Prosperity, which will combine the 7-Years-Government Program framing the vision set forth by President, Paul Kagame, (reelected August, 4th 2017), combined with the successor document of the Economic Development and Poverty Reduction Strategy, the second version of which is ending in June 2018.

KEY FIGURES

Main Urban Centres	Kigali (capital)
Exchange Rate: 1 US$ [a] =	847.58 Rwandan Franc (RWF)
PPP Exchange Rate (Local Currency/PPP$): 1 RWF = [b]	0.0033
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	2.5 | 7.2 | 5.5 | 5.0
Population | Population growth rate [d]	11 917 000 | 2.45
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	29.78 | 5.74
GDP per capita (current US$) | GDP growth rate (annual %) [d]	702 | 5.93
GDP (Current US$) [d]	8 376 048 905
GNI per capita, Atlas method (current US$) [d]	700
Population below national poverty line | Survey Year [c]	44.9 | 2010
Unemployment rate (%) (d)	13.2 (2016)
Gini co-efficient (year of survey) [e]	51.34 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	159 | 0.498
Lending Interest Rate [d]	17.03 (2015)
Unsecured lending interest rate (housing microloan)	16
Mortgage Interest Rate (%) | Mortgage Term (years)	16.76 | 20 [k]
Down Payment (%)	
Credit % of GDP [d]	19.09
Average Mortgages % of GDP [g]	3 (2017) [l]
Estimated number of mortgages	3 700
Average loan size in US$ (mortgage)	73 000
Average loan size in US$ (non-mortgage/micro lending)	600 (2015) [m]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	71.16 | 166.67
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	1.41 | 0.60
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	8 400 000 | Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	10.25 [n]
What is the price of the cheapest, newly built house by a formal developer or contractor?	21 675
What is the size of this house (in m²)?	95
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	No minimum
Ease of Doing Business Rank [j]	56
Number of Procedures to Register Property [j]	3
Time (days) to Register Property [j]	12
Cost (% of property value) to Register Property [j]	0.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] National Bank of Rwanda
[l] National Institute of Statistics of Rwanda
[m] MicroFinanza Rating
[n] Retail market

African Union for Housing Finance Member Institutions
Development Bank of Rwanda

Access to finance

Rwanda's housing finance environment is characterised by i) an electronic land registry; ii) a modern mortgage law; iii) a law enabling off-balance sheet securitisation of mortgage assets and other asset-backed securitisation; and a law enabling real estate investment trusts. Mortgage lending, home building and investment in affordable housing is increasingly being enabled. Rwanda's financial sector consists of 12 commercial banks, three microfinance banks, one development bank and one cooperative bank, and microfinance institutions (MFIs) including 18 limited companies and 480 savings and credit co-operatives (SACCOs and UMURENGE SACCOs). These are complemented by non-bank financial institutions, including 13 private and two public insurers, and one public, mandatory pension scheme by Rwanda Social Security Board (RSSB) as well as 62 voluntary, complementary occupational pension schemes and some personal retirement savings accounts managed by the National Bank of Rwanda (BNR) and by insurance companies. There are now 10 banks providing housing mortgages, with lending conditions improving continuously.

The total mortgage debt outstanding as of 2016 is about FRW 454 billion (US$538 million) estimated at about one percent of GDP. According to the Integrated Household Living Conditions Survey (EICV4) 2013/14, 6.2 percent of households have a loan from a commercial bank. The share of mortgage loans in total was 36.6 percent in June 2016, up from 33.9 percent in June 2015, meaning that about 235 000 households access mortgage in the country. The noted change shows that banks further increased their lending to the mortgage sector with an increased annual growth rate of 38.4 percent in 2016 compared to 33.7 percent in 2015 and a reported rate of 5.1 percent in June 2016 of non-performing loans (NPLs) in the mortgage sector. To date, only few benefit from conventional mortgage finance schemes, which require high down payments, and which are characterised by high minimum loan rates and mortgage interest rate margins of around 17 percent. Less than 10 percent of the labour force is employed in the formal sector, restricting access to formal borrowing sufficient for house construction. Levels of savings are still low, but the percentage of persons above 18 years with a savings account has risen from around 19 percent in EICV3 to 30 percent in EICV4.

To make housing more affordable the government is introducing targeted strategies for supply and demand of housing including financial support for construction of infrastructure services and facilities for affordable housing projects and urban upgrading projects. On the 30 of June 2017, the Cabinet approved the establishment of the Affordable Housing Financing Fund, a housing finance entity that will address improved access to housing mortgages and potentially facilitate housing finance entities in the provision of mortgages for developers. The mortgage lending conditions for end user beneficiaries are meant to improve dramatically, benefitting those who have not been able to access mortgages until now. Access to housing mortgages is meant to become possible for households with monthly household incomes as low as FRW 200 000 (US$240) and with longer mortgage terms of up to 30 years as compared to the current term of 15 years. A reduction of mortgage interest rates will be subsidised by the fund tentatively to about 10 percent compared to 17 percent currently.

Other immediate goals in the housing finance sector are to develop the long-term investment sector including the insurance industry and long-term savings schemes; active and fair competition in mortgage lending, and facilitation of liquidity in mortgage lending through securitisation legislation. The government's scheme aims to address better access to mortgage finance for the end user, with conditions that increase accessibility for lower income households. The measure intends to grow the number of housing mortgages provided to better match housing demand, which is estimated to be above 30 000 units annually, and to improve the financial capacities of the demanding households.

Affordability

Rwanda has the highest discrepancy between the GNI per capita and the cost for cheapest newly constructed (formal) house in Africa. Consequently, less than 10 percent of households are able to afford a formal housing unit. Carefully selected subsidies are required to make units accessible to poor families and those families with median income, while the housing deficit is expected to increase since the required expenses would not meet demand. In the EDPRS2 and also in the successor document National Strategy for Transformation and Prosperity (NSTP) (under review), the Government targets a framework which facilitates private sector-led housing finance and construction. The National Housing Policy identified the discrepancy between incomes and formal sales costs and has initiated a discussion about how to enable access to housing for all. Its vision is: "Everyone independent of income, base of subsistence, and location shall be able to access adequate housing in sustainably planned and developed areas reserved for habitation in Rwanda".

Median monthly household incomes valid for the City of Kigali, in the market quintiles are; 1) very low (81.03 percent) US$0-380; 2) low (11.25 percent) US$>380-720; 3) mid (4.17 percent) US$>720-1 140; 4) high (2.41 percent) US$>1 140-1 900 and 5) very high income (1.13 percent) US$>1 900. Countrywide, the average household income differs significantly from household incomes in Kigali: the national average annual household income is US$368, which is a monthly income just above US$30. The discrepancy between affordable house costs compared to actual house costs is significant. To be able to afford the lowest cost formal house in the market, which is now just below US$22 000, an urban household income would have to be triple the average; to be able to afford a commonly available house of US$125 000, incomes needed to be more than 16 times higher. According to an estimate made by the International Growth Centre (IGC), the bottom 20 percent of population need homes below RWF 10 million (US$11 850), the bottom 40 percent need homes below RWF 20 million or about 23 700 US$, and the bottom 60 percent need homes below RWF 32 million (US$37). The top 20 percent are much more able to afford housing.

The National Housing Policy highlights that despite the constraint of high interest rates, the bigger challenge is the value and regularity of household income. Lowering the interest rate for home owner mortgage would not cause significant change for the lowest income earners. A wide approach is needed to make housing affordable by addressing i) cost-efficiency in design, construction, and construction management; ii) increase of available material resources; iii) decrease of unit sizes and floor area per person; iv) use of technologies which allow lower construction costs; and v) settling households closer to economic opportunities.. The above areas are now consistently integrated as part of the guiding framework and are being worked on with the help of a cost-efficiency study and pilot designs that target the multiple areas where increased cost-efficiency is possible.

The Ministry of Infrastructure is sensitising home builders and developers through consultation to use locally-made construction materials to be able to participate in development. The government further encourages private investment in the creation of industries for production of various local building materials and technologies. The successful examples of new facilities producing local building materials are in particular Strawtech, AfriPrecast, a factory producing light steel profiles and an SME producing stabilised soil blocks in a purpose built production facility in the spirit of responding to the Made-in-Rwanda campaign. Other production facilities are in the conception stage, such as a facility to produce aerated concrete blocks under the Remote Group.

Since 2015, Rwanda financially incentivises large scale private investment into affordable housing, and in collaboration with the banking sector addresses accessibility of financial products. Government supported affordable housing development projects must fulfil predefined eligibility criteria and target specified beneficiary profiles. The criteria state that a project must offer a variety of housing unit categories and sizes; exceed the minimum density provided for by the Urban Planning Code; and be designed for the predominant use of locally produced or locally prefabricated construction materials as far as this is possible. A developer is expected to include an on-site training program and to contract local or national small and medium enterprises for more than half of the works. Housing development will also be financially supported assuming they comply with one of the following criteria: the sales cost per square meter of a housing unit, excluding the cost of public infrastructure, is below a set benchmark; beneficiaries are offered an affordable financial scheme to access a unit; or the developer is a cooperative formed by individual land holders of the housing planning area, with members fulfilling the beneficiary conditions. The benchmarks to be specified by the Minister in charge of housing are being published in 2017 for the first time and will be reviewed every two years for the purpose of continuously lowering the household income benchmarks and sales cost per square meter over time.

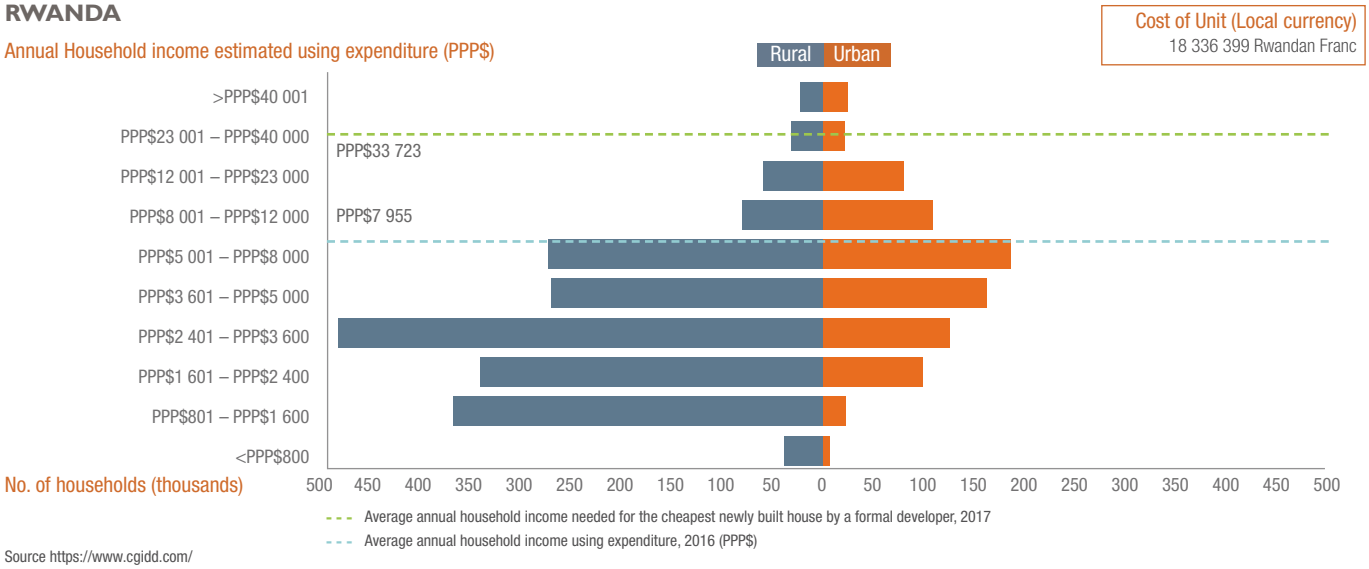
Housing supply

According to EICV4, 62.6 percent of all urban households country-wide live in unplanned urban settlements due to high demand and limited household financial capacity. The supply backlog of formal housing units has been updated to about 44,186 units in Kigali; there is no estimate available yet for the country. The new government support schemes actively target such households and bi-annual revision of beneficiary conditions will help address households with a decreasing household income cap for eligibility.

A National Affordable Housing Approval Committee, established as part of the Prime Ministers Instructions No 004/03 of 13/09/2015 to ensure transparency in government support provided to projects and supervision of selection of beneficiary households, has so far approved the first two housing developments – Batsinda II in Gasabo District, Kigali with more than 530 housing units planned and a project initiated by a housing cooperative, 'Abadahigwa' in Masaka Sector, Kicukiro District, Kigali with 56 units.

It is being reported that the newly offered incentives clearly appeal to investors in the sector. Over the course of the coming three to five years, 4 500 affordable

RWANDA



Source https://www.cgidd.com/

housing units are expected through involvement of the BRD with 20-30 percent equity participation. An important long-term strategy is to increase awareness about the opportunities in collaborative development in urban renewal processes, where original land holders either form cooperatives to finance their development projects, team up with a private investor and hold shares in a redevelopment or in a (Social) Investment Trust, with administrative procedures guided and supported by local governments.

In 2017, Affordable Housing Institute began work on a feasibility study for a group of international and Rwandan investors on the development of large scale mixed-income housing projects in Kigali.

Property markets

The foundation for a formal property market has been set within the National Land Policy and the National Land Tenure Regularisation Program (NLTRP). NLTRP resulted in the issuance of registered titles to every landholder in an effort to unlock the potential for sustainable growth, based on a clear framework which would be equally valid to all users of land. The land and property market activity is increasing as a consequence of the reform, and the real estate and construction industries have developed and become drivers of economic growth in Rwanda. Registering property in Rwanda requires three procedures, takes 12 days and costs 0.1 percent of the property value. As a result, Rwanda is ranked fourth of 190 economies on the ease of registering property.

Real estate companies and valuers have only developed since NLTRP. Real estate valuers are registered in the Rwanda Institute of Architects, without comprehensive valuation guidelines yet to be developed. While no comprehensive study about the dimension of property transactions is available yet, some case studies may help to understand the dimension of impact of NLTRP. IGC found 3 percent of plots in Kigali are now transacted annually. For transaction of rural land, "participation in both land rental and sales market is high". For a 12 month recall period, it was found that 31 percent of the sampled households leased-in, 12 percent leased-out, 9.5 percent bought land and 4 percent sold land.

The inner city of Kigali is dominated by rental housing whilst in peri-urban and rural areas, owner-occupancy dominates. According to EICV4, country-wide 49.9 percent of urban households are owning occupants and 44.2 percent are tenant households, while in rural areas 87.2 percent are owning. There is however a high demand for small short term rental units which is not accommodated by the formal market.

With property registration effective, efficient and accountable building permitting, and with urban master planning documents available, continuous increase of property transaction is expected. Large market activity is expected following the rezoning of land parcels for residential use. A second intensification of property transaction can be observed after NLTRP; this is coupled with the unauthorised land use conversion that takes place on agricultural land beyond the scope defined within the Master Plan. The intensity of this challenge has been recognised through the first round of District urban planning and building audits introduced in 2015, but has not been quantified yet.

Policy and Regulation

The National Housing Policy (2015)(NHP), envisions enabling everyone irrespective of income, base of subsistence, and location to access adequate housing in sustainably planned and developed areas reserved for habitation in Rwanda. The Policy strategises the way toward positive impact on the increase of employment rates, skills transfer, and on quality enhancement in the local construction industry – all seen as factors contributing to the vision of increasing wealth for all. In three policy pillars, the document covers the aspects of access to housing, resource efficiency, land, infrastructure, skills development, enhancement of the local construction industry, construction materials and technology, townscape and liveability, as well as public responsibility.

The Policy is the grounds for a framework that enables the private sector to satisfy the current and growing demand for housing in terms of quantities and access costs offered to clients. It addresses support to purchasing power among the population through saving for housing, and pooling of individual resources, and financing models accessible to the full range of residents, including low income earners. Lastly, it emphasises principles of quality and professionalism in the planning and construction of neighbourhoods and housing, and combines land, land use, urban planning and housing policy directions in order to achieve the efficient use of land and resources when developing housing.

In 2017, the National Informal Urban Settlement Upgrading Strategy was validated as part of the implementation strategy of the National Housing Policy. Urban upgrading is supported as an important strategy to tap existing and future land and property equity. The strategy will help integrate housing neighbourhoods that offer affordable housing, and consequentially conserve large housing stock. It identified five options for implementing an upgrading project, and recommends where best each of the options should be adopted.

The Law N°10/2012 of 02/05/2012, Governing Urban Planning and Building in Rwanda, guides the overall framework for urban planning and building. It is implemented through a set of implementation orders. The orders in their co-existence support cross-sectoral and cross-hierarchy coordination and consider different types of planning and framework for the integration of civil concerns. They provide clear procedures for local management to support sustainable, integral and inclusive development, clear institutional frameworks, decentralisation, local economic development, citizen participation and accountability mechanisms. The orders further specify urban plan elaboration processes to be followed, the legal basis for building and real estate development permitting, and for development management at plot and site level. They provide for public administrative procedures, such as planning auditing, public inspection, and guidance to physical principles of urban planning and building.

Two legal documents adopted in 2015 intend to facilitate private investment in affordable housing. The Prime Ministers Instructions N°001/03 of 23/02/2017 determining the conditions and procedures for obtaining government support for affordable and high density housing projects. The policy relates to a commitment by the Government to finance neighbourhood infrastructure in projects fulfilling specified conditions, which relate to the profiles of beneficiaries of supported housing units, affordability of access schemes to housing (which may either look at the sales prices or affordability of financing schemes), resource-efficiency, and local skills enhancement through collaboration with local Small and Medium Enterprises. Draft Minister's Instructions Specifying Infrastructure Standards, Beneficiary and Cost-Efficiency Requirements For Government Supported Affordable and High Density Housing Projects, that specify details required by the Prime Minister's Instructions regarding infrastructure standards applied in government supported projects, as well as sales cost and beneficiary household income caps, are expected to be adopted before the end of 2017.

The Law N° 06/2015 of 28/03/2015, Investment Promotion and Facilitation, incentivises investment in affordable housing. It offers tax incentives, such as a preferential corporate income tax rate and accelerated depreciation for investments in construction projects worth US$1.8 million or more.

Opportunities

Rwanda's NHP reacts sensitively and holistically to the in-country housing situation by demonstrating innovative solutions to the challenging starting conditions. In an effort to overcome the limited resources at the household level as well as at the macro level, the Rwandan Government takes great strides to complete sensitive facilitation frameworks and its technical and institutional setup to enable close collaboration between the Government and private sector. The policy promotes the development of housing finance and development solutions where financial risk is carried collectively, to ensure that the largest population groups with low and irregular income receive opportunities for improvement to the personal socio-economic situation. The Government's, commitment to service urban land area with public infrastructure is a continued priority. Continuous sites-and-services projects implemented through budget transfers to the local governments, help service urban land for planned development and avoid informal growth.

Additional work is planned to complete and harmonise fiscal, monetary and tax policies with the expected outcome of increasing household incomes through developing employment opportunities, domestic productivity and production of building components and materials.

The private sector, with government facilitation, should take on the development of a long-term investment sector, including the insurance industry, private sector pension funds and other long-term savings vehicles, as well as the fostering of active and fair competition in mortgage lending backed by securitisation legislation.

Eight sites, with a total land area of about 55 ha in the City of Kigali and the six Secondary Cities, are immediately open for investors through the Districts to develop high density, mixed use housing as a way to help increase supply quantities in the short term. In total, sites of about 496 ha have been identified for possible affordable housing investment in the mid term.

Emphasis will be, on better linkage between households and private suppliers to match demand and products offered in real time; on the promotion of saving and de-risking products for private beneficiary households; and on facilitating the finance sector to offer better accessible housing mortgages. Further, emphasis is also on increased resource efficiency and professionalism, in order to promote sustainable practice. The Draft Sector Strategic Plan 2018-24 largely highlights priority actions to increase the local and regional competitiveness of the local construction industry. More projects should target formal rental housing schemes, with an integrated professional asset management component. As a supporting tool, the Sector plans to draft the necessary legal framework regulating the relationship between owning individuals or entities and tenant households.

A social housing component under public responsibility is to be introduced and operationalised as part of the implementation of the NHP. The component shall address very low income and vulnerable households through alternative programs, which target inclusiveness and possibly the reintegration of beneficiary households into the private market once successful.

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São Tomé and Príncipe

Overview

Sao Tome and Principe (STP) is a lower-middle income archipelago off the west coast of Africa sharing maritime borders with Equatorial Guinea, Gabon, Cameroon and Nigeria. It is the second least populated African country with a national population of just 199 910[1] over an area of 1 001km² (2017). The country gained independence from Portugal in 1975. The economy is based on tourism and a growing agricultural market built on exports of cocoa, coffee and palm oil. The country and its economy is highly vulnerable and subject to exogenous market shocks as well as environmental vulnerabilities resulting partly from deforestation and erosion. As a result and in conjunction with persisting poverty, weak government capacity and inadequate provision of basic social services, the African Development Bank (AfDB) has considered the country a 'Fragile State', since 2010. The GDP growth rate increased to 5.3 percent in 2016 from 4.5 percent the year before, on the back of foreign investment in construction and tourism sectors[2]. With such a small population raising sufficient financial resources domestically, in order to fund government spending is problematic, the general government gross debt as a share of GDP was at 92.8 percent as of 2016. The lack of domestic financial security has made the country highly dependent on external aid evident in the 2016[3] state budget which projected expenditure of STD (STP Dobras) 2.1 billion (US$100 031) of which 70 percent was financed by external resources.

The country is however primed for possible development on the back of large scale oil production which was planned for commencement in 2016 however no data is available for confirmation. This new economic asset presents both major opportunities, with expected inflow of oil revenue which could potentially reduce poverty and enable sustainable economic transformation and growth over the next decade; but also major risks, due to weak strategic, legal and regulatory frameworks, in addition to insufficient capability of public administration, with regard to the transparent management and effective and efficient utilisation of public financial resources[4]. As a result of the potential and risk there has been involvement from international agencies such as the AfDB, the International Monetary Fund (IMF) and the World Bank to provide supportive technical assistance as well as funding to ensure the creation of capacity building strategies that develop economic and financial governance, strategic planning and programming, and create a more conducive environment for private sector activity[5].

KEY FIGURES

Main Urban Centres	São Tomé (capital)
Exchange Rate: 1 US$ [a] =	20 966.24 Sao Tome Dobra (STD)
PPP Exchange Rate (Local Currency/PPP$): 1 STD = [b]	0.0001
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	5.3 | 5.6 | 4.1 | 2.9
Population | Population growth rate [c]	199.91 | 2.2
Urban population (% of total) | Urbanisation rate (% in 2013) [c]	131.24 | 3.1
GDP per capita (current US$) | GDP growth rate (annual %) [c]	1,756.1 | 4.0
GDP (Current US$) [c]	351
GNI per capita, Atlas method (current US$) [c]	1 730
Population below national poverty line | Survey Year [b]	61.7 (2009)
Unemployment rate (%) (c)	13.6 (2012)
Gini co-efficient (year of survey) [e]	30.82 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	142 | 0.574
Lending Interest Rate [c]	19.60
Unsecured lending interest rate (housing microloan)	20 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	14 | 15 [k]
Down Payment (%)	
Credit % of GDP [c]	21.60
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [d] | Outside City Centre [d]	
Gross Rental Yield City Centre % [d] | Outside of City Centre % [d]	
Construction as a % of GDP [b]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [h]	
What is the cost of standard 50kg bag of cement (in US$)	
What is the price of the cheapest, newly built house by a formal developer or contractor?	72 000.00 [k]
What is the size of this house (in m²)?	110
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	
Ease of Doing Business Rank [i]	162
Number of Procedures to Register Property [i]	7
Time (days) to Register Property [i]	62
Cost (% of property value) to Register Property [i]	9.00

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] BISTP Bank

Given the lack of liquidity the government has developed a reform programme to increase revenues which is aimed for implementation in 2017. These include a 25 percent tax on locally produced alcoholic beverages, a regulation of the billing system, a regional taxation tribunal and lastly an update to the tax code, to include amongst other things a tariff on service delivery for non-residents. The financial sector is constrained as a result of capital shortages at a corporate level, a lack of bankable projects, and increasingly restricted foreign currency reserves[6]. Furthermore the government's economic policies are not supportive of an emergent private sector. On a whole the business environment is not ideal due to high overheads relating to energy, maintenance, human capital, high interest rates, a lack of access to long-term financing and a weak judicial system.

Despite growth in the agricultural and tourism sectors there is an imbalance as imports remain high, captured at US$24.17 million (March 2017), compared to only US$1.67 million in exports[7]. There is thus pressure for government expenditure to act as a primary economic driver. Due to high import rates

domestic price fluctuations are tied to those of international prices, oil prices being the most notable exemption as fuel prices are fixed[8]. In 2010 in order to stabilise the currency, the STP Dobra was pegged to the Euro as such domestic inflation levels have converged to Euro area level. There is growth despite the economic pressures with a projected GDP growth rate of 5.6 percent for 2017[9], however all growth is burdened by national debt resulting in negative GDP account balances with the current account to GDP of -10.7 percent as of 2015[10].

Current government agendas include a reform outlined in the 2016-2018 National Strategy Document, giving priority to i) the promotion of good governance, public sector transformation, sustainable and inclusive growth; ii) strengthening human capital, social service delivery, social cohesion, and social protection. The government has entered into a three-year macroeconomic framework with the IMF under the Extended Credit Facility (ECF) for 2015-2018, which is in line with their programme to reduce the country's high risk of distress[11]. Government has also indicated that they will prioritise highly concessional financing (loans with more generous terms than those on the open market), in accordance with the IMF's new debt policy. Under this agreement the government has made a borrowing commitment of US$45.4 million until the end of 2018[12]. Furthermore the stipulation is that all new borrowing go toward projects in infrastructure and social spending with a high impact on development, including job creation and poverty reduction[13].

Access to finance

STP has a small financial system. With the Central Bank of STP (BCSTP) serving in a supervisory role over the national financial system and defining monetary and exchange rate policies in the country. Among other responsibilities, the BCSTP sells hard currencies and establishes indicative interest rates[14]. Commercial banks make up roughly 98 percent of financial sector assets, the majority of the eight banks[15], namely Afriland First Bank, Banco Equador, BISTP – Banco Internacional de São Tomé e Príncipe, Commercial Bank of São Tomé and Príncipe, Ecobank, Island Bank, National Investment Bank and Energy Bank, are foreign owned. Furthermore the sector is highly concentrated with the largest three banks holding almost 75 percent of total assets[16]. There is access to local credit to the private sector yet it is limited and expensive, though available to both foreign and local investors on equal terms. However, the country's main economic actors finance themselves outside STP. The country is ranked 185th in the Doing Business report 2017 for access to credit, due to high interest rates and a general lack of regulatory polices to ensure credit distribution[17]. Furthermore according to the report, in STP there is no credit bureau or credit registry, the lack of which means that there is no regulatory framework in which credit could be facilitated and monitored increasing the risk of providing credit.

The lack of versatility and portfolio variance is evident at the individual bank level. As some banks do not have credit exposure to all sectors and the size of the credit portfolios vary greatly. This is evident as in 2015, credit to the construction sector was provided mainly by one bank, and to a large degree the same was true for lending to tourism and manufacturing; this credit concentration by sector at the individual bank level increase banks' vulnerability to sector-specific shocks as well as limiting the accessibility of finance across the board[18]. However, loans for construction, trade and consumption account for the largest proportions of credit by the economic sector[19].

There is no state strategy to develop microfinance institutions and no formal regulatory framework to support the growth and development of the sector, which is almost nonexistent with only a single operator[20]. The high concentration of the banking system has led to limited competition. The system is composed of negative profitability, a high component of non-performing loans, and low capital adequacy[21]. The banks are faced with capital deficiencies and a lack of feasible projects exacerbated by a dwindling availability and reserves of foreign currency. Banks thereby need to strengthen their risk-assessment criteria for lending, as the limited access to finance serves as an impediment to economic development and poverty alleviation[22].

There is a substantial scope to improve the accessibility of a full range of financial services comprising of, payments, savings, credit and insurance; as only 48 percent of people have a saving account, only seven percent of Small and Medium-sized Enterprises (SMEs) have a bank loan and less than five percent are clients of consumer finance firms.

The government is in the process of structural reformation including the financial-sector strategy for 2017-20, which addresses the 2015-24 private sector development strategy and improving the software for public finance management system (SAFE).

Affordability

Unemployment is at 12.6 percent with an estimated 61.7 percent impoverishment[23]. Urban poverty is intensified due to limited employment opportunities particularly for youth as well as a reliance on employment opportunities concentrated around one urban centre[24].

There is a very limited amount of information available around the cost of living and income levels of people in STP. A cost of living survey was conducted in 2011 by the International Civil Service Commission's secretariat in STP, the sample size of respondents was very limited however the survey provides at least some idea of the situation. According to the study rental of a three bedroom house at the time cost US$2 159.99 and a five bedroom house cost US$3 261.59[25], in breaking down the disbursement of these rates apart from the actual rent the highest cost was for utilities. With a cost of US$234.15 and US$494.17 respectively. The expense of which serves as validation presented by business cost analyses which indicate that high costs of electricity for instance is a major barrier to business growth and investment in the country.

The Public Institute of Housing and Real Estate (Instituto de Habitação e Imobiliária, IHI), has indicated the cost of a newly constructed house to be US$30 000, they provide no indication of the size yet it is stated that the actual cost of construction is higher[26]. In looking at property listings available through the International Bank of STP (Banco Internacional de S.Tome e Principe) the average cost of a three bedroom house is around US$72 000. Considering the cost of housing and the limited and unclear system of housing credit, based on the perspective of higher and predictable incomes and the fact that two-thirds of the population (mostly employed in the informal economy), only the informal housing market, community savings and micro-credit schemes (for which there is no accurate detailed data) are accessible[27].

Housing supply

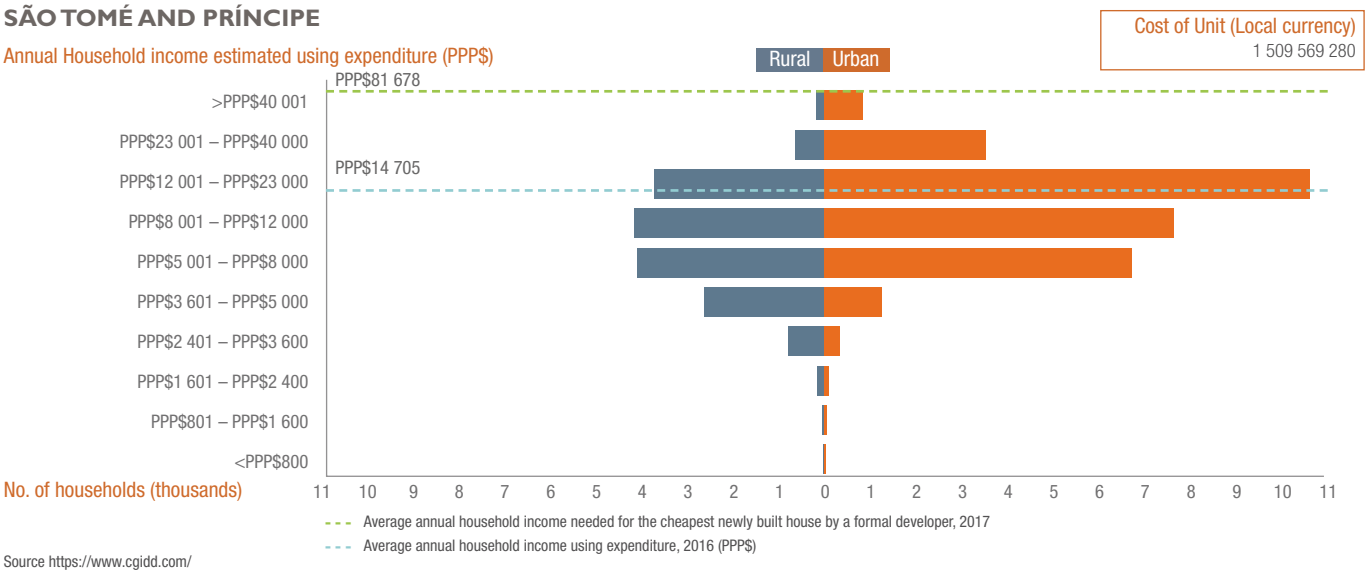
STP has only one main urban centre, the city of Sao Tome, with 65.6 percent urban population and a population density of 208.2 per km^2 [28], 86.6 percent of which live in slum areas (2014/2015)[29]. According to a report produced by the National Institute of Statistics (INE) in 2012 the majority, 68 percent of homes were occupied by their owners, with only 14.6 percent renting, 16.3 percent living in free accommodation and 1.2 percent in other arrangements[30]. According to this report as of 2012 there were 29 182 urban dwellings and 14 846 rural dwellings. The majority of which are one bedroom units at 43 percent, 37.8 percent two bedroom, 14 percent 3 bedroom, 3.9 percent four bedroom and 1.3 percent five rooms and more[31]. On average a family consists of 5.2 persons of which the majority live in a one to two bedroom unit[32]. The level of development of these units is incredibly basic with 76.4 percent having no water on site and 57 percent units having no form of sanitation facilities, however there has been an improvement as in 1991, 80.1 percent of units had no sanitation facilities.

The composition of houses is primarily made of wood with 64.8 percent using wood for construction and 15.3 percent using reclaimed or salvaged wood. Only 19.2 percent of houses were masonry based. The dominance of particular materials used is indicative of how informal housing construction has been undertaken as well as how impoverished the population is. The expansion of informal housing is further indicated by the fact that while the use of masonry has dropped by 4.4 percent since 1991, the use of wood has increased by 12.1 percent over the same period. This trend is expressed further in the prevalence of Zinc as the primary roofing material. Houses are thereby incredibly rudimentary and informal.

Property markets

The private sector in STP is small and underdeveloped, comprised primarily of micro-enterprises with emphasis on trade, fisheries, and tourism. The limitation of the economy, and its insularity and remoteness from the broader market within the African continent, form barriers to private sector development. Furthermore the regulatory, procedural and legislative framework obstruct private sector activity. STP is ranked 161 out of 190 according to the Doing Business report 2017 in

SÃO TOMÉ AND PRÍNCIPE



Source https://www.cgidd.com/

registering property. The capacity of the Property Registry limits the efficiency of this process which would serve as a potential obstacle to investment. For which it takes seven procedures, 62 days and costs nine percent of the property value. Furthermore registration is done with the Finance Ministry, as well as at the Agricultural Ministry for rural land or at the Geographic and Registration Services for urban land, records are all paper, and property registry and cadastral agencies are not only separate but they use different identification makers for the same properties. As such and in conjunction with different land tenure types and forms of use, along with the difficulties in registration, there is duplication of registries with overlapping of ownership and confusion amongst types of entitlement, both within the formal and the informal real estate markets[33]. In dealing with construction permits STP is ranked 121st, with 15 procedures over 104 days (which is comparatively less than regional counterparts' average roughly 154 days) and a five out of 15 in the building quality control index.

These constrictions have been exacerbated by high interest rates and limited access by investors to credit coupled with poor physical infrastructure (port, airport, energy, roads and telecommunications)[34]. Furthermore, there are few public private partnerships due in large to the lack of adequate legal and institutional structures. Finance, real estate and business services received 4.5 percent of the GDP in 2015, demonstrating a recognition for further investment in this sector yet it is not the dominant focus which given GDP spending at the time was agriculture, forestry, fishing and hunting which received 40.4 percent of GDP. This indicates the national focus on macroeconomic diversification and strengthening local primary production.

STP was rated with a credit rating of 15, for which its market is deemed 'extremely speculative', which is a low grading that doesn't engender investor confidence[35].

Policy and regulation

The Second Poverty Reduction Strategy Paper (PRSP-II), produced by the International Development Association (IDA) and the IMF, approved by the STP Cabinet in 2012, outlines four objectives namely: "(i) promoting good governance and public-sector reform, (ii) supporting sustainable and inclusive economic growth, (iii) enhancing human capital and extending basic social services, and (iv) reinforcing social cohesion and social protections, particularly for vulnerable groups"[36].

In 2014 the land reform office of the Ministry of Agriculture, Fisheries and Rural Development announced plans to redistribute 1 500 abandoned land parcels for agricultural production in bid to combat poverty in Sao Tome[37]. This program falls in line with the National Transformation Agenda as part of the STP Vision 2030 which specifies nine objectives: reduce poverty in rural and coastal areas; promote youth employment through education and training; strengthen the health system; reinforce the public and administrative management tool; promote transparency and accountability in relation to the provision of Public Administration; strengthen internal security, public security and coastal security; simplify legislation and improve the business environment; implement infrastructure programs to support growth, and ensure environmental protection and control of operators[38].

At the point of independence a portion of land was nationalised. Currently around 86 percent of the land is state owned though part of it may have contracts of concession, as such farmers have land's usufruct the rights for which can be transferred however the land its self remains public. However, expropriation of land is allowed for projects deemed to be in the national public interest, but only occurs with adequate compensation[39]. The process of land registration is still being developed and as mentioned above is highly restricted by the outdated capacity of the system.

The STP government is attempting to encourage investment and as such is moving toward open competition in all sectors, to this end laws and regulations that relate to direct investment, including environmental rules and health and safety regulations, are non-discriminatory and apply equally to foreign and domestic investors. As an incentive STP tax laws reward Sao Tomeans who return home, while also containing provisions for attracting non-Sao Tomean personnel to live and work in STP[40].

Labour, health, and safety laws exist but are not properly enforced. There are some reports that the process of terminating employment of unsatisfactory employees is cumbersome and that protective labour laws make it very difficult to bring skilled foreign-national specialists such as pilots, engineers, or architects into STP.

Opportunities

"International experience has shown that the impacts of large oil revenue inflows on the economy may be highly adverse and distortive. Therefore, STP urgently needs to start building safeguards against the so-called 'Dutch disease' in the form of structural changes and enhanced economic diversification in the non-oil sector, with a view to strengthening the country's embryonic private sector. Policies to facilitate the creation of ancillary jobs in the non-oil sectors should complement this effort."[41]

The STP Vision 2030, recognises the pitfalls of the current structure in place and seeks to redress issues of poverty, structural inadequacy, economic vulnerability and administrative incapacity. As such there is mass opportunities for development with the goal of STP becoming a geographic hub for tertiary services and trade. These goals are being driven largely by state funding, foreign aid and investment coming particularly from China which seeks to invest in port development. The intentions to open STP to foreign business were expressed within the 2015 Step in London Conference in which potential developments were flagged within various sectors of the economy. These include ecotourism, port development, business parks, energy sector growth and many other potential projects and reforms itemised within the conference notes[42]. This demonstrates the willingness of the government to engage further development.

There is a long road ahead for the development of STP, housing as of yet it is not noted as a priority as far as is expressed within the available data however the development of more sustainable and better serviced housing is part of the conversation particularly in regard to poverty alleviation. The intentions for market and economic expansion, expressed within the policies discussed within this profile, present a growth market for housing that will be necessary to support the needs of growing industries. Furthermore considering the goals of the PRSP-II one could potentially look to housing and international investment opportunities as a mechanism for sustainable and inclusive poverty reduction and economic opportunity creation for vulnerable groups. As such there is potential for future development depending on the capacity built into new financial structures being developed with the country, and the success of proposed international partnerships[43].

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Senegal

Overview

Senegal is a low to middle income country located in West Africa on the Atlantic Coast. The country has about 15.41 million inhabitants, of which more than 50 percent are under 20 years of age, and only 2.9 percent are over 65. Comprising an area of 196 700m², Senegal is highly urbanised: 43.5 percent of the population live in urban areas, and 49 percent of these are concentrated in Greater Dakar, the capital. Dakar has a concentration of about 547 people per km².

Senegal economic prospects are good. The growth rate of Gross Domestic Product (GDP) is on the rise and estimated to 6.7 percent in 2016 driven by agriculture, industry and the revival of the service sector. Growth is expected to continue in 2017 and 2018 at a rate of 6.8 percent and 7 percent. 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.

Senegal's development plan, to become an emerging country by 2035, "Plan Sénégal Emergent (PSE)," completed its second year in 2016, with major reforms to boost the economy through entrepreneurship, industrialization and infrastructure investment. Among the major reforms are the revision of the 2005-2015 industrial redeployment policy (PRI) to boost industrialization in provinces with high economic potential, infrastructure construction, creation of special economic zones and industrial parks.

One of the special economic zones is Diamniadio, a multi-functional urban platform and a major project of the PSE. It is also an instrument for the government of Senegal to transform the economy from low economy status to emerging and sustainable economy. It is expected that Diamniadio will revolutionise Senegal's urban economy and develop real urban culture. The project is also expected to regulate housing backlog a major crisis in Senegal.

Since independence, housing has been a major concern for every Senegalese government because of scarcity of land and the increasing rates of urban migration, especially Dakar. In 2015, President Macky Sall initiated capital expansion beyond Dakar to boost infrastructure development, employment and provide equal access to homeownership for all Senegalese. Senegal was the first among the West African Economic and Monetary Union (UEMOA) countries to implement a housing cooperative project. The project was financed by the government of Senegal and to this day Senegal remains a pioneer in housing cooperative systems in West Africa. Homeowners receive construction finance from the Banque de l'Habitat du Senegal (BHS), technical assistance and land grants; cooperatives pay the cost of lot servicing. The housing cooperatives of Senegal are contributing a great deal to the national economy and providing affordable homes for low income families.

