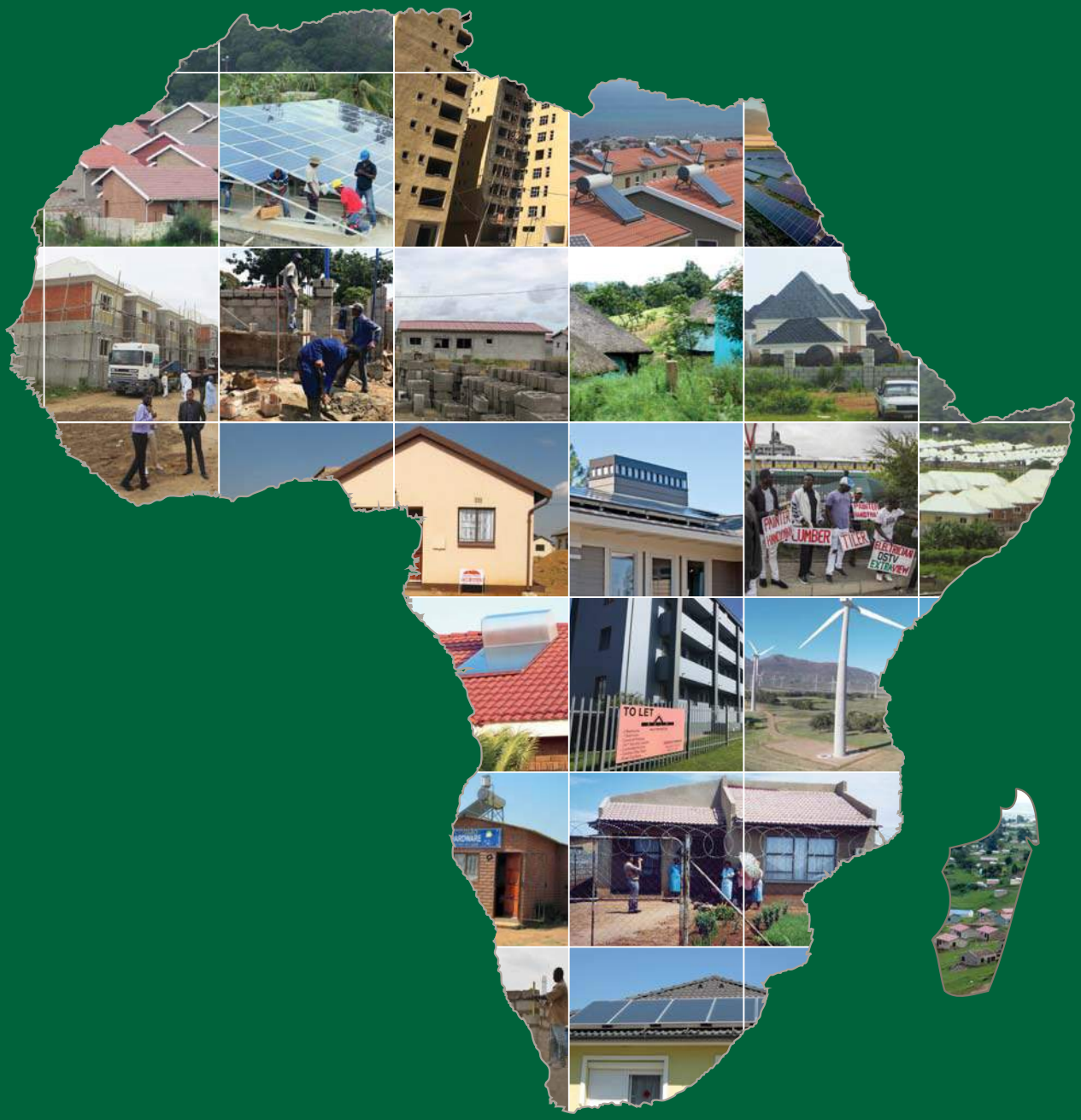
Centre for Affordable Housing Finance in Africa



HOUSING FINANCE IN AFRICA

A review of Africa's housing finance markets

2022 YEARBOOK

Published by the Centre for Affordable Housing Finance in Africa

Centre for Affordable Housing Finance in Africa

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

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Thanks to our team of 63 authors and co-authors who worked hard to collect data on the indicators showcased in each profile. The authors are acknowledged at the front of the respective profiles and in the list immediately following the Table of Contents, alongside the 18 external editors who worked on the profiles.

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Centre for Affordable Housing Finance in Africa

Addressing the climate imperative in affordable housing

Around the world, climate issues have been the dominant focus of the year. This is, of course, a response to the significant experience of climate shocks. In 2020 and 2021 alone, there were **131 extreme-weather, climate change-related disasters** recorded in Africa. The majority of these were floods.