KEY FIGURES

Main Urban Centres	Dakar (capital)
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0045
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	0.1 | 1.1 | 1.9 | 2.0
Population | Population growth rate [d]	15 411 000 | 2.86
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	44.07 | 3.64
GDP per capita (current US$) | GDP growth rate (annual %) [d]	958 | 6.65
GDP (Current US$) [d]	14 765 462 631
GNI per capita, Atlas method (current US$) [d]	950
Population below national poverty line | Survey Year [c]	46.7 | 2010
Unemployment rate (%) (d)	10.0
Gini co-efficient (year of survey) [e]	40.28 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	162 | 0.494
Lending Interest Rate [d]	5.60
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	6 | 15 [k]
Down Payment (%)	
Credit % of GDP [d]	42.00
Average Mortgages % of GDP [g]	0.86 (2013)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	11 804 [l]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	5.396 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	21 922 [n]
What is the size of this house (in m²)?	150 – 200
What is the average rental price for a formal unit (in US$)	2 800 [m]
What is the minimum plot size for residential property	150
Ease of Doing Business Rank [j]	147
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	71
Cost (% of property value) to Register Property [j]	10.20

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Banque de l'Habitat du Senegal
[l] Local Banks
[m] Rewmi
[n] Diamniadio Development

Access to finance

Senegal's financial sector is growing and very dynamic. Some 22 banks are listed by the Central Bank, as well as three non-bank financial institutions. Access to finance in the country is among the highest in the West African Economic and Monetary Union countries (UEMOA) but very low by global standards: only about 15 percent of the country's population over the age of 15 own a bank account,

7 percent have savings, and just 4 percent have loans (as stated in Global Findex 2014). The country's finance sector is growing however, as two new banks have been established in the last two years and the number of branches have increased to facilitate services to the growing urban population. New products are introduced among which are credit cards, automatic teller machines (ATMs) and even consumer credits for automobiles for people with regular revenues. The micro finance sector is dynamic and provides financial services for all categories of Senegalese, in the urban and rural areas of Senegal. In 2016, there were 106 MFIs registered on the Mix Market (an online source of microfinance performance data and analysis) with 299 000 active borrowers, a gross loan portfolio of US$522 million and US$436 million in deposits. Credit Mutuel du Senegal (CMS) has the largest loan portfolio size of US$203 million and the largest savings of US$243 million.

The financial sector of Senegal is growing and is very dynamic. According to Banque Centrale Des Etats de l'Afrique de l'Ouest (BCEAO), Senegal is the most active country among the member states of UEMOA with housing loans of BHS representing 30 percent of the total housing loans (203.7 billions of CFA FRANCS) of the Union in 2013. By the end of 2015, all commercial banks offer diversified housing loans. Banque de l'Habitat du Senegal (BHS), the mortgage bank founded in 1979, is among the pioneers in the UEMOA. Its main objective is to finance real estate and homeownership, emphasising the affordable housing market. In the same year, the average interest rate of the Union was 7.44 percent and 6.8 percent for Senegal. The average bond term in Senegal was 8.7 years. The bank is evolving from a short-term credit facility to a mortgage bank, mobilising funds locally and internationally, mobilising funds in the financial market for mortgage products with longer term maturity. Initially created to serve the low-income market, BHS has diversified its services and enlarged the market targets. Loans are used to acquire land, to build housing and to purchase housing. One of the new products is "Le Park 35," a mortgage that allow a potential client to acquire a house valued at less than 35 million CFA francs without a downpayment at the interest rate of 6 percent, over 20 to 25 years. Among the bank's more popular products offers a reduced interest rate when the borrower saves 10 percent towards the purchase price. BHS has also contributed to the foundation of some of the mortgage banks in the region.

The Senegalese financial sector is flourishing and so is the housing development market. In spite of the market dynamism, access to finance is still a challenge to majority of the population who have no bank accounts. According to the World Bank's 2016, Doing Business Report for ease of getting credit, Senegal ranks 139th out of 190 countries. There is one public registry and no private credit bureaus in Senegal.

Affordability

Housing affordability remains limited, given the high price of land, price speculation and inadequate supply in spite of government efforts to boost production. There are very few developers and many speculators whose primarily target higher income bracket. Rents and property prices depend on the geographical location, the architectural plan and the quality of material used for construction. As a regional headquarters of corporate and international organizations, Dakar has a concentration of expatriates in the residential zones where there are varieties of houses, simple well-constructed houses, apartments, luxurious villas and condominiums. According to "African Report 2017, Knight Frank," a prime property rent in a residential area cost US$2 800 a month and less for houses in the residential zones where there is concentration of prime properties and large-scale development under construction. According to the press, speculation is leading to price increases in the suburbs. According to a 2010 local survey, rents have more than doubled in the past years and a minimum rent of a room for students is 50 000CFA francs (US$84 316). 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 cost about 2.5 million CFA Francs (US$4 195), although it can cost as much as 4 million CFA Francs (US$6 745) in high income areas, and as little as 1.7 million (US$2 867) CFA Francs in more remote areas. When developed as a four-roomed house, the property can sell for 25 million CFA Francs (US$42 158), and in wealthier areas for 55 million CFA Francs (US$92 747). The rental prices range between 150 000 CFA francs to 500 000 CFA francs (US$253to US$843).

According to the current housing minister, housing production rose from 4 000 in 2012 to 10 000 in 2016, yet affordability remains a national problem. To this end the government is introducing reforms among which include a new law to reduce the cost of production and accelerate the production of affordable houses for low income groups. A new observatory body (Observatoire de l'habitat social) is proposed by some parliamentarians to control effective application of rules and regulations concerning access to social houses to constrain speculation which is undermining the government's efforts to boost affordability.

About 60 percent of the population earn less than US$3.10 a day which makes the cheapest house unaffordable. The cheapest newly built house is a three-bedroom house built on 150m2 in Diamniadio suburb of Dakar and sold for 13 000 000 CFA francs (US$21 922), requiring monthly payments of 88 627 CFA francs (US$149) for 15 years. It is expected that the law will contribute to economic growth, eliminate speculation, and boost production and affordability.

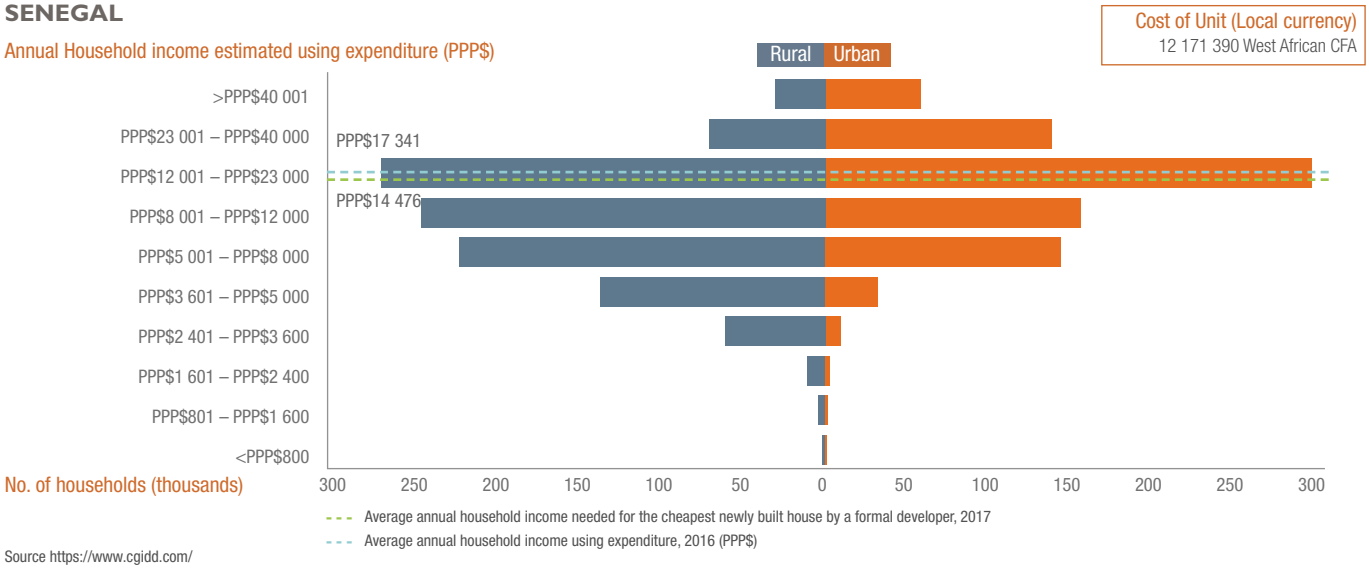
Housing supply

Most Senegalese homes are self-built with cement, concrete and stone with corrugated iron for the ceiling, without an architect, and at a total cost of less than 30 million CFA Francs (US$50 589) 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 30 million CFA Francs (US$50 589). While the building code supports incremental construction, hazardous building practices are rampant in the absence of any regulation or construction expertise. A critical issue in Dakar is rapid urbanisation rate and the city's inability to keep up with the necessary water drainage and sewerage systems. In September 2012, flooding in Dakar destroyed more than 10 000 homes; 33 000 families were displaced in 2009 floods. The 2016 housing deficit was estimated to be 322 000 units for the whole of Senegal and 158 000 for Dakar.

There are several constraints to the housing supply, especially for low income earners. Insufficient formal market players, limited availability of serviced land, limited availability of relevant financial products, high construction costs and weak policy all constrain the market. In response to these challenges, the government introduced a series of initiatives focusing on the affordable housing market to address housing demand. Among the initiatives are tax breaks for promoters, subsidies offered to first homebuyers and a land regularisation programme. To boost housing supply, the government also granted in 2015 one billion CFA francs (US$1 686 312) to Fonds de garantie pour des investissements prioritaires ("FONGIP") to create a special guarantee fund for small and medium enterprises in the housing sector, and Fonds de garantie pour l'acqusition du lodgement ("FOGALOG") to facilitate access to financing for small and medium enterprises. To date 17 016 million CFA francs (US$28.7 million) has been disbursed by FONGIP to almost 12 000 SMEs; FOGALOG has signed an agreement with BHS and the housing ministry to facilitate access to affordable houses for the Senegalese in the informal sector. The 2015 agreement allows Senegalese households with irregular revenue to access special guaranteed housing loans. FONGIP is a national guarantee fund created to facilitate access to financing SMEs in the government's priority sectors, such as housing, especially low-income houses, which are among the top priorities.

Another important project of PSE is the development of a new city currently under construction. Diamniadio is about 30 kilometres south west of Dakar and 15 kilometres away from the future International Airport of Senegal (Blaise Diagne). It is expected that Diamniadio will revolutionise Senegal's urban economy and develop real urban culture. The project is expected to deliver at least 40 000 houses and regulate housing backlog a major crisis in Senegal. The project targets diverse market, that is low, middle and upper class and the houses range from two to four bedrooms houses, duplexes and town apartments. Compared to Dakar, Diamniadio is well planned and equipped with social infrastructure; new conference centre, industrial park, the second university of Senegal, university campus under construction, commercial centres, schools, hospital and other recreational amenities. The government has allocated serviced plots of land and given other incentives to developers to promote small and medium enterprises and enhance housing supply in Senegal.

SENEGAL



Source https://www.cgidd.com/

Recently the government has initiated other measures to increase housing production, including Social Housing Guidelines Act, the decree defining social housing, and the Prime Minister's order establishing approval processes for production by private developers.

Senegal ranks 139 in the World Bank's 2017 Doing Business Report in dealing with construction permits, and improved its ranks in Ease of Doing Business 2016, 147th out of 190 countries, up from 153rd in 2016. The country has also improved on its property registration and procedure costs, dropping from 15.2 percent of the property value in 2015 to 10.2 percent in 2016 and 2017.

New laws and government programmes project a minimum of 15 000 houses to be constructed per year. Ongoing projects include Cite Sicap Lac Rose, situated on 70 hectares, consist of 2 427 units, 1 820 of which will be constructed on 200m² of plot of land and 607 on 150m² each. Bambilor is a new city about 10 minutes from Lac Rose and 30 minutes from downtown Dakar, and includes Cite CDC, consisting of two- to four-bedroom villas, built on 150 to 200m² and costing about 10 to 47 million CFA francs (US$16 863 and 79 257). Cite de l'Emergence is a project of 11-storey buildings of modern apartments, sixteen of which will be constructed in Dakar by Group Adoha, a Moroccan real estate developer. The project consists of 700 apartments and the estimated cost is 45 billion CFA francs (US$75.8 million) to be delivered in 2017. All the projects target diverse markets.

Property Markets

Senegal is witnessing a dynamic growth in the real estate industry, particularly in Dakar and other urban areas. Factors driving the real estate boom include government programmes establishing new urban zones and mass production of houses, population growth, and the reputation of Senegal as a stable democratic country which creates an enabling environment for investors. Additionally, African investors from neighbouring countries are building second homes or investment interest.

Over half a million Dakar residents are tenants, and the rental market is said to favour the landlord. In theory, rents on residential leases are fixed by law according to the market value of the premises. In practice, however, rents are decided solely by the landlord. Presently, access to financing available for producing rental housing on a large scale is improving and the market is promising, considering the efforts of the government in securing long-term financing for affordable homes to sustain the growth in the sector.

According to real estate consultancy Knight Frank's 2017 property report for Senegal, the residential construction market is quite dynamic especially for small-scale schemes. Progress at the larger scale waterfront development has continued to be relatively slow and prices are dropping. According to the press, rents are escalating for the very low-income groups while the supply of houses for middle income group is improving. Away from the waterfront the market is buoyant. The Diamniadio and other ongoing projects are under construction hence middle to low income households market is booming and there is room for growth. Another important factor to stimulate the market is institutional publicity, forums, conferences and international forums concerning housing in Senegal are supported by the government. The International Habitat Fair ("Salon International de l'Habitat") was held in Dakar for the second time in October 2017. The conference was a venue for stakeholders to share knowledge and business opportunities for potential investors.

Policy and regulation

Senegal's complex legal and regulatory framework has been identified as one of the factors responsible for housing deficit. As a result the present government is addressing the issue through participative process by all the stakeholders of the sector; hence some reforms are being implemented. New legal frameworks to regulate social housing is intended to accelerate production of affordable houses, reduce cost of production, regulate control, promote innovation, promote the exploitation of local resources, creating employment and wealth. The new law and accompanied measures hopefully will enhance the effective implementation of other rules and regulation of the sector.

Changes in law and other incentives to promote the development of real estate especially housing are accelerating housing production and stimulating the formalisation of the real estate market.

The Land Tenure Act ensures security of tenure, and authorises temporary occupancy permit holders in urban centres to transform them, at no cost, into permanent title deeds. With reinforced security of tenure, it is expected that landlords will invest in upgrading their properties, and they are. Most houses in the capital have been upgraded and land and homes prices have escalated. Dakar residents and even diasporic Senegalese are taking advantage of the new law to register properties, which is causing property values to appreciate. This result is being duplicated in other regions of the country particularly those close to Dakar.

Opportunities

Senegal is revolutionizing urban development planning in the UEMOA region and business opportunities are real given the geographical situation, the political stability, the ambitious infrastructure programme of the current government, the presence of many international organisations and development agencies, dynamic cultural events, and a robust tourist industry. The Senegal housing market is booming with construction being undertaken practically all over the urban centres and the new city of Diamniadio is delivering modern apartments, condominiums and houses of different architectural style and different economic standard.

Dakar, the capital, is the home to the regional headquarters of many international organisations and some regional organisations. The current growth rate, the rate of urbanisation, the government infrastructure programme and the commitment of the African Development Bank to support the government programmes, are

indicators that the housing boom is here to stay. Senegal has improved its business climate and its performance in dealing with construction and registration of property, and lately enacted a new law to boost production of affordable houses. The new legal framework and other measures are all incentives for promoting business opportunities and providing the majority of the population with decent and affordable houses.

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Seychelles

Overview

The Seychelles is a small country, comprising 115 islands covering a wide geographical area in the Indian Ocean, northeast of Madagascar. With a population of about 95 000 people. In 2016 (an increase of 1.3 percent over 2015), the Seychelles is one of the highest human development countries in Africa, with its Human Development Index ranking 63rd globally for the year 2016 (from 74th in 2015). It has met most of the Millennium Development Goals and reached high-income status in 2015. 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.

The growth rate dropped from 5.7 percent in 2015 to 4.8 percent in 2016 and is expected to fall further. The main drivers are traditional tourism, fisheries and information and communications technology. Given the open character of the country's economy and its dependence on tourism and fisheries in terms of GDP contribution, trade and employment, Seychelles is highly vulnerable to external shocks and particularly environmental and climatic issues. Heavy reliance on tourism makes it dependent on demand from other countries (notably from Europe and Asia), which has been erratic in recent years. Reliance on fisheries makes it dependent on commercial fish stocks that are also being exploited by neighbouring countries. Hence, the urgent need for diversification of the economy. The development of the private sector is paramount to achieving a more diversified economy, but it requires a more enabling environment to exploit its potential and expand into new business areas.

The World Bank 2017 Doing Business report ranked Seychelles 93 out of 190 countries in the Ease of Doing Business Index, the same rank as in 2016. While enforcing contracts has improved in Seychelles, starting business, getting credit, protection of minority investors and dealing with permits amongst others have not kept pace.

Prudent fiscal and monetary policies, coupled with continued political stability, have helped consolidate macroeconomic stability, and inflation is expected to remain in single digits. The Central Bank of Seychelles has adopted a tight monetary policy. The stable external value of the domestic currency coupled with the generally weak international commodity prices as well as the monetary policy stance adopted by the Central Bank led to the inflation being close to zero in 2016.

KEY FIGURES

Main Urban Centres	Victoria (capital)
Exchange Rate: 1 US$ [a] =	13.36 Seychelles Rupee (SCR)
PPP Exchange Rate (Local Currency/PPP$): 1 SCR = [b]	0.1380
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	4.0 | -0.1 | 2.6 | 3.8
Population | Population growth rate [d]	94 000 | 1.34
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	54.21 | 1.94
GDP per capita (current US$) | GDP growth rate (annual %) [d]	15 075 | 4.50
GDP (Current US$) [d]	1 427 323 889
GNI per capita, Atlas method (current US$) [d]	15 410
Population below national poverty line | Survey Year [c]	39.3 | 2013
Unemployment rate (%) (d)	4.70
Gini co-efficient (year of survey) [e]	42.77 (2006)
HDI (Global Ranking) | HDI (Country Index Score) [f]	63 | 0.782
Lending Interest Rate [d]	12.36
Unsecured lending interest rate (housing microloan)	12 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	9.5 | 25 [l]
Down Payment (%)	
Credit % of GDP [d]	40.16
Average Mortgages % of GDP [g]	2.77 (2015)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	45 000 [m]
Average loan size in US$ (non-mortgage/micro lending)	30 000 [l]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	4.55 | 32.76
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	21.98 | 3.05
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7.6 [n]
What is the price of the cheapest, newly built house by a formal developer or contractor?	135 000 [o]
What is the size of this house (in m²)?	90
What is the average rental price for a formal unit (in US$)	670 (2016)
What is the minimum plot size for residential property	150
Ease of Doing Business Rank [j]	93
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	33
Cost (% of property value) to Register Property [j]	7.00

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
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[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Central Bank of Seychelles
[l] Barclays Bank (Seychelles) Ltd.
[m] Seychelles Credit Union
[n] LafargeHolcim
[o] Premium Realty

African Union for Housing Finance Member Institutions
Housing Finance Company Limited

Access to finance

The Seychelles has a relatively well developed financial system overseen by two regulators namely, the Central Bank of Seychelles and the Financial Services Authority. Nine banks are listed on the Central Bank of Seychelles website, together with 13 'class A' exchange bureaux and 12 'class B' exchange bureaux, four non-bank financial institutions and the Housing Finance Company. SBM Bank (Seychelles) Limited was granted a licence in 2016 but is yet to commence operations. The Financial Services Authority has licensed five domestic and six non-domestic insurance companies as well a number of insurance intermediaries. Seychelles also has a securities exchange and a number of intermediaries.

For 2016, credit granted rose by 17 percent to reach SR7 578 million. Credit granted to the private sector amounted to SR5 123 million, representing an increase of ten percent over the previous year. The share of credit to private sector fell from 72 percent in 2015 to 68 percent in 2016. Loans to private

households and non-profit organisations represented 21 percent of the loans to the private sector. Mortgage loans increased by 15 percent to SR578.4 million in 2016. However, credit to the real estate category, with a share of 12 percent of total private sector loan, dropped by two per cent.

Banks remain overall in good financial health and adequately capitalized despite the economic downturn, reporting solid earnings and high net interest margins, though these have declined since 2009 due to lower interest rates on government securities. Private sector credit remains low at about 25 percent of GDP and is growing slowly despite ample liquidity. The country's banking sector continues to be dominated by state and foreign institutions.

Housing finance is dominated by semi-public institutions. The Seychelles Housing Development Corporation (SHDC) contributes approximately one-third of credit to the private sector in the form of subsidized lending for housing. Due to the large subsidies, the government has been making efforts to transfer a portion of the institution's housing loan portfolios to commercial banks.

A Financial Literacy Baseline Survey was conducted by FinMark Trust in 2016 which revealed that 94 percent of Seychellois are banked. Moreover, of the six percent currently unbanked, 80 percent were previously banked. Most have an opportunity to use banking services, thus placing Seychelles as the most financially included country in the Southern African Development Community. The study also found that 75 percent of Seychellois earn regular and consistent income from formal channels such as government jobs, employment at private companies, receiving salaries from another individual or self-employment.

Surprisingly, despite receiving the same number of points, Seychelles has been ranked 118th (out of 190 countries) for getting credit for 2017 in the Doing Business report compared to 109th in 2016. Microfinance is extremely limited, but growing slowly as international microfinance institutions begin to infiltrate the local financial services market. However, Seychelles has shown no intention of developing a regulatory framework specific to microfinance as noted in the FinMark Trust SADC Microfinance study 2011.

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 SR733 million (US$55.32 million).

Analysis of other key segments of the economy shows positive growth across the remaining services sub-sector. A growth of 4.0 per cent is estimated in 'owner occupied dwellings', reflecting an increase in home ownership compared to a decline of 2.7 per cent recorded in the previous year.

Housing Finance Company Limited (HFCL), incorporated in 2003, is a government owned company which provides financing to Seychellois for acquiring land, building homes and financing home improvements. HFCL borrows affordably from banks and passes the lower interest rates to its clients. It has served low and moderate-income households, and aims to continue providing affordable loans to the less income earners while operating a proficient company. As part of its growth strategy, HFCL will expand the loan portfolio through a SR150 million loan from Barclays Bank.

The HFC offers a range of end-user products promoting housing affordability. The Home Loan is available to Seychellois with a maximum income of SR20 000 (about US$1 481) a month. There is no minimum qualifying income, though in practice loans are not affordable to those who earn less than SR6 000 (about US$444) a month. The HFC registers a mortgage bond ("first charge") on the properties, and requires 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 SR450 000, or (US$33 319). 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 SR75 000 (about US$5 553) 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 SR50 000 (about US$3 702). Applicants must earn less than SR8 000 (US$592) 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 SR21 million (US$1.55 million). This scheme allows first time home buyers earning under SR20 000 (US$1 481) a month to qualify for a government subsidy in the form of a cash grant between SR50 000 (US$3 702) to SR200 000 (US$14 809) as a down payment. To qualify for the subsidy, applicants will need to have a minimum of 10 percent as personal contribution towards the cost of the property. However, having noted that some deserving households cannot afford to contribute the required 10 percent, HFC is considering reducing it to 7.5 percent, on case to case basis.

Affordability

The Seychelles has a generous social welfare system that supplements incomes considerably. Education is free, and subsidies are provided to support post-secondary education. The government is the principle health-care provider and spends significant budgetary resources in the sector. Housing is the primary capital and services expenditure item for the private sector. Unemployment which was 3.6 percent at the end of 2015 increased to 5.5 percent as at the end of 2016. As the country with the second highest GDP per capita in Africa (US$28 148 in 2016), after Equatorial Guinea, an oil exporter, the Seychelles is classified as the 47th highest income country in the world.

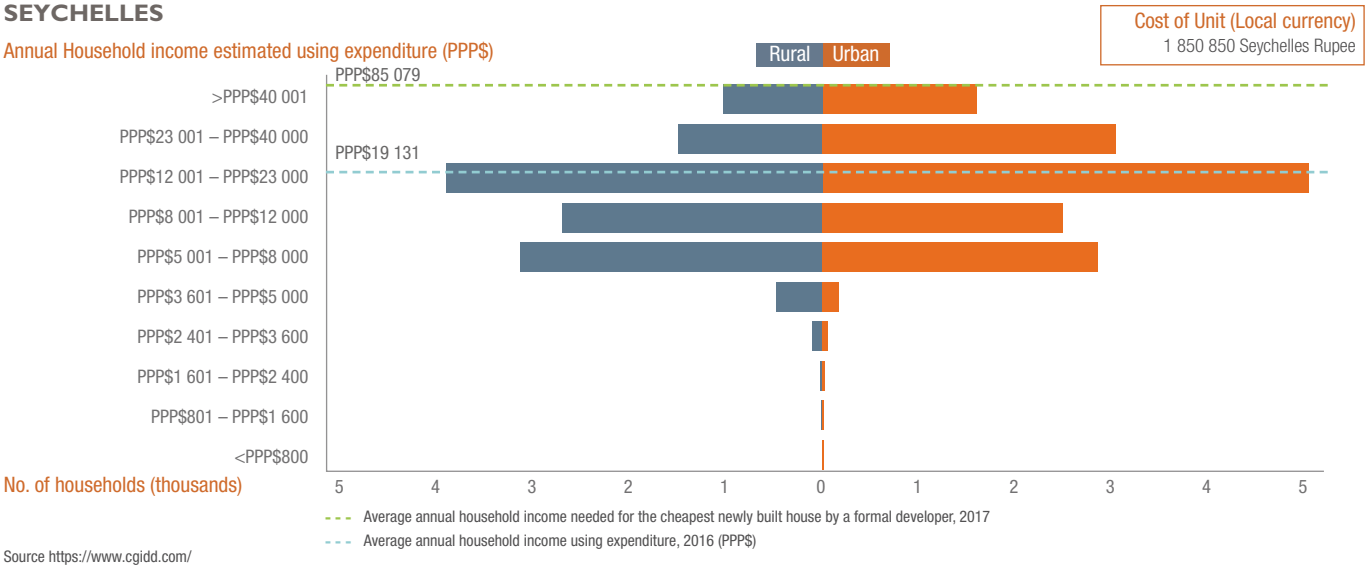
Still, there are pockets of poverty. Government has noted a rising trend in reliance on social assistance for income enhancement as well as growing social problems, which are impacting on the economy and society. Through benchmarking with international governmental bodies for the last decade, the Seychelles Government has geared its housing policies from being the major supplier, hence subsidising to more of a facilitator given that families are being orientated to be more financially independent. The Government housing policies are not stagnant, but are intended to fluctuate with the current housing/economic conditions. The current policy is geared to refer upper income group earners to private/commercial financial institutions.

The Government of Seychelles has two schemes in place namely, the social housing and the condominium. The condominium targets semi-professionals and professionals and is based on loan sustainability and needs/urgency/priority. Social housing is provided to the general public in need of a decent house. Allocation is based on needs and established by priority rating and recommendation from the local district authority.

The Government of Seychelles has a policy to assist the Seychellois in seeking loans with financial institutions. There are six categories of house and loan schemes namely, full housing loan (to construct a new house), home improvement loan (for minor maintenance/renovation works), 2nd housing loan scheme (for construction of a second house – new construction), house extensions schemes (for the construction of one extra bedroom bathroom only), land loan (to purchase land from the Government/private), and land and house loan (to purchase and existing property).

Government subsidised housing is currently being delivered for SR500 000 (US$37 021), and estate agents advise that for SR200 000 (about US$14 809) to SR300 000 (about US$22 213), a buyer can get a very basic unit. An average

SEYCHELLES



Source https://www.cgidd.com/

three-bedroom home of about 150m² ranges from between SR750 000 (US$55 532) and SR1 million (US$74 043). Construction companies advise that finished homes sell for between SR11 500 (US$851.49) and SR62 000 (US$4 590.65) 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.

The Financial Literacy Baseline Survey conducted by FinMark Trust in 2016, revealed that the second most important motive for borrowing by Seychellois was to buy or build a dwelling or simply to improve of renovate a dwelling. However, the percentage of Seychellois saving towards buying, building or renovating a dwelling is extremely low. Unfortunately, the study also reveals that the main reason for borrowing is to pay off debt, with surveys showing around 26 percent of Seychellois are over-indebted. About 67 percent of adults make use of credit from banks. They may also access credit from other sources. Six percent access credit from informal credit providers, while about three percent exclusively rely on credit from family and friends.

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. There is a change in building materials and in living conditions and new patterns in lifestyle, from wood to stone/block, with palm/lattice houses to modern structures with modern telecommunication technology, household amenities and ownership of assets.

The housing market in Seychelles is still rudimentary. Most people prefer to build and move into new accommodation; existing accommodation is purchased primarily for rental purposes. According to the 2013 Housing and Population Census, the majority of the population (82 percent) say they own the dwelling in which they live. Some 11 percent rent their houses privately. Three-bedroom apartment rentals range from SR 16 000 (US$1 184.) to SR 19 000 (US$1 406). Just under seven percent say they live rent free in a dwelling they do not own. The vast majority of households (93 percent) have access to treated, piped water, and 82.4 percent have flush toilets connected to a septic tank. In terms of energy use, 98 percent use electricity for lighting and 92 percent use gas for cooking. In addition, 94 percent of the population has access to mobile phone and 95 percent possess a television set.

The construction sector is showing signs of stagnation as per the quarterly national accounts bulletin of the National Bureau of Statistics with negative growth noted in quarters one and four. From the period between 2008 and 2011, the sector had experienced significant growth that was linked with implementation of large-scale FDI projects as well as government housing projects. However, significant declines have been experienced thereafter.

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. There is no legislation governing the minimum size of a plot of land. Properties can range from as small as 20 m² to sizeable small holdings. Most land is privately held, with prices ranging from SR731 per m² (about US$56) to SR375 per m² (about US$28.30) for unserviced land. Serviced land averages about SR1 000 per m²2 (about US$74).

The Seychelles ranks 66th out of 190 countries according to the World Bank's 2017 Doing Business Report for the indicator 'ease of registering property'. The four procedures take 33 days and cost seven percent of the property value.

In Seychelles foreigners can own property. Seychellois can purchase property at any time without permission and the transfer tax is set at five percent of the purchase price. A non-Seychellois may purchase immovable property which is privately owned or rights therein in Seychelles subject to sanction being obtained from the Government of Seychelles. Sanctions granted are valid from one year from the date on which these were issued during which time the transactions must have been effected and registered.

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 announced in its national budget that for the year SR 14.5 million will be allocated for Home Improvement/Re-roofing Scheme for pensioners through HFC and SR 25 million for housing finance subsidy schemes. Moreover, SR 150 million is being reallocated from other infrastructure projects towards the financing of affordable houses with a view to reduce cost of living.

In 2015, the Ministry of Land Use and Housing. In collaboration with the SHFC, has taken the following decisions to give a boost to the housing sector:

- Increase in loan amounts

Housing Loan	from SR500 000 to SR750 000 (US$56 603),
Second Housing Loan	from SR300 000 to SR400 000 (US$30 188),
House Extension Loan	from SR75 000 to SR100 000 (US$7 547),

- Increase in net salary for qualifying for a housing loan from SR20 000 to SR25 000 (US$1 886),
- Decrease in contribution of Home saving scheme (HSS) from 10 percent to 7.5 percent of loan amount.

Opportunities

The Seychelles has been ranked 93th out of 190 countries overall in the World Bank's 2016 Doing Business Report. With the country being a tourist destination, there is a focus on housing for higher incomes. Property prices in Seychelles' high-end have risen continuously over the past several years. House prices in Mahe, the largest of the islands, were as follows:

- one-bedroom apartments sells for an average of SR6.17 million (US$475 000).
- two-bedroom apartments sells for an average of SR8.76 million (US$675 000).
- villas sell for an average of SR45.43 million (US$3.5 million).

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

Overview

Sierra Leone, in West Africa, reported a population of about 7.1 million, a 43 percent increase and an average annual growth rate of 3.2 percent from the 2004 Census. The urban population is estimated at 40 percent. GDP growth was measured at 5.9 percent. In 2015, the country was hard hit by the Ebola epidemic and the suspension of operations by major iron ore mining companies due to drops in global iron ore prices. Mining companies are governed by the Local Content Policy which gives preference to local hiring, local products and services, which left many unemployed. GDP growth in 2016 was at 6.1 and is projected at 5.4 percent in 2017. Agriculture still stands as the biggest contributor to GDP as it makes up 71 percent, while industry (inclusive of mining) 7.9 percent and services 21 percent in 2016. The construction sector has been slowing down since 2015 to 2016, as it stood at 1.2 and 1.0 percent of GDP respectively.

The 2016 UNDP Human Development Index report has pointed out that despite recent economic growth, multidimensional poverty and inequality remains very high. The income poverty is 52.3 percent (those earning less than US$2/day), 77.5 percent of Sierra Leoneans are multi-dimensionally poor which is 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[1].

Sierra Leone's fiscal deficit, as a share of GDP increased 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. The deficit reduced to 4.2 percent as a share of GDP in 2016 as the country struggled to revive from the economic crisis in 2015.

The inflation rate was estimated at 8.09 percent in 2015 and is rising quickly, standing at 17.41 percent at the end of 2016; and is currently at 19.14 percent in 2017. 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 remain key issues that the Sierra Leonean government must face if it is to maintain its growth levels. Unemployment which has remained unchanged from 2014 to 2015 at 3.4 percent, has however reduced to 2.99 percent in 2016. The Sierra Leone government has developed the Agenda for Prosperity Strategy to drive economic growth and employment in the country from 2013 to 2017.

An estimated 40 percent of Sierra Leone's population live in urban areas with an urban growth rate of 3.04 percent estimated for years 2010-15. With the rapid spate of urbanization, the country has witnessed a significant explosion of urban centres especially Freetown, the nation's capital which has led to the development of many informal settlements and slums in Freetown, with now over 30 informal settlements. This overcrowding has posed significant challenges to both local and national government authorities, and put enormous pressure on social service delivery. The Ebola outbreak brought slum conditions to the forefront as it made contact tracing of suspected Ebola patients insurmountable.

KEY FIGURES

Main Urban Centres	Freetown (Capital)
Exchange Rate: 1 US$ [a] =	7 418.18 Sierra Leonean Leone (SLL)
PPP Exchange Rate (Local Currency/PPP$): 1 SLL = [b]	0.0004
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	8.1 | 10.4 | 10.5 | 10.0
Population | Population growth rate [d]	7 396 000 | 2.18
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	40.32 | 3.11
GDP per capita (current US$) | GDP growth rate (annual %) [d]	496 | 6.07
GDP (Current US$) [d]	3 668 876 080
GNI per capita, Atlas method (current US$) [d]	490
Population below national poverty line | Survey Year [c]	52.9 | 2011
Unemployment rate (%) (d)	3.4
Gini co-efficient (year of survey) [e]	33.99 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	179 | 0.420
Lending Interest Rate [d]	18.73 (2015)
Unsecured lending interest rate (housing microloan)	24.95 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	6% | 15 [l]
Down Payment (%)	
Credit % of GDP [d]	18.14 (2015)
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	5 500 (2016)
Average loan size in US$ (non-mortgage/micro lending)	5 500 (2016)
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	10 (2016)
What is the price of the cheapest, newly built house by a formal developer or contractor?	50 000 (2016)
What is the size of this house (in m²)?	80
What is the average rental price for a formal unit (in US$)	1 000 (2016)
What is the minimum plot size for residential property	173
Ease of Doing Business Rank [j]	148
Number of Procedures to Register Property [j]	7
Time (days) to Register Property [j]	56
Cost (% of property value) to Register Property [j]	10.70

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Bank of Sierra Leone
[l] HFC Mortgage and Savings Limited

Access to finance

Sierra Leone is home to 12 commercial banks (eight Nigerian, one British 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, 59 Financial Services Associations and 17 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. Out of all these financial institutions only few offer housing related loans, such as Ecobank and the housing finance companies.

At the end of the 2016 financial year, non-performing loans as a percentage of total gross loans increased to 30.67 percent from 18.15 percent in 2015, and the capital-asset ratio of the banks was 12.65 percent in 2016. Interest rate for loans in some commercial banks from 2000 to 2017 varies from 13 to 27 percent with an average of 19.75 percent, whilst commercial bank prime lending rates stood at 18.9 percent in 2016. The mortgage interest rate as of September 2016 was six percent at a 20 percent down payment.

The Sierra Leone Stock Exchange was established in 2001 as a private company. 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) were established in 2004 with a mandate to administer Sierra Leone's National Pension Scheme. Under this programme NASSIT invests in housing finance and has been the key financier of Home Finance Company (HFC) Mortgage. HFC Mortgage and Savings Bank offers eight different mortgage products – Home Purchase Mortgage, Group Scheme Construction Stage Payment, Home Completion Mortgage, Home Improvement Mortgage, Home Equity Mortgage, Buy Land and Build Own Home Mortgage, Construction Finance Mortgage and Construction Stage Payment Mortgage.

All mortgage products are offered to residents and non-resident Sierra Leoneans, although with longer and varying repayment periods, and lower deposit requirements for residents (for example, terms of 10 years are offered to non-residents whilst 15 years to residents). The Home Purchase Mortgage and Group Scheme Construction Stage Payment products offer a maximum loan amount of US$100 000 for a 15-year term, with a 20 percent deposit (for residents) at six percent. The average 15-year fixed rate mortgage dropped from 4.10 percent in 2014 to four percent in 2015. The Home Completion Mortgage requires a 30 percent deposit over 15 years at an interest rate of six percent, whereas the Home Improvement Mortgage requires a 50 percent deposit at an interest rate of six percent also for a period of 15 years. The 'Buy Land and Build Own Home Mortgage' product allows applicants to buy land for a maximum amount of US$10 000 and then provides a further US$30 000 to build. The minimum down payment for this programme is 20 percent of the cost of the land with a maximum term of 10 years each for a total of 20 years. The builder and building plans must be approved by the bank; the land purchase requires the applicant to have secured title.

The Construction Finance Mortgage is targeted at estate developers for the construction of residential properties. Maximum loan terms are 36 months and the developer must produce land title. The Construction Stage Payment Mortgage provides construction finance for developers to complete homes for HFC customers, with maximum loan terms of 12 months. HFC Mortgage and Savings Company have as at 2015 financial year about US$20 million to operate its various mortgage and loan schemes and over 1 000 customers who have used or are using one of its eight mortgage products. Other commercial banks too are also offering a variety of mortgage products to their customers.

There are two licensed, deposit taking microfinance Institutions in the country: Ecobank Micro Finance Institution (EMSL Ltd) and Bank for Innovation and Partnership (BIP), and eight credit-only MFIs. BRAC - SLE is reported to have the largest operational area, working in 11 out of 14 districts with 29 branches all over the country. With 35 173 borrowers, they have the most borrowers in the country. However, Ecobank and BRAC - SLE had the largest share of outstanding loans portfolio throughout 2016. The Sierra Leone Association of Microfinance Institutions (SLAMFI) was formed to promote the development of professionally sound and financially sustainable microfinance institutions (MFIs) through coordinated capacity building, dissemination of best practices, advocacy for a conducive microfinance environment, promotion of strong partnerships with donors, investors and other stakeholders, and the provision of the appropriate quality and variety of products and services that meet the financial needs of the economically active low-income people of Sierra Leone. The SLAMFI report for 2016 stated that the outstanding loan portfolio for all MFIs was almost US$64 million, with the highest amount been given out by Ecobank and BRAC - SLE of approximately US$19 million and US$11 million respectively. Portfolio-at-risk over thirty days (PAR>30) stood at 11.144 percent in 2016. The Operational Self-Sustainability (OSS) for all MFIs in 2016, reported an average of 94 percent, however some institutions like ARD are way below the average while others like ACTB are above as their OSS stands zero percent and 14.8 percent respectively.

The association of slum dwellers commonly referred to as Federation of Urban and Rural Poor in Sierra Leone (FEDURPSL) has encouraged groups saving from several communities in informal settlements in Freetown. The federation has been increasing its members from 1 500 to about 7 000 in just four years and more than 35 savings groups have been mobilised and federated into FEDURPSL[2]. These groups' daily savings are contributing to the nascent trust fund known as Fordibambia Trust Fund (FTF). FEDURP manages and resolves their self-initiated and self-supported micro-credit scheme. In addition to this FEDURP continues to engage with authorities on the allocation of land for the housing demonstration project. Centre of Dialogue on Human Settlement and Poverty Alleviation (CODOSAPA) is set to build 360 housing units at Newton in Sierra Leone with ultra-modern facilities for human settlements following the flooding disaster in September 2015[3].

Two development banks in the country, the National Development Bank and the National Cooperative Development Bank, 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.

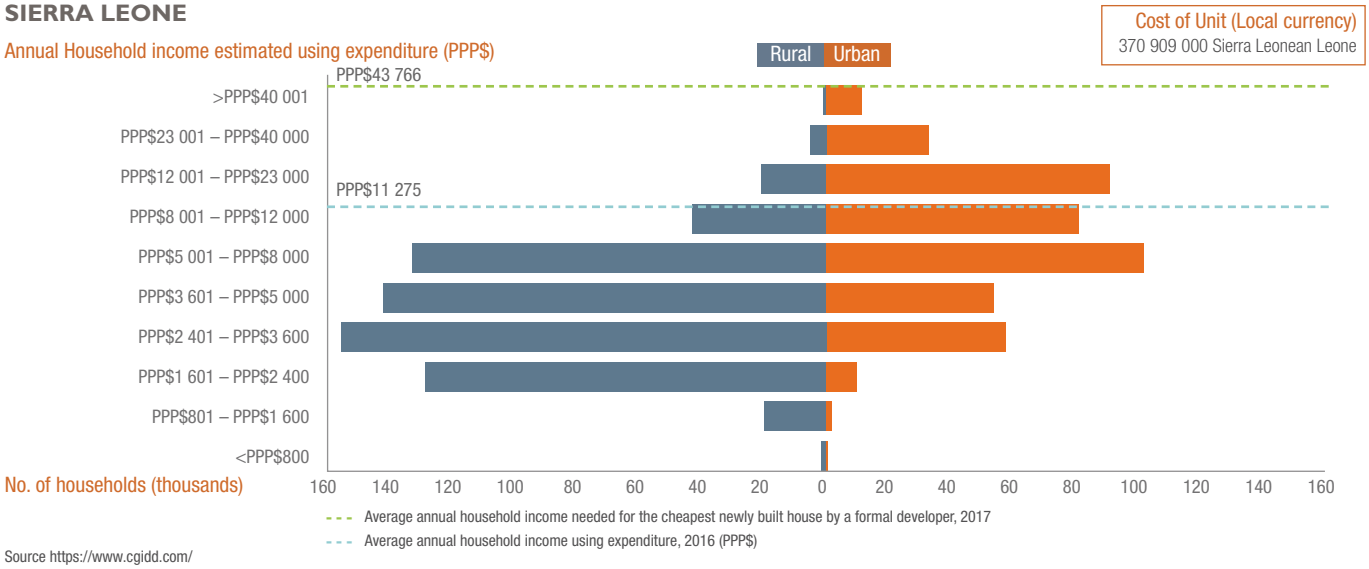
According to the World Bank 2017 Doing Business Report, Sierra Leone ranked 148th, compared to the previous rating in 2016 of 145 in terms of 'Ease of getting credit' indicator. In terms of starting a business, Sierra Leone ranked 87th in 2017 compared to 99th in 2016. The Credit Reference Bureau Act of 2010 has been adopted, which requires all commercial banks to reference it before approving loans to customers. Borrowers can inspect their data in the public registry, and data on both firms and individuals are distributed. Sierra Leone scores five out of 12 points on the 'strength of legal rights' index as it has been scoring since 2014. There is no collateral registry in operation in the country.

Affordability

Housing affordability is a serious challenge in Sierra Leone. The 2015 census reported that 8.6 percent of the labour force is unemployed; with an additional 31.4 percent of the working age population (15-64 years) non-economically active. The smallest single bedroom housing unit includes a living room (parlour) with an estimated area of 20 m^2. The prevalent rental units are mostly two- and three-bedroom apartments with estimated area of 200 and 250 m^2 respectively. Rents depend on the location, the exchange rate and price of land. 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 units range between US$3 000-5 000. The average rental prices for one- and two-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, and lack of adequate supply. 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 charged by banks in Sierra Leone on loans to prime customers was 22 percent (measured in 2015), making borrowing very expensive. The average rate of savings remained at 6.4 percent since 2014. In the 2015 SALHOC survey, 70.5 percent of survey respondents stated that they find it very difficult to afford rental housing. However, the Sierra Leone Housing Corporation (SALHOC) and the Sierra Leone Investment and Export Promotion Agency

SIERRA LEONE



Source https://www.cgidd.com/

(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 due to importation of most of the building materials. The average costs to build two- and three-bedroom flats are US$15 000 and US$25 000 respectively.

Housing supply

Creating access to affordable housing remains a challenge for government, which is why housing is noted as a critical area with regards poverty alleviation. The 2015 census reported that the total stock of houses in the country is 801 417, with 61 percent in rural areas, and 39 percent in urban areas. The population per house is reported to be 8.8 persons, with an average 1.6 households per house.

A national survey conducted in 2015 found that 54.2 percent of households lived in separate houses, 20.6 live in flats or apartments. Nationally, 71.1 percent of households were recorded as owner occupiers and 23.8 percent as renters. The quality of houses that most households live in is inadequate: 7.2 percent live in a house constructed with clay bricks, 14.9 percent in houses made with mud walls and 24.8 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. Housing supply has not kept up with demand, causing rentals to increase yearly and placing 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.

NASSIT intends to support private developers to construct large scale housing delivery schemes for all income groups. The housing supply deficit has increased to about 500 000 houses. NASSIT has 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 developed strategic partnerships with private sector developers and international NGOs between 2014 and 2015. The Trillium project began in 2014 as 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, fostering wealth creation for cottage industries and the construction sector. HFC Mortgage has started funding a real estate developer known as Sparklight which is currently building about 50 low-cost housing units at Gloucester.

Property markets

The World Bank's 2017 Doing Business Report ranks Sierra Leone 163rd out of 189 countries in terms of ease of registering a property, the same as 2016. It takes 56 days to complete the seven procedures involved in registering a property, and costs 10 percent of the property value.

All land is registered with the Ministry of Land, Environment and Country Planning. Paramount chiefs and other community authorities are the predominant land owners. 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 made acquiring land very challenging and rift with court cases. However, a draft national land policy formulated in 2014, which is geared towards revolutionizing land ownership, use and management has received Cabinet approval and is now at the implementation stage. With no effective industry regulator, Sierra Leone experiences indiscriminate rental prices and the absence of a code of practice to guide proceedings. As a result, 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 there are only a small stock of modern housing and other buildings, the real estate market is gradually becoming active as mortgages are becoming more popular with the public.

Policy and regulation

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 to facilitate the process of acquiring land for its future low-cost housing projects. 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 for human settlement development to deal with the growing urban population in 2006. The programme resulted to the following, a revised and updated national housing policy, an outline of a National Housing Programme and a Report on "Slums and Informal Settlements in Freetown" and a Concept Paper on "The Improvement of Slum and Informal Settlements in Freetown.

The World Bank also provided support for Sierra Leone through revisions and updates to 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 still in their embryonic stage as low-cost housing units from private developers will mostly be mortgaged whilst those that will be supplied by the government through SALHOC are highly subsidized by the government since they will be geared towards low and middle-income earners.

Opportunities

The business environment in Sierra Leone has been improving. The ranking of Sierra Leone in 2016 was 145 and it currently stands at 148 in 2017. 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 most of the population. 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 secured land and are on the verge of commencing construction work. The mining sector has resumed full scale operation and expansion, which is expected to increase urban incomes, thereby improving opportunities to access mortgage facilities to buy homes. Based on a SALHOC survey conducted in 2015, about 80 percent of the respondents stated their willingness to use the available mortgage to buy land and build houses. SALHOC is presently engaged in the selling of low cost housing building materials such as roofing sheets, brick and tile blocks at a very reasonable price. This development will assist people in building their houses at a more reasonable price than their competitors.

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Somalia

Overview

Somalia is located in the horn of Africa and is divided into three regions namely Puntland, Somaliland and South-Central Somalia. While all three regions belong to the country of Somalia, they are autonomously governed with each having their own governance structure. The country is slowly emerging from decades of violence and civil war. The formation of the Federal Government of Somalia in 2012 established the country's first permanent government since 1991. In December 2016 and February 2017 parliamentary and presidential elections were held, however the political situation remains challenging[1].

According to the World Bank, Somalia's per capita income is only US$435, making it the fifth poorest country in the world. Approximately 51.6 percent of the population live below the poverty line and poverty is aggravated by the lack of a cohesive government, insecurity, and natural disasters such as floods and droughts. Currently only 41.8 percent of school aged children are enrolled in primary schools and less than eight percent of secondary age children attend secondary schools. Almost 70 percent of the population are under the age of thirty, and the youth unemployment rates are estimated to be 67 percent. These compounding factors increase the youth's vulnerability to militant groups and criminal activities[2]. According to UN Habitat, in 2015, Somalia was 39.6 percent urbanised but this is expected to increase to 44.6 percent by 2025.

Somalia does have substantial unexplored mineral deposits however agriculture and fishing are the main sources of employment. The Somali diaspora is the major investor in the country and is estimated to provide 80 percent of the start-up capital for small and medium sized enterprises[3]. However, livestock remains the backbone of the economy and accounts for 80 percent of foreign exchange receipts and 60 percent of the population derives a livelihood from livestock production. Given the ongoing drought in Somalia, and the death of a large percentage of livestock, it is expected that in 2017 almost six million people (half of the country's population) will require assistance, resulting in the need for a large humanitarian response[4].

The Ministry of Planning and International Cooperation has almost finished developing the National Development Plan (NDP) 2017-2019, which defines Somalia's short to medium term strategic direction, development priorities and proposed implementation mechanisms. The NDP is focused on improving basic health and education services, establishing sound and accountable institutions and rehabilitating productive infrastructure[5]. This plan provides a mechanism through which the local authorities and foreign donors can coordinate their projects. The IMF recently committed to a new 12-month Staff Monitored program from May 2017 to April 2018. This commitment will likely boost confidence and continue to catalyse donor support.

KEY FIGURES

Main Urban Centres	Mogadishu
Exchange Rate: 1 US$ [a] =	579.44 Somali Shilling (SOS)
PPP Exchange Rate (Local Currency/PPP$): 1 SOS = [b]	
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	... | ... | ... | ...
Population | Population growth rate [d]	14 318 000 | 2.90
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	40.03 | 4.11
GDP per capita (current US$) | GDP growth rate (annual %) [d]	434 | 2.60 (2013)*#*
GDP (Current US$) [d]	6 217 000 000
GNI per capita, Atlas method (current US$) [d]	
Population below national poverty line | Survey Year [c]	
Unemployment rate (%) (d)	6.,9
Gini co-efficient (year of survey) [e]	
HDI (Global Ranking) | HDI (Country Index Score) [f]	165 (2010 | 0.285l(2010)
Lending Interest Rate [d]	20 – 25 (2015)
Unsecured lending interest rate (housing microloan)	10 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	8.50 | 30
Down Payment (%)	...
Credit % of GDP [d]	...
Average Mortgages % of GDP [g]	...
Estimated number of mortgages	...
Average loan size in US$ (mortgage)	...
Average loan size in US$ (non-mortgage/micro lending)	...
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	552.2 | 1,039.52
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	0.18 | 0.10
Construction as a % of GDP [c]	...
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	14 (2016)
What is the price of the cheapest, newly built house by a formal developer or contractor?	70 000 [l]
What is the size of this house (in m^2)?	...
What is the average rental price for a formal unit (in US$)	...
What is the minimum plot size for residential property	400
Ease of Doing Business Rank [j]	190
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	188
Cost (% of property value) to Register Property [j]	1.5

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Kiva
[l] Daaru Salaam City

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. The formal financial sector is small and concentrated in Mogadishu with each institution having only a few branches in other parts of the country. It comprises of the Central Bank of Somalia (CBS), six banks with provisional licenses, and 12 licensed Money Transfer Operators (MTOs). An additional 13 applications for commercial bank licenses are pending[6]. Somalia's six commercial banks include 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).

CBS' balance sheet remains broadly stable with assets between US$71 million to US$73 million[7]. The CBS controls neither the exchange rate nor the supply of the Somali shilling (SOS). It has not issued any bank notes since 1991 and the bulk of payments are settled in US dollars, mobile phone platforms, and counterfeit SOS notes. Moreover, official international reserves are relatively low[8]. That being said, the CBS has been building its capacity and putting systems in place, so that it can, increasingly, play its conventional role in the economy. Commercial banking activities are being strengthened through the development of various frameworks, analyses and systems. The capitalisation of banks remains strong and their assets increased by 20.5 percent in 2016[9]. Industry capitalisation is about 40 percent, which meets the requirement that 40 percent of the weighted average assets owned by Somalia banks is financed by equity. All but one bank meets the minimum capital requirement of US$5 million[10].

MTOs continue to dominate the formal and informal financial sector, and facilitate the transfer of remittances from the Somali diaspora, donor resources and foreign investments. It is estimated that these MTOs handle almost US$1.5 billion in annual remittances to Somalia. To put this in perspective, according to the World Bank, Somalia's GDP in 2016 was US$6.2 billion.

As stated by Premier Bank only three percent of Somalis are banked and a large informal financial sector exists. There are no fixed income markets in Somalia and no formal credit facilities. Interestingly 70 percent of Somali people have access to mobile services and access to financial services in Somalia is largely based on innovative mobile telephony schemes[11]. Thus, the mobile telephone acts as a means to make financial transactions for many Somalis. Due to a lack of data, it is impossible to measure the percentage of Somalis that have access to these services. However, given the size of the remittance market, it is easy to infer that a large share of Somalis must have access to these basic services.

The informal Hawala system is used in Somalia, which comprises approximately 17 organisations, that operate based on trust. Some of which are: Dababshill, Amal Express, Kaah Express and North American Money Transfers. Mobile Money transfers are offered by Hormuud in Southern Somalia, Somtel in Somaliland and Golis in Puntland.

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 six months. Microfinance facilities and informal facilitators charge between five percent – 10 percent commission[12]. Alternatively, loans are also secured through family members.

Affordability

The effects of years of conflict and instability, are reflected as multidimensional poverty affects 61 percent of the population in urban households, and 95 percent of the population in rural households. As mentioned previously, Somalia's per capita income is only US$435.

In 2015, the average house price per square meter was US$250 and the average plot size is 400m^2 [13]. According to a recent news article, the price of the cheapest newly built house built by a developer in Somalia is US$70 000 with double storey houses costing approximately US$130,000[14]. Assuming a mean housing price of US$100 000, this would be affordable to almost zero percent of the Somali population. This house would cost, US$769 per month, and US$276 809 over the term, at an interest rate of 8.5 percent, zero percent deposit and repaid over a 30 year period[15]. Given that the average monthly salary after tax is US$225 illustrates how unaffordable formal home ownership is for the average Somali.

According to Numbeo, apartment rentals inside the city centre vary from US$50 to US$350 per month and between US$50 to US$150 per month outside the city centre. While the current rental market is booming according to an article by The Somali Investor, rent has increased in some places from US$300 five years ago to between US$2 000 and US$3 000 in 2016. However, these figures are biased toward city and urban areas such as Mogadishu and Hargeisa.

Cement is expensive in Somalia, still costing about US$14 per 50kg bag. Using the GNI per capita of US$122.90, ± 8.8 bags of cement can be bought – far below the estimated 35-40 bags of cement that would be required to build a basic 40m^2 house. With 73 percent of the population earning less than US$60 a month, the affordability for formal housing is extremely limited. And, for example, an income of US$60, one could afford a house priced at US$1 951, assuming an interest rate of 8.5 percent and a 30 year repayment period; this would be affordable to 69.2 percent of the Somali population[16].

Property markets

Housing, land and property issues were central during both the pre-1991 conflict in Somaliland and the post 1991 conflict in South-Central and continue to be an obstacle for peace within the region. Prior to the conflict, Somalia had a mixed land tenure system in which some land was owned communally and administered through clan structures, and in urban areas some was owned privately and administered through the formal legal system. Land was nationalised in the 1970s and was considered a public asset held by the Government in trust for the Somali people. The uncertainty and insecurity created by this system meant that land was already poorly managed and the subject of frequent disputes. The period from 1991 to 2012 was marked with widespread conflict over land, land-grabbing by warlords and huge displacement of local populations, especially in South-Central Somalia. While there is more security in Somaliland, the movement of Internally Displaced Persons (IDPs) within the region and the return of refugees from outside the country has also contributed to significant land disputes[17].

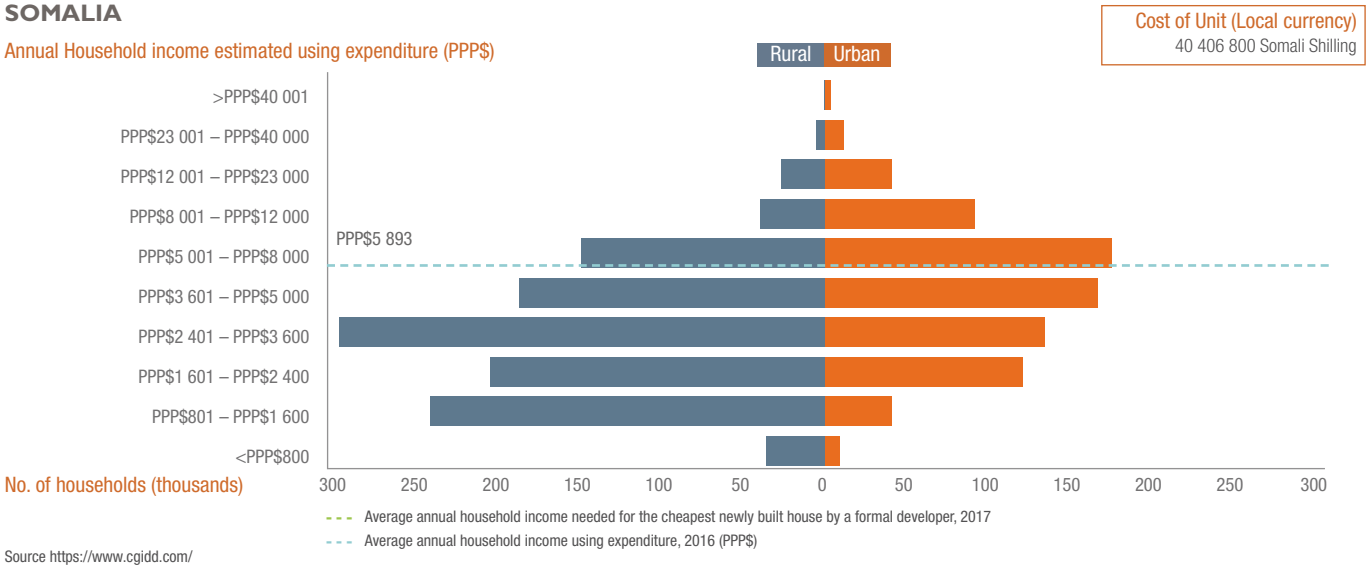
In many cases land is unregistered and ownership is difficult to prove without clan support. Protection of individual and collective ownership of land and other property depends entirely on clan support and/or the military might of related factions. For the first time in Somalia, title deeds have been handed over to 500 displaced households in Baidoa. This pilot project identified secure land tenure to protect people from evictions from IDP camps. Still, there are cases of fraud and land being sold to multiple people.

In urban areas, the municipality also has the mandate to consider applications for land legalisation by individuals. While there is no functioning land registry in existence, people may legalise their interests in land through applying for a building permit. The building permit may be given for temporary or permanent purposes. A building permit issued for permanent purposes will be given only to those building a structure out of bricks, stones or concrete. These building and building material requirements have detrimental effects on security of land for poor and displaced people[18]. It is only the mayor's office which registers property and the procedure is cumbersome, given the lack of an electronic system and the loss of land document archives. Because the process of legalising interests in land is complicated, bureaucratic and expensive, most Somalis buy and sell land without going through a formal system[19]. According to the World Bank, registering a property entails fives procedures, takes 188 days and cost 1.5 percent of the property value. Officially, land registration in Somaliland takes approximately 30 days and costs about US$30, half the average monthly income[20]. It should be noted that land grabbing is common in both rural and urban areas. Conflicts within rural areas occur due to Deegaan (refers to traditional ownership over land) and the *guri*/*galti* dynamic (the relationship between the settled residents *(guri)* and the 'outsiders' *(galti)*)[21].

Housing supply

In 2014, the Federal Government of Somalia in collaboration with the United Nations Population Fund, reported that there were approximately 2 076 677 households in Somalia with an average household size of 5.9 people[22]. 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)[23]. About 24 percent of houses in Somalia are constructed with durable materials and can be classified as permanent structures. Approximately 56 percent have walls or roofs constructed utilising semi-durable materials, the remaining 20 percent are categorised as temporary. In rural areas, 90 percent of households are owner occupied as opposed to 60 percent in urban areas. One in every four houses is rented in urban areas as opposed to one in every 25 in rural areas. Additionally, one third of those households in urban areas had two or more families living in the same house, with more than half of them sharing a single roomed house[24]. Less than 60 percent of those residing in urban areas own the houses in which they live, versus 90 percent in rural and nomadic areas.

SOMALIA



Source https://www.cgidd.com/

The UN Habitat has been active in Somalia for more than 30 years, their project activities range from targeting immediate local needs, to more strategic attempts to address sustainable urban development through integrated human settlement programmes. To date, UN Habitat has invested in 19 projects totalling US$49 million[25]. Some of their housing projects include, Shelter Provision, Reintegration, and Improved Livelihoods for Returnees and Internally Displaced Persons in three towns, this project is valued at US$3.2 million, and includes the construction of 475 houses. Another project is Integration of Long-term IDPs into the Host Community in Bossaso, its project value is US$2 million, and 524 houses are planned. And, lastly the Shelter Provision, Reintegration, and Improved Livelihoods for Returnees and IDPs project which is valued at US$2.3 million and 335 houses are planned. These three projects are funded by the Government of Japan, and are intended to provide security of land tenure and permanent housing, social infrastructure, and skills training for 1 334 vulnerable IDP families in Bossaso and Berbera towns[26].

Salaam Properties, a development company, was established in 2014 with the objective of developing well designed, competitively priced houses in Mogadishu. It is currently developing Darul Salaam City, the first large scale housing project in Somalia which will ultimately comprise 6 000 housing units, which will be constructed over a three year period, with a total project cost of US$20 million. The latest news reports mentioned that 500 units will be developed in the first phase of this project[27].

Jazeera Estate which is being constructed in Mogadishu, 3 km from the airport. This gated development is proposed to have over 1 200 apartments, villas and townhouses as well as commercial and public facilities. And, according to the Somalia Real Estate Association, the Jazeera and Darul-Salaam developments will add 10 200 housing units to Somalia's housing stock[28]. In 2015 South African based NGO, Gift of the Givers, renovated 47 rooms (three permanent residents per room) in a facility for disabled people in the Hamarweyn district in Banadir region[29].

As the country stabilises, there appears to be increased construction activity and higher demand for construction materials. Somalia's construction sector is one of the three main drivers to its economic growth. There are approximately 14 companies across Somalia which supply roofing and construction materials. And, in 2015 a quarry that had been shut down for more than 30 years, due to security concerns, had reopened. The quarry, in Wadajiir district, provides jobs to truck drivers, manual labourers and machine operators[30].

A key component of formal housing is cement and in 2012, it was estimated that Somaliland and Somalia imported 100 000 tons of cement. In June 2017, the government of Somaliland gave ownership of the Berbera Cement Plant to Red Sea Cement. This company is expected to renovate the abandoned 200 0000 ton integrated cement plant that will ultimately support the country's economic ambitions[31]. While the Global Cement Report for Somalia suggests that the short term future seems bleak, various articles indicate that the construction market is booming due to the strengthening political situation.

Policy and regulation

The overall Somali legal framework relating to housing and land is exceptionally patchy[32]. In 1973, the Barre government apparently passed a Land Law relating to urban areas regulating the registration of urban land, although very little information about this exists. Then again in 1975, the Siad Barre government introduced the Land Law, which attempted to abolish customary ownership in rural areas and transfer ownership of all land to the state. Under the law, the only way to claim rights to land was through registration of leasehold titles, granted for 50 years. Most title documents held within the registry, over both rural and urban land, were destroyed in the post 1991 conflict. It is unclear whether the Land Law 1975 is in force today. It is probable that the 1973 law is not in force, given the limited information regarding its contents. During the stateless period, land management decisions were made at the local level by the controlling group of governor, or between competing informal authorities, as the need arose. The Transitional Federal Government stated that it would engage directly in land reform when it became stable. However, the new Federal Government currently lacks the capacity to draft and pass effective legislation in this area[33].

Each autonomous region in Somalia have their own set of laws. Land administration in Somalia suffers from both a lack of proper policy framework and a multiplicity of overlapping laws and regulations. Responsibility for urban, agricultural and grazing land is divided between different Ministries which often do not have streamlined procedures and have low levels of cooperation and communication. These systemic weaknesses have added to and exacerbated a large number of land disputes in the country[34].

In Somaliland the following laws deal with the allocation and registration of land: Agricultural Land Ownership Law (1999); Somaliland Constitution (2001); Urban Land Management Law (2001) and the Land Tenure Act (2009). The legal framework in place in South Central Somalia is similar to Somaliland, though it has not passed any laws relating to land since 1991. It is also less enforced due to the low capacity of the courts and the absence of Land Dispute Tribunals[35].

Customary land ownership laws are still in use, and there is an urgent need to develop tenure security to attract further investment. The legal framework for Somalia's land tenure system is a mix of secular, sharia, and customary xeer law. In some parts of Somalia, the registration office has the authority to register ownership of land, land taxation, rehabilitating authorisation documents, building permits and inheritance certificates. However these registrations are not widely practiced, as they are not compulsory[36].

The Somalia Real Estate Association (SREA) was established in 2014, and its objectives are to provide professional assistance to the Somali real estate sector and to assist the government in establishing a proper regulatory framework. The

organisation aims to streamline the real estate sector, and draw together all those involved in the Somali real estate business, from land owners to developers.

Opportunities

In order to support Somalia's flourishing entrepreneurs, a number of enabling reforms have already been developed and supported by the AfDB, IMF, World Bank, UN and bilateral partners[37]. These reforms include access to finance, sector regulation and better financial intermediation. The commitment to establish formal finance institutions and to operationalize the Central Bank will assist in creating a favourable investment environment. And, will further assist with the lack of formal credit facilities, and perhaps even the provision of mortgage loans and allow the private sector to add to the housing stock in Somalia. The thriving informal financial sector, as well as the strong presence of microfinance institutions, also creates a unique opportunity to support housing development.

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South Africa

Overview

South Africa is one of the largest economies in Africa, and at US$294.8 billion in 2016, is classified as a middle-income country. South Africa has well-developed transportation, IT, and services infrastructure, legislation that supports private investment, a world-class financial sector and a well-diversified economy. The Johannesburg Stock Exchange was established during the gold rush in 1887, and with a market capitalisation of US$0.9 trillion at the end of 2016, up 30.3% since 2015, it was the third fastest growing stock exchange by market cap in 2016. It is the 19th largest stock exchange in the world, and the largest in Africa. Historically dominated by mining, the economy is now led by the services sector. Since the 1994 democratic elections, the country has prioritised an extensive social security programme providing social grants and considerable public infrastructure investment. In 2017/18, a total of ZAR180 billion (US$13.1 billion) in social assistance was budgeted for distribution to about 17 million beneficiaries – about a third of the population, and more than those employed. This was additional to the ZAR52.8 billion (US$3.8 billion) budgeted for human settlements, water and electrification programmes.

This notwithstanding, South Africa continues to be one of the least equal economies in the world, with a Gini index of 0.68 in 2015, (based on income data including salaries, wages and social grants). Statistics South Africa reports that the poorest 20 percent of the South African population consume less than three percent of total expenditure, while the wealthiest 20 percent consume 65 percent. The country suffers from a high unemployment rate, which in the second quarter of 2017 was 27.7 percent (or 36.6 percent including discouraged job seekers) – a deteriorating position on the previous year and the highest recorded since StatsSA began the Labour Force Survey in 2008. Among youth aged 15-24, 32.2 percent were not in employment, education or training in 2017. The most significant growth in employment in the year between June 2016 and June 2017 (by 10 percent) was in the informal, non-agricultural sector.

Consumer confidence remained low, deteriorating further in 2017, largely due to continuing fears about the economy, ratings downgrades by Fitch, S&P Global and Moody's, rising prices, political uncertainty, and social unrest. National politics (with further changes in leadership in the Finance Ministry) and corruption allegations held the nation's attention in 2017. Support for the ANC is now the lowest it has been since 1994, and four metro municipalities are now run by other political parties.

KEY FIGURES

Main Urban Centres	Pretoria (capital), Johannesburg, Cape Town
Exchange Rate: 1 US$ [a] =	13.71 South African Rand (ZAR)
PPP Exchange Rate (Local Currency/PPP$): 1 ZAR = [b]	0.1643
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	4.6 | 6.4 | 6.1 | 5.6
Population | Population growth rate [d]	55 908 953 | 1.62
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	65.30 | 2.38
GDP per capita (current US$) | GDP growth rate (annual %) [d]	5 273 | 0.28
GDP (Current US$) [d]	294 840 648 284
GNI per capita, Atlas method (current US$) [d]	5 480
Population below national poverty line | Survey Year [c]	53.8 | 2010
Unemployment rate (%) (d)	26.6
Gini co-efficient (year of survey) [e]	63.38 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	119 | 0.666
Lending Interest Rate [d]	10.46
Unsecured lending interest rate (housing microloan)	21 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	10.25 | 20 [l]
Down Payment (%)	
Credit % of GDP [d]	176.52 (2015)
Average Mortgages % of GDP [g]	33 (2016)
Estimated number of mortgages	1.7 million
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	10.09 | 9.47
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	9.91 | 10.56
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 6.2 million
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	5.47 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	28 634.29 [n]
What is the size of this house (in m²)?	40
What is the average rental price for a formal unit (in US$)	298
What is the minimum plot size for residential property	
Ease of Doing Business Rank [j]	74
Number of Procedures to Register Property [j]	7
Time (days) to Register Property [j]	23
Cost (% of property value) to Register Property [j]	7.30

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Department of Trade and Industry
[l] Nedbank
[m] Builders Warehouse
[n] Cosmopolitan Homes

African Union for Housing Finance Member Institutions

First National Bank - International Home Loans
Gauteng Partnership Fund
Mpumalanga Economic Growth Agency
The Banking Association South Africa
Honorary Member - Sharon Trail
GAP Solutions
Home Finance Guarantors Africa Reinsurance
National Housing Finance Corporation (NHFC)
TUHF Limited

The economy has been in decline since 2011, and by the end of 2016 had lost US$121 billion. In the first quarter of 2017, GDP decreased by 0,7 percent, but appears to have recovered in the second quarter to a 2.5 percent growth rate. Inflation has hovered within a 3-6 percent target range for a few years, rising briefly to 6.5 percent in 2016, and down to 4.8 percent in August 2017. In 2016, the finance, real estate and business services sector was the largest contributor to the country's GDP at 18 percent. The construction industry (contractors) contributed 3.5 percent to GDP.

On the face of it, South Africa has investor friendly policies and regulations, but conditions have been deteriorating and the country suffered three credit downgrades in 2017. That notwithstanding, business confidence has improved in

the past year, up 6 points to 35 in the third quarter of 2017. In its 2017 Doing Business Report, the World Bank ranked South Africa 74th overall (down, from 72nd in 2016), and fourth in Sub-Saharan Africa, after Mauritius, Rwanda and Botswana. Major declines in its position related to registering property and paying taxes, while conditions for starting a business improved. South Africa was also ranked first in Sub-Saharan Africa in terms of protecting investors, but slipped this year to 10th in terms of getting credit, 11th in terms of dealing with construction permits, and 12th for registering property.

Access to finance

South Africa has a sophisticated banking system with 36 local institutions: 16 registered banks, three mutual banks, two cooperative banks and 15 local branches of foreign banks. Four banks dominate: Absa Bank, First National Bank, Nedbank and Standard Bank. The capital-adequacy ratio for the banking sector as a whole was 16 percent at Fiscal Year 2016, well above the minimum prudential requirement of 9.75 percent and up from the previous year.

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 (about US$3.5 billion in 2017). Banks now segment the housing finance market into two parts – the conventional market, and the affordable market (as defined in terms of the FSC).

The 2016 FinScope survey indicates that 77 percent of the South African adult population is banked and 89 percent are financially included, using some financial product or service from the formal sector. Only 3 percent of adults rely exclusively on informal mechanisms to manage their money.

South Africa has a highly active consumer credit market with 24.68 million credit active consumers at the end of March 2017. The total outstanding consumer credit book was ZAR1.71 trillion, over half of which (52 percent, or ZAR884.06 billion – US$64.5 billion) was mortgage debt. There were 1.746 million mortgage accounts (a decline of 2.13 percent on the previous year), of which 3.5 percent were 90 days or more in arrears. Consumer indebtedness continues to be an issue of concern, with only 48.2 percent of consumers being current on their accounts and 39 percent being more than 90 days in arrears, or with adverse listings, judgements or administration orders against them.

The credit indebtedness challenge is likely to be exacerbated by rising interest rates, which declined slightly to 10.25 percent in July 2017. The key monetary policy interest rate (the repo rate) is currently at 6.75 percent per annum. Typically, borrowers in the affordable market access mortgages at a premium of two percentage points above the conventional market. An analysis of performance indicates that borrowers in the affordable mortgage market have more erratic payment patterns than borrowers in the conventional market, although the analysis shows no difference in the proportion of borrowers who cease making payments entirely. While mortgage loan providers may charge a premium to off-set higher risk and costs associated with more erratic payment patterns in the affordable market, this premium may well exacerbate the problem as it places an additional financial burden on households with the least affordability, and becomes an 'access tax' of sorts.

At 30.4 percent, South Africa has the highest mortgage to GDP ratio in Africa. The FSC and South Africa's income distribution notwithstanding, the majority of mortgages are extended to high income earners. Of the 153 702 mortgages granted in 2016, the Banking Association reports that just 21 464 (14 percent) were directed at the affordable market of households earning less than ZAR20 800 (US$1 517) per month. Figures (and thresholds) differ somewhat with data from the National Credit Regulator (which reports 8 895 mortgages extended to individuals earning less than ZAR15 000 –US$1 094 per month), but the point remains that access to mortgage finance is particularly limited for lower-middle class South Africans. There are multiple reasons for this – the entry level price of new housing is about ZAR392 500 (US$28 634), 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.

Meanwhile, there has been some innovation. In 2016, the Government Employees Housing Scheme was launched with SA Home Loans, providing 30 year mortgages and a discounted rate for government employees paying by salary deduction. Another lender, Chartwell, offers an instalment sale product that converts to a mortgage loan once the borrower has reached a certain threshold in payments. This saves on initial transfer costs and enables borrowers without solid credit records to demonstrate their ability to pay.

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. National Credit Regulator figures showing that in 2015, about ZAR1 509 million (about US$110 million), involving 14 735 loans (down from 18 476 loans in 2015), was originated in the entire pension-backed loans market in 2015. The housing micro loans sector is in part supported with wholesale finance and equity by the National Housing Finance Corporation and the Rural Housing Loan Fund, both state-supported housing financiers. By the end of December 2015, the RHLF had financed a total of 485 827 housing micro loans in rural areas.

In an effort to streamline government's efforts in housing finance, efforts began in 2015 to consolidate the three state housing financiers, NHFC, RHLF and Nurcha, into a single, consolidated development finance institution. The resultant National Human Settlements Development Bank was officially launched in May 2017. The HSDB will facilitate the increased provision of finance across the human settlements value chain, explicitly supporting construction financing for government-led integrated housing projects in metropolitan areas. A Bill to formally establish the NHSDB was expected to be released in Parliament in September, but is still awaited.

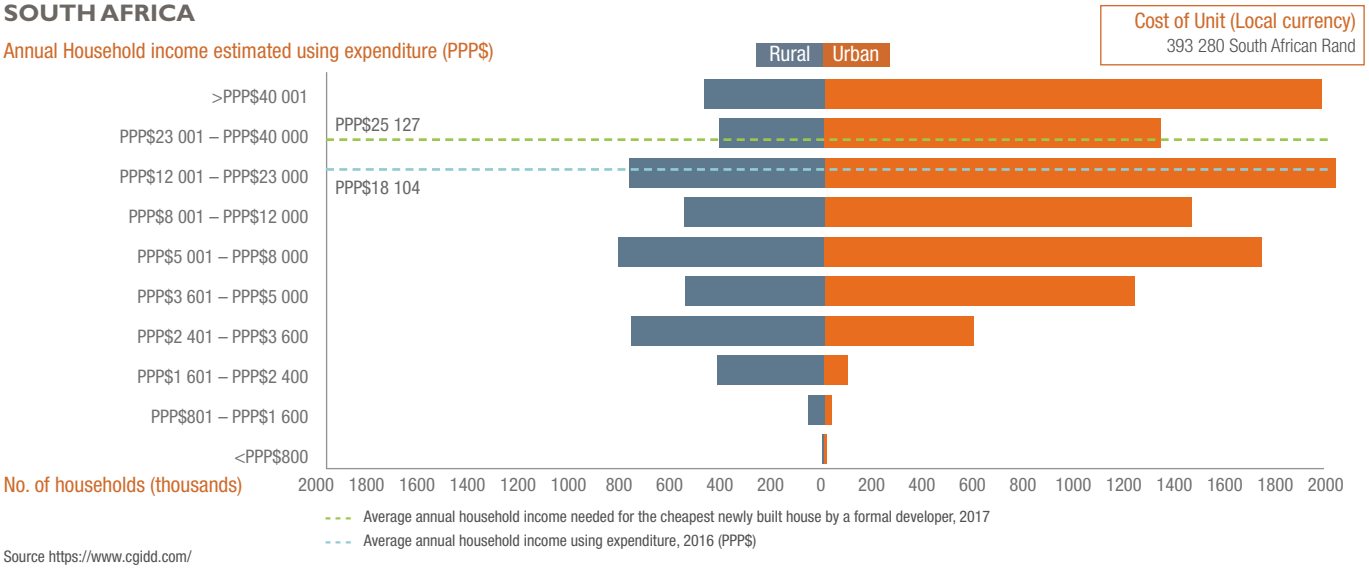
Affordability

Housing affordability in South Africa is a critical challenge, bedevilling all housing practitioners in the public and private sectors. The reasons for this are many, among which are low incomes (83.4 percent of households earn less than ZAR20 000 per month and 30 percent of households receive social grants); building costs have been rising faster than inflation; and the government subsidised house has had a distortive impact on the base price of an entry-level house. In 2017, the cheapest, newly built house was estimated at about ZAR392 500 (US$28 634), affordable at current mortgage rates to households earning about ZAR15 000 (US$1 094) 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$255) 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 180-250m^2 serviced stand with a 40m^2 top structure, entirely for free. This is still true today, although eligibility criteria have changed somewhat. The current government position is that applicants must be older than 40 years of age; those younger are expected to meet their housing needs independently or through the Youth Brigade. In May 2017, the Minister announced that the Housing Needs Register comprised 2.22 million households who had registered a housing need over the past seven years.

Beyond this, there is a "gap" however, of about 6.4 million households (40 percent of the population) earning between the ZAR3 500 upper income threshold for the RDP subsidy, and the ZAR15 000 income requirement for a mortgage for the cheapest newly built house. In an effort address this, the government introduced the Finance Linked Individual Subsidy Programme (FLISP) in 2012. The subsidy offers a once-off capital contribution of between ZAR20 000 and ZAR87 000 (US$1 458 and US$6 345), depending on household income, which is to be tied to a mortgage to purchase a new or existing house. For various reasons, this programme has been unsuccessful, with only 1 195 subsidies issued in 2015 (1 478

SOUTH AFRICA



Source https://www.cgidd.com/

in 2014, and 218 in 2013). The target to 2019 is 70 000 subsidies, however this is unlikely to be achieved.

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. There were no substantial developments in respect of this agreement in 2016 or 2017, however.

Housing supply

South Africa's residential house construction and rental sector is a ZAR152.6 billion (US$11.1 billion) per annum industry (2014 data). This refers to output/sales which includes intermediate inputs purchased from upstream suppliers. The value added by housing construction and rental activities amounted to in excess of ZAR81 billion (US$5.9 billion) in 2014, which represents 2.4 percent of South Africa's GVA. Residential house construction and rental sectors sustain employment of 468 000 people annually.

The Community Survey for 2016 reports that 79 percent of South Africans (13.4 million households) live in a formal dwelling – an increase of 5.7 million households since 2001. However, another 2.19 million households (13 percent of the population) continue to in informal dwellings. Three million households say they rent, while another 1,6 million occupy their homes rent-free. Nine million households say they own their homes outright, while another 1,8 million say they own but have not yet paid off their homes.

Affordable housing supply in the country is dominated by government-subsidised delivery, and between 1994 and 2015, an estimated 4.3 million households have benefited from the delivery of 2.8 million government subsidised houses, and about 121 784 social rental units and 68 640 basic rental units; the transfer of a further 360 000 houses built prior to 1994; the servicing of almost a million sites; and finance-linked subsidies for a further 6 329 houses for lower-middle income earners. An estimated 1.83 million government subsidised houses are formally registered on the Deeds Registry, making government-subsidised housing comprise 29.4 percent of the total residential property market in South Africa.

The Department of Human Settlements reports that subsidised delivery hit a low of 94 566 units delivered in 2014/15; this rose to 103 983 subsidised units delivered in 2015/16 – but deeds registry data suggests that only about 23 179 government-sponsored housing units were formally registered in 2014; 20 976 in 2015; and 28 975 in 2016. In May 2017, the Minister of Human Settlements estimated demand for 320 000 high-density, subsidised rental housing units. She announced the approval of 138 restructuring zones across 38 municipalities. Development applications to the Social Housing Regulatory Authority involved 26 139 units spread across 54 projects.

Housing delivery has been declining across the board since 2012. According to StatsSA, annual delivery by the private sector has declined dramatically since 2008 when 70 058 units were delivered outside the subsidised housing market. In 2016, only 41 489 residential units were reported as completed – a marginal increase on the previous year (39 666 in 2015). 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.

Pension and provident funds have been targeting investments in the affordable housing space. Old Mutual's Housing Impact Fund South Africa (HIFSA) will operate to October 2025, and targets affordable housing both for rent and ownership. Global private equity funder, International Housing Solutions (IHS) is currently managing its second fund which expects its final close in December 2017 and has two separate sleeves, one of which will focus explicitly on South Africa and the other in several Sub-Saharan countries. Currently sitting at about US$180 million, the fund includes equity investments from WDB, Eskom Pension and Provident Fund, and IFC as well as participating debt from Overseas Private Investment Corporation (OPIC), with more than US$50 million in 'green capital' from the IFC Global Environmental Facility and KfW. Its predecessor fund, South Africa Workforce Housing Fund (SAWHF), is a US$230 million fund which financed over 28 000 units with a combined total value of more than ZAR8.6 billion (US$605 million).

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 7.1 million properties on its registry, worth ZAR6.5 trillion. Of this, about ZAR4.7 trillion is in the residential sector, involving about 6.2 million registered properties. Almost 57 percent of the total formal residential property market is found in the eight metro municipalities.

The majority of the residential property market – 54 percent in 2015 – includes homes valued at less than ZAR600 000 (US$43 763). Thirty-seven percent are homes that are valued at less than ZAR300 000 (US$21 881), of which the majority (estimated at about a third 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 2017 Doing Business Report, South Africa is ranked 105th 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 7.3 percent of the property value. The quality of the land administration index rates South Africa at 13.5, well below the OECD high income country score of 22.7, but above the Sub-Saharan Africa score of 8.4.

The registration of title deeds remains a serious challenge. Just over half of the three million subsidised properties delivered by the state since 1994 are formally registered in the deeds registry, comprising an estimated 29.4 percent of the overall property market. The remaining properties have not yet been registered. Attention to this backlog (estimated at 818 262 title deeds) has become a key area of focus for government, and is the mandate of the Estate Agency Affairs Board. By mid-2017, only 177 295 of these had been resolved. Government subsidised houses cannot be sold for the first eight years, following allocation. 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. In 2004, Cabinet approved a Comprehensive Plan for the Development of Integrated Sustainable Human Settlements, known as Breaking New Ground (BNG). 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. The Department of Human Settlements has been working on the development of a new Housing White Paper since early 2015 – this is still awaited.

Within the current national policy framework, other interventions that enhance access to housing finance and improve housing affordability, include the newly established South African Housing Development Bank (a consolidation of the National Housing Finance Corporation (NHFC), the Rural Housing Loan Fund (RHLF), and Nurcha (originally the National Urban Reconstruction and Housing Agency).

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 HDA is also responsible for the government's catalytic projects. 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 with 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.

The affordable housing market in 2017 still 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$ [a] =	127 South Sudanese Pounds
PPP Exchange Rate (Local Currency/PPP$): 1 South Sudanese Pounds = [b]	0.0468
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	152.8 | 476.0 | 110.7 | 49.01
Population | Population growth rate [d]	12 230 000 | 2.89
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	19.03 | 4.09
GDP per capita (current US$) | GDP growth rate (annual %) [d]	758 (2015) | -6.35 (2015)
GDP (Current US$) [d]	9 015 221 096 (2015)
GNI per capita, Atlas method (current US$) [d]	820 (2015)
Population below national poverty line | Survey Year [c]	50.6 | 2009
Unemployment rate (%) (d)	1 200%
Gini co-efficient (year of survey) [e]	
HDI (Global Ranking) | HDI (Country Index Score) [f]	181 | 0.418
Lending Interest Rate [d]	9.72
Unsecured lending interest rate (housing microloan)	28 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	15 | 5 [l]
Down Payment (%)	
Credit % of GDP [d]	39.53 (2015)
Average Mortgages % of GDP [g]	
Estimated number of mortgages	800
Average loan size in US$ (mortgage)	5 000
Average loan size in US$ (non-mortgage/micro lending)	280 [m]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	45
What is the price of the cheapest, newly built house by a formal developer or contractor?	15 000
What is the size of this house (in m²)?	120
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	40
Ease of Doing Business Rank [j]	186
Number of Procedures to Register Property [j]	9
Time (days) to Register Property [j]	50
Cost (% of property value) to Register Property [j]	15.90

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] South Sudan Microfinance Development Facility
[l] World Bank Survey
[m] BMI Research

Overview

The economy of South Sudan continues to suffer from effects of civil strife, particularly after the disintegration of the unity government in July 2016. A volatile political situation has since persisted, along with its own economic challenges. The country's inflation rate hit 830 percent in 2016, eroding the purchasing power of capable consumers and business establishments. By June 2017, the inflation rate was still as high as 362 percent.

The exchange rate, another key macro-economic indicator, has been markedly volatile. The South Sudanese Pound (SSP) deteriorated from 41 units against the US Dollar in 2016, to 125.92 units in July 2017[1]. This translated into further deterioration of the trade balance from an average deficit of US$166.7 million over the past decade to a low of US$229.5 million in March 2017 for a country, whose trade with key neighbours is highly asymmetrical. The price of cement, which is all imported from Uganda, Ethiopia, and Kenya has increased by 16 folds, from SSP 350 in 2016, to SSP 5670 in 2017[2], because of the scarcity of the US Dollar, and also the devaluation of the SSP. Additionally, foreign workers living in South Sudan, who would have contributed a significant percentage of business, have fled, leaving some businesses with very low sales and on the verge of closing shop.

Foreign-based commercial banks that offer housing finance products, including KCB Bank and Equity Bank have closed over 50 percent of their branches on account of declining business from both the private and public sector. Equity bank closed seven of its 12 branches in South Sudan due to economic meltdown where the business was reportedly operating in tough conditions, recording net interest loss of US$5.5 million and a loss before tax of US$5.3 million[3]. The devaluation of the South Sudan currency caused the bank to write off a loss of US$58.14 million. Eden commercial bank reported having extended housing loans amounting to US$6 million and only managed to recover US$2 million.

For retail deposits, civil servants salaries are seldom paid whereas oil sales revenue is "non-existent". These two factors affect the disposal income of citizens, causing demand side deficits and also affect the capacity of commercial lenders to mobilize funds for asset creation in the housing sector.

The economic growth outlook is still uncertain, and largely dependent on continued period of relative political calmness. GDP is forecast to recover to 4.9 percent from minus 5.3 percent in 2016[4] owing to the stabilizing political and economic environment, however, closure of several bank branches continues to undermine funding to several sectors, including housing.

Access to finance

Commercial banking accounts for the largest share of the financial sector (72 percent), with 22 licensed banks, sharing slightly above 300 000 bank accounts, however, representing just under three percent of the total population of the country. The financial sector in South Sudan stands out in the East African Region, for its low level of regulatory oversight, weak depositor protection legislation and

low levels of client financial literacy. These factors explain, in part, the low level of banking products' uptake in the economy. Private sector credit declined from an annual growth of 172.6 percent in 2016 to 46.9 percent in 2017, and projected to decline further to 28.5 percent in 2017.

On the credit side, the banking industry suffers from limited utilization of credit reference bureau due to a low coverage rate and an underdeveloped collateral registry, thereby restricting access to credit facilities. The financial sector has over the entire period of post-independence (2010+) been characterized by high interest spreads of up to 24 percent while most of the lending activity is concentrated in short-term lending, usually between three to 24 months.

Less than eight percent of the entire loan portfolio is attributed to the real building and construction sector with banks preferring to lend to well-known and well established individual and institutional customers.Commercial bank lending is still less advanced with over 90 percent of the loans being short-term (less than a year, at interest rates of between eight and 10 percent)[5].

Medium term loans of one to five years, at interest rates of between 22 and 24 percent, constitute about four percent of the loans. Loans of over five years constitute the balance (one percent), and they are offered at interest rates of between 18 and 20 percent.

The main sectors extended commercial loans are (i) domestic trade, (ii) households, (iii) building and construction and (iv) real estate. The average loan size is estimated at about US$25 000. A high down payment of up to 60 percent is required to reduce credit risk. The portfolio that has been directly invested in the residential housing and housing finance sector was estimated US$1.67 million, by the end of Q1 of 2017. The number of housing finance loans generated from this portfolio was estimated at 789, in the same period. This represents less than five percent of individuals in formal employment. This clearly indicates that the breadth and depth of investments in the housing sector are low, and continue to recline due to ongoing economic turmoil and insecurity that has eroded investor confidence in the South Sudan housing sector.

Additionally, the government of South Sudan ordered all government institutions, including state-owned oil and mining companies, to end their business with commercial lenders and open new accounts with the nation's central bank, starting August 2016[6]. Whereas the order was intended to enhance efficient and effective public finance management and accountability also facilitate timely reporting to relevant government levels and international financial institutions, the directive actually depleted the deposit base for commercial banks, significantly impacting on their ability to extend loans. In effect, key lenders that were already suffering losses due to low business opted to close several branches in the country. By May 2017, Equity Bank had closed seven of its 12 branches in the country on the back of US$58 million loss suffered in 2016 due to currency political and economic factors. KCB Bank, the largest by asset base in the country also closed five of its nineteen branches by May 2017. The lender had lost US$34 million due to hyperinflation and currency devaluation in 2016.

The closure of branches has had a negative impact on access to finance in several states where these banking outlets where located. Additionally, several workers have been made redundant thereby exacerbating the poverty problem in this war-torn nation.

The insurance industry is nascent, comprising of ten companies, both private as well as partially government-owned providers. The total premiums collected by the industry amount to about US$0.7 million and still unavailable to support mortgage lending in the country. The pension sector is a key driver of long-term funding for mortgage lending in many both developed and developing nations. However, South Sudan is lacking in this area. Whereas the country Pension Regulation was passed in 2013, very little has been done to establish and support pension schemes in the country. Deduction of civil servants pension contributions started late in September 2016 for workers at the national government level. This excludes workers at state level. In addition, the Military Pension Scheme, Organized Forces Scheme and Private sector schemes are yet to be established.

The microfinance sector is young, underdeveloped, and non-regulated, though monitored by the South Sudan Microfinance Development Facility, a joint initiative of the government, the Bank of South Sudan and the Multi-donor Trust Fund. A number of microfinance institutions (MFIs) operate in the country, as well as small savings and cooperatives/ rotating savings and credit associations (ROSCA's). The largest MFIs by asset base are BRAC SS (a subsidiary of the Bangladeshi INGO), SUMI (the result of Greenfield investment funded by USAID), and FSL (funded by ARC International and Micro Africa Limited). MFIs still face huge operational challenges including high non-performing loans as a result of emigrations resulting from civil unrest, low levels of client financial literacy and business skills, all of which, collectively, drive up the cost of doing business for MFIs.

Affordability

The period 2016 to 2017 has been characterized by political turmoil and deteriorating economic conditions. A number of multinational corporations have closed shop and thousands of people fled the country. This has negatively affected the housing affordability in South Sudan. Over one million refugees are now resident in northern Uganda refugee camps and sporadic fighting continues in South Sudan. Overall, more than three million people have fled their homes out of a population of about 12 million.

The cost of living has risen since 2016. Cost of food in the Central Equatoria state and across the nation increased by 334.90 percent in June 2017 over the same month in 2016. Overall, food inflation in South Sudan averaged 93.02 percent from 2008 until 2017[7], reaching an all-time high of 1 002.20 percent in October 2016, during the peak of the political upheaval. The United Nations Organization in Sudan has declared a famine in some parts of the country and nearly half the entire population face food shortages.

The high levels of poverty, have also severely constrained the levels of affordability. Households categorized as modest income earners, and would ideally have the potential to afford conventional housing finance products on the market, after relaxing the terms against which mortgages are offered, with a modest package of subsidies, earn significantly low (less than US$100) to warrant support. These households (which constitute over 70 percent of the population), instead, rely heavily on social housing projects to meet their housing needs. The average household income for the Region is a paltry US$100 per month.

Private developers have not been able to put up houses that can be afforded by the South Sudanese modest income earners (US$300 and US$750). The few housing blocks by private investors mostly target middle to high income earners (above US$750 per month). The average cost of buying a two bedroom house in Juba is US$45 000. Renting a single room is US$2 000 per month on the lower end and up to US$3 500 per month on the high end.

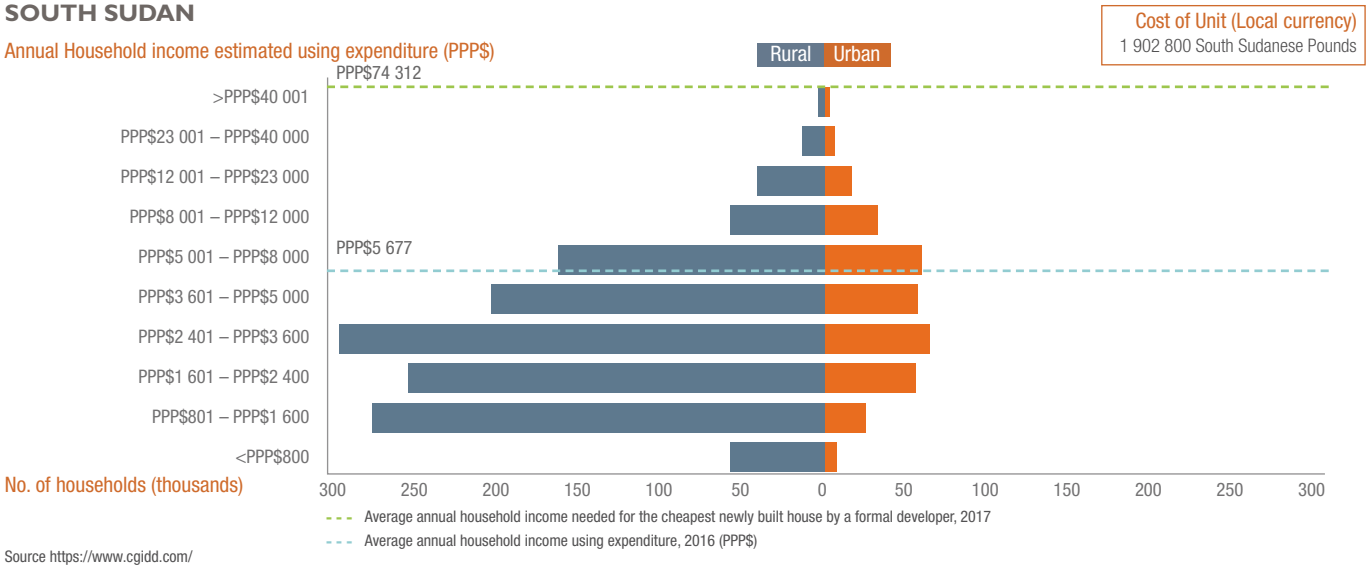
Housing supply

The housing and housing finance sector in South Sudan has suffered massive slumps particularly after the outbreak of the Civil War in December 2013. Over 80 percent of the few housing projects (less than 20 in number) visible in the capital city Juba were initiated before the outbreak of the conflict. Planned affordable housing projects including the 475 housing units for civil servants, agreed between the Government of South Sudan and S & L Mortgages of Kenya Commercial Bank, and investments by private developers such as Luri River front Project, have never materialized.

In the absence government funded social housing projects, individuals, with support from non-government organizations have, incrementally, built their own housing, using on own funds (individual savings) and small grants from NGOs (less than US$500). Housing units put up by individuals are usually substandard and not provided with basic services including hydro-electric power and metered water. Additionally, the units are built with cheap construction materials and in most cases, they tend to be temporary structures.

A significant number of residents in major cities including Juba are residing in these temporally structures at a going rate of US$25 per month for a single room. Further, land acquisition, particularly, the high cost of land leases, has hindered prospective investors from developing modest housing projects (between 20 and 50 units). An urban plot measuring 0.05 acres costs US$200 per annum. For a 49 year lease, this translates to US$9 800; compared to about US$4 000 for the same-sized free-hold plot in Uganda and Kigali.

SOUTH SUDAN



Source https://www.cgidd.com/

On the funding side, closure of over fifteen branches of Equity Bank and KCB Bank, the two largest mortgage lenders, has resulted into shortage of construction finance for the housing sector. The total loss US$700 million suffered by the two banks translates into an average of US$140 million of lost finance for the housing sector. Additionally, there has been a sharp decline in the supply of retail deposits to the banking industry, which would in turn be converted into medium term loans to finance housing developments.

In 2013, the government established the Housing Development Corporation with the objective of promoting housing development projects in the country. The corporation, along with the planned Housing Finance Bank, would establish a mortgage system to help citizens build concrete houses for themselves with financing stretching to 15 years for loan repayment. However, the initiative has not yet been implemented on account of government budgetary constraints and the inadequacy of skilled human capital.

Property markets

South Sudan towns are awash with low cost, low quality housing structures mainly constructed for the poor and migrant low cost earners (earning below US$200). Apart from the grass thatched huts (tukuls) that are traditionally constructed by South Sudanese homesteads, there are recent structures made of soft/ cheap iron sheets and timber that are mostly rented as homes by mostly foreign nationals. These iron sheet and timber structures provide housing as well as business premises for retail shops and warehousing facilities.

In terms of financing, the structures are raised mostly on rented plots of land in city or town suburbs. Usually a 40 x 40 feet plot is rented at US$1 000 per year to a prospective developer. The developer then proceeds to procure cheap imported iron sheets and locally produced timber for the structures. The average cost of constructing a single room of 3 x 3 metres is US$150. The tenants of these iron sheet/timber structures are mostly foreign nationals who are not so permanently stationed. They are traders who averagely occupy these structures for four months and then move on.

The cost of renting these structures varies depending on the developer's business model. Some developers rent the rooms out on a daily rate and others on monthly basis. The daily rates model mostly applies to structures built near markets, with the focus on the mobile traders especially those delivering items to markets and then head out of the city once they have sold their merchandise. A daily fee of US$3 is charged for this usually furnished room with a single bed, plastic seat and table. The monthly payment model targets low income (earning average US$150 – 200 per month) foreign nationals with some level of residence in South Sudan. These are usually market traders, hotel/restaurant attendants, construction labourers and the rest of the poor folks of society. The monthly charge averages US$30 depending on the nature of the suburb. With the monthly rental, no furnishing is provided. The tenant moves in with their household items.

Return on investment period on these iron sheet/timber housing homesteads depends largely on the land rental period and cost, the rental model and location. The developer with longer rental period and less cost, based in affluent suburbs enjoys more revenues due to higher rental fees compared to the one in mostly low income neighbourhoods. In areas like Hai Amarat, Kololo and Thongpiny that mostly house American and European diplomatic missions and residencies, Iron sheet structures litter the immediate neighbourhood to these modern day apartments. Here the monthly rental charges are higher at an average US$25 – US$30 compared to areas like Konyokonyo, Jebel Kurjul, Munuki and Gudele that are mostly populated by low income earners and with modest housing structures. At these locations one can rent an iron sheet structure for US$10 – US$20.

There is no standardized regulation on the quality of construction for these iron sheet shelters and developers are at will to raise them as they please. There is not requirement to consult with the constructions/engineering department for these kind of structures mostly referred to as "temporary". Besides the Tukul, these structures are the mostly sought after accommodation in South Sudan hosting an estimated two million people majority of whom are low income foreign nationals.

Policy and regulation

In the past one year, there has been no new developments in the policy and regulatory environment governing South Sudan's housing finance sector. Efforts to end the protracted conflict, have for two past consecutive years, forced the government to prioritize military spending, stifling resources to ministries, departments and agencies whose mandate is relevant to the development of the housing industry and housing finance sector. The country has several policies, strategies and regulatory frameworks[1] that espouse practical and feasible measures on how to adequately and sustainably develop the housing industry and housing finance sector.

The Ministry of Housing, Physical Planning and Environment continues to oversee housing developments in the country and also monitors compliance with established planning and building standards. The Land Act 2009 continues to govern land use management. Additionally, the government adopted the Land policy of South Sudan in 2013 to address issues pertaining to land acquisition and land management.

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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i 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.

Sudan

Overview

The Republic of the Sudan is located in north-east Africa, and is bordered by seven countries. Comprised of 18 states, its geography is dominated by the Nile and its tributaries. It has a total area of 1 861 484 km² and an estimated population of 36 million. The urban population is estimated at about one-third (33.8 percent) of the total population. Sudan's capital of Khartoum has a population of 5.1 million (2015). Sudan gained independence from British/Egyptian Condominium Rule in 1956. An Islamist military regime has ruled since 1989. Sudan has been embroiled in civil wars during most of the 20th century, and continues to suffer from protracted social and armed conflicts in Southern Kordofan, Darfur, and the Blue Nile states. Sudan was subject to comprehensive U.S sanctions. The U.S. demanded that the Sudan maintain a cessation of hostilities in conflict areas, improve humanitarian access and cooperate on addressing regional conflicts and terrorism[1]. The sanctions were lifted in October 2017.

In 2011, the country lost three-quarters of its oil production due to the secession of South Sudan and continues to face serious economic challenges. The oil sector had driven much of Sudan's GDP growth since 1999[2]. The country is attempting to develop non-oil sources of revenues, such as gold mining, while carrying out an austerity program to reduce expenditures; the Sudanese currency formally devalued in June 2012[3] and fuel subsidies were gradually repealed. The percentage of the population living below the poverty line is estimated from 20 percent to about 45 percent (46.5 percent (2009)[4]. The GINI index of Sudan is 35.4 (2016)[5] with a global rank of 105[6]. Ongoing conflicts, lack of basic infrastructure in large areas, and reliance on subsistence agriculture (agriculture employs 80 percent[7] of the workforce) keep much of the population in poverty.

Sudan currently has a GDP per capita of US$4 570.3 (2017 estimate)[8] and a GDP growth rate estimated from 3.1 percent[9] to 4.9 percent[10] with an industrial production growth rate of 2.5 percent in 2016[11]."Sudan's Government Revenue is forecasted to be 73.16 SDG billion [US$10.87 billion][12] in December 2017 as reported by International Monetary Fund's World Economic Outlook."[13] Sudan produces 75-80 percent[14] of the world's total output of gum arabic making it the largest exporter of the product. The country has many mineral resources and an abundance of agricultural land but is also subjected to many environmental challenges and periodic persistent droughts. Khartoum Sudan introduced a new currency, SDG, the Sudanese pound, following South Sudan's secession, but the value of the currency has fallen since its introduction.

KEY FIGURES

Main Urban Centres	Khartoum
Exchange Rate: 1 US$ [a] =	6.36 Sudanese Pound (SDG)
PPP Exchange Rate (Local Currency/PPP$): 1 SDG = [b]	0.2486
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	16.9 | 13.5 | 15.6 | 12.1
Population | Population growth rate [d]	39 578 000 | 2.38
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	34.01 | 2.97
GDP per capita (current US$) | GDP growth rate (annual %) [d]	2 415 | 4.67
GDP (Current US$) [d]	95 584 380 032
GNI per capita, Atlas method (current US$) [d]	2 140
Population below national poverty line | Survey Year [c]	46.5 | 2009
Unemployment rate (%) (d)	14.8
Gini co-efficient (year of survey) [e]	35.39 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	165 | 0.490
Lending Interest Rate [d]	...
Unsecured lending interest rate (housing microloan)	...
Mortgage Interest Rate (%) | Mortgage Term (years)	12 | 10 (2016) [k]
Down Payment (%)	
Credit % of GDP [d]	22.46
Average Mortgages % of GDP [g]	...
Estimated number of mortgages	...
Average loan size in US$ (mortgage)	...
Average loan size in US$ (non-mortgage/micro lending)	...
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	16.92 | 15.09
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	14.46 | 6.63
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	11 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	6 600
What is the size of this house (in m²)?	110
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	50
Ease of Doing Business Rank [j]	168
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	11
Cost (% of property value) to Register Property [j]	2.60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Tag Elsir Mekki
[l] Sudacon

Sudan also faces high inflation. The Central Bureau of Statistics has set inflation at 35.5 percent in May 2017 as compared to 34.8 percent in April 2017[15]. The building and construction sector made up 3.2 percent of the GDP in 2012[16]. The housing price inflation rate has been estimated at 19.5 percent. There have been concerns raised about corruption with regards to the land distribution that is seen to have negatively affected the delivery of housing[17]. The construction sector "has grown by about 10 percent per annum since 1999 and has been the fastest growing sector in recent years."[18] Measures of efficiency with regards to dealing with construction permits is assessed based on obtaining land ownership certificates, planning permission, project clearances, building permits, paying for and obtaining building permits, building inspections, certificates of conformity, water and sewage connections and updating of land registry records[19]. Sudan has deteriorated in global ranking with regards to the ease of doing business (from number 164 in 2016 to 168 in 2017)[20].

Access to finance

The World Bank ranks the Sudan at number 170 in terms of the ease of getting credit[21]. Data is not readily available with regards to credit registries and banks/financial institutions. The performance of the banking system, that is the Central Bank of Sudan (from now on referred to as CBoS), as well as other operating banks and non-bank financial institutions can however be assessed by consulting the CBoS balance sheet and the performance of ancillary companies and units which assist the CBoS in implementing its different policies and programs. These include the performance of Microfinance Unit, Credit and Information Scoring Agency (CIASA), and Electronic Banking Services company (EBS).

The CBoS, bank policies aim at attracting more national savings to provide the financial resources required for fuelling economic activities. Thus, the CBoS intends to remove restrictions on opening new bank branches and towards simplifying the procedures for opening current, saving and investment accounts and opening branches in all 18 states and expanding e-banking services. The adoption of these policies led to the significant increase in bank deposits (from SDG 39.9 million or US$5.9 million in 2012 to SDG 44.5 million or US$6.6 million in 2013), an increase in ATMs (from 865 machines in 2012 to 903 in 2013), and an increase in ATM cards by 225 percent. There was also a 3.7 percent increase in bank branches from 629 in 2012 to 652 in 2013[22]. According to the IMF, as of 2016 there are two non-governmental specialised banks, 29 operating banks including one government owned commercial bank, two government owned specialised banks, 23 private commercial banks, one investment bank, and two branches of foreign banks."[23]

Microloans have been suspended since 2014 because of a CBoS declaration which prohibits all banks and financial agencies from providing funding for various activities, including land and real estate development but excluding funding to social housing *(al iskaan al shabi)* and economic housing *(al iskan al igtisadi)* based on the parameters defined by the National Fund for Housing (from now on referred to as *Al Sandoog Al Gomi lil Iskaan or Al Sandoog*)[24]. The moratorium on lending for real estate has negatively affected urban development and the added tax on the resources of the *Al Sandoog* has reduced its ability to absorb the negative effects of the policy. This has threatened to disrupt the achievements and progress of *Al Sandoog*."[25]

There is a system of granting ownership of residential units based on a "mortgage pledge" where the money is lent with the property as security for the loan. The repayment term depends on the individual regulations of the bank in question. The mortgage interest rate varies from 0-12 percent per year. Down payments vary from 0-50 percent of the price of the residential unit. The loan is granted on condition that the repayments do not exceed 33 percent of the income of the applicant. There are other government and private agencies that provide housing support, such as the Investment for Social Grants Agency *(al jihaaz al istismari lil damaan al ijtimai)* which have their own unique repayment process, repayment period and guarantees as security for the loans. However, the property will remain in the ownership of the lending agency until the repayment is completed[26].

Affordability

Khartoum continues to see exorbitant real estate prices: "These days land prices in central Khartoum vary from half a million to a million U.S. Dollars for up to 1 000 square meters. Studies attribute these prices to government policies such as land privatisation, high demand, a soaring inflation rate and the weakness of the Sudanese Pound."[27] In the period 1997 to 2006, "prices of housing, water and electricity grew almost twice as fast as the prices of tradable goods, specifically food, clothing and consumer goods."[28] Prices in Khartoum increased dramatically in the period around 2009[29]. Current building costs per square meter vary from SDG1 200 to SDG3 000 depending on construction type. A load bearing structure with "agid" (jack arch structure) roof with basic finishes would cost about SDG1 200 ($178) per square meter. A reinforced concrete frame building with high quality finishes would cost an estimated SDG3 000 ($446) per square meter and higher[30]. One estimate of large scale building costs may be derived from *Al Jawhara Al Awda* Residential Development, a project self-funded by the *Al Sandoog*, which provided 1 216 apartments in 76 buildings for $100 Million (SDG672 870 016) inclusive of the costs of services to the project.

This is excessive when considered in the light of salaries, which "vary between SDG400 [$59] and SDG1 500 [$223] per month."[31] The period of time needed to raise the capital funds to build a house range from 20 to 83 years depending on the type of house being considered and interest rates, assuming a savings rate of 25 percent of income[32]. Another source states the cost of building a modest house – without land – would equal the gross salary of a civil servant for a decade[33].

Material costs account for two-thirds of house costs with the remaining third allocated for labour. It is believed that the high construction costs are due to increasing government tariffs on materials, as duties can sometimes reach 100 percent, with value added tax another 17 percent and services an estimated one percent on top of that. Additional contributors include the price of hiring construction machines and labour costs impacted by the secession of Southern Sudan. Before 2011, most labourers were Southern Sudanese and their disappearance from the market has created a shortage and triggered wage rises[34].

One ton of steel currently costs at SDG16 500/$2 452 (previously SDG13 000) and a ton of cement costs SDG2 300/$341 (previously SDG2 000). This recent increase has also impacted other building material increases. Lack of exchange rate stability between the SGD and the US dollar is perceived to be the reason for these increases. The same source states that the cost of a lorry of bricks (4 000 pieces) has increased from SDG3 200/$476 which has led to an increase in costs of building sand to SDG2 800/$416 for a lorry load which was previously SDG2 100. This environment has led to recent decline in buying power of building materials[35]. A bag of cement (50kg) costs SDG74 (US$11); the cost of concrete is SDG185 (US$27.5) per cubic meter; the cost of sand is SDG151 (US$22.4) per cubic meter[36]. Sudan has witnessed an increase in national cement production which covers local need and produces excess for export[37].

Housing supply

Only 311 000 serviced plots had been distributed nationally between the period 1956 and 2007 which is considered a major housing program in the Sudan. Only 43 percent of those plots had been developed. Core-house units are built through various government programmes but it is also evident that this incremental option does not address the high demand for housing. Informality was estimated at 60 percent in 1990[38]. *Al Sandoog Al Gomi lil Iskaan*, the National Fund for Housing, is a government agency which delivers social housing *(sakn shabi)* and economic housing *(sakn igtisadi)*. Both products target low-income groups and are low density located on the periphery of Khartoum. Al Sandoog has the following track record:

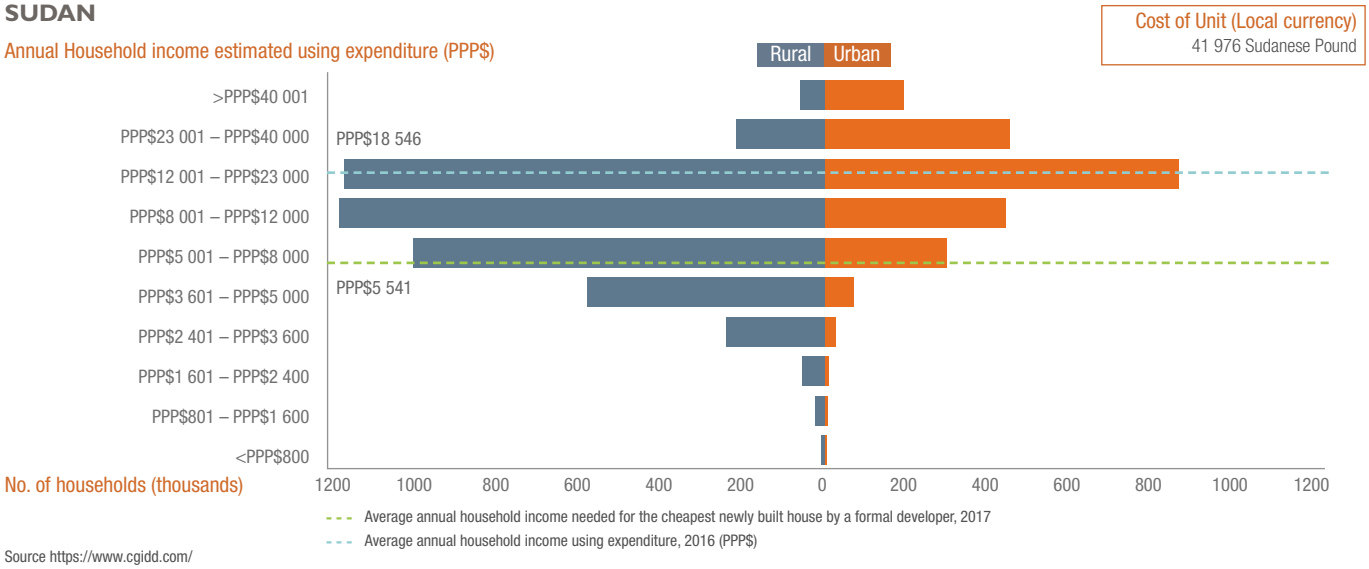
- The applicants for social housing rose from 6 372 (2003) to 17 966 (2015), peaking at 34 963 in 2011.
- 70 603 families have been housed in social and economic housing; economic housing is a total of 30 percent of all Social Housing delivered.

Al Sandoog also supports housing for those employed by the Khartoum Local Government and those employed under the auspices of the Trade Unions *(sakn fiawi)* in the Region *(wilaya)*. Each [building is] four storeys high, each apartment is 120 square meters."[39] Prices start at $56 147 [SDG377 796] with a monthly repayment of $834 [SDG5 608] for a period of 48 months[40]. The website does list difficulty in recovery of rental costs of investment housing which implies that the financial model depends on support from the rentals recovered through this category[41].

"*Al Sandoog* has so far provided 76 000 residential units for low income families. Sustainable urban planning demands social integration and the strategic use of resources to achieve the aims of the [Khartoum] province." *Al Sandoog* has provided social housing *(sakn shabi)* to 40 000 beneficiaries (government workers) since 2008 through 2015[42]. Some of the factors that have influenced housing strategies in the Khartoum Province are firstly, the city is expanding at a great rate (40km in some directions) which has led to vertical development becoming an inevitable solution. Also, apparently 40 percent of workers in Khartoum work in the construction sector[43].

Al Sandoog implements projects to certain specifications and hands over ownership in three to twelve years depending on the income levels of the beneficiaries. Towards the building of Social Housing, the Fund implements the following:

SUDAN



Source https://www.cgidd.com/

- Establishing and supporting factories and workshops for building materials,
- Involvement in all engineering services related to the building of the various types of housing,
- Purchasing and importing building materials,
- Geology and quarrying services.

Al Sandoog has also promoted alternative building materials and techniques aiming towards passive thermal control and light-weight roofs. In line with the government policy of privatisation *(khaskhasa)*, the Fund implements its projects by appointing private contractors. Social Housing is funded by beneficiaries' installment payments, with the difference between operating costs and resident repayments is subsidised by *Al Sandoog*. Three types of products are provided:

- Social housing *(al sakn shabi)*
- Economic housing *(al sakn igtisadi)*
- Luxury housing *(al sakn al fakhir)*

The first category, which is identified as being the *Al Sandoog*'s core programme, also has three sub-categories:

- Social housing as part of the housing strategy/plan *(al khuta al iskaniya)*
- Social housing exempted/outside of the strategy/plan
- Improved social housing

For the first sub-category, applicants must apply to Local Committees *(lajnaa shabiya)*, which often takes 3 months. Upon approval, the applicant must pay the deposit/down payment. The second sub-category has a similar but faster process. The third category differs in the size, number of rooms and other specifications. So-called "economic housing" accessible to anyone with any income level has the benefit of being immediately available for purchase, in good locations, and easier procedures. The minimum specifications are as follows – with variations in building materials and methods):

- room + kitchen + traditional toilet + boundary wall
- 2 rooms + kitchen + toilet + boundary wall[44]

Property markets

The government's site and service programme delivered 300 014 plots from 1959-2005, but the failure of the state to provide basic services resulted in a decline in the development of these sites, such that more than 51 percent of these plots are not built[45]. The predominance of this model has had serious negative repercussions including sprawl, low density, high infrastructure expense, ruralisation of the peripheries, increased land values, increased housing demand and increased city management costs[46]. It has also led to growing agriculture land speculation[47]. It is argued that the sale of vacant land and old evacuated government facilities in the city centre to affluent and influential pro-regime buyers deprives the vast majority from their right to such sites and widens the gap between rich and poor.

Peripheral expansion has made everyday life difficult and increased vulnerability. It is estimated that 50 percent of neighbourhoods in Khartoum originated informally[48] due to an influx of people from other parts of the country.

Most land in the Sudan is State owned[49]. Registering property in the Sudan has a total of six procedures and takes up to 14 days at a cost of 2.5 percent of the land value[50]. There are two processes for land registration, determined by whether the land is purchased from the Ministry of Planning or not. The process for the latter depends on the type of ownership of the land. Generally, non-registered land is in one of these two categories: Pre-1970 land is freehold; after 1970 is leasehold and the Planning Ministry determines duration and type of lease[51].

Policy and regulations

The history of government housing programmes can be summarised into four national strategies over the years, and are referred to as the First, Second, Third and Forth Housing Strategies. These strategies are aligned to government development and financial programmes during the same periods. Government housing and social housing funding was stopped completely in the 1980s. To address this issue and the declining economy, the government decided to make use of its extensive land resources in "site and service" schemes and self-build projects. This became known as the Third Housing Strategy. The negative consequences of "site and service" led to the termination of the third housing strategy in 2005 and the launch of the Fourth Housing Strategy in 2007, which was underpinned by the Khartoum Structure Plan (2007-2027)[52].

Neighbourhoods in Khartoum are categorised as "classes" based on the incomes of residents and this is then used to determine coverage, materials, methods of construction and provision of infrastructure and services (according to the Site and Services Housing Policy). Since independence in 1956, Khartoum has been directed by five master plans, two of these plans were developed by C A Doxiadis, a world-renowned architect and town planner of the day. Recommended plot sizes and densities for the Khartoum Metropolitan Region in the Doxiadis Plan 1960-1990 were as follows:

- 500m^2 in 1st class areas with a net population density target of 80 persons/hectare
- 400m^2 in 2nd class zones with a net population density of 95 persons/hectare
- 200m^2 in 3rd class areas with a net population density of 190 persons/hectare

Opportunities

During the 80s the government focused on "sites and service" which perpetuated the sprawl evident today. The socio-political dynamics created by this situation could be considered as an opportunity. Peripheral areas show that different groups of people, coming from different parts of the country build differently – demonstrating a wealth of local experience and heritage that needs to be considered in future housing plans. However, the "class" classification of neighbourhoods, still being used by professionals and laypeople alike, is highly

problematic as it creates stigma around traditional neighbourhoods, material and methods.

Spatial transitions and urban renewal need to consider the creation of more just spaces and contribute to the correction of the historical distortion of the urban fabric[53]. While ownership remains an important component of the housing market, not everyone can afford to own. Many people living and working in Khartoum consider their rural contexts as their real, permanent address and their presence in the city is perceived as being temporary. Well-located rental housing could be considered for a range of densities, configurations and affordability levels. The combination of housing and job opportunities could be explored. Instead of failed attempts to fulfil demand quotas, government role could rather be re-directed towards building institutions capable of implementing projects, at scale[54].

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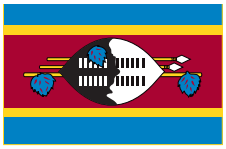
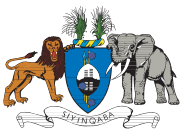
Swaziland





Overview

The Kingdom of Swaziland is a landlocked country in Southern Africa with a population of 1.3 million inhabitants[1] a GDP per capita of about US$3 911[2] and a GNI per capita of US$3 230[3]. Swaziland which has been classified as lower-middle income, ranks 150 out of 188 countries in the Human Development Index[4]. The population is fairly young with a median age of 20.5 years and people aged 14 years or younger constituting 37.4 percent of the country's total population[5]. The present population growth rate is 1.2 percent with average life expectancy of 49.64[6] years. An estimated 63 percent of the population live below the poverty line, and inequality is very high with a Gini coefficient of 0.51[7].

Due to severe drought and fiscal pressures, notably a decline in revenues from the Southern Africa Customs Union (SACU), economic growth slowed down to -0.6 percent in 2016 but is projected to grow by 1.4 percent in 2017[8]. With government being the main driver of the economy's aggregate demand and a major player in some sectors such as construction, any shocks in revenue would have a negative impact on growth prospects[9]. In 2017 the average inflation rate was 6.9 percent while public debt and Foreign Direct Investments (FDI) stood at SZL67.9 billion (US$5 216 million) and SZL11.2 billion (US$861 million) respectively[10].

The tertiary sector accounts for 51 percent of GDP contribution, followed by the industrial sector at 42 percent and the agricultural sector at 6 percent, whilst manufacturing (agro-processing of sugar, wood pulp, citrus fruit, pineapples, meat, clothing and textiles) as a sub-sector account for 36 percent (2014)[11]. State policy leans toward entrepreneurial development and encouraging self-employment exemplified within the Youth Enterprise Revolving Fund Initiative, targeting youth entrepreneurship at all levels within the school curriculum as a means encouraging industrialisation[12].

Access to finance

The level of financial inclusion in Swaziland continues to improve with more than 65 percent of the adult population using some type of formal financial product compared to only 50 percent in 2011[13]. This increase is primarily driven by greater usage of formal savings in banks/savings and credit cooperatives (SACCOs) and formal remittances. About 38 percent of adults save in formal financial institutions, 10.7 percent save through informal mechanisms, 17.9 percent save at home or with household members and 32.8 percent use no savings mechanism[14]. Overall barriers include lack of understanding of formal financial products, proximity[15] to and suspicion of financial institutions, high financial illiteracy, low financial eligibility and high turnaround times and flexibility around administrative procedures[16]. Rural residents are twice as likely to be financially excluded (32 percent) as urban residents (16 percent). This may be more due to lower incomes of rural residents as opposed to physical barriers which only 3 percent of persons cite as their reason for being unbanked[17].

Swaziland's banking sector consists of four commercial banks, three of which are subsidiaries of large South African banks, First National Bank, Nedbank and Standard Bank and one state-owned development bank – Swazi Bank. There is one building society - Swaziland Building Society (SBS) and three credit institutions - Letshego Financial Services, First Finance (Pty) Ltd and Blue Financial Services[18]. 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 44 branches, 204 Automated Teller Machines (ATMs) and approximately 1 313 Point of Sale (POS) terminals[19].

KEY FIGURES

Main Urban Centres	Mbabane (capital), Manzini
Exchange Rate: 1 US$ [a] =	13.58 Swazi Lilangeni (SZL)
PPP Exchange Rate (Local Currency/PPP$): 1 SZL = [b]	0.1922
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	5.0 | 7.8 | 7.0 | 6.4
Population | Population growth rate [d]	1 343 000 | 1.81
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	21.32 | 1.84
GDP per capita (current US$) | GDP growth rate (annual %) [d]	2 775 | -2.22
GDP (Current US$) [d]	3 727 303 664
GNI per capita, Atlas method (current US$) [d]	2 830
Population below national poverty line | Survey Year [c]	63.0 | 2009
Unemployment rate (%) (d)	22.3
Gini co-efficient (year of survey) [e]	51.45 (2009)
HDI (Global Ranking) | HDI (Country Index Score) [f]	148 | 0.541
Lending Interest Rate [d]	10.25
Unsecured lending interest rate (housing microloan)	...
Mortgage Interest Rate (%) | Mortgage Term (years)	8 (2016) |
Down Payment (%)	
Credit % of GDP [d]	22.27
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	40 000 (2016)
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	6 (2016)
What is the price of the cheapest, newly built house by a formal developer or contractor?	50 000 (2016)
What is the size of this house (in m²)?	160
What is the average rental price for a formal unit (in US$)	180 (2016)
What is the minimum plot size for residential property	500
Ease of Doing Business Rank [j]	111
Number of Procedures to Register Property [j]	9
Time (days) to Register Property [j]	21
Cost (% of property value) to Register Property [j]	7.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)

African Union for Housing Finance Member Institutions
Swaziland Building Society
Swaziland National Housing Board

All the banks remain compliant and set prudential and regulatory requirements in terms of capital adequacy, liquidity and reserve ratios. Despite slow economic growth, the banking sector has continued to register positive growth. Total assets for the banking sector were valued at SZL20 billion (US$1.5 billion) in 2017 compared to SZL17.7 billion (US$1.4 billion)[20] as of 31st May 2016 an increase of 5.7 percent. This improvement was fuelled by positive growth in customer deposits which translated in growth in loans and advances. During the same period, it is noted that the quality of assets deteriorated from 6.8 percent to 5.7 percent[21]. Total banking sector deposits increased from SZL12.6 billion (US$968.5 million) in 2016 to SZL14.4 billion (US$1.1 billion) as of 31 May 2017[22]. Low economic growth is hampering the development of formal financial sector where banks are underserving the lower income market due to high risk.

SBS is the primary provider of mortgages, with the four big banks providing the balance. The SBS, established in 1962 is a viable, self-financing development and housing finance institution, and the major provider of long-term mortgage lending. It provides loans mainly for buying vacant land and housing construction but also for residential and commercial mortgages, and has more than SZL1.8 billion (US$138.3 million) in assets. Through a pioneering project, it also lends to residents of informal settlements by working with savings groups. The scheme involves providing loans to buy small plots and for house improvements. 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[23].

Swazi Bank provides general commercial banking services with a particular focus on business and development finance. The bank has historically obtained interest-free deposits from the government which has enabled it to serve lower income households by providing credit at lower than average market interest rates. Under the Civil Servants Housing Scheme, urban public servants can borrow up to SZL400 000, (US$30 746) while rural public servants can borrow up to SZL200 000 (US$15 372). 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 market.

The Swaziland National Housing Board (SNHB), apart from being a developer and owner of housing, also provides housing finance through the SBS as well as develops land for sale. Urban housing loans are offered generally at a Loan to Value (LTV) ratio of 80 to 90 percent. FNB requires a 40 percent deposit for a mortgage for a plot of land, while the SBS 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. Bank Interest rates average 7.25 percent while deposit interest rates stand at 2.94 percent in 2017, between 2005 and 2017 the highest interest rate was 11.5 percent while the lowest was 5 percent[24]. Commercial banks however charge interest rates as high as 15 percent. The SBS offers its mortgage at slightly below prime at 8 percent.

The vast majority of members of SASCCOs and the SBS also have accounts at banks, as such the products on offer fail to increase accessibility to financial services for new market entrants. SASCCOs was involved in the development of the Financial Inclusion Strategy which aims not only to expand financial inclusion, and promote economic development and poverty reduction. NGOs like Imbita and Ulote were established to address the lack of financial services offered to women and to provide training and consultancy services to entrepreneurs[25].

The capital market is small and relatively new having starting in 2010, comprising of a limited number of institutions, with low levels of activity in the primary and secondary markets. With only a few listed shares and government bonds with maturities from three, five and seven years the Swaziland Stock Exchange (SSX) is still struggling to build up sufficient market capitalisation.

Affordability

In Swaziland a US$10,000 house loan costs US$77 per month and US$24,154 at an interest rate of 8 percent over 25 years. In addition the borrower is required to make a 10 percent deposit. This is affordable to 93.2 percent of the urban population[26]. It costs about 1.7 percent of an average urban annual income to afford the cement at US$7 needed to build a 40m^2 house. Rental prices range between US$100 and US$2 000 but may be higher at the top end of the market while construction costs range between US$15 000 for the lowest cost house and US$2.2 million for the highest cost house. The price of the cheapest newly built house by a private developer is US$12 718. Based on CAHF data (2017) at least 2 441 or 0.63 percent of urban residents can afford a house costing less than US$40 000.

Since 2010, SNHB has had low-cost offerings priced at SZL280 000 (US$21 522) to SZL450 000 (US$34 589). This required a monthly income of SZL6 486 (US$498) to E10 422 (US$801) to qualify to service the loan. The SNHB's Mbabane and Matsapha rental units range from SZL1 231 (US$80) to SZL4 291(US$277) while rental fees for two bedroom flats range from SZL1 327 (US$102) to SZL4 241 (US$326) per month This is beyond the reach of the vast majority in a country where more than 819 000 or 63 percent of the population is classified as earning less than US$2 a day.

Housing supply

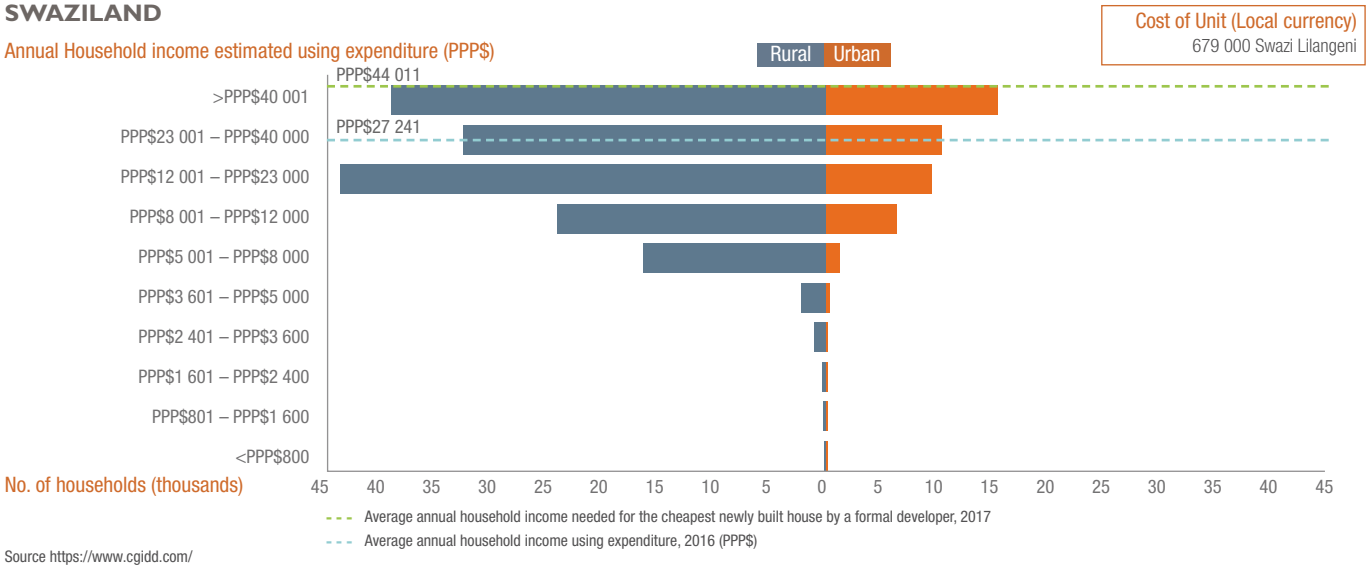
Self-built housing is the principal type, with production of informal units predominant among the low income groups in urban centres. Households source funds from social support networks (family and friends), moneylenders and other finance sources such as business income and rental revenue. The total number of building plans approved, which is a good leading indicator on construction activity, depicted a positive trend rising by 5.5 percent from 728 units in 2013 to 768 units in 2014. Residential building plans approved increased significantly from 519 units in 2013 to 614 units in 2014, indicating potential within the sector.

The Swaziland Housing Board (SNHB) was established in 1988 to provide affordable housing and end-user finance, but current and future developments suggest that the SNHB primarily caters for middle to higher income earners. The SNHB has a residential portfolio in Mbabane (Swaziland's capital city) and Matsapha comprising of 1 085 units and further developed over 460 residential units, for locals working within the urban perimeters of Mbabane. It has three projects underway consisting of; 316 units in Mhobodleni Township, 437 units in Nhlangano Township (extension) ranging from 361m^2 to 1 150m^2 and 28 upmarket plots in Woodlands. The SNHB has plans for a further three projects: 1 000 hectares for upper and middle income development in Woodlands (phase 2); a mixed development of 330 plots in Ngwenya New Township; and a middle income township in Pigg's Peak. SNHB acts as an agent for the sale of government properties with three sales portfolios: Woodlands, Nkhanini and Thembelisha. The Thembelisha Estate has plot sizes ranging from 1 416m^2 to 2 631m^2 which are best suited for exclusive upmarket residential purposes[27]. The Nkhanini development has 440 fully served plots ideal for both residential and commercial development, the plot sizes range from 346m^2 to 1 410m^2.

Property Markets

The property market in Swaziland continues to show growth and opportunity for potential home buyers. Top end property prices are however overly inflated, making them unsustainable and unaffordable to the 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. The perceived oversupply is mainly at the top and middle ends of the market where demand is low compared to that of affordable housing units. The drop in demand for standard residential plots and housing may however result in reduction of prices as most units remain unoccupied and sellers are forced to cut prices or come up with initiatives such as rent-to-own. Thus providing an optimal supply commensurate with available incomes is critical to attracting additional foreign investment in the housing sector.

SWAZILAND



Source https://www.cgidd.com/

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[28].

Policy and regulation

Affordable housing delivery is affected by policies, legal and regulatory instruments such as the draft National Land Policy, draft Peri–urban Growth Policy, the 1961 Town Planning Act, Building and Housing Act of 1968 and Local Government Act of 1969. The Town Planning Act allows for the production of modern town planning schemes like the Ngwenya New Township and Thembelisha Estate while the Building Societies Act (1968) helps to regulate the mortgage market. The enactment of the Consumer Credit Act[29] will improve credit extension as more credit institutions adopt the regulations, while better credit risk management will stabilize the consumer credit market. The high levels of tenure security enable financial institutions to easily provide housing microfinance which plays a significant role in the Swazi economy. Clearly there is need to review the Town Planning and Building and Housing Acts and to enact new legislation around rental housing to address the deficiencies in the Housing Policy of 2001. Furthermore, the Residential Tenancies Bill has to be enacted into law to improve the relationships between landlords and tenants. In the long term housing production is likely to be affected by policies and laws that remain in draft form and are outdated going back almost 40 years.

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[30]. However, Swaziland is not able to take advantage of the opportunities to lower costs, increase access to credit, and reduce risks, because the framework governing securing movable property as collateral is non-existent. This means that while banks can take movable property as collateral, there is very little value from securing this property as there are practically no way to register the collateral and enforce against the collateral.

Opportunities

The Central Bank of Swaziland has continued to maintain comparatively lower interest rates which enable the local banks' to maintain prime lending rates at competitively lower rates and provide cheaper credit for their customers thus stimulating borrowing that can translate to growth of the economy.

The business climate in Swaziland has been improving albeit slowly, which translates into modest FDI inflows and growth in investments. Government has introduced a number of reforms to improve ease of doing business in the country. In 2017 Swaziland ranked 111th out of 190 countries in ease of Doing Business Report[31] compared to 108th in 2016. Swaziland stands at 117th out of 190 on ease of registering a property which requires 9.0 procedures takes 21 days and cost 7.1 percent of the property value while the score on quality of land administration index is 14.0.

The Investor Roadmap unit (established in August 2014) is implementing the comprehensive reform action plan (which was crafted in April 2012) that seeks to create a conducive business environment not only for foreign investors but also for local small medium enterprises (SMEs) for all sectors. Notwithstanding the country is still ranked poorly in enforcement of contracts, trading across borders, getting electricity and starting a business. With the introduction of appropriate reforms, a review of the policy, legal and regulatory framework, Swaziland is likely to attract new investments and FDI that will grow the economy.

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Tanzania

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 50.14 million people live in urban areas, with a population growth rate of almost three percent and urbanisation rate of 5.36 percent per annum.

The country has experienced impressive GDP growth rates over the past decade averaging 6-7 percent per year. The GDP grew by 7.0 percent in year 2016[1], same as last year. The rate is projected to be above seven percent in year 2020[2]. The strong and sustained economic growth, coupled with a fast growing population (expected to more than double by 2050) have greatly contributed to the fast growing housing sector demand. The housing demand has also been boosted by easier access to mortgages, with the number of mortgage lenders in the market increasing from three in 2009 to 30 by June 2017, and the average mortgage interest rate falling from 19 percent to 16 percent.

Inflation rates have portrayed a flat trend in the first five months of 2017 with the rate dropping from 6.1 in May to 5.4 percent in the month of June mainly due decrease in food cost and transport costs. These movements have gone hand in hand with movements in the 182 days Treasury bill rate which experienced a downward trend during the first quarter and towards the end of the second quarter of 2017. The decreasing trend on the 182 days Treasury bill rate will promote all forms of long term debt, including mortgages by making them less expensive. The Bank of Tanzania reduced the discounting rate from 16 percent to 12 percent which also increases money circulation.

The positive developments in the housing industry have attracted substantial multilateral and donor support. The African Development Bank (AfDB) which has been supporting the country's various development agendas since 1971. In August 2016, AfDB expressed its commitment to focus on funding the construction of residential houses, development of agriculture and other economically viable areas in Tanzania during 2017, having already approved an assistance package of more than US$1.1 billion for year 2016-2020 to support the country's transport and energy sectors.

KEY FIGURES

Main Urban Centres	Dodoma (capital), Dar-es-Salaam, Arusha
Exchange Rate: 1 US$ [a] =	2 238.34 Tanzanian Shilling (TSh)
PPP Exchange Rate (Local Currency/PPP$): 1 TSh = [b]	0.0014
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	5.6 | 5.2 | 5.1 | 5.0
Population | Population growth rate [d]	55 572 000 | 3.09
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	32.32 | 5.31
GDP per capita (current US$) | GDP growth rate (annual %) [d]	879 | 6.96
GDP (Current US$) [d]	47 431 038 892
GNI per capita, Atlas method (current US$) [d]	900
Population below national poverty line | Survey Year [c]	28.2 | 2011
Unemployment rate (%) (d)	13.3
Gini co-efficient (year of survey) [e]	37.78 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	151 | 0.531
Lending Interest Rate [d]	16.10 (2015)
Unsecured lending interest rate (housing microloan)	17 – 18 (2016)
Mortgage Interest Rate (%) | Mortgage Term (years)	18 | 25 [k]
Down Payment (%)	
Credit % of GDP [d]	22.42 (2015)
Average Mortgages % of GDP [g]	0.37 (2015)
Estimated number of mortgages	7 000
Average loan size in US$ (mortgage)	54 790
Average loan size in US$ (non-mortgage/micro lending)	1 953.23 [l]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	11.55 | 13.96
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	8.66 | 7.16
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 683 979
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	4.5 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	17 874.96 [n]
What is the size of this house (in m²)?	60
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	400
Ease of Doing Business Rank [j]	132
Number of Procedures to Register Property [j]	8
Time (days) to Register Property [j]	67
Cost (% of property value) to Register Property [j]	4.40

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Tanzania Mortgage Refinance Company
[l] Yetu Microfinance
[m] The East African
[n] National Housing Corporation

African Union for Housing Finance Member Institutions

Azania Bank Limited
Bank of Africa, Tanzania
Bank of Tanzania
CRDB Bank Plc
First Housing Finance (Tanzania) Limited
National Housing Corporation Tanzania
NMB Bank Plc Tanzania
Tanzania Mortgage Refinance Company Ltd
Vizar Homes Limited
Watumishi Housing Company

Access to Finance

Tanzania has 58 commercial banks[3] and other private financial institutions (such as CRDB Bank, NMB Bank, Exim Bank and NBC Bank). Competition among foreign commercial banks has resulted in significant improvements in the efficiency and quality of financial services, though generally interest rates are still relatively high. The banking sector in Tanzania is regulated by the Bank of Tanzania (BoT). As per the March 2017 financial stability report the sector remained resilient as reflected by sustained high level of capital and favourable liquidity buffer. Capital and liquidity ratios for the sector were 19.0 percent and 36.0 percent as at end of March 2017, above regulatory requirements of 10 percent and 20 percent respectively.

According to the Tanzania National Financial Inclusion Framework 2014-2016, financial inclusion in Tanzania is still low. By 2012 only 17 percent of adults (about 3.7 million) had access to bank accounts (22 percent of unregulated providers are included according to World Bank statistics). However, the greatest growth was reported in April 2017 in mobile telephone technology with 53.3 million subscribers which significantly enabled 60 percent of the adult population (17.6 million) to have active mobile payment accounts by February 2016. 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. 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.

It was reported in April 2017 by the World Bank that more than 60 percent of the adult Tanzanians have a financial account compared to a projected 25 percent by the National financial inclusion framework 2014-2016. This dramatic increase from 11 percent in 2006 to more than 60 percent in April 2017 has placed Tanzania at the forefront in Africa in terms of the rate of use of digital financial services.

In 2010, the Bank of Tanzania issued regulations for a credit reference bureau within the framework of the Bank of Tanzania Act of 2006. To date Bank of Tanzania has registered two credit reference bureaus namely Dun & Bradstreet and Creditinfo Tanzania Limited. According to the 2017 World Bank Doing Business Report, Tanzania ranked 44th in terms of ease of getting credit. Moreover, only five percent of the adult population is covered by credit bureaus.

Tanzania's mortgage market is among the smallest in the East African region (the ratio of outstanding mortgage debt to GDP is 0.46 percent as at 31st March 2017). According to 2014 Findex, very few Tanzanians – only 4.5 percent of the adults aged 15 years and above report having an outstanding loan to purchase a home.

According to Bank of Tanzania, the mortgage market recorded an annual growth rate in mortgage loan balances of 11 percent in June 2017. A key element in the growth of the mortgage market has been the provision of long term funding by the Tanzania Mortgage Refinance Company (TMRC). The TMRC was established in 2010 under the Housing Finance Project (HFP) which was created with US$40 million initial funding support from the World Bank to expand access to affordable housing finance in Tanzania. In March 2015 the World Bank extended an additional funding of US$60 million (with US$40 million being allocated for TMRC) to further sustain the project's positive impact in the market. Additionally, in May 2016 the AfDB approved a Partial Credit Guarantee of up to US$4 million (in Tanzanian Shillings) to support TMRC's Medium Term Note program to mobilize long term funding from the local currency bond markets which is part of the company's strategy of ensuring its continued sustainability. The TMRC currently has 12 borrowing members (banks) all offering mortgage loans, as well as two non-borrowing members. In July 2016, the company opened up lending to non-member banks and as of June 2017, TZS 15.5 billion has been disbursed to four non-member banks.

By 30 June 2017, TMRC had extended TZS 68.1 billion (US$30.74 million) to commercial 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 with typical rates offered by lenders for the mortgage product currently varying between 16 and 19 percent.

As at 30th June 2017, total mortgage debt stood at TZS 446 billion (US$201.3 million) and 3 915 mortgages, compared to 31 March 2017 where the mortgage debt stood at TZS417.94 billion (US$188.6 million) with 3 469 mortgages. The average loan size as at 30th June 2017 was TZS 114 million (US$51 454), a decrease from 31 March 2017 when the average loan size was TZS 120 million (US$54 162). The loan to value requirement for mortgage loans currently stands at 90 percent as per the revised Mortgage Finance Regulations issued in 2015.

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. In 2011, a Housing Microfinance Fund (HMFF) was established as one of the components of the Housing Finance Project with a US$3 million contribution from the World Bank. An additional US$15 million was extended for the HMFF (out of the US$60 million extended for the Housing Finance Project) to make a total fund of US$18 million. The first disbursement of TZS 1 billion (US$451 352) was made on 31 July 2015 under the microfinance fund to DCB Commercial Bank Plc with the total credit line to the bank being TZS 3 billion (US$1.35 million). This has marked the first step towards significant progress of the microfinance sector.

FSD Tanzania launched their FinScope Survey this year. FinScope is an important survey: it measures peoples' perceptions of access to and usage of financial services.

Affordability

According to the Integrated Labour Force Survey (ILFS) of 2014 as carried out by the National Bureau of Statistics (NBS), the working age population in 2014 comprised of 25.8 million persons of which 86.7 percent were economically active, mostly in rural areas. The survey also revealed that two-thirds (67.8 percent) of paid employees earn less than TZS 300 000 (US$135.41) mean monthly income, with less than five percent of paid employees earning a mean monthly income above TZS 900 000 (US$406.22). 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[4].

With almost 70 percent of paid employees earning a mean monthly income of less than TZS 300 000 (US$135.41), the average mortgage size of TZS 114 million (US$51 454.07) is high indicating that most clients are high income earners with majority of the households financing their housing through cash sourced from household savings, micro credit loans and personal loans. A number of NGOs[5] cater to the lower income market segments, but their reach is insufficient to meet the scale of demand.

According to a 2017 Cost of Living study by Numbeo, a Dar es Salaam resident pays the largest chunk of his/her earnings on house rents than on any other basic commodity that a human being must get to survive. The study also states that at least 28.6 percent of earnings are spent on rents – leaving the remaining 71.4 percent to cater for other basic needs[6].

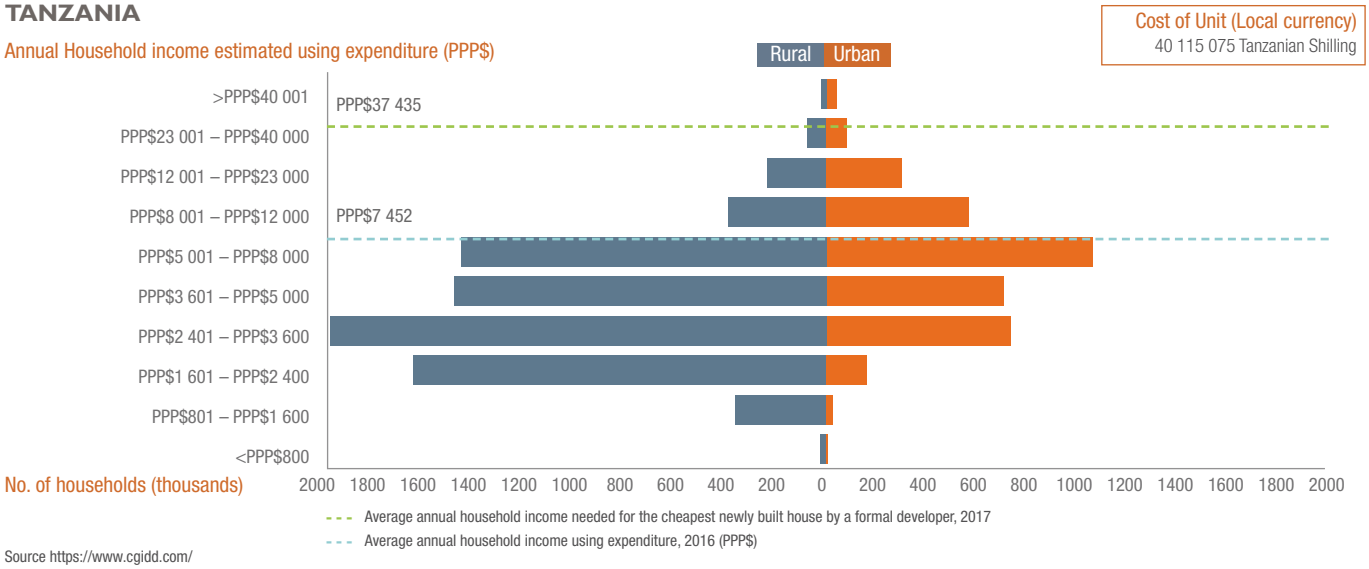
TMRC intervention has however had a positive impact on interest rates. TMRC member banks can currently borrow from the TMRC at 11.5 percent (12.5 percent for non-members) and are therefore able to extend mortgage loans to their customers at lower mortgage interest rates than those prevailing in the market which positively impacts on affordability.

In terms of building materials, a 50kg bag of cement costs US$4.5 (Grade 42.5R), but is more expensive in rural areas. A standard sheet of surrogated iron for roofing, gauge 28 is US$9.12, gauge 30 is US$8.21 and gauge 32 is US$6.61. The minimum plot size for residential property in urban areas is 400m^2. Prices quoted for houses constructed under the first and second phases of 'My Home My life' (a National Housing Corporation countrywide affordable housing project) for two bedroom (56m^2) and three bedroom (70m^2 and 85m^2) in the various regions of the country ranged between TZS43.4 million (US$19 588.66) to TZS95.3 million (US$43 013.81) VAT Inclusive[7].

Housing supply

Tanzania suffers from a shortage of good quality and affordable housing. The current housing deficit is estimated at three million housing units coupled with a 200 000 unit annual demand. In December 2015, the National Housing Corporation announced its commitment of delivering not less than 1 500 units each year for the coming 10 years in an attempt to address acute shortage of housing in the country[8]. With a rapidly growing urban population, about 70 percent of city residents still live in informal communities[9]. A Household Budget Survey for year 2011/2012 published in July 2014 by the National Bureau of Statistics (NBS) revealed that 18 percent of the households had connection to the electricity grid (up from 12 percent reported in 2007). Coverage by the grid continued to be concentrated in Dar-es-Salaam (68.1 percent) and other urban

TANZANIA



Source https://www.cgidd.com/

areas (34.7 percent) with rural areas having coverage of only 3.8 percent in 2011/2012.

The survey further revealed that in 2011/2012, nearly 68 percent of the households lived in houses with modern roofs (55 percent in 2007). Similarly, 46 percent of households lived in houses with modern walls in 2011/2012 (35 percent in 2007).

Regarding home ownership, the survey showed that more than 75 percent of households in Tanzania Mainland owned the houses in which they were currently living. Ownership in rural areas, urban areas and Dar-es-Salaam was 89.3 percent, 57.9 percent and 37.1 percent respectively. Also, about 17.4 percent of households were living in privately rented houses, mostly in Dar-es-Salaam where more than half of the households were living in privately rented dwellings.

The National Housing Corporation (NHC) announced in 2011 that it was raising its budget from US$23 million to US$230 million to increase the scale of delivery in the country. By December 2015 NHC reported to have a balance sheet worth US$2 billion and US$400 million worth of ongoing projects in real estate (expected to reach US$800 million in the coming five years)[10]. Alternative building materials are being explored as a way to deliver these houses on a rapid scale. As of 2015 the Corporation's completed major projects in Dar-es-Salaam including Victoria Place (consisting of 16 flats and 88 two to four bedroom apartments, kids playing area, swimming pool, gymnasium and shopping mall)[11] and Eco Residence (consisting of 120 three bedroom housing units with prices ranging from TZS 213 million (US$96 137.39) to TZS 254 million (US$114 643.32) VAT exclusive)[12]. Major ongoing projects in Dar es Salaam include 711 @ Kawe (consisting of two to four bedroom apartments with prices ranging from TZS 297 million (US$134 051.44) to TZS 672 million (US$303 308.3) VAT exclusive)[13], Mwongozo Estate (consisting of 216 two to three bedroom and town houses sold between TZS 44.7 million (US$20 175.42) to TZS 128 million (US$57 773.01) VAT exclusive) and Morocco Square. The Morocco Square project was launched in October 2015 and is the biggest project in East and Central Africa region, which is comprised of two office towers, residential tower and hotel tower. The project construction cost is estimated to be over TZS150 billion (US$67.7 million). Morocco square consists of four blocks including a shopping mall with a total of 28 827m^2 which will accommodate banks, chain of stores, supermarkets and shops, movie theatres, kids' grounds and food courts, among others.

NHC launched an ongoing country-wide Campaign known as 'My Home My Life' to offer affordable housing to Tanzanians across the country in 2013. The project is aimed at building 5 000 affordable housing units countrywide with prices quoted for the first and second phases of the project ranging between TZS 43.4 million (US$19 588.669) and TZS 95.3 million (US$43 013.81)[14].

Watumishi Housing Company (WHC) continues with the implementation of the Public Servants Housing Scheme, where 50 000 affordable housing units are expected to be constructed in 5 phases. Implementation the first phase is ongoing with the construction of 590 houses in three regions (namely Morogoro, Mwanza and Dar es Salaam) launched in November 2015 being at completion stages, with 50 units in Morogoro (Mkundi area) at 90 percent completion and 59 units in Mwanza at Kisesa Township at 99.8 percent completion. In Dar es Salaam there are three projects namely Kigamboni (329 units), Bunju (64 units) and Magomeni Usalama (88 units in two flat buildings with 12 floors each). All the three projects are above 95 percent completion stage. In line with the government move to Dodoma capital city WHC launched a project in August 2017 to deliver 500 house units in Njedengwe, Dodoma. The price range for WHC houses ranges from 27 to 85 million (US$12 186.49 to US$38 364.89).

Most pension funds are also actively involved in housing projects. The National Social Security Fund (NSSF) is in the middle of constructing its housing development in Kigamboni (the Dege Eco Village satellite city) which will bring to the market a supply of 7 460 housing units by 2017. Total project costs are estimated at around US$544.5 million[15].

On the side of private developers, Avic International has continued with implementation of the Avic Town project in Kigamboni with plans to build 5 000 housing units. This is a large scale luxury villas and bungalows project, with target customers being the social elite. The developer has already partnered with six banks namely CBA, CRDB, NMB, Stanbic, Exim and BOA to provide loans for purchase of houses. As of July 2017, 132 units have been delivered out of 160 planned in the first phase.

The International Finance Corporation (IFC) in its efforts to support growth of the private sector in Africa through investments and advisory services has injected TZS 2.52 Bn (US$1.14 million) equity investment in First Housing Finance (Tanzania) limited, a greenfield mortgage finance bank set up in partnership with Bank M Tanzania Limited, HFDC India and prominent investors. The company has been licensed as the first housing finance company in Tanzania since August 2017.

Property Markets

At 132th of 190 economies on the World Bank's 2017 Doing Business Report, Tanzania ranks poorly in terms of ease of doing business although this is an improvement from a comparative rating for year 2016 of 139th out of 189 economies. It ranks 97rd in terms of ease of registering property, down from a comparative rank of 133nd in 2016. It takes eight procedures and 67 days to register a property, at a cost of 4.4 percent of the property value – close to Kenya and Malawi but almost six times longer than the time it takes in other Sub-Saharan countries such as Botswana (12 days).

A fundamental problem, however, is the lack of land titles. Only ten percent of the Tanzania total land surface is surveyed for various uses but only ten percent of

applicants for surveyed land are able to get right of land occupancy certificates. According to a Land Registry Report presented in a Workshop on Unit Titles held in Dar es Salaam in June 2016, the registry has since independence released 683 979 title deeds and had planned to release 400 000 title deeds in year 2016/2017 but released only 33 979 as per the minister statement in the parliament. The government plans to release 400 000 titles in 2017/2018 and 3 000 unit titles.

While in principle, rights of occupancy can be bought, sold, leased and mortgaged in Tanzania; in practice the land market is inhibited by many layers of Government control. According to Shelter Afrique (2010), the formal market for transfers requires Government approval, and land received through grants must be held for three years before the landholder can sell the rights. The transfer of a granted right of occupancy must be approved by the municipality and registered. A holder of a customary right of occupancy can sell the right, subject to the approval of (and subject to any restrictions imposed by) the village council. Mortgages are regulated by formal law, and land rights must be registered before they can be mortgaged. There is a very limited formal land sale market in Tanzania. Most land transactions occur on the informal market, and these tend to be leases. In rural areas, land sales were historically conducted between members of families or clans.

Policy and regulation

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 underway towards developing a housing policy that will address key issues surrounding the housing sector.

Mortgage Finance in Tanzania is guided by the Mortgage Finance Act of 2008, and the Banking and Financial Institutions (Mortgage Finance Regulations), 2015 developed for regulating mortgage finance operations for banks and housing finance companies. The Banking and Financial Institutions (Tanzania Mortgage Refinance Company) Regulations, 2011 were also developed with support from World Bank to guide the operations of the TMRC. The National Microfinance Policy was adopted by the Government in 2000. Prudential norms were created for microfinance institutions in April 2005 intended to increase wholesale funding to MFIs and ensure their financial viability. In 2014, the Bank of Tanzania issued revised regulations to address the shortcomings of the 2005 regulations which excluded some of the microfinance institutions from the Bank's regulatory ambit. In August 2017 more than 100 unit titles were issued out of the projected 3 000 unit titles following release of the Unit Titles Act 2008.

Opportunities

The public sector of Tanzania like other countries in the region has been marginally successful at delivering affordable and sufficient housing for the urban poor. The use of lower-cost technologies and materials is a key area of opportunity which complemented by the government's initiatives to address housing gaps, has the potential to reduce costs associated with building and housing.

Beyond mortgage finance, significant opportunities for growth in housing microfinance exist. It is very encouraging to see that the sector is receiving policy attention and funding support. With the existing over 5 500 savings and credit cooperative societies and over 170 credit related Non-Government Organisations, there is an enormous potential for housing microfinance to contribute towards housing the majority of the population.

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Togo

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 km^2, with 56km of coastline, making it a transit country to the hinterland (Niger, Burkina Faso and Chad). Togo has a population of 7 606 374[i] in 2016, growing at 2.5 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. Togo's economy slowed down in 2015 (5.3 percent growth) and 2016 (5.0 percent growth) due to a significant reduction in public investment and a slowdown in port activities[1]. The fiscal position of the country has deteriorated significantly over the recent years, as the Government significantly increased its debt to finance public investment between 2012 and 2015. Debt ratio to GDP reached 76 percent, above the 70 percent WAEMU limit; which led to the negotiation of an economic program with the IMF. Such program should help reduce the debt ratio to 56.4 percent by 2021. In this context, GDP growth is projected to reach only 5.1 percent in 2017 and 5.3 percent in 2018. However, inflation is kept low at 1.5 percent in 2016.

Despite a significant decrease over the past decade due to government and donors' efforts, poverty remains a major concern in Togo, with 55 percent of the Togolese living below the poverty line, according to the 2015 poverty profile. Human Development Index is low, ranking Togo 166th out of 188 countries in 2015. Life expectancy at birth is also low at around 60 years old.

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. However, political and social tensions arose again recently as opposition leaders, have led several protests to request constitutional reforms long planned in the framework of the Global Political Agreement signed in Ouagadougou in 2005.

Togo saw two major events on the housing finance front: the preparation of major World Bank-funded US$150 million project to be signed with the West African Development Bank (BOAD – *Banque Ouest-Africaine de Développement*) and an equity investment of 3 million of the International Finance Corporation (IFC) into the Capital of the regional cash facility (the *Caisse Regionale de Refinancement Hypothecaire* - CRRH).

KEY FIGURES

Main Urban Centres	Lomé
Exchange Rate: 1 US$ [a] =	556.51 West African CFA
PPP Exchange Rate (Local Currency/PPP$): 1 CFA = [b]	0.0044
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	1.4 | 1.5 | 2.2 | 2.4
Population | Population growth rate [d]	7 606 000 | 2.52
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	40.46 | 3.76
GDP per capita (current US$) | GDP growth rate (annual %) [d]	578 | 4.93
GDP (Current US$) [d]	4 399 995 987
GNI per capita, Atlas method (current US$) [d]	540
Population below national poverty line | Survey Year [c]	55.1 | 2015
Unemployment rate (%) (d)	6.9
Gini co-efficient (year of survey) [e]	46.02 (2011)
HDI (Global Ranking) | HDI (Country Index Score) [f]	166 | 0.487
Lending Interest Rate [d]	5.6
Unsecured lending interest rate (housing microloan)	24 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	9 (2015) | 5 (2015) [l]
Down Payment (%)	...
Credit % of GDP [d]	42.73
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	5 455 (2015) [l]
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	No
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	7.26 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	18 150 [n]
What is the size of this house (in m^2)?	19
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	150
Ease of Doing Business Rank [j]	154
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	283
Cost (% of property value) to Register Property [j]	9.20

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Microfinance institutions
[l] Central Bank (BCEAO)
[m] Retail
[n] Cite Mokpokpo Housing Development

Access to finance

Togo is part of the Central Bank of West African States of which there are seven other member states (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger and Senegal). Togo's national financial system is highly concentrated, with one bank owning over one fifth of the total banks assets in the country. At the end of 2015, there were 13 banks (including two bank branches), and two financial intermediaries in Togo[ii]: 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. Only Bank of Africa Togo, Orabank, BIA-Togo and Banque Atlantique Togo formally offer mortgages. Togo is also the headquarters of the pan-African bank Ecobank. With Cote d'Ivoire, Togo is the WAEMU country with the highest banking rate, with some 19.6 percent in 2015[2]. At the end of 2016, there were a total of 445 bank branches in Togo[iii]. At the end of 2014 there were 218 ATM machines and 786 982 bank

accounts[iv]. The Togolese banking system represents 7.3 percent of the WAEMU financial system[3].

As of March 2017, on a sample of 45 registered microfinance institutions (MFIs) representing 90 percent of the sector, there were 432 service points, totalling 2 043 851 clients or members with a total of CFA Francs 155 005 million in deposits and an outstanding loan of CFA Francs 127 537 million (US$231.47 million)[v]. 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$90.75 million).

Over the past few years, the government increased initiatives directed to ease access to financial services for its population. Since 2014, the government of Togo launched several initiatives to further financial inclusion. This includes the creation of 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's population, one of the highest in the WAEMU region, after Senegal, compared to an average of 16 percent for the monetary union. Yet, Togo ranked 139th out of 190 countries on the "Getting credit" indicator of the Doing Business 2017 report[vi]. None of the microfinance networks in Togo offer housing microfinance. The financial landscape in Togo also includes two social security institutions, and 12 insurance companies[4].

Access to credit as measured by credit to the economy was CFA Francs 1 080 billion (US$1.96 billion) in 2016, a 22 percent increase from its 2015 level. This represents about 38 percent of the GDP. Medium and long term loans represented more than half of all loans. A few banks offer housing finance and mortgage products and services, ranging from loans for land acquisition to loans for housing enhancement and loans for housing purchase of construction. Bank of Africa Togo, one of the newcomers of the banking market in Togo, recently launched a housing savings product to encourage its clients to save at least CFA Francs 20 000 (US$36.30) per month over at least 36 months (remunerated at 4.5 percent per year), and then apply for a housing loan as high as six times the savings. Conditions of access to these products vary from one bank to the next, but the loan period is usually between four and 10 years. The interest rate is between 11 and 12 percent on average, while guarantees requested 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. 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$19.42 million), and represented 5.3 percent of total loans[vii]. However, on average the proceeds of these loans were very small, at around CFA Francs 2.9 million (about US$5 263.23) 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 cash facility created in 2010 to mobilise long-term resources needed by partner banks 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 February 2017, the International Finance Corporation (IFC) entered the capital of the CRRH with the signing of a CFA Francs 1.25 billion (US$3 million) equity investment agreement. Moreover, the World Bank Group is in the process of signing a US$150 million project with the West African Development Bank to support the CRRH's capacity to provide long term resources to improve housing finance in the region.

Since 2014, discussions on the creation of the national housing bank in Togo have stalled, after the validation of a feasibility study.

Affordability

The average income per person (gross national income per capita) is estimated at US$1 220 (in purchasing power parity), according to the World Bank's World Development Indicators in 2017. At the same time, the minimum salary in Togo has remained at CFA Francs 35 000 or US$63.52 since 2013. In Lomé, the price per square metre of land varies between CFA Francs 16 500 (US$29.95) and CFA Francs 33 500 (US$60.80) in the suburbs and between CFA Francs 33 500 (US$60.80) and CFA Francs 83 500 (US$151.54)[viii] 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[ix] (US$15.43) per m^2 in settlement areas in 2010, while the building cost of a medium standing house (villa) was estimated at CFA Francs 75 000[x] or US$136.12 par m^2 before taxes.

Despite the completion of a new cement plant in the northern Togo by the Heidelberg Cement Group, cement price has not dropped. A standard 50kg bag of cement costs around CFA Francs 4 000 (US$7.26), compared to CFA Francs 3 400 (US$6.17) in neighbouring Benin. The Nigerian Dangote offered to sell cement in Togo at as low as CFA Francs 3 000 (US$5.44), but faced the opposition of the Government. A standard galvanised sheet of iron for roofing costs between US$3.11 and US$5.37, depending on thickness.

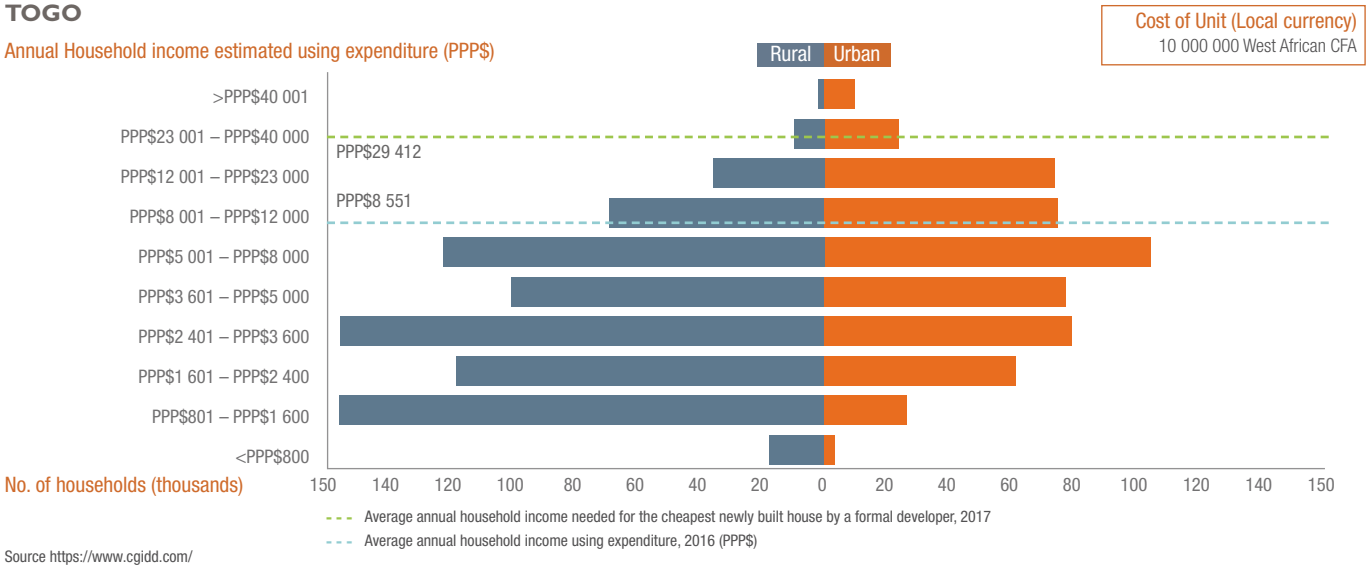
It is estimated that it will take between 10 and 15 years for a senior manager in the Togolese public administration to pay off the price of land in downtown Lomé. The cheapest housing unit built by a developer is around CFA Francs seven million (or about US$12 704)[xi]. Under these conditions, housing affordability is a mere dream for most Togolese, even for many with a formal job and a regular income. This pushed most low income households outside of the more urbanized areas, where they develop informal settlements and slums. 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 many results in terms of meeting the demand for housing. Today housing supply, especially the affordable housing segment is a real challenge that households overcome through self-construction. But self-construction and poor provision of serviced lands, combined with a rural exodus, have contributed to urban sprawl on the northern side of Lomé, which is now mainly made up of slums. Only richer people can afford to purchase land in Lomé II, the new settlement area in the capital city, and other secondary cities and build formal houses. Conscious of challenges in the sector, the government of Togo has actively sought solutions to the problem of the housing shortage, engaging, for example, with Shelter Afrique and private developers in an attempt to supply the housing needed in the market.

Despite several announcements in the past about housing constructions, there has not been much progress. It is in this context that several private operators recently launched a few new housing projects. One is in Lomé, the "*Cité des anges*", which plans the delivery of empty plots but also 156 housing units of different standings, and a 20-apartment complex, mostly targeted to the upper income quintiles, located on the west side of the city of Lomé. The project is being carried out by N Real Estates, a consortium of Togolese and foreign nationals. The second project is the *Résidence Esperanza*, promoted by CECO Immo, a Togolese developer who completed a 200 housing units project in Sotouboua for middle income households, in the center of the country. Each of those units were advertised at CFA Francs 50 000 000 (US$90 745). The choice of Sotouboua to build these housing units is probably justified by the creation of a teachers' school in that city. The government launched in 2015 the Cité Mokpokpo project which is supposed to deliver 1 000 social housing units. The project will be completed in public-private partnership with the Ivorian real estate operator *Societe ivoirienne de promotion immobilière* (SIPIM) and three local banks, namely Orabank Togo, BIA Togo, and Banque Atlantique which will offer mortgage loans over 15 to 20 years term, at 7.75 percent interest rate with no down payment required. The housing units will cost between CFA Francs seven million and CFA Francs 17 million (between US$12 704 and US$30 853), and are exclusively targeted to civil servants. The project which is partly located in Adidogome in the north-western part of Lomé will comprise 420 villas and 120 apartments.

TOGO



Source https://www.cgidd.com/

In October 2015, a new developer launched a new project in Lomé. Derou & Partners, an international holding, through its branch Confortis International launched the first phase of "WellCity", a new development in Adeticopé, in the vicinity of the Greater Lomé. 500 housing units are planned for this first phase (of which 200 are villas and 300 apartments). The second phase will supply 1 000 housing units and a few community amenities in an ecological design. The development is clearly targeted at the middle class according to its owners, who claim to be financially supported by local banks such as Orabank Togo, Ecobank, Bank of Africa, the International Finance Corporation (IFC) and Shelter Afrique. The first phase of WellCity will be completed in 2020 and those interested in buying properties in the development can obtain a mortgage up to 15 years at one of the partner banks at an interest rate as low as 7.75 percent. Also, in May 2016 in the wake of the Togo-China Forum, the Government of Togo signed a public private partnership with the Poly Group China, a Chinese company for the funding of another housing development project which should produce 10 000 housing units. The details of location and the schedule are still to be worked out. Likewise, the Government of Togo signed a public private partnership agreement with the German company TKM towards the construction of affordable housing units.

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$90.75)[xii] to rent a one-bedroom apartment.

Property market

Togo's formal property market is still developing, but a lot of challenges are still hindering its functioning, including outdated land administration legislation, and lengthy and costly property registration procedures. Indeed, for example, registering a property still requires five procedures, takes 283 days on average and cost 9.2 percent of the property value. The ranking of Togo on the "Registering property" indicator of the 2017 Doing Business remained that 183rd out of 188 countries, same as in 2016. Likewise, Togo scores only 6.0 on the Quality of Land Administration Index, on a 0-30 scale in 2017[5]. However, there has been important progress over the past years. Registering a property took as many as 49 procedures involving ten government agencies, and cost as much as 25 percent of the property value only five years ago. Togo made it easier to register properties in 2015, by lowering property registration tax rate.

The cadastre in Togo is mostly limited to Lomé, the capital, despite the existence of a Central Directorate of Cartography and Cadastre (DGCC) with a national mandate. It has been reported recently in a diagnostic study on land problems in Togo, commissioned by the Ministry of Urban Development and Housing that the land title had lost its unimpeachable character due to rampant corruption, which has resulted in many cases of double registration of the same piece of land. Indeed, there were several court cases pending in which different people claimed ownership of property title on the same piece of land because the registry was corrupted at some point. To rectify this situation, the DGCC with financial support from the Japanese International Cooperation Agency (JICA), contracted ESRI France in 2015 to develop a new cartographic database covering the whole country, to establish a national cadastre. It is also expected that the new Land Code yet to be adopted by the Parliament, will help to address more effectively the issue of land security, streamline the titling procedure and institutions and give back value to the land title.

Obtaining a construction permit became mandatory in 2007. The rule is jointly enforced by the Togolese Order of Geometers, the Ministry of Urban Development and Housing, and some municipalities such as that of Lomé or Kara. Yet, it is still very expensive to get such permit (which remains unaffordable to most Togolese), as it costs 14.6 percent of the value of the property, takes 163 days and 11 procedures to obtain it. People continue with direct sales of properties on the basis of a simple sales agreement in the informal market. Sometimes, for those who can afford it, the assistance of a notary is procured.

There are a few housing brokers operating on the Togolese housing market. Among those are 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.

Policy and regulation

Most of the existing policies and regulations were enacted between the 1950s and 1970s and guided the Government's willingness to provide adequate and affordable housing to every Togolese. Unfortunately, most of these policies have failed to achieve the intended goals. Because of the failure of past policies, the housing deficit grew over the years and reached around 250 000 in 2014, requiring a supply of 23 000 units a year on average to clear the backlog.

However, during the decade starting in 2000, urban development, housing and land policy questions returned to the public policy agenda. The government adopted a few policy documents, including the National Urban Sector Policy Statement, a Housing Policy Statement, and a new National Housing Strategy. The focus of the latter is to reorganise the housing sector through the adoption of adequate legislation, the improvement of the existing real estate stock and provide all social strata, particularly low and middle income households, with affordable housing that meets minimum safety, occupancy, structural stability and temporal standards. The strategy stipulates that the government will contribute every year

to this demand by facilitating the supply (through public private partnerships and subsidy programmes) of 2 500 housing units against an annual demand estimated at 23 000 units. As of today, the only concrete result of the strategy is the Cite Mokpokpo housing development. However, there are several public private partnership agreements signed by the Government yet to be materialised.

Several other reforms were launched, including the revision of the Togo Land Code, the validation of a draft Law on Real Estate Development in December 2010 (which are still pending at the National Assembly – the Parliament) and the drafting of the Togo Urban Development and Construction Code. The Real Estate Development draft law covers areas such as conditions required to perform the profession of real estate developer, social real estate development operations (the law imposes a minimum of 100 housing units for this type of operation) and the production of serviced land.

More recently, in April 2016, the government adopted a decree that completely overhauled the construction permit process. The previous regulatory framework dated back to 1967. With the new decree, the construction permit process was improved on two aspects: the length of the process, which was reduced from eight months to 30 days, and a drastic reduction of the cost of the permit through the streamlining of the administrative process. In March 2016, the Togolese Parliament adopted two new laws to enhance the business environment in Togo, in compliance with WAEMU requirements: the Law on the regulation of Credit Information Bureaus, and the law on external financial relations between WAEMU member States.

Opportunities

One can say that Togo has fully recovered from more than a decade of international embargos. The government has engaged in several important economic and fiscal reforms which should continue improving the business environment, but also the road and energy infrastructure. Government's ambitions for the housing sector have been clearly spelt out in Prime Minister Klassou's General Policy Speech in June 2015, which is to support provision of housing to the Togolese, with an incremental approach starting with the 1 000 units Cite Mokpokpo development at Adidogome, followed by a 2 500 project between 2018 and 2020, and finally 5 000 units per year by 2020. The population in Togo should increase by at least 50 percent between 2010 and 2030, and double by 2050 depending on the fertility rate and rural to urban migration. As a consequence, social demand, including demand for housing, will experience a strong increase, presenting an opportunity for developing innovative housing policies, especially in a context characterised by low incomes. The scarcity of developers today leaves room for newcomers to take advantage of these opportunities. With a high demand for housing and such ambitions from the Government, several companies and organisations, including Shelter Afrique, have been positioning themselves to take advantage of a market that is still untapped. The Moroccan real estate investment group Addoha expressed interest in investing in cement plants but also in housing. A World Bank-funded housing finance support project will be launched in a few months, of US$150 million in partnership with the CRRH and the West African Development Bank (BOAD). Through this, affordable resources will be available to households, especially those with low revenues, including those from the informal sector through support to microfinance institutions. This will bring major changes in the housing finance sector in Togo.

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xi Price offered by developers for the Mokpokpo Estate, a new Government project being implemented in public private partnership with the Societe ivoirienne de promotion immobilière.
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Tunisia

KEY FIGURES

Main Urban Centres	Tunis (capital), Sfax
Exchange Rate: 1 US$ [a] =	2.48 Tunisian Dinar (TND)
PPP Exchange Rate (Local Currency/PPP$): 1 TND = [b]	1.4124
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	4.9 | 3.7 | 4.1 | 3.8
Population | Population growth rate [d]	11 403 000 | 1.14
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	67.05 | 1.45
GDP per capita (current US$) | GDP growth rate (annual %) [d]	3 688 | 1.17
GDP (Current US$) [d]	42 062 549 395
GNI per capita, Atlas method (current US$) [d]	3 690
Population below national poverty line | Survey Year [c]	15.5 | 2010
Unemployment rate (%) (d)	13.3
Gini co-efficient (year of survey) [e]	35.81 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	97 | 0.725
Lending Interest Rate [d]	7.78 (2014)
Unsecured lending interest rate (housing microloan)	
Mortgage Interest Rate (%) | Mortgage Term (years)	8 (2016 | 25 [k]
Down Payment (%)	
Credit % of GDP [d]	92.59
Average Mortgages % of GDP [g]	17.11 (2013)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	24.16 | 20.16
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	4.14 | 4.96
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	4
What is the price of the cheapest, newly built house by a formal developer or contractor?	...
What is the size of this house (in m^2)?	...
What is the average rental price for a formal unit (in US$)	...
What is the minimum plot size for residential property	...
Ease of Doing Business Rank [j]	77
Number of Procedures to Register Property [j]	4
Time (days) to Register Property [j]	39
Cost (% of property value) to Register Property [j]	6.10

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Espace Manager

Overview

Before the revolution of 2011, Tunisia was widely regarded as one of the best performing North African countries in terms of economic and human development. After the political instability and associated slowdown in economic growth, the country has rebounded with the adoption of a new constitution in 2014.

GDP grew by 1.2 percent[1] in 2016, up from 0.8 percent the previous year which had the lowest economic growth since the 2011 economic slowdown. The recovery however is not mirrored in net national savings (as a percentage of gross national income) which has continued to drop from about – 3 percent (2015) to -6 percent (2016)[2]. Analysts blame this trend on the absence of incentives to save and on little household trust in the economy[3]. Similarly, public debt is expected to keep increasing, from 54.9 percent of GDP at the end of 2015 to 63 percent of GDP at the end of 2016 and then to 63.8 percent of GDP by the end of 2017[4].

The higher increase in GDP reflects however on the job market. The unemployment rate for 2016 was 14 percent, down from 15 percent in 2015[5]. Women, youth (ages 15-24) and graduates continue to have higher unemployment rates than average.

Housing is traditionally the second largest item of expenditure for Tunisian households after food. In 2015 it remained so[6]. Although housing is increasingly available, its affordability is increasingly problematic, especially since 2011. Increased demand, more onerous liquidity requirements for mortgage lenders and the limited availability of housing microfinance inhibit the growth of the housing finance market.

Access to finance

Tunisia has a reasonably well-developed financial sector, which is regulated by the Central Bank of Tunisia. Over the past four decades, a sophisticated mortgage-based housing finance system has developed. There are a large number of financial institutions offering loan products for housing, including over 20 private commercial banks, in addition to the three state-owned banks[7]. Until the early 2000s, the publically-owned Housing Bank (Banque de l'Habitat), established as a result of the National Housing and Savings Fund's shift to Universal Bank, had been the single player in the mortgage market. The de-compartmentalisation and deregulation of the banking sector (pursuant to the Law No. 2001-65 on credit institutions) have allowed new actors to strategically position themselves in this market. This move was mainly due to the declining performance of the Housing Bank whose share of the home purchase savings collection market dropped from over 80 percent in 2003 to less than 60 percent in 2014 as well as the increasing attractiveness of the housing finance market. Strategic interest in this market has led to fiercer competition between credit institutions that frequently launch dedicated promotional campaigns such as the "Maskan Al Baraka" advertising campaign. "Maskan Al Baraka" is a "sharia" compliant housing loan for people who have accumulated home savings for four years at least. It can be used to finance a home purchase, land acquisition, construction, or extension of an existing home. The housing loan amount that can be given under Maskan Al Baraka is twice the amount of accumulated savings with a ceiling of DT 100 000 (US$40 290). Maskan Al Baraka can finance up to 80 percent of the home value over fifteen years.

Overall, product offerings in this market have become largely undifferentiated, but conditions of access to housing finance have considerably expanded through the launching of specialised products tailored to various categories of clients including high and middle income, salaried workers, but also lower income families who can benefit from subsidized loans[8].

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 salaried people called FOPROLOS ("Fonds pour la Promotion des Logements aux Salariés" or Housing Promotion Fund for Salaried People). Loan rates for mortgages range from 2.5 to 5.75 percent[9] for three different income eligibility brackets. These are targeted at households earning a regular salary between minimum wage and up to 4.5 times minimum wage. This compares to an average 7.23 to 7.57 percent rate for mortgages available at commercial rates in 2016[10]. In March 2017, the minimum wage was increased by 4.3 percent to DT 352.534 (US$142)[11].

According to the Central Bank's 2016 annual report[11], the total value of housing loans decreased between 2015 and 2016. Mortgage lending is approximately equivalent to 8.6 percent of GDP. Rules modified in 2007 (circular 2007/25 dated November 19, 2007)[i13] 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 that many banks are funded by sovereign bonds and are hesitant to offer loans beyond 15 years. Current challenges include a lack of liquidity and a high level of non-performing loans, which was reported to have increased from 12 percent in 2010 (pre-revolution) to 14.4 percent in 2016[14]. It should be noted that the Supplementary Budget Law of 2015 included measures to treat debts held by beneficiaries of housing credits issued as part of social housing initiatives[ii].

In February 2017, the Government of Tunisia launched the "programme premier logement" ("first housing" programme)[15]. This programme, which benefits from a special account (initially funded with DT 200 million or US$80 million), targets middle class families (households earning between 4.5 and ten times the minimum wage) that wish to purchase their first home. "First housing" helps them finance their down payment (up to 20 percent of the total price of a house, from a Government list of available houses). The loan can finance houses priced at DT 200 000 or less (about US$80 000) over up to 12 years with no repayment over the first five years[16].

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[17] (in 2005 and 2006 respectively, amounting to DT five million each, about US$two 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 opened the way for new entrants. As a result, the microfinance sector has evolved over the past years with more players coming in. Today, six microfinance institutions operate in Tunisia: Enda Tamweel, Microcred Tunisie, Zitouna Tamkeen, Taysir Microfinance, Centre Financier aux Entrepreneurs (CFE), and Advans Tunisie[18].

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. Ultimately, only an estimated 4.1 percent of Tunisian households have access to housing loans.

The government of Tunisia also offers subsidised 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.

Affordability

According to the Brookings Institution, 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. Due to progressive housing policies since independence in 1956, housing is more affordable in Tunisia compared to other countries in the region and the overall price-to-income index is often quoted as five. However, this number does not reflect the reality for low-income households, a growing market segment as youth unemployment remains high at above 35 percent[19]. These households usually cannot qualify for housing loans and do not have the capacity to pay for even a modest unit.

In terms of affordability, a 2012 analysis by UN HABITAT calculated that a house of 75 square metres built progressively on peri-urban land costed about US$14 000 (TD 21 746), or US$187.5 (TD 291) per square metre in 2012. Such a unit has a price-to-annual-income ratio close to nine for the lowest decile households. Assuming 30 percent of income could be mobilised for monthly housing payments, the repayments required on the cheapest housing loan makes this unit unaffordable to 30 percent of Tunisian households.

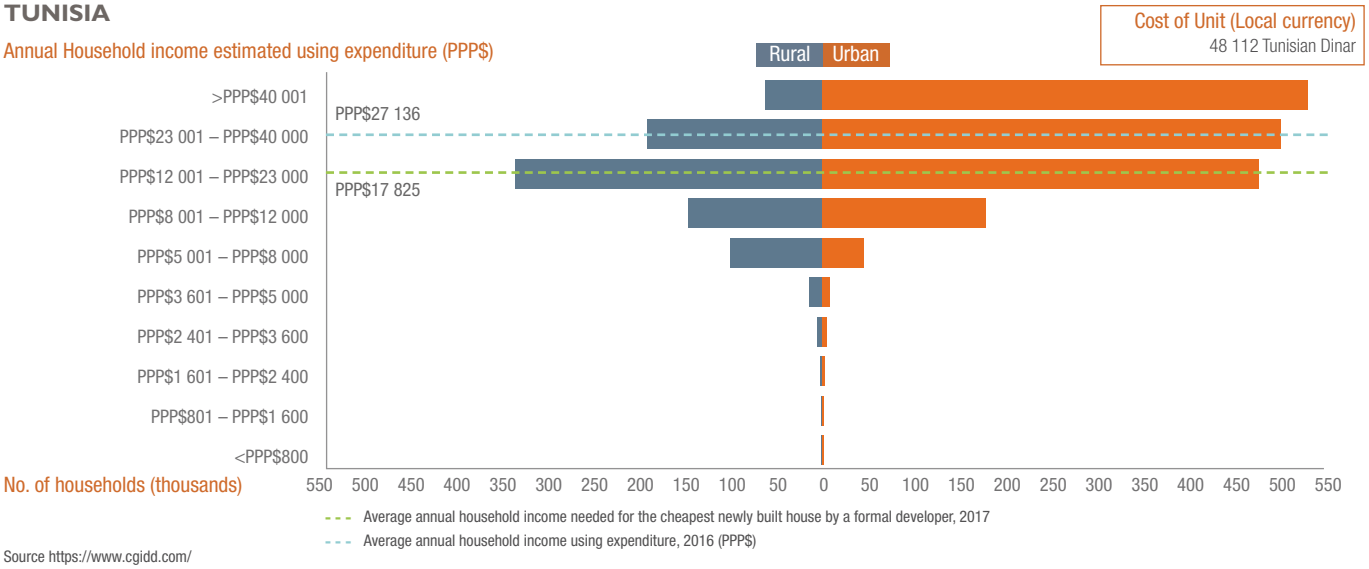
The government programme, FOPROLOS, was designed in 1977 to provide housing finance for low-income groups and is still the main tool assisting access to affordable housing. There are three main categories:

- FOPROLOS 1: Households earning between 1-2 times minimum wage can purchase a unit below 50 square metres at US$25 500, with a loan of 90 percent LTV for 25 years, at 2.5 percent per annum.
- FOPROLOS 2: Households earning between 2-3 times minimum wage can purchase a unit below 75 square metres at US$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 between 80-100 square meters at less than US$43 400, with a loan of 85 percent LTV for 25 years, at 5.75 percent per annum.

However, in recent years, the cost of a FOPROLOS home has become inaccessible to its original target groups, with housing costs at around US$510 a square metre. Qualifying criteria do not enable households with irregular incomes to participate. Furthermore, loan ceilings have not increased with cost of production, so it is difficult for developers to offer a housing supply to match the subsidised financial product. There are clear indicators that, in its current shape, this mechanism is not suited for the attainment of its set objectives, thus prompting a spill over of the demand into the informal sector. According to data from the Tunisian Ministry of Equipment, Land Development and Sustainable Development ("Ministère de l'Equipement, de l'Aménagement du Territoire et du Développement Durable"), the share of approved FOPROLOS housing units offered by private developers only represented on average six percent of the total approved housing units between 2004 and 2013. FOPROLOS remains largely underutilised due to a lack of adapted supply rather than a lack of resources. The cumulative surplus (unspent resources) of FOPROLOS reached almost US$230 million at the end of 2013.

This prompted the government of Tunisia to launch a reflection on possible reform of the FOPROLOS mechanism, which is widely regarded as obsolete. This formed part of the new Housing Strategy presented to the Prime Minister in October 2015. The upcoming reform will aim to increase access to affordable housing and should include an extension of the repayment terms as well as a decrease in the self-financing rate, as well as revise eligibility criteria. The strategy also provides for a new guarantee fund mechanism aimed at promoting access to housing finance, including through FOPROLOS, to low income households that are not affiliated to social security or do not hold a bank account. A removal of the *de jure* monopoly of the Housing Bank on subsidised FOPROLOS loans is also under consideration.

TUNISIA



Source https://www.cgidd.com/

Housing supply

The 2014 census and housing survey, released in September 2015[iii], recorded a total housing stock of 3 289 903 units, an increase of 789 103 units since the last census in 2004. 79.2 percent of Tunisians own their home and an estimated 17.7 percent of these homes are vacant usually consisting of high-cost units purchased as secondary homes, luxury rental properties, or speculative investment properties.

Of the annual demand, estimated at 77 000 units per year, around 40 percent is built informally on an incremental basis on quasi-formally subdivided land – the land is bought and acquired through notary deed. A total of 42 587 building permits were issued in 2013[iv]. Of the formal units, approximately 80 percent are constructed by individual households (responsible for 28 000 building permits and 38 300 units per year), two percent by public developers and 18 percent by registered developers, who tend to target middle to high-income groups.

Property market

There are two land registration systems. The first regime was established by the Decree-Law of 20 February 1964 on the registration of agricultural lands. This land is compulsory, free of charge, and state-administrated. The second regime involves voluntary applications to register land by land-owners, usually based on a notarial deed. The land registration system involves three main actors. Firstly, the Property Court, which is the competent judicial authority, intervenes at the onset of the registration process by issuing a registration judgement. Secondly, the Land Survey and Topography Agency (*Office de Topographie et de Cadastre*, OTC), undertakes boundary marking and allotment operations as well as establishing land plans. Lastly, the Landed Property Registry (*Conservation de la Propriété Foncière*, CPF) is responsible for issuing, updating, and maintaining title deeds.

The real estate and construction sector is an important contributor to national GDP and employment. In the first quarter of 2016, the number of jobs in the construction and settlements sector was measured at 459 800, which represented 13.5 percent of total employment. The housing sector also accounted for three percent of the revenues of the state via taxes collected from rental and property management, VAT generated by construction and local land taxes.

Prices in the formal real estate market have been increasing at a rate of eight percent an annum since 1990, and have continued to rise following the Revolution. The rental market has experienced increased demand, and higher rentals, due to Libyan immigrants who have settled in Tunisia in order to escape the political situation in their home country. According to the Ministry's Housing Observatory, in 2010 the average price of a housing unit was US$36 180 at a size of 134 square metres, or US$270 per square metre. 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$41 00 a square metre.

The number of registered real estate developers continues to increase in Tunisia after the regulatory framework for the profession was put in place in 1990. There are more than 2 700 registered developers today. However, this number is not indicative of an increase in the production of housing, as many investors register as developers to benefit from tax incentives for property construction.

Policy and regulation

While the total Government budget increased by 10.7 percent between 2016 and 2017, the budget of the Ministry of Equipment, Housing and Land Development increased by 55 percent to DT 1 641 million (US$662 million)[20].

In action for more than 40 years, government financial assistance mechanisms for the housing sector mainly consist of financial subsidies, such as subsidised interest rates and tax exoneration on home saving accounts. For instance, the National Fund for Housing Improvement ("Fonds National d'Amélioration de l'Habitat") finances loans and grants for home improvements for people who earn less than the minimum wage. The fund was established by law in 2004 but has only been effectively operating since 2007[21]. To a lesser extent, there are land subsidies through the Housing Land Agency (Agence Foncière d'Habitation), which also has the objective of reducing land speculation. This regime was enhanced in 2007 through the issuing of direct subsidies by the National Solidarity Fund (Fonds National de Solidarité), targeted to benefit households wishing to purchase social housing. Complementary mechanisms were established in the 1980s in the form of slum upgrading schemes managed by the Urban Rehabilitation and Renovation Agency (ARRU) and the National Programme for the Resorbing of Rudimentary Lodging (PNRLR).

In 2014, the Ministry of Public Works, Housing and Settlements undertook a comprehensive review of its housing policy, particularly in terms of exploring public-private partnerships. The review also looked at possible reforms of the subsidy programmes intended to widen the scope and rationalise government housing aid, as well as the expansion of the mandate of FOPROLOS. Preliminary recommendations for a new National Housing Strategy were presented by the government in September 2014 and included revitalising the role of the Housing Land Agency in land provision.

Opportunities

Despite a slowdown in the pace of new constructions (as evidenced by a 6.5 percent decrease in the demand for cement in the first quarter of 2015 according, to the Ministry of Industry), and as the outlook of capital markets and the banking sector remains uncertain, Tunisians continue to put their money in real estate as housing in Tunisia is still considered a secure and profitable form of investment. The construction boom can be seen in both the informal and formal sector, particularly apparent in the high cost of land and construction materials. However, continued price rises may not be sustainable, and there is a risk of this further excluding low to middle-income households from homeownership.

Contribution of the housing sector to GDP was estimated at US$2.8 billion in 2014, representing 6.6 percent of GDP. Removing restrictions on foreign ownership of property and the rise in demand for Islamic housing finance may allow the sector to grow significantly.

A slight upturn in the population growth rate will help to drive the market's expansion. With regard to solvency of the demand, the impact of the economic changes experienced 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.

Economic growth in 2017 is expected to accelerate (2.3 percent compared to 1.0 percent in 2016). Projections for the next years continue to be positive with a 2.8 percent economic growth in 2018 and 3.2 percent in 2019. While the main drivers of the expected economic growth do not include construction and housing, an improved economic context should also impact the housing sector over the medium term.

The exchange rate used was DT2.48 to the US$ as of July 25, 2017

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Uganda

Overview

Uganda's economy has over the past two decades attained a commendable growth rate on account of rapid infrastructural developments supported by a period of relative stability in the political space. Average annual growth has been at 4.5 percent in the past five years. However, since early 2012, the economy has grown at a slower pace thereby reducing its ability to drive poverty reduction. The slowdown in growth is largely attributed to adverse weather affecting this largely agricultural nation, contraction in private sector credit, civil unrest in South Sudan - Uganda's key trading partner, and external economic uncertainties. This has resulted in a 0.2 percent drop in Uganda's growth rate as of December 2016; the country's lowest in over 2 decades. Several key sectors of the economy, including housing and agriculture, have been affected by the economic slump with a noted contraction in the number of new housing estates constructed between 2016 and 2017.

There has been an 8.4 percent drop in GDP from US$27.86 billion (Ush 100.296 trillion) in 2014 to US$25.53 billion (Ush 91.908 trillion) in June 2017. This translated into suppressed consumer demand across several sectors including the housing sector. The uptake rates of several development estates, available for sale, have stagnated at between 50 to 60 percent and rental establishments have a 40 to 50 percent occupancy rate. The decline in consumer demand has also affected trade and commerce resulting in the closure of a number of supermarket outlets including Nakumatt (a regional supermarket chain) and several home-based shops[1]. Such developments have further depressed the occupancy rates for commercial rental space from an average of 60 percent to an average of 56.2 percent and negatively impacted employment rates with the of dismissals over 1 200 employees[2].

Despite the economic challenges of the last few years, the economy has shown signs of recovery with a 2017 growth rate of 5.8 percent. This can be attributed to improved weather conditions that are likely to boost agricultural production as well as improved infrastructure[3]. In addition, the Central Bank has pursued a monetary easing strategy leading to improvements in access to private sector credit which is likely to increase and stimulate economic activity. The Bank of Uganda reduced its Central Bank Rate (CBR) from 15 percent in June 2016 to 10 percent in June 2017.

KEY FIGURES

Main Urban Centres	Kampala (Capital)
Exchange Rate: 1 US$ [a] =	3602.74 Ugandan Shilling (UGX)
PPP Exchange Rate (Local Currency/PPP$): 1 UGX = [b]	0.0009
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	4.0 | 5.2 | 5.3 | 5.9
Population | Population growth rate [d]	41 487 000 | 3.29
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	16.44 | 5.40
GDP per capita (current US$) | GDP growth rate (annual %) [d]	615 | 4.65
GDP (Current US$) [d]	25 527 910 091
GNI per capita, Atlas method (current US$) [d]	660
Population below national poverty line | Survey Year [c]	19.5 | 2012
Unemployment rate (%) (d)	18.5
Gini co-efficient (year of survey) [e]	42.37 (2012)
HDI (Global Ranking) | HDI (Country Index Score) [f]	163 | 0.493
Lending Interest Rate [d]	22.60 (2015)
Unsecured lending interest rate (housing microloan)	32 [k]
Mortgage Interest Rate (%) | Mortgage Term (years)	19 | 25 [l]
Down Payment (%)	
Credit % of GDP [d]	16.39
Average Mortgages % of GDP [g]	3 (2017) [l]
Estimated number of mortgages	5 000
Average loan size in US$ (mortgage)	52 500
Average loan size in US$ (non-mortgage/micro lending)	4 000 [k]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	47.78 | 9.43
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	2.09 | 10.60
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes | 630 000
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	8.5
What is the price of the cheapest, newly built house by a formal developer or contractor?	20 000 [m]
What is the size of this house (in m²)?	60
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	300
Ease of Doing Business Rank [j]	115
Number of Procedures to Register Property [j]	10
Time (days) to Register Property [j]	42
Cost (% of property value) to Register Property [j]	2.60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
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[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] Association of Microfinance Institutions in Uganda
[l] Bank of Uganda
[m] Affordable Housing Uganda, Najeera

African Union for Housing Finance Member Institutions
Housing Finance Bank Ltd

For the fiscal year 2017/18, the Government of Uganda has announced a number of medium-term measures that further demonstrate its commitment to building the productive capacity of the nation and lift the country up to middle income status. The government has placed an emphasis on infrastructural development to achieve this and there are several ongoing infrastructural projects linked to the oil sector.

Commercial oil production is expected to start in 2020, and not in 2018, as earlier envisaged. This is largely due to delays in establishing strategic partnerships with prominent oil companies including Total E&P, Tullow Oil and CNOOC. An export pipeline is being developed and work is at the early stages of field development. Several road projects are also under construction to support the oil sector. Oil revenues – which are likely to range from about half a percent GDP initially to

about 4 percent annually at peak production - are expected to uplift the economy through linkages with the services, agriculture and housing sectors over the medium term. Specific impact on the housing sector has long been anticipated with the establishment of several housing estates around the city of Kampala, largely targeting expatriates working in the oil sector.

Moody's credit rating for Uganda in July 2017 was at 'B2 Stable' on account of persistent low per capita GDP and large, albeit falling, fiscal deficits. Additionally, the per capita income is expected to remain low at less than US$1 000. The credit rating has implications for fundraising initiatives by commercial lenders in Uganda seeking to borrow funds for on-lending from the international market, specifically from Development Finance Institutions (DFIs). Funds are likely to be accessed at high interest rates, translating into highly unaffordable borrowing costs for final borrowers. In determining the lending rate to financial institutions in Uganda, DFIs consider the overall country risk – through country ratings. A less favourable rating increases the cost of credit by up to 150 basis points.

Access to Finance

Uganda's financial sector remains sound despite the regulatory take-over and eventual sale of the third largest bank in the country during the third quarter of 2016. On the 20 October 2016, Bank of Uganda took over management of Crane Bank Limited due to its insufficient capitalization. The bank was subsequently sold to DFCU Bank, another local market player, without loss of customer deposits. Within the sector, supervised and regulated financial institutions include 24 commercial banks, 4 Tier-II Credit Institutions and 5 Micro Deposit-taking Institutions.

Following the 2015 amendment of the Financial Institutions Act 2004 that incorporated regulations on Bancassurance, Islamic Banking, and Agency Banking, commercial banks are keenly exploring opportunities in extending financial services to previously unbanked segments through the establishment of agents. Agents will operate as private commercial entities contracted by licensed commercial banks to provide specific services on behalf of these commercial banks. Such services will include cash deposit and withdrawal, payment of bills, balance enquiry and document collection for account opening. Agency banking will unlock barriers to accessing financial products and services by bringing various outlets closest to the customers.

These financial institutions have been instrumental in providing access to finance for the private sector. Private Sector Credit (PSC), a leading indicator of the financial sector's contribution to economic activity, has improved to 5.3 percent in early 2017 from - 0.1 percent in mid-2016. However, compared to December 2015, there has been a notable decline in PSC growth to an average of 6.5 percent in February 2017, down from 15.6 percent in December 2015. This downward trend is largely attributed to a slowdown in the issuing of new loans as a result of relative losses suffered due to client defaults. Credit to the real estate sector has contracted by 8 percent or Ush 241 billion (US$66.94 million) from Ush 2.74 trillion (US$761.1 million) in December 2016 to Ush 2.493 trillion (US$692.5 million) by April 2017.

Private Sector Credit (PSC), a leading indicator of the financial sector's contribution to economic activity, improved to 5.3 percent in early 2017 – from 0.1 percent in mid-2016. However, compared to December 2015, there has been a notable decline in PSC growth to an average of 6.5 percent in February 2017, down from 15.6 percent in December 2015. This downward trend is largely attributed to a slowdown in the issuing of new loans by as a result of the relative losses suffered due to client defaults.

Overall, PSC demand (as proxied by the number and value of loan applications) has remained relatively robust in 2017, whereas PSC supply (proxied by the number and value of loan approvals) has remained subdued. This is an indication that the relatively subdued growth in PSC could be driven by tightening credit standards in financial institutions

Building, Mortgage, Construction and Real estate credit approvals rank highest in PSC and account for 23 percent of overall growth. This is followed by Trade Credit (20 percent), Personal loans (16 percent), Manufacturing (13 percent), Agriculture (10 percent), Services (7 percent) and others (11 percent).

In terms of borrowing costs, the weighted average lending rates (WALR) on shilling-denominated loans continued to decline to 22.4 percent in January 2017, from 24 percent in mid-2016. Commercial banks have been consistently reducing their rates on loans to an average of 21.2 percent, in line with the Central Bank's reduction of its central Bank Rate policy to 10 percent as of June 2017. Loans to residential housing sector developments have been priced even lower at 18 percent, compared to business loans priced at 22.4 percent on average. The lower mortgage pricing is attributed to the comfort in collateral which significantly reduces the credit risk. Collateral of high quality and value would ensure that the bank can recover an outstanding debt amount, in case of default.

The ratio of total loans and advances to total deposits increased marginally from 72.8 to 73.1 percent, between June 2016 and June 2017. Deposits are largely raised from household sector savings, accounting for 45.4 percent of total deposits[4].

The Housing Finance Bank still leads the mortgage market in Uganda with about 55 percent of the total mortgage portfolio in the country. The mortgage lender has been in existence since 1967. Until 2008, the bank only offered housing loans, but has since been licensed as a commercial bank and offers a full suite of commercial banking services. Other banks involved in housing related finance include Stanbic Bank, Standard Chartered Bank, DFCU Bank, KCB Bank and Centenary Bank. The total mortgage portfolio comprising of both residential and commercial mortgages has declined from Ush 1.122 trillion in June 2016 to Ush 1.112 trillion in June 2017.The decline is attributed to a reduction in total loan approvals by financial institutions to the private sector[5]. Residential mortgages account for 55 percent of the total mortgage portfolio.

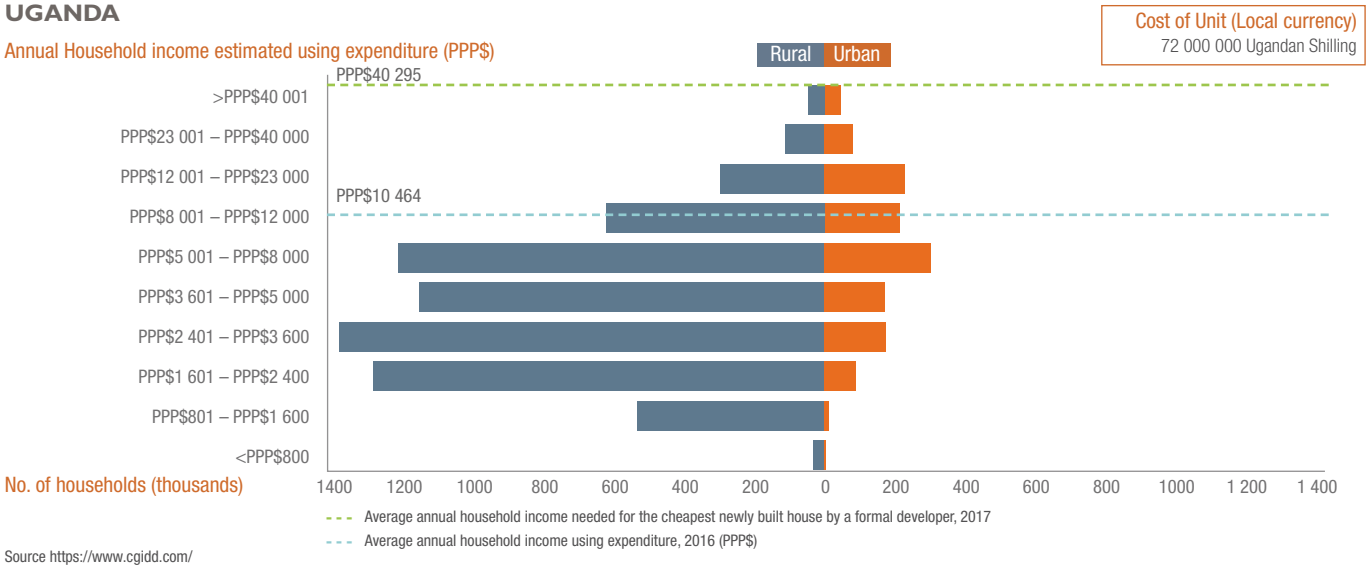
Due to the high level of defaults, Ugandan Banks are more concerned about variations in a borrowers' income that could potentially affect their ability to repay loans. Some of these variations include the impact of changing exchange rates on business profitability for borrowers whose businesses are heavily reliant on imported goods. The weakening of the Ugandan Shilling against the US dollar, from Ush 3 298 per US$ in June 2016 to Ush 3 595 per US$ in June 2017 highlights the potential impact on businesses who rely on imported goods. This normally reduces the net cash-flows available to cater for loan repayments and in most cases, leads to defaults.

The rate of Non-Performing Loans (NPLs) as a ratio of total loans has continued to increase, rising from 7.7 percent in June 2016 to 10.5 percent in April 2017. Commercial lenders have suffered huge write-offs attributed to the slowdown in general economic conditions and subdued consumer demand. The impact on mortgage business has been enormous. Indeed, the collapse of the third largest bank (Crane Bank Ltd) in October 2016 is attributed to the weight of Ush 142.3 billion (US$40 million) write-offs suffered by the lender, particular in its commercial mortgage loan book.

Several other lenders have experienced significant losses on account of the regulatory 'huge loan loss' provisions. Being a market characterized by suppressed demand for housing units and therefore declining property values, lenders have been affected by lower values in foreclosures compared to the outstanding loan amounts. Whereas lenders usually consider a loan to value ratio of up to 80 percent, leaving a 20 percent cushion for value drops especially at foreclosures, forced sale values (FSVs) for properties are much lower and could even reach 50 percent of the open market value (OMV) of mortgaged properties. Banks are therefore exposed to the difference between the outstanding loan amount at foreclosure and the realizable value of the property. The result has been a deliberate application of stringent underwriting procedures by the lenders, specifically for large ticket deals and development projects where loss in the event of default can be enormous.

The market is still lacking in long-term local currency sources of funding, largely relying on retail and wholesale deposits to support up to 80.4 percent of bank lending. However, such savings and current account deposits support very short-term operations with less than 15 percent usable for long term credit creation. Gaging from commercial banks average deposits, estimated at about Ush 8.5 trillion (US$2.36 billion) at the end of 2016, a 15 percent ratio that is safe for long-term lending would translate to about Ush 1 275 billion (US$354.2 million). However, against a funding need of Ush 7 200 billion (US$2 billion)[6]. The

UGANDA



Source https://www.cgidd.com/

15 percent bank deposits therefore cover 17.7 percent of the total funding gap. In addition to a marginal portion of retail deposits that are stretched to create long-term assets, banks continue to rely heavily on pension funds available on a one-year recurrent basis. Existing Pension Sector regulations detailed in the Uganda Retirement Benefits Regulatory Act 2011 do not provide for investment of long-term pension assets directly into commercial banks without issuance of listed stocks or bonds.

Affordability

Although the demand for housing is high among Uganda's middle class with aggregate monthly household incomes ranging between US$400 to US$1 000, effective demand is perceived to be modest, because of the low levels of verifiable income. Financial institutions normally consider only documented income sources in computation of their Payment to Income (PTI) ratio.

The country's average per capita income was estimated at US$770 in 2016. This income is still too low to meet the mortgage requirements for buying a house on the formal market. A case in point is private health workers, the majority (about 90 percent) earn too little to finance their housing needs, at approximately Ush 700 000 (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 one could secure mortgage financing in the formal market (Ush 1 million (US$278) and above). For most financial institutions, this level of income is quite low to support the clients' mortgage eligibility. 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 an increase in down payments on both purchase and construction mortgages. Since early 2017, some banks have established partnerships with insurance companies to offer Collateral Replacement Indemnity (CRI). Under the CRI arrangement, banks will be in a position to offer mortgages without demanding a down payment from clients. This would help low and middle income earners access mortgages without necessarily saving a lump sum for the initial deposit.

Over the past couple of years, commercial banks have reduced the average loan to value ratio for residential mortgages. In 2014 a survey was conducted by Bank of Uganda to assess LTV practices amongst selected banks. It found that the LTV ratio for mortgages had risen from 58 percent in March 2013 to 64 percent in March 2014. In 2016 and early 2017, high NPLs have resulted in a reduction in the LTVs to an average of 60 percent among financial institutions. LTVs for real estate developments within Kampala have been reduced to about 80 percent compared to 90 percent in 2014. Residential developments for establishments in other urban centres are further depressed to a maximum of 50 percent. Other terms at which commercial banks offer mortgages include an interest rate of between 19 and 23 percent, a tenor ranging between 5 and 25 years, and loan repayments that do not exceed 40 percent of an individual's salaried income.

The cost of a bag of cement is expected to remain stable at US$8.5 or decrease, even in the face of mild inflation rate of 5.7 percent in July 2017. This is mainly due to a weakening of the building and construction sector, against planned factory expansion of productive capacity by both Tororo Cement Industry and Hima Cement Limited. Additionally, a new manufacturer (Kampala Cement Company Ltd) joined the market in 2015 and is steadily gaining a sizeable client base and building competitive pressure on pricing. The new company has installed a plant with the capacity to produce one million metric tons of cement per year. Unlike Tororo and Hima Cement factories, Kampala Cement produces multiple grades of cement under the brand names of Nyati (32.5 grade), Kifaru (42.5 grade), Ndovu (42.5 grade) and Supercrete (52.5 grade).

Housing Supply

Compared to the supply, demand for housing units continues to grow at 300 000 units per annum, leaving an unmet demand backlog of 1.72 million units. This widening gap is exacerbated by the 5.4 percentage growth in urbanization. With the growth in population and increasing demand for housing, a number of initiatives have emerged to boost the country's housing supply. Over 60 percent of single-family residential units constructed are delivered by individual households using household savings and income. About 70 percent of these households are constructed for owner occupation. Most rental units are constructed as multi-family units, usually with the support of mortgage financiers. The growing number of loan approvals, averaging Ush 810.6 billion per month in 2017 compared to Ush 794 billion in 2016 suggests that individuals and developers are increasingly relying on borrowed funds for construction of both owner occupied and rental residential units.

In terms of house structure, there is a budding demand for condominium multilevel buildings. These have been seen to save on land space for expansion. A number of developers, including Comfort Homes, Universal Homes and National Housing and Construction Corporation have delivered several multilevel units estates for sale to the purchasing public.

Supply of residential housing units continues to increase with emergence of new developer firms. In addition to National Housing and Construction Company (NHCC), 2017 has seen other firms delivering housing units for the middle and high income groups (from US$20 000 and above). New companies including Universal Homes, Comfort Homes, Mirembe Villas, Dreamland Homes, and others have delivered about 520 housing units to the market for the very first time. Timely uptake of these units will encourage these firms to deliver additional units for the target markets.

However, with the exception of NHCC, these companies are delivering too few units to cover the market demand, and at very high prices. None of the firms has the capacity to deliver over 2 000 units in the single year and over 1 000 units in a single project. The focus for most developers has been on delivery of housing units for high income households, yet the demand is highest among middle income

and low income households. Over the next 5 years, NHCC plans to deliver close to 500 housing units in several municipalities outside Kampala. Having delivered several housing units in Kampala and its suburbs, (Namungoona, Naalya, Luzira, Kyambogo and others), the NHCC now aims to deliver projects in various regions of the country. The company's pilot project was launched in Mbarara (2016), about 250 kilometres to the west of Kampala, with 160 apartments. These includes 126 square meters 2 and 3 bedroom apartments at a starting price of Ush 199 million (US$55 500). The project is expected to extent to other parts of the country including the eastern, northern and south western regions.

Property Markets

Uganda's property markets are gradually developing, supported by the growth of the middle class and, the expected economic boom from exploration of oil and gas. From 2009 to 2016, prices of residential property increased by 214.8 percent, mainly as a result of the high demand from middle income households. However, since 2014, there has been a slump in demand for residential properties, particularly housing units priced out of even middle income households.

Despite the country's economic challenges, property markets are fast developing in towns adjacent to Kampala City. This is largely because of the construction of large infrastructure projects, to catalyse industrial development and economic growth. Most notable, was the construction of several roads in Mukono (15 km from Kampala City), Wakiso (20 km from Kampala City) and Mpigi (30 km from Kampala City). The improved road network in these towns has spurred development of several housing projects[i], targeting low, middle and high income earners.

Policy and Regulation

In 2015, the government of Uganda, through the Ministry of Lands, Housing and Urban Development (MLHUD) approved the National Housing Policy. The National Housing Policy therefore seeks to promote progressive realization of adequate housing for all through partnership, between the Government and the Private Sector (civil society, Community Based Organizations, land owners, financial institutions and the government. The policy provides a framework under which the government shall offer a conducive regulatory environment and other key housing sector inputs such as serviced land with access roads, electricity, water and sewerage, as well as ensuring collective access to affordable financing for housing development. Implementing the objectives of this policy is likely to ease the affordability challenge for the sector.

In addition, the country is in the process of reviewing the Land Act 1998, which gives land ownership rights to the registered land owner. Proposals have been tabled before parliament to amend the citizen vested powers to government vested powers. The primary objective driving these proposals is to ease the execution of government projects and avoid undue resistance and delays caused by protracted negotiations over land. Whereas the objectives of the amendments are fairly conceived in light of significant delays experienced in implementing several infrastructural projects, sections of the population feel that the changes are likely to disempower the population at large and grant the government excessive power over individual citizens' land. The results of the legislature's deliberations are yet to be seen in light of the existing discussions.

Opportunities

For 2017, the housing sector has seen a general decline in interest rates on mortgages from an average of over 22 percent to about 18 percent, indicating, in part, availability of mortgage finance for eligible borrowers. The majority of borrowers with bank and microfinance housing loans are individuals and companies with regular verifiable income. On the whole, these borrowers constitute less than 38 percent of the working population. There is therefore a need to avail inclusive finance for mortgages to prospective borrowers in the informal sector. This would boost their ability to undertake housing development projects and increase the supply of housing units in the country.

Additionally, developers are constrained by the inadequacy of appropriately structured project finance for the sector. Lenders in the sector structure developer loans in such a way that repayments for the facilities must be made on a monthly basis. This is well aligned to the financial institutions' own funding obligations which may be monthly, quarterly or bi-annually. However, owing to the fact that developers derive their repayment funds from the sale of funded housing units which may not be very regular, defaults begin to emerge, not as a result of market failures but rather structuring deficiencies. It is therefore important to have developer finance appropriately structured and tagged to the sale of the funded units rather than tagged to the expiry of the time period.

The commencement of oil production, scheduled for 2020 provides additional opportunities for the housing sector through expansion of the middle class. It is envisaged that the supply value chain for the oil and gas sector will have linkages to the service industry, including hotel, tourism, banking, insurance and transport. Growth in these sectors will have multiplier effects on other sectors including housing and construction.

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1 http://www.newvision.co.ug/new_vision/news/1456762/nakumatt-shuts-branches-uganda
2 https://www.theugandatoday.com/all-uganda-today-posts/2017/08/ura-shuts-nakumatts-three-stores-over-taxes/
3 https://www.imf.org/en/News/Articles/2017/07/18/NA071817-Ugandas-Infrastructure-Investment-Promise
4 https://www.bou.or.ug/bou/bou-downloads/publications/StateOfEconomyReports/2017/Jun/State-of-the-Economy-Report-June-2017.pdf
5 https://www.bou.or.ug/bou/bou-downloads/publications/StateOfEconomyReports/2017/Jun/State-of-the-Economy-Report-June-2017.pdf
6 https://www.bou.or.ug/bou/rates_statistics/statistics.html

i These housing projects are delivered by individuals. A project comprises one or two blocks of 10 to 15 2-bedroom flats.
1 http://www.newvision.co.ug/new_vision/news/1456762/nakumatt-shuts-branches-uganda.

Zambia

Overview

Zambia is a lower-middle income country with a real GDP growth rate of 3.3 percent[1] and a GNI of US$1 490[2]. The "Zambia Plus" economic recovery programme was launched to reduce budget deficit and create more jobs. Only 11 percent of the labour force is formally employed[3]. Zambia is a highly unequal country, with a GINI co-efficient of 0.69 as of July 2017. Annual inflation dropped to 6.4 percent in July 2017 from 21.8 percent in July 2016. Zambia's external debt stands at US$8.78 billion while FDI and ODA inflows have increased to US$1.58 billion and US$797.1 million in July 2017 respectively[4].

The population is estimated at 16.9 million with an annual growth rate of 3 percent per annum. About 40.47 percent live in urban centres where population growth is 4.37 percent. An estimated 60.5 percent of the population live below the poverty line with 77 percent of the poorest living in rural areas[5]. Zambia's population is projected to increase to 24.9 million in 2030 and 44.2 million in 2050[6] while the urban population will grow to 12 million by 2030, and 25.8 million by 2050, clearly indicating the need for a focused urban housing strategy[7].

Access to finance

Zambia has experienced a marked improvement in financial inclusion with 59.3 percent (4.8 million) inclusion in 2015 exceeding the Government's 50 percent target[8]. About 24.8 percent (2 million) adults used bank services; 28.5 percent (2.3 million) used non-bank formal services. About 6.5 percent of adults (0.4 million) belonged to Savings Groups while 12.5 percent (1 million) were members of Rotating, Savings and Credit Associations (ROSCAs)[i]. At least 1.5 percent of adults (100 000) belonged to Savings Groups.

In July 2017 an estimated 21 percent of the population were using the internet while 74.5 out a 100 people had mobile cellular subscriptions[9]. Point of Sale (POS) transactions and e-payments increased, as such citizens have economic access through mobile networks[10]. Barriers include a cash based economy, weak market competition, inadequate financial depth and inability to tap into the informal markets and financial needs of low income home seekers[11].

There are 19 well-regulated and licensed commercial banks, 15 of which are subsidiaries of foreign banks, four are locally owned private banks, and two are partly owned by the Government[ii]. Bank lending for housing mainly targets individuals or institutions in the formal sector. Average bank lending rates (2017) ranged between 25 percent and 38 percent with high credit risk clients paying even higher rates. The Bank of Zambia (BoZ) reduced the Policy Rate to 11 percent (2017)[12]. For non-banking financial institutions the maximum interest rate charged is still calculated at 1.6 on the BoZ policy rate, while for Microfinance Institutions (MFIs) it is 2.3 times the BoZ policy rate. Mortgage financing still remains the main source of formal housing finance. The Zambia National Building Society (ZNBS) is the largest mortgage lender commanding about two-thirds of the mortgage market share. Others are Pan African Building Society (PABS), Finance Building Society (FBS), First National Bank (FNB), Stanbic Bank[iii] Madison and Meanwood Finance Companies and Royal Money Lender of Zambia. The total mortgage loan portfolio of all building societies was ZMK533 million[13] (US$59 million) while total deposits amounted to ZMK421 million (US$47 million) (June 2017)[14]. ZNBS disbursed over ZMK130 million (US$14 million), had 1 212

KEY FIGURES

Main Urban Centres	Lusaka (capital), Ndola, Livingstone
Exchange Rate: 1 US$ [a] =	9.76 Zambian Kwacha (ZMW)
PPP Exchange Rate (Local Currency/PPP$): 1 ZMW = [b]	0.2722
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	10.0 | 17.8 | 8.2 | 8.0
Population | Population growth rate [d]	16 591 000 | 3.00
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	41.38 | 4.11
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 178 | 3.30
GDP (Current US$) [d]	19 551 093 303
GNI per capita, Atlas method (current US$) [d]	1 300
Population below national poverty line | Survey Year [c]	60.5 | 2010
Unemployment rate (%) (d)	13.3
Gini co-efficient (year of survey) [e]	55.62 (2010)
HDI (Global Ranking) | HDI (Country Index Score) [f]	139 | 0.579
Lending Interest Rate [d]	15.50
Unsecured lending interest rate (housing microloan)	45 – 60 (2016)
Mortgage Interest Rate (%) | Mortgage Term (years)	27 | 15 (2016) [k]
Down Payment (%)	
Credit % of GDP [d]	20.50
Average Mortgages % of GDP [g]	
Estimated number of mortgages	
Average loan size in US$ (mortgage)	4 000 (2016) [k]
Average loan size in US$ (non-mortgage/micro lending)	200 min | 1 500 max (2016) [l]
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	5.20 |
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	19.23 |
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	5.3 [m]
What is the price of the cheapest, newly built house by a formal developer or contractor?	65 000
What is the size of this house (in m²)?	90 [n]
What is the average rental price for a formal unit (in US$)	280 [n]
What is the minimum plot size for residential property	288 [o]
Ease of Doing Business Rank [j]	98
Number of Procedures to Register Property [j]	6
Time (days) to Register Property [j]	45
Cost (% of property value) to Register Property [j]	9.90

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] ZNBS
[l] Bank of Zambia
[m] Reekays Building Supplies Ltd
[n] Frank Knight
[o] MLGH Zambia Planning Standards

African Union for Housing Finance Member Institutions
Zambia National Building Society
Zambian Home Loans
Madison Capital Limited

mortgage accounts with a book value of ZMK177 million (US$20 million) and disbursed ZMK14 million (US$1.5 million) worth of mortgages (July 2017)[15]. ZNBS interest rates were between 20 percent and 31.5 percent[16] while other building societies were charging between 36 percent and 51 percent. Long term demand remains high in Lusaka, the Copperbelt and North Western regions. A MoU between ZNBS, Public Service Management Division (PSMD) and Mopani Copper Mines resulted in a spike in ZNBS loans in 2017[iv]. Government has continued to capitalise the ZNBS to increase affordable housing development especially in rural Zambia[17].

Barriers to affordable mortgage finance include high interest rates ranging between 20 percent and 51.5[18] percent, expensive wholesale finance[v], BoZ Policy Rates, short maturities on available funds, few reinsurance firms, inadequate matched funding for long term credit, high default rates, high transaction costs (usually more than 5 percent of total loan value), deposit requirements of 10 percent to 20 percent and relatively short loan repayment terms from two to 15 years.

The BoZ requires a MFI (of which there are over 36 as of 2017)[19] to have 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 ZMK2500 (US$276) making most MFIs non-bank financial institutions. Most MFIs are payroll based consumer lenders, accounting for more than 90 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. MFI interest rates range between 42 - 118 percent; with most MFIs charging a rate between 60-80 percent. Some MFIs offer housing loan products in the range of ZMK2 000 to ZMK350 000 (US$221 to US$38 717) with maximum loan term of 60 months. The BoZ minimum policy interest rate caps have led to many MFIs streamlining their operations, closing marginal branches with high operating costs or decreasing loan sizes and group lending, in an effort to make lending more cost effective. In 2006 the Bankers Association of Zambia (BAZ) established the first credit bureau with the BoZ making it mandatory for all financial service providers to go through the Credit Reference Bureau (CRB). In 2012, TransUnion purchased the CRB which to date remains the sole credit bureau in Zambia.

Lafarge, a building materials company, provides loans of up to ZMK2 500 (US$276) to its clients in partnership with BancABC and ZNBS[vi]. 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 ZMK4 380 billion or US$484 million), has not been fully exploited for housing. NAPSA has invested in a new Housing Estate in Kalulushi on the Copperbelt, though the units remain largely unoccupied, possibly due to their high cost previously starting at ZMK400 000 (US$44 248) but which have been reduced by more than 30 percent to attract buyers. NAPSA has been soliciting land from councils to deliver affordable houses. Private developers like Lilayi Estates often draw on pension funds to enable pensioners to purchase housing, but the packages are unaffordable. Public service workers are able to obtain salary-tied loans for home improvements.

Informal finance administered mainly by ROSCAs is commonly used for small loans and home construction or purchase[vii]. The Peoples' Process on Housing and Poverty in Zambia's (PPHZs), Swalisano Urban Poor Fund allows members to access low-interest loans. People in statutory and improvement areas can borrow using sub-leases and land records and Occupancy Licenses respectively Councils are reluctant to allow use of their head-leases as collateral.

Affordability

In Zambia, households spend 40 to 50 percent of their monthly income on rentals against a minimum allowable expenditure of between 28-30 percent on housing[20]. Low income households in urban areas can purchase a house costing between ZMK61 300 and ZMK100 000 (US$6 781 – US$11 062) while small scale farmers in rural areas can afford a house costing ZMK24 900 (US$2 754)[21]. Developers targeting young professionals are building in the range of US$60 000 and US$100 000[22]. The construction cost of a 2-3 bedroom high cost house is US$80 000 and US$150 000 with monthly rentals of US$800 to US$1 000 while a 2-3 bedroom middle-income house cost from US$65 000 to US$100 000 with monthly rentals of US$350 and US$500.

In 2016, the cheapest newly built 2 bedroomed 65m^2 house by a formal developer cost about ZMK227 500 (US$25 166)[viii] but more affordable housing options are delivered by other means. Construction costs for an NGO funded houses range from ZMK8 000 (US$885) for one room, ZMK12 000 (US$1 327) for two rooms[23], and ZMK153 200 (US$16 946) for three rooms while a low income council house costs around US$1 000 and US$1 500 with monthly rentals of US$100 to US$150. A 35m^2 house costs USD131/m^2 to USD162/m^2 compared to USD667 and USD950/m^2 for high cost housing[24].

Housing supply

Zambia's existing housing stock is estimated to be 2.5 million units of which 64 percent are rural and 36 percent are urban. About 40 percent of the urban stock is good quality housing; 28.5 percent are detached single unit houses. About 60 percent are substandard, informal housing, of which 20 percent are traditional, while 21.5 percent are improved, traditional huts. About 32 percent of the dwellings in rural areas are traditional housing[25]. The urban housing backlog is estimated at 1 539 000 units, that is expected to reach over 3.3 million by 2030 nationally[ix]. The national annual production rate of about 73 000 units per annum[x] falls far below the national requirement with the Copperbelt, North Western and Lusaka Provinces and the 33 newly created districts facing the most critical housing shortage, supply constraints exist across the market.

The main housing suppliers have been the mining houses, local authorities, and government. By law, housing was supplied as part of an employment contract but following the liberalisation reforms of the 1990s, this link was broken and each household became responsible for its own housing[26]. Many who could not afford homeownership or pay market rentals moved into low income areas and informal settlements. Most current housing supply is self-built, mainly for rent or owner-occupation, and may take up to seven years to complete[27]. About 80 percent of the total housing stock is informal self-built housing[28].

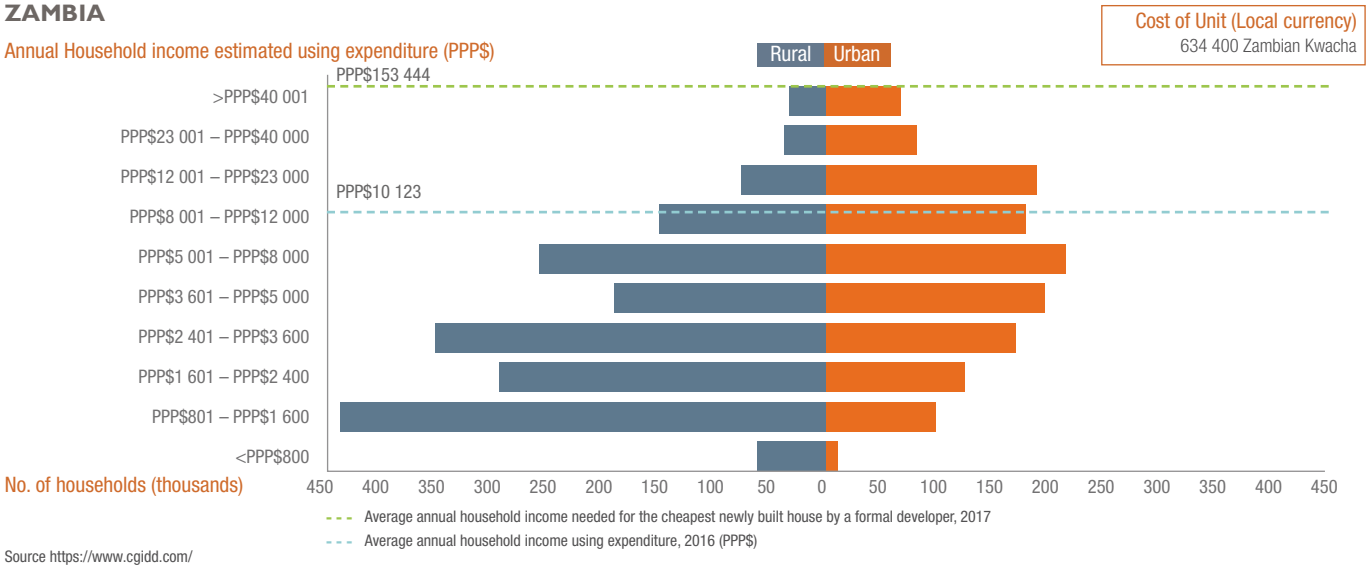
The NHA's delivery track record has not met national expectations since 1994 it has produced less than 100 units per annum. NAPSA, Zambia State Insurance Corporation (ZSIC) and Workmen's Compensation Fund have built units for rent in major towns. However, due to the high cost of completed units many have remained unoccupied. Both the NHA and NAPSA are renting them out, selling at reduced prices or have initiated rent-to-own schemes[29]. Government allocated ZMK823m (US$92m) or 1.3 percent of the 2017 budget to housing and community amenities.

Private developers like Meanwood, Lilayi Estates, Silverest Gardens, Nkwashi, Roma, Vorna Valley, and Salama Park have emerged, but their contribution to housing supply is less than 5 000 completed units per annum focusing more on the high end of the housing market. Smart Homes Africa[xi], is building two to four-bedroom units and student housing in the US$40 000 to US$80 000 range. Phathisa[xii] is building 1 000 (52-56m^2) mixed income units costing US$60-70 000 on 7 hectares and 192 walk-up 2 bed apartments on 1.7 hectares at Makeni in Lusaka. Ellomax Zambia is partnering with ZNBS to build 2000 mixed income houses in Ndola.

NGOs like Habitat for Humanity (HfHZ), 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[xiii] help to fill the affordable housing supply gap through organized collective action. HfHZ secures land from Local Authorities and then provides micro loans of between ZMK40 000 - 45 000 (US$4 424 – 4 978). The PPHPZ through its Swalisano Fund[xiv], a form of ROSCA, with savings currently at US$172 248[30], has continued to support the poor to build core houses and complete units in various towns of Zambia. The ZHPPF has mobilised more than 50 000 urban poor families to secure land in 42 municipalities and signed a MOU with the NHA, to commit land to federation members. PPHPZ has profiled more than 57 slums nationally for upgrading with 24 (or 42.1 percent) of these in Lusaka[31].

Constraints include exchange rate fluctuations, high unemployment rates and national debt, lengthy environmental approvals for new housing developments; an inefficient land delivery system; high cost of land (a 25 x 35m (875m^2) stand/plot pegged at USD800/stand)[xv], and application fees (of US$30). Other factors include provision of infrastructure, services and legislated planning standards (now under review) particularly for existing large residential plots which range between 1 350m^2 for high cost areas; 540m^2 for medium cost areas and 288m^2 for low

ZAMBIA



Source https://www.cgidd.com/

cost areas[32]. Large plot sizes have a constraining effect on efforts to reduce the projected three million housing deficit by 2030[xvi].

Property markets

At the top end, Zambia boasts a vibrant and growing residential property market; and its rental housing market has registered a threefold increase since 2014[33]. The demand for high end quality housing is driving several developments in modern clusters and gated communities. Resale housing stock is limited, especially given that 70 percent of Zambia's total housing stock is classified as informal. Lower income groups have challenges obtaining affordable housing as there is little formal development.

Land for property development is owned by the state but administered mainly by local authorities and traditional leaders. In Zambia at least 194 600 ha of land is required of which 139 000 ha is for housing and 55 600 ha for amenities and infrastructure. About 60 percent of land is required for rural housing while 40 percent is for urban housing[34]. Private developers and individuals are able to obtain 99 year leasehold with no limitations and land is transferable[35]. Zambia has an overall doing business ranking of 98 out of 190 countries and stands at 145 in the ranking of 190 economies on the ease of registering property. Registering property requires six procedures, takes 45 days and costs 9.9 percent of the property value[36].

Policy and regulation

Government has created a new Ministry for Housing and Infrastructure Development (MHID) and is implementing the Seventh National Development Plan (SNDP) with emphasis on public-private partnerships. Delays in completing the National Housing Sector Development Policy (NHSDP) is likely to affect delivery of affordable housing in Zambia. The NHSDP aims to facilitate reforms to the housing finance system, increase government financing and develop public social housing estate funds and group housing improvement finance schemes. Other measures include improving affordability of mortgages by providing mortgage guarantee schemes, fiscal incentives to private financial institutions and introducing mortgage specific policy rates.

Significant challenges remain in reforming legislation around collateral and credit recovery. The slow land delivery system is a major constraint on private sector finance. The ongoing review of the Lands Act of 1995; approval of the Land and National Urbanisation Policy, enactment of the Urban and Regional Planning Act (2015)[xvii] and the Urban and Regional Planners Act (2014) will provide an enabling environment for housing delivery. The URP Act recognises informality[xviii], and creates potential for housing microfinance by providing collateral. Only 40 percent of the population hold formal title as collateral for loans. A ZMK6 billion (US$644 million) land audit programme is nearing completion and is expected to improve title registration enhancing access to housing finance.

Opportunities

After the 2016 General Elections and Referendum on the Bill of Rights, relative stability has contributed to a predictable housing market. The residential property market remains largely untapped. Government has continued to create more new districts[xix] with the current total standing at 105 districts which provides an opportunity for new affordable housing development. The huge informal housing stock requires an upgrade to decent and acceptable standards thereby increasing both their quality and market value. The microfinance sector has good potential for growth while housing microfinance could benefit from specialised institutions away from traditional MFIs. There is huge potential to increase financial inclusion among the majority poor as well as use of existing accounts for loans and mortgages.

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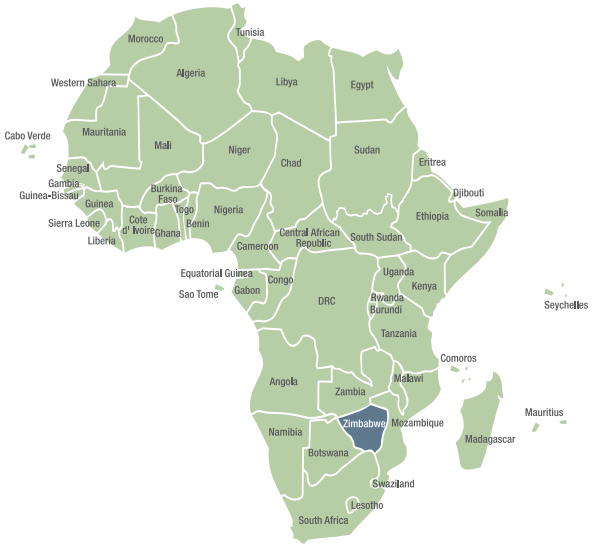
i ROSCAs are also popularly known as Chilimba in local Zambian language
ii Locally owned private banks include Investrust, Cavmont, Finance and Intermarket Bank while the two Government owned banks are the Zambia National Commercial Bank (ZANACO), the largest bank in Zambia and Indo-Zambia Bank
iii Stanbic is subsidiary of Standard Bank of South Africa while FNB is another South African owned bank with increasing mortgage market share in Zambia
iv The bulk of the (unsecured and salary backed) loans were used to purchase land and in construction of houses. Loans are insured against loss of employment, death and disability.
v In Zambia Treasury bills and Government Bonds are the main source of wholesale finance for many financial institutions. The Treasury bills yield rates were 22% for 91 days in June 2016 from 15% in 2015 while the 364 days bills earned 27.14% in 2016 compared to 21.5% in 2015. The 182 days bill yielded 24% in 2016 up from 20.25% in 2015 while the 273 days bill yielded 27.25% in June 2016 from 19.25% in 2015. The Government bond rate for 3 years was 24.5% in June 2016 up from 23.50% in 2015 while the 5 and 7 year bonds were 28.5 % in June 2016 from 27.99 % in 2015. The 10 year bond was 24.50% in June 2016 up from 20% in 2015 while the 15 year bond was 24.% in June 2016 up from 22.5% in 2015.
vi Lafarge is piloting the Kumanga Franchise to enable cheaper access to building materials.
vii At least 24.3 percent save through savings clubs such as while 6.3 percent borrow from informal money lenders
viii Interview with Mr Bwalya Masabo, Contractor, Architect and former NHA Project Officer, August 2016- A 70m2 2 bedroomed contractor built house cost K245,000 (US$26, 315.00) while a 80m2 2 bedroomed house without the cost of land cost K280,000 (US$30, 075.00). House construction costs could be reduced further depending on final installations and fittings e.g. ceiling boards, aluminium window and door frames instead of wooden ones etc
ix 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.
x Government now plans to deliver at least 10,000 units annually per district translating into 1,050,000 units nationally (Presidential Speech to Parliament, September, 2017)
xi 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
xii Phathisa is a Private Equity Manager that currently manages the Pan African Housing Fund
xiii Others include Habitat for Humanity, Shelter for All (Shefa), and Slum Dwellers International
xiv The Swalisano Urban Poor Fund is a capital fund operated by the People's Process on Housing and Poverty in Zambia (PPHPZ) and the Zambian Homeless and Poor People's Federation (ZHPPF). It is used for leveraging resources from central government, local authorities utility companies and other partners in development. It is also the community capital fund allowing members to access low interest loans which they would not be able to access through conventional financial institutions owing to their inability to raise the collateral normally required.
xv A study by HFHZ (2017) indicate that 75.3% of residents in informal housing stay on less than 200m2 while 87.6% prefer plot sizes ranging between 200m2 and 250m2, which is below the standard 288m2 which could reduce the cost of low income housing.
xvi For example at 30 dwellings per Ha, the current densities of both council-built housing and informal settlements in both Lusaka and Kitwe, a total of 48,000 hectares of land (or 62,000 international standard football pitches) would be required for the urban growth up to 2030. This is almost twice the size of Lusaka which covered an area of 27,000 Ha in 2007. At the suggested 15 dwellings per hectare of FoNDP, 87,000 hectares (or 124,000 football pitches) would be required, almost the size of four Lusakas. These figures are only residential area sizes – on to this should be added at least 40 percent for the other urban uses.
xvii The URPA provides for incremental housing development, conversion of 30 year Occupancy Certificates to 99 year leases, mandates Local Authorities to engage Traditional Leaders for release of land and frames improvements to land registration and titling
xviii The Housing (Statutory and Improvement Areas) Act of 1974 was repealed in 2015 and incorporated as Part IV Sections 28-34 in the new Urban and Regional Planning Act No. 3 of 2015.
xix Since the Government started creating new Districts the number has risen from 72 Districts to 107 Districts. Most of the new Districts have virtually very few formal housing, infrastructure and services

Zimbabwe



Overview

Zimbabwe has been removed from the International Monetary Fund's remedial measures following its successful clearance of arrears to financial institutions such as the African Development Bank (AfDB), the World Bank and the European Investment Bank (EIB) in October 2016. After 16 years of battling with a ballooning external debt this development is anticipated to garner positive effects particularly through attracting foreign investment and reducing the country's financial risk. Due to policy inconsistency, any investment in Zimbabwe in property or otherwise has always been viewed as a risk. However, commitment to settling external debts indicates a shift towards prioritizing accountability which will have a positive impact on the property market and economy in general.

In 2016 the IMF had projected Zimbabwe's gross domestic product (GDP) to contract to -2.5 percent. That figure was then revised upwards to a positive growth of two percent. The World Bank Economic Prospects report and the 2017 national budget had forecasts of 3.8 and 3.7 percent respectively. The government cited the strength of metal prices as well as the good 2016/2017 agricultural season to support the latest forecast.

However, the country's inflation which was pegged at 0.21 percent in March 2017 is expected by the IMF to be at five percent by the close of the year. This will be the highest annual average since Zimbabwe adopted the US Dollar in 2009. The bond notes that were introduced in the last quarter of 2016 as a means to address liquidity challenges have worsened the otherwise positive outlook. The bond notes were backed by a US$200 million loan facility from the Afrexim Bank. This was meant to have perfect (1:1) convertibility to the United States dollar. However, fears that a currency exclusively tradable inside Zimbabwe's borders would sooner or later lose a real market value materialised. This is because Zimbabwe remains a gross import destination due to the contracting industrial and manufacturing sector growth.

With a significant number of Zimbabweans either unemployed or on reduced salaries, the number of qualifying loans is significantly reduced. Even though mortgage loan repayments are usually marginally lower than rental of a similar property, the application guidelines preclude the majority of Zimbabweans by conditions such as 12 months' continuous employment.

KEY FIGURES

Main Urban Centres	Harare (capital), Bulawayo
Exchange Rate: 1 US$ [a] =	1 US Dollar ($)
PPP Exchange Rate (Local Currency/PPP$): 1 ($) = [b]	1.9493
Inflation 2015 | 2016 (est.) | 2017 (prov.) | 2018 (prov.) (c)	-2.4 | -1.5 | 1.0 | 1.7
Population | Population growth rate [d]	16 150 000 | 2.34
Urban population (% of total) | Urbanisation rate (% in 2013) [d]	32.28 | 2.03
GDP per capita (current US$) | GDP growth rate (annual %) [d]	1 008 | 0.69
GDP (Current US$) [d]	16 289 212 000
GNI per capita, Atlas method (current US$) [d]	940
Population below national poverty line | Survey Year [c]	72.3 | 2011
Unemployment rate (%) (d)	11.3
Gini co-efficient (year of survey) [e]	
HDI (Global Ranking) | HDI (Country Index Score) [f]	154 | 0.516
Lending Interest Rate [d]	
Unsecured lending interest rate (housing microloan)	...
Mortgage Interest Rate (%) | Mortgage Term (years)	16 | 10 [k]
Down Payment (%)	
Credit % of GDP [d]	55.33 (2005)
Average Mortgages % of GDP [g]	2.43 (2015)
Estimated number of mortgages	
Average loan size in US$ (mortgage)	18 000 (2016)
Average loan size in US$ (non-mortgage/micro lending)	
Price To Rent Ratio City Centre [h] | Outside City Centre [h]	15.12 | 17.89
Gross Rental Yield City Centre % [h] | Outside of City Centre % [h]	6.61 | 5.59
Construction as a % of GDP [c]	
Is there a deeds registry? | No. of resid. title deeds in registry	Yes
Outstanding home loan (% age 15+) [i]	
What is the cost of standard 50kg bag of cement (in US$)	11.4 [l]
What is the price of the cheapest, newly built house by a formal developer or contractor?	25 000 [m]
What is the size of this house (in m^2)?	27
What is the average rental price for a formal unit (in US$)	
What is the minimum plot size for residential property	240
Ease of Doing Business Rank [j]	161
Number of Procedures to Register Property [j]	5
Time (days) to Register Property [j]	36
Cost (% of property value) to Register Property [j]	7 60

[a] Conmill.com The Currency Converter on October 04, 2017
[b] IMF's World Economic Outlook (2017)
[c] African Economic Outlook
[d] World Bank's World Development Indicators (2015)
[e] The World Bank's PovCalnet
[f] United Nations Development Programme. Human Development Reports
[g] Housing Finance Information Network (HOFINET)
[h] Numbeo Online User-Contributed Database
[i] Global Financial Inclusion Database (FINDEX)
[j] World Bank's Doing Business Survey Data (2017)
[k] CBZ Bank Limited
[l] Vaka Building Materials & Hardware
[m] CABS

African Union for Housing Finance Member Institutions

CBZ Bank Limited
Central Africa Building Society (CABS)
National Building Society
ZB Bank Limited
Honorary Member - Chimutsa Colin
FBC Building Society
NMB Bank Limited
Peoples Own Savings Bank (POSB) Zimbabwe

The Reserve Bank of Zimbabwe (RBZ) deputy governor, Dr Kupikile Mlambo, acknowledged that the United States dollars are attracting a premium against the bond notes. Further to that, the bond notes have not been successful in easing liquidity challenges as banking queues have already resurfaced. Withdrawal limits have been reduced to different percentages by the various banks. In less than 6 months, banks have run dry and frequently do not have cash to give to depositors, in either US dollars or in bond notes. Commodities as well as properties have also seen a rise in a two tier pricing model based on cash transactions and bank transfers. Rentals and property purchases paid for in cash are relatively cheaper than those paid for by transfer.

The double-digit lending rates continue to constrain economic recovery. Zimbabwe still experiences a structural regression, with acceleration of de-industrialisation and economic informalisation. These challenges are caused by difficult economic problems, including infrastructure and regulatory deficiencies, policy uncertainty and insufficient formal employment. The inflation rate which up to May 2016 remained negative, reaching 1.69 percent, this year stood at 0.75 percent in the same period.

Access to finance

Despite challenges in the operating environment, the Zimbabwean financial sector remains well developed and sophisticated. As at 30 June 2017, there were 20 operating banking institutions including the central bank, thirteen commercial banks, one merchant bank, four building societies and one savings bank). The last updated records by the RBZ indicate that the country has 16 asset management companies and 163 microfinance institutions. The sale of one of Zimbabwe's oldest and largest banks, Barclay's, to the Malawian First Merchant Bank has led to massive resistance from local actors. The signing over of the majority stake was sped up amid fears of objections and interdicts. Organizations such as the Affirmative Action Group (AAG) intend on reversing the acquisition as local companies were not given preference to the sale.

The four functioning building societies, National Building Society, FBC Building Society, CABS and ZB Building Society are the country's major source of housing finance. The National Building Society (NBS) was Zimbabwe's newest building society has been operational since May 2016 with an initial capital of US$25 million. FBC Building Society has been focusing on residential property development that has seen the sprouting of several cluster housing units primarily in the low density residential areas. FBC Building Society's portfolio caters for all income segments. CABS has been focusing on the Budiriro housing project that was designed for low income earners. However, the project has not had a successful rate of uptake and the bank, according to its website, now also extends mortgages to Zimbabweans living in the diaspora. In 2015, ZB Building Society became the first building society to remodel their mortgages to cater for the informally employed demographic. However, there are no details of the success of this initiative for their stands or housing units. NBS has remained an early market leader with the lowest mortgage lending rate of 9.5 percent and the longest tenure of up to 25 years[1]. The NBS's traditional mortgage requires the property as surety and its building loan is only offered for serviced stands to build a habitable structure. Credit risk has been a key component of the profile of banking institutions. However, the ratio of non-performing loans (NPL) to total loans continued to decline up till the end of 2016 to 7.87 percent from 10.87 percent in the beginning of 2016, and down from a peak of 20.45 percent in 2014. Mr Patrick Takawira, the Executive Director of Treasury at FBC Bank, one of Zimbabwe's leading banks, said that most banks were to blame for the rise in bad loans due to poor risk credit assessment on borrowers. The RBZ governor, Dr. Mangudya said the notable decline can be directly attributed to the apex of bank's policies and measures including an enhanced credit management system and collection efforts and disposal of qualifying NPL's to the Zimbabwe Asset Management Company (ZAMCO). Austere collections and workout plans also helped alleviate the rate of NPLs in the banking sector. ZAMCO's positive effect is still expected to lower funding cost which, in tandem, translates into reduced lending rates. However, there is still lack of cohesion between this and other regulatory realities including that the borrowing cost is a major factor in the housing sector's costs and competitiveness.

The World Bank Doing Business report notes that Zimbabwe has this year dropped 4 places down in the Ease of Doing Business to 161 out of 190 countries. The World Bank introduced a new ranking called the Distance to Frontier (DTF), in which the value zero (0) represents the lowest performance by an economy and 100 being the frontier. In this aggregate, Zimbabwe is ranked 47.1 below the regional average of 49.51. In June 2016, as part of the government's on-going ease of doing business reforms, the deeds registry was given the nod to digitize operations in the Deeds Registries Amendment Act, 2016. The key driver of the Deeds Registries Amendment Bill is to launch an electronic registry for all the documents stored at the deeds office, including, Bonds, Title Deeds and Caveats. This development will see a lot of convenience being introduced into the property ownership transfer process. There are no stipulated timeframes provided for the process.

Another milestone in the ease of doing business is The Banking Amendment Act 2015 which introduced the Credit Reference Registry, a database of credit information of individuals and companies housed at the Reserve Bank of Zimbabwe (RBZ) went live in January 2017. The Act mandates all financial institutions offering credit facilities, including banks, micro-finance institutions, utility bodies, retailers, and mobile network operators to supply credit information to the Registry. In the January 2017 Monetary Policy Statement (MPS), the RBZ Governor, Dr. Mangudya, reported that the RBZ was already on course to capture all the 414 262 loans which are in the banking sector. As at 31 January 2017, 25 percent of loans had been uploaded to the registry.

Mortgage lending remains largely undertaken by the Central African Building Society (CABS), CBZ Bank, FBC Bank and ZB Building Society. New mortgage lenders include more traditional institutions: People's Own Savings Bank (POSB); Stanbic Bank and Barclays Bank. Mortgage lending rates retained their range of 15-20 percent with NBS maintaining its flexibility in the mortgage lending thresholds. As the traditional leader, CABS continues to require 10 percent of the property value as deposit, in addition to 10 percent of the value paid towards property transfer fees. Stanbic Bank also retained its requirement of exclusive banking for a minimum of 12 months, five percent of the property value and five percent for property transfer fees.

The RBZ 2016-2020 Financial Inclusion Strategy still hinges on targeting priority areas and specific strategic measures. The establishment of the additional banking class (deposit-taking microfinance institutions dedicated to supporting Micro, Small and Medium Enterprises [SMME]), is still in play although no further announcements have been made as to the current status of the strategy.

Since being implemented in January 2015, the government continues to waiver stamp duty on cession of mortgage bonds in order to incentivise provision for additional mortgages. There appears to be no data or information regarding the progress on this incentive.

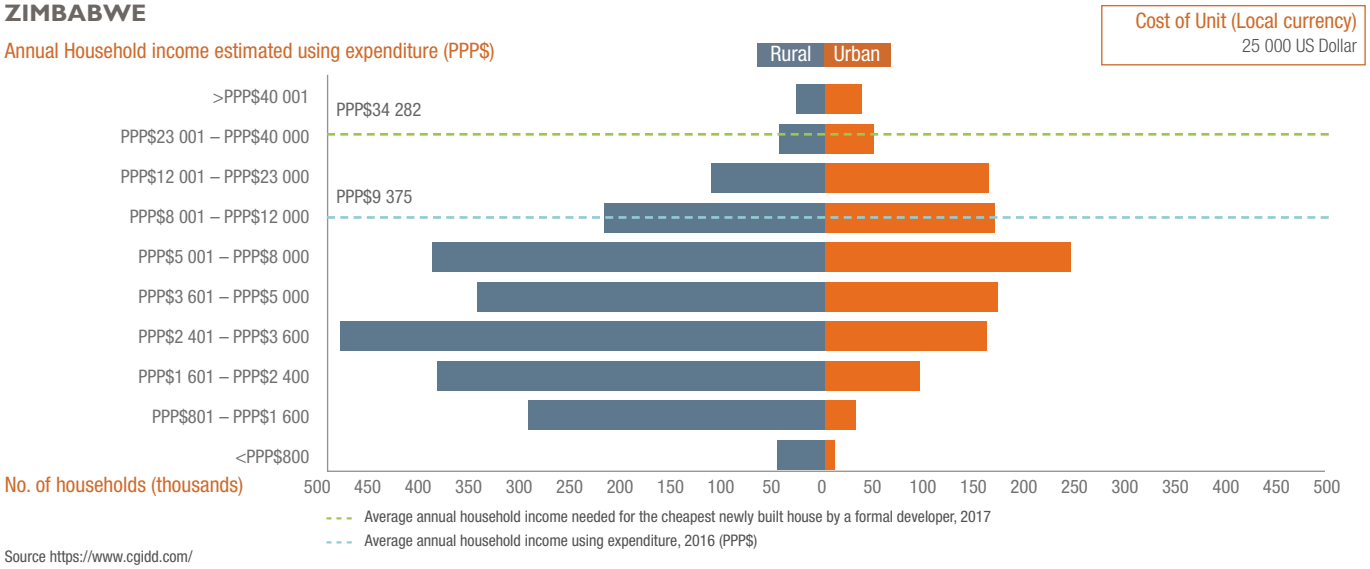
Lending in the banking sector still remains short term as the rate of demand deposits rose before and after the introduction of bond notes. The public concerns that the introduction of bond notes will bring back inflation, as the economy moved from little or no inflation since dollarization to a current 0.58 percent as at May 2017, and projected to five percent by the end of 2017. Transferable demand deposits grew by a further 27.85 percent from 52.9 percent last year. The liquidity crunch that subdued a few months after the introduction of bond notes has reemerged and perhaps worsened. A consultant and economist with the Office of the president and Cabinet cited the huge monthly government wage payments (in excess of US$200 million) as the single largest contributing factor towards the growing imbalance between bank deposits and real cash.

Limited availability of affordable long-term finance impacts negatively on the ability of mortgage lenders to provide affordable mortgages; as such, lenders pass high borrowing cost to customers. To counter liquidity shortages and to move Zimbabwe towards a cashless society, government has encouraged the banks to continue to reduce transactional fees for debit card usage. "The reduction of such charges will have a ripple effect on the transactional, precautionary and speculative demand for hard cash," said Vice President Emmerson Munangagwa at the Buy Zimbabwe 7th Buy Local Summit and Investment Forum in Victoria Falls.

In Zimbabwe, Point of Sale (POS) volumes via mobile money increased by 400 percent in April 2016 and by 260 percent within the same period in 2017. Similar to last year, mobile money transactions unfortunately, remain largely cash based and are not valid as a platform for savings and credit. Mobile money does not provide the historical data needed to acquire loans or other banking opportunities, a limitation that continues to impede an individual's access to housing finance.

Zimbabwe has seen an increase in access and affordability of housing finance. Although, credit risk is taken into account by housing finance lenders, the interest rates for most borrowers remain unchanged with 8-16 percent per annum for regular borrowers, 6-10 percent per annum for prime borrowers with low credit risk, and 10-18 percent per annum for borrowers with high credit risk.

ZIMBABWE



Source https://www.cgidd.com/

To enable low income earners to access housing finance, building societies collaborate with employers for loans at subsidised rates. Another novel approach used by banks to bring affordable housing to low income earners include partnerships between the banks and city councils. The land is either given cheaply to the bank that will act as a developer and a percentage split of profits is arranged between the City Council and the bank. This is the same model that was used by CABS to fund the Budiriro housing project. A similar model was mooted between FBC Bank and Bulawayo City Council. However, the City rejected the bank's proposal to ease the City's housing backlog.

CBZ continues to offer the CashPlus Accounts, an initiative introduced in 2012. These accounts include the CashPlus Housing account targeting the informal sector. This CBZ account allows clients to save money towards home financing, which is matched by the bank. Repayment is pegged over a term of between two and 10 years. Some microfinance institutions, including Homelink (requires collateral) and Untu, provide loan products for new home seekers and other products for home improvements. Microfinance loans run over a shorter term in comparison to banks.

Affordability

Continued cash shortages will cause Zimbabwe's economy to remain fragile and contracted. The economic contraction is still contributing to increased job losses and further erosion of disposable incomes, resulting in further increases in poverty; this continues to affect the affordability of housing finance.

In late 2012, Harare City Council signed an agreement with CABS to build 3 102 core houses for low income earners in Budiriro, Harare. Beneficiaries needed an initial deposit and CABS provided mortgage finance, repayable over 15 years. Although this particular housing project is one of the first to specifically target low income earners, it has been criticized because the minimum requirements are still beyond the reach of that income bracket. The project was commissioned in 2014 as part of the government's concerted effort to meet the Zimbabwe Agenda for Socio Economic Transformation (ZIMASSET) housing target of 105 935 by 2018. To date CABS has managed to complete 2879 core houses but has only achieved an uptake of 800 units. The initial deposit requirement was slashed by 50 percent in 2015, and later completely removed in 2016, yet uptake has not improved. Peter Moyo, the councilor for Rugare, argued that the houses were too expensive for the targeted population especially taking into consideration that the land was sold at a very cheap price of US$0.50 per square meter to CABS. Harare City councillors advised CABS to revise the prices downwards.

Most banks are still lending to qualified low income earners (earning $750 per month) for mortgages between US$15 000 and US$20 000. While it is laudable, the threshold for qualification is significantly above earnings of most industry and commerce workers, and those in government service[2], especially when considering that the cheapest newly built house costs a minimum of US$15 000. The reality on the ground remains that even those in formal employment for a decade or more can no longer afford basic houses, partly due to savings depletion after successive currency regimes that led to the dollarisation in 2009.

Housing supply

Zimbabwe's national strategy, the Medium-Term Plan (2011 – 2015), had as its major objective the elimination of the housing backlog and halving of the housing dependency ratio at household level by 2015. ZIMASSET also cites housing provision as one of its core mandates by 2018. The ZIMASSET plan projected to achieve 105 935 new housing units between 2013 and 2018. Some reports indicate that certain regions had reached the ZIMASSET housing targets. The Midland region is reported to have surpassed the ZIMASSET housing target when 50 000 home seekers received serviced stands on which they could start construction. However, by and large, the ZIMASSET housing target cannot realistically be met within the 2018 timeframe given.

Government continues its efforts to play a pivotal role in housing development through direct provision of houses, legislation and land. This is a daunting challenge considering that the current national housing waiting list still remains at an estimated 1.25 million[3]. Last year the national Housing Minister appointed a new board for urban development with "three main functions, which include urban development, with emphasis on housing provision in a manner that creates sustainable urban settlement, provision of audit services and training of local authorities"[4].

Several new Sino-Zim projects under the Build, Operate and Transfer (BOT) loan facilities that were touted last year may have stalled, as there have been no updates availed regarding these projects. In addition, in January 2017, the National Building Society (NBS), was reported to be ready to roll out 10 000 housing units in 2017 alone; however no further reports on performance have been released.

According to the Zimbabwe National Association of Housing Cooperatives (ZINAHCO), an apex body representing housing co-operatives, its membership serviced more than 20 000 stands and built more than 10 000 houses since 2000[5]. Many housing cooperatives were being registered and delivering housing developments in line with ZIMASSET goals. However, the threat from such institutions is issuing of fake land allocation and distribution, which has led to extortion of and losses by home seekers.

The City Council system remains a challenge as backlogs and red tape compromise the service. In April 2016, following a review of its housing policy, the Harare City Council banned housing cooperatives from occupying any new state land as a means to streamline housing development and better manage waiting lists and backlogs. As of May 2017, a large number of housing cooperatives are still selling land; a clear sign that they had acquired vast tracts of land before the interdict was given, giving the ban little or no effect in the short term. Courts are still inundated with cases regarding land disputes between home seekers and cooperatives.

Property markets

A December 2016 report by Francis Chinjeruke of the Real Estate Institute of Zimbabwe, sets a worrying outlook on the property sector based on market performance in 2016 and projections into 2017. Rental defaults and late payments increased to between 30 and 40 percent over the 18 months preceding December 2016. Rental costs also decreased between 20 and 30 percent over the same period to underscore the effects of a contracting economy on the property market.

The most notable trends include vacation of expensive properties as well negotiations for downward review primarily informed by prevailing negative developments in the economic environment such as retrenchments, downsizing and closures of companies. For the same reasons, commercial and industrial properties are the most affected with low uptake of tenancy.

Developments of informal settlements like Caledonia, Hopley, Stoneridge and Southlea have become popular residential options by default as home seekers can set up temporary structures without worrying about high rentals or stringent regulations by city authorities. This land was allocated over different periods of time since 2012 by the government under a host of programmes. There has not been any development done in these areas and they still resemble all the marks of informal settlements.

Property firms have adjusted to the economic downturn by creating what they perceive to be more economically viable packages. A standard package for a 2000 square metre residential stand has been adjusted to $10 000, requiring a 20 percent deposit and monthly instalments averaging $200. Despite these attractive packages, declining aggregate demand, high financing costs and high qualifying threshold for mortgages remain a challenge,

Washington Musiiwa, a property analyst, cited access to finance and land as the two challenges faced by property developers. Traditional financiers have not been lending to private property developers with some building societies opting to fund their own housing projects. When financing is availed, the interest rates are too high which inadvertently pushes property prices upwards.

As at May 21, default rates on rentals stood at between 45 and 55 percent across the country as the downward trends noted in 2016 continue to slow the property market in 2017. Landlords no longer demand cash for rental payments; mobile money and bank transfers have become widely acceptable.

Policy and regulation

A strong institutional and regulatory framework shapes the housing sector in Zimbabwe. Much of the legislative and policy frameworks in Zimbabwe have remained unchanged. They are mostly progressive and include the 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]; Rural Land Occupiers Act of 2002; National Housing Policy of 2012; and Model Building By-laws. Some analysts observe that major challenges in the sector possibly stem from inadequate institutional capacity to support the effectiveness of these laws. For instance, the 1.5 million housing waiting list is cited as inaccurate as it does not adequately capture the deficit. Officials also cite this waiting list as susceptible to duplication as well as manipulation.

Several laws also suffer the retrogression of not being retrospective in application. The government appreciated the importance of decongesting the urban areas and demand for housing therein through Acts aligned with the Peri-Urban Settlement (GoZ 1998). This was aimed at augmenting residential and industrial infrastructure in zones called growth points. However, development at growth points has stagnated due to economic regression. There has been a lack of policy responses to the ailed attempts at targeting growth in areas such as peri-urban centres, such as Mungate and Chiroodza in Domboshava.

Further long-term funding to address infrastructure bottlenecks is needed for effective housing delivery, including additional capacity to avail loans for both land and housing development. The Deed Registries Act [Chapter 20: 05] targets the issue of loan security and provides for the registration of mortgage bonds and notarial bonds. This provides security in the housing finance sector.

Opportunities

Investment opportunities in Zimbabwe are still replete, banking more than anything on human capital. Zimbabwe must weather yet another storm in the wake of resurgent political and economic unrest fuelled by incongruent government policies.

In July 2017, the mayor of Harare, Dr. Bernard Manyenyeni, said that the city had advanced plans to raise a $100 million bond towards housing construction. The move will go a long way in reducing the housing backlog as well as accommodating for the 1.6 million people dwelling within the city limits as well as the 2.8 million in the greater metropolitan area.

The optimism that surrounded the initial indications for investment by Aliko Dangote, particularly in the cement and power generation industries, has waned off after a prolonged period lacking material investment. After initial surveys by a team of experts and several agreements were signed, there has been no further progress reported.

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3 GoZ (2013), ZIMASSET
4 The Herald, April 2016 Urban Development Board
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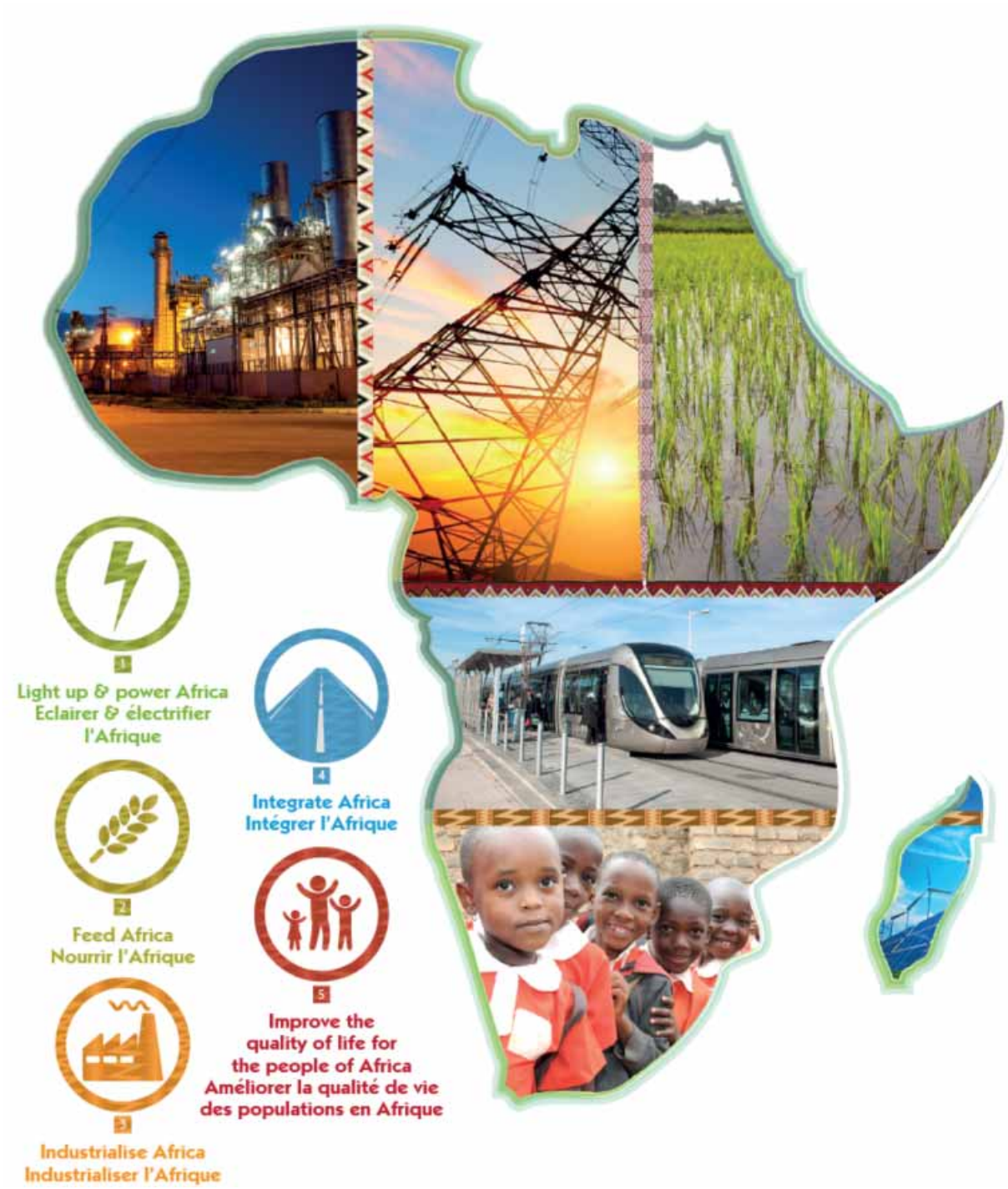

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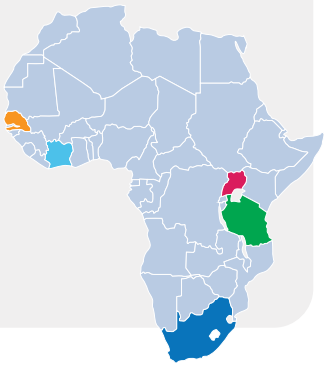
Rental in **Africa**: Your House, My Home

EIGHTY20

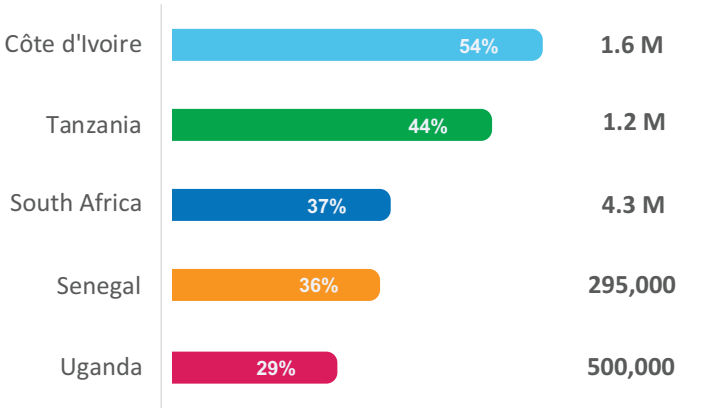
A FOCUS ON URBAN RENTER HOUSEHOLDS IN

- Côte d'Ivoire
- Senegal
- South Africa
- Tanzania
- Uganda



% URBAN HOUSEHOLDS THAT RENT

OF RENTER HOUSEHOLDS



MAIN MATERIAL FOR ROOF

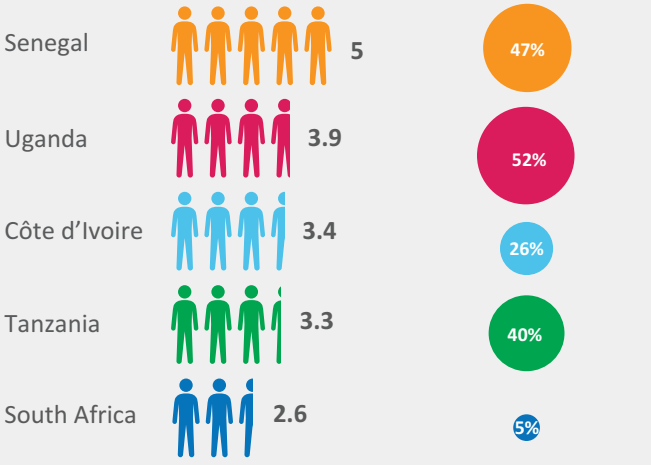
TZA: Iron sheets (96%)
UGA: Iron sheets (96%)
CIV: Sheet metal (90%)
SEN: Concrete/cement (66%)
SA: Corrugated iron/zinc (51%)

MAIN MATERIAL FOR WALLS

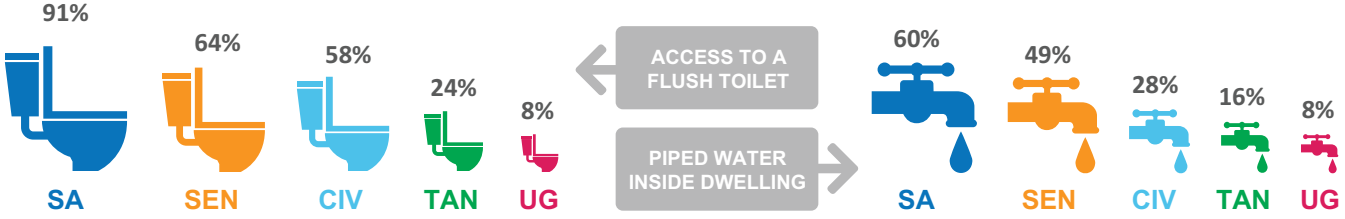
SEN: Cement bricks (97%)
CIV: Hard (cement) (81%)
UGA: Burnt/stabilised bricks (72%)
SA: Bricks (65%)
TZA: Cement bricks (64%)

AVG HOUSEHOLD SIZE

% OVERCROWDED*



HOUSEHOLDS ACCESS TO SERVICES



***Eighty20**, harnessing the power of data to tell Africa's housing stories*

NOTE: All statistics refer to urban renter households in the focus countries
Over-crowded refers to households with more than three people per 'sleeping room', except for Senegal where it refers to households with more than three people per room

SOURCES: Enquete Sur Le Niveau De Vie Des Menages En Cote D'Ivoire (ENV 2015); South Africa General Household Survey 2016; Tanzania National Household Budget Survey 2011/12; Uganda National Panel Survey 2013/14; World Bank Listening to Senegal Survey 2014

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To date, through the PAHF investment portfolio, Phatisa has:

- **created** employment for and trained over 2,500 construction workers;
- **developed** more than 30,000 square metres of affordable middle income housing; and
- **partnered** with over 200 local suppliers

. . . all while continuously implementing world-class social and environmental management systems and occupational health and safety policies.

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AFRICAN PE NEWS APP

PHATISA Foundation

Phatisa *is a sector-specific African private equity fund manager located in and operating across sub-Saharan Africa. The firm currently has two funds under management, the African Agriculture Fund (AAF) and the Pan African Housing Fund (PAHF); totalling more than US$ 285 million. We speak 30 languages and represent 12 nationalities.*

Phatisa is an Authorised Financial Services Provider | FSC Licence no. C109007765 (MU) | FSP Licence no. 43199 (RSA) |

SELECT
FINANCIAL SERVICES

Helping our customers build their dream homes, one step at a time through

INCREMENTAL HOUSING FINANCE.

Loan book operations in **Swaziland**, **Lesotho**, **Kenya**, and **Malawi**, with administration and support hubs in **Mauritius** and **South Africa**.

We're focused on **financial inclusion** to the under-banked or entry level retail credit market.

A **responsible lender** with built-in lending mechanisms to ensure **customer affordability**, with long-term affiliations with **leading DFI's** and **technical partners**.

With a defined plan to establish new businesses and new product offerings in other sub-Saharan African countries, coupled with our expertise and the potential of the African continent, this provides the impetus for us to accomplish our growth targets.

Select has various existing funding sources, and we continuously seek new funding partnerships.

For more information please contact us:

Illovo Edge Office Block, Building 4, 9 Harries Road, Illovo, 2196
Telephone: +27 11 214 8300
Email: info@selectafrica.net
investorrelations@selectafrica.net
Website: **www.selectafrica.net**

Select Africa is delighted to support CAHF in its work in promoting housing finance in Africa.

We are bringing down the barriers to **Home Ownership for you!**

Our transformative Mortgage Market System (MMS) streamlines the mortgage process to make your dreams of home ownership a reality.

NMRC
Nigeria Mortgage Refinance Company

Contact Us:
Head Office: 18, Mississippi Street, Maitama, Abuja, Nigeria.
Lagos Office: 17 Sanusi Fafunwa, Victoria Island, Lagos, Nigeria.
+234 9 4603430 info@nmrc.com.ng www.nmrc.com.ng

NMRC ... *affordable housing*

Photo Credit: © Olivier Jourdanet, after a globe model created by Joachim Robert

BECAUSE TOMORROW WILL BE BUILT BOTH HERE AND THERE

AGENCE FRANÇAISE DE DÉVELOPPEMENT
works every day to build a more just and more sustainable world:

- → Through the commitment of its 1,742 employees
- → Through its action in over 90 countries
- → Through its expertise in all the fields of development

afd.fr facebook.com/AFDOfficiel twitter: @AFD_France

Building Assets, Unlocking Access

Habitat for Humanity®

Terwilliger Center for Innovation in Shelter

mastercard foundation

This partnership between Habitat's Terwilliger Center for Innovation in Shelter and the Mastercard Foundation helps financial institutions to:

Develop housing microfinance products and non-financial services...

...to enable low income families access adequate and affordable housing...

...and improve their living conditions.

PROJECT BENEFITS

- Brings technical expertise in developing appropriate housing micro-finance products, for example, misunderstandings of the loan appraisal process and loan itself.
- Brings huge practical housing experience to the problem.
- Families are supported through access to short-term loans with affordable payments that fund their incremental building process.

BENEFITS OF HOUSING MICROFINANCE FOR FINANCIAL INSTITUTIONS

- Huge potential consumer demand
- Ability to diversify portfolio and investment
- Good repayment rates

BENEFITS OF HOUSING MICROFINANCE FOR CONSUMERS

- Properties get completed
- Money is not wasted in poor building decisions
- People get improved living conditions

SINCE 2015

+42K Over 42,000 low-income customers accessed housing microfinance loans...

$33m ...worth USD 33 million...

210K ...improving lives of 210,000 individuals since the inception of the project.

For more information on this project **Contact:** tcis@habitat.org **Visit:** www.habitat.org/tcis

A **real investment** in the future

There is significant demand for affordable housing at the bottom of the income pyramid. Reall provides an opportunity for sustainable impact investment across Africa and Asia.

Reall is a global network of Housing Development Enterprises with a significant presence in Africa, linked through an investment and management platform based in the UK.

Reall are developing each locally owned enterprise to mature into a profitable and scalable business to establish a market at the bottom of the pyramid.

Reall Development Enterprises build affordable neighbourhoods, complete with secure tenure, access to micro-mortgages and water, sanitation and energy infrastructure, for approximately $10,000 per unit to low income clients.

Our innovative approach to delivering affordable housing and finance stems from over 25 years of experience across 11 countries in Africa including Kenya, Tanzania, Zimbabwe, Angola, Nigeria and South Africa.

To discuss impact investment opportunities with Reall,
please contact us at **info@reall.net**
For more information, please visit **www.reall.net**

reall
Real equity for all

fsdafrica

UKaid
from the British people

FSD Africa is pleased to be partnering with CAHF in support of its work in promoting housing finance in Africa

Financial Sector Deepening Africa (FSD Africa) – is a non-profit company, funded by the UK's Department for International Development, which promotes financial sector development across sub-Saharan Africa. It is located in Nairobi, Kenya.

FSD Africa sees itself as a catalyst for change, working with partners to build financial markets that are robust, efficient and, above all, inclusive. It uses funding, research and technical expertise to identify market failures and strengthen the capacity of its partners to improve access to financial services and drive economic growth.

FSD Africa is also a regional platform. It fosters collaboration, best practice transfer, economies of scale and coherence between development agencies, donors, financial institutions, practitioners and government entities with a role in financial market development in sub-Saharan Africa. In particular, FSD Africa provides strategic and operational support to the FSD Network.

FSD Africa believes strong and responsive financial markets will be central to Africa's emerging growth story and the prosperity of its people.

If you are interested in working with FSD Africa then please email: info@fsdafrica.org.

www.fsdafrica.org.

Centre for Affordable Housing Finance in Africa

What does a healthy housing market look like?

Adequate, affordable housing is available for all income groups

- A range of housing mechanism are available in the market
- Adequate supply of affordable housing and vibrant competition
- Input costs are contained (land, cement, materials)
- Targeted investment in real estate and construction

Residential property is easy to buy and sell for all income groups

- Land is formally registered
- Transaction systems are accessible and efficient
- End user finance is available for resale markets
- Market information is readily available

Affordable, appropriate finance is available for all income groups

- Loan variety and design is responsive and stable
- Affordability support in the form of subsidies, savings etc.
- More lenders with competitive prices

The Centre for Affordable Housing Finance in Africa (CAHF)

is an independent think tank based in Johannesburg, South Africa. CAHF's work extends across the continent, and it is supported by and collaborates with a range of funders and partners.

CAHF's mission is to make Africa's housing finance markets work through the **dissemination of research** and **market intelligence**, the provision of strategic support, and **ongoing engagement in both the public and the private sector;** supporting increased investment, cross-sector collaborations and a market-based approach.

The overall goal of our work is to see an increase of investment in affordable housing and housing finance throughout Africa: more players and better products, with a specific focus on the poor.

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 @CAHF_Africa and Instagram cahf_housesofafrica

Making Finance Work for Africa

The Making Finance Work for Africa Partnership (MFW4A) is a platform for advocacy, knowledge sharing and cooperation on financial sector development in Africa.
We :

• Facilitate dialogue and exchange of ideas through our extensive networks;
• Produce and disseminate research on the African financial sector, and
• Advocate for policy change in the African financial sector landscape.

Membership is open to development partners and the African financial sector.

JOIN US TO BUILD INNOVATIVE, ROBUST AND COMPETITIVE FINANCIAL SYSTEMS IN AFRICA

For further information : *secretariat@mfw4a.org* ***Follow us on :*** *Twitter @mfw4.org; www.facebook.com/mfw4a*

MFW4A is funded by :

AFD · European Investment Bank · giz

IFC International Finance Corporation
WORLD BANK GROUP

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. IFC is boosting housing finance with investments and advisory work across Africa, including the West African Economic and Monetary Union, Nigeria, Tanzania, Kenya and Rwanda. IFC has invested over $3 billion in housing finance in 46 countries world-wide.

IFC is pleased to support the 8th edition of the Africa Housing Finance Yearbook, published by the Centre for Affordable Housing Finance in Africa.

TUHF

Leading property finance downtown

Our vision: to achieve a **R5 billion** loan book, serving every major city in South Africa

Current loan book
R2,469 billion

5
branches nation wide

13%
Growth average over **5 years**

128
unique inner city areas financed

14 years
in operation

R1bn
DMTN Programme on JSE

350
Entrepreneurs assisted

29 356
Units

136 011 m2
of retail shops financed and converted to residential as part of TUHF projects. *Bigger than Mall of Africa!*

540
buildings

186 years
of property finance experience in our executive team, 21 years average per person.

086 000 TUHF (8843)
www.tuhf.co.za

Backing ordinary people, doing extraordinary things.

Finance for: Purchase | Conversion | Refurbishment | Refinance | Equity release

Information correct as at financial year end 31 March 2017, for active loans in servicing.

HOFINET | Housing Finance Information Network

A Global Resource for Housing Finance Information

The Housing Finance Information Network is the **first truly global webportal** that consolidates and regularly updates international housing finance knowledge in one central, easily accessible place. All data is in the public domain and can be easily downloaded.

- It collects and updates standardized statistical data until 2016 on **countries' housing finance systems** – currently for **140 countries** – and provides country reports and links to legal and statistical country resources.
- It provides **state-of-the art information on the main topics in housing finance** through our global network of experts and through a continuously updated library of research and policy papers.

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hofinetmail@wharton.upenn.edu

www.hofinet.org

ALCB FUND

The African Local Currency Bond Fund

Promoting local bond market development in Africa through anchor investments in affordable housing and other developmental sectors.

- Since inception, the ALCB Fund has invested in 22 bonds from 15 issuers across 10 African countries
- The Fund works with mortgage lenders and refinancing companies, housing developers, and providers of incremental housing microfinance
- We offer technical assistance to first-time issuers with an interest in raising funds through local capital markets

Sponsors KFW

Fund Manager LHGP asset management

Investors FMO, fsdafrica, UKaid, IFC

E: info@alcbfund.com T: +44 (0) 20 7340 0400

HOUSING FINANCE COURSE FOR SUB-SAHARAN AFRICA

30 September - 7 October 2018

Sub-Saharan Africa faces a major housing challenge related to rapid urbanization and new urban household formation. Formal housing construction has not kept up with urban growth, resulting in deteriorating conditions of the existing housing stock and growth in informal settlements. In order to scale up new formal construction, housing finance systems need to expand and innovate urgently. As a result, the course aims to provide senior policy makers, investors, developers and housing professionals with the necessary analytical tools and understanding to become constructive partners in improving and expanding housing finance systems in their countries.

Course Modules Include:

- Housing Markets and Housing Finance
- The State of Housing Finance in Sub-Saharan Africa
- The Building Blocks of a Housing Finance System
- The Business of Housing Finance
- Housing Finance Funding
- The Safety and Soundness of Housing Finance Systems
- Financing the Housing Value-Chain
- Extending Housing Finance to Lower Income Groups
- Using Subsidies to Improve Housing Finance Systems

Course Location
The Course will be run at the beautiful University of Cape Town

Course Director
Rob McGaffin, University of Cape Town

For More Information
Contact the Course Director at
robert.mcgaffin@uct.ac.za

African Union for Housing Finance | Wharton | Centre for Affordable Housing Finance in Africa | Urban Real Estate Research Unit

citymark MARKET INTELLIGENCE

In 2017, Citymark has focused on transformation in the housing market. Have housing markets transformed to be more inclusive, diverse, more affordable? How have markets grown on that basis? Homes become a household's most important asset providing the primary means of entering the economic mainstream.

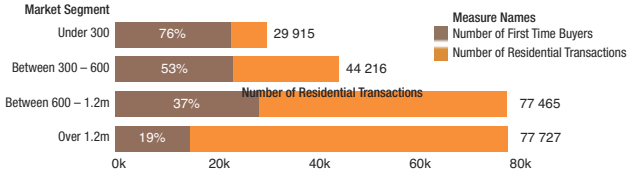
Citymark can track transformation in four key ways:

- **First-time homebuyers** – of those buyers whose ID numbers have never appeared on the deeds registry, what percentage of transfers and bonds do they represent? Where? In what market segments?
- **Affordability** – are local housing markets becoming more affordable?
- **Diversity** – are neighbourhoods showing a broader range of values and prices?
- **Housing growth** within integration zones – are strategic zones changing municipal spatial layouts? Are they providing new market opportunities? How?

For more information on our work, please contact Adelaide Steedley at adelaide@housingfinanceafrica.org or visit www.housingfinanceafrica.org/citymark

Citymark is a programme of the CAHF Centre for Affordable Housing Finance in Africa

First time homebuyers as a percentage of all Transactions South Africa, 2016



Source: CAHF Citymark, using deeds registry data from Lightstone Property.

African Union for Housing Finance

The African Union for Housing Finance (AUHF) was established as a member-based body of housing lenders in 1984. Today, the AUHF comprises of members from countries across the continent. Members include commercial and mortgage banks, building societies, microfinance banks/institutions, housing development corporations, developers, government departments/ ministries, and other institutions involved in the mobilisation of funds and development of shelter. As an industry body, the AUHF promotes the development of effective housing finance markets, and delivery of affordable housing across the African continent, working in the interests of both the members and the industry as a whole.

Vision: An enabled and productive housing finance sector across Africa where governments and the private sector work together to develop and maintain efficient and effective housing markets and access to adequate and affordable housing for all.

Mission: To support its members in realising their vision, through networking and deal facilitation, information collection and dissemination, lobbying and advocacy, and capacity building and training.

In serving its members and realising its goal of effective housing finance markets and delivery of affordable housing in Africa, the AUHF pursues four main activities:

1. **Networking & Deal Facilitation:** Identifying and connecting stakeholders, making the whole greater than the sum of its parts;
   - Speaking opportunities and discounts to attend industry events/conferences
   - Annual AUHF conferences and AGMs
   - Regional seminars / workshops

2. **Information Collection & Dissemination:** : Understanding the issues and sharing this with members and the wider sector;
   - Monthly newsletters
   - CAHF Yearbook
   - Case studies of members & Fact sheets on key issues
   - Benchmarking initiative with members

3. **Lobbying & Advocacy:** Promoting member interests in making housing finance markets work in Africa;
   - ANNUAL DECLARATIONS ON HOUSING FINANCE (lobbying documents)
   - Engagement with Regional bodies, national governments & other relevant stakeholders with member support,
   - Identification of and engagement in key national & regional issues with member support.

4. **Capacity Building & Training:** Enabling members to respond to the challenges and opportunities within the context of their businesses; supporting better engagement between the public & private sectors;
   - AUHF in partnership CAHF & IFC hosted its first capacity building seminar on "Mortgage Product Design and Portfolio Management" in Accra, Ghana | 16th – 17th March 2017

JOIN US TODAY

Be part of a continental body that advocates for affordable housing and efficient housing finance markets ...

AUHF BOARD

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Oscar Mgaya	Charles Inyangete	Cas Coovadia	Omar Sarr	Regional Manager	MD, ZNBS	CEO, BHC	MD,
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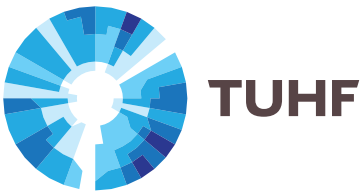
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