The relationship between climate and housing goes in both directions: housing, in both its construction and ongoing life has an impact on the environment, and the environment has an impact on housing and households. These impacts affect the cost and safety of housing in significant ways. And yet **green data** collection standards and metrics are poorly framed for the circumstances of low-income, affordable housing, especially when such housing is delivered incrementally or by small-scale builders or developers, or through inner city building refurbishments.

The current certification approach, which **sees 'green' as an outcome that can be shaped by investment demands**, overlooks those categories of housing delivery that are currently unable to access investment. Ironically, this reinforces their isolation from investment, which has become structured to only recognise 'green' in certain ways, most of which do not include housing delivered for the very poor.

Certification standards should reconsider their application to housing at the bottom of the pyramid with an emphasis on the 4 R's:

Reduce with a focus on energy efficiency, construction efficiency (including local building materials and technological innovation), and land efficiency

+

Reuse by enabling building longevity, resale markets, urban infill, and household rental

+

Recycle through urban regeneration, building conversions, building material recycling, and the use of recycled materials to create building materials

=

Resilience through efficient buildings and built environments, reduced operating costs, safety from the elements, and declining pressure on the environment

A green certification process that focuses only on mortgage-financed, middle income housing is important but insufficient. The **vast majority** of the housing need in Africa is for very low to moderate income households who will **build their housing incrementally**, doing everything they can to leverage the resources around them: this **is the essence of 'green'** and it is where the bulk of construction activity is happening. Their ability to do this efficiently depends on their access to finance and technical support. If green certification measures and finance fail to recognise and engage with this reality of housing development in Africa, they will be missing the point, and ultimately, undermining the **efficiency, affordability and sustainability** of low-income housing markets.

Foreword

We are proud to be able to say that CAHF's Housing Finance in Africa Yearbook has become somewhat of an institution in the affordable house sector, on the continent and beyond. Throughout the year, we receive feedback from housing finance practitioners, investors, developers, researchers and government officials who tell us that they look to the Yearbook as a credible and unique source of valuable information on country housing markets.

This year, 2022, marks our 13th edition of this publication. Each year we endeavour to improve the quality of the content, the scope of the data, and the sharpness and clarity of the country profiles. Following on the COP27 Conference in Cairo, the 2022 Yearbook includes a focus on climate change, in addition to the usual review of practice and developments in housing finance and delivery in Africa over the past year. We have also weaved in a greater focus on women and tried to access gender-disaggregated data where it is available. Apart from the inclusion of gender and climate issues in the profiles themselves, we have also added key indicators to track vulnerability to climate change and women's access to tenure and finance in the regional infographic pages as well as the Key Figures box in each profile. The intention is to better understand the impact of gender and climate issues in the sector, and to track progress in how this is addressed.

More than a decade after it was first published, the Yearbook remains a unique publication in the sector because it focuses on the lower end of the market. Throughout the general overview of housing, housing finance, and property markets in each country, we pay particular attention to affordable housing – access to housing and housing finance by households at the bottom of the income pyramid, for whom most commercially-developed residential property is out of reach. No other source provides this type of updated information, focused on residential property, and targeted at the affordable market.

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

However the greatest strength of the Yearbook is its collaborative nature, and the process of primary, decentralised data collection that underpins it. Individual country profiles are researched and authored by different housing and housing finance experts – where possible, we team up with in-country experts, while in some instances the authors are based elsewhere. This year there were 63 authors and co-authors contributing the 55 country profiles. Nearly half of our authors are old friends who have written profiles for a number of years. But we also ensure that we bring new authors on board each year, to widen access to this opportunity and ensure fresh perspectives. In addition we employed a team of 18 external editors and two copy editors. This publication is therefore a joint effort of over 80 members of the sector, all working towards a shared deadline.

The end result is a wide collection of perspectives from across the continent, and insights that are only possible because of an on-the-ground presence. Our deliberate intention with this approach is to showcase a diversity of areas of expertise, and to prioritise in-country knowledge. We aim to build the capacity of the sector by fostering a community of practice of housing finance experts. The team of authors came together at the onset of the process through two virtual engagements, and in this spirit, we will continue to bring together stakeholders and authors through planned webinars throughout the year, to disseminate the Yearbook's rich content.

We are once again grateful for the hard work and persistence of our authors and editors, delivering to tight deadlines in a period of incredible uncertainty. In some cases, timeframes did not allow us to engage with authors around last-minute editing decisions. Of course, we take responsibility for these ourselves, and hope to hear about any issues needing attention in next year's edition. The publication is thus a work in progress, and input from readers on its usefulness, suggestions, corrections and additions, are all welcome. CAHF invites readers to provide comment and share their experiences on what they are doing in housing finance in Africa. We recognize that Yearbook cannot include everything, and therefore CAHF releases further information electronically throughout the year on our website – including articles on country developments and interactive dashboards allowing comparisons across countries. Please visit www.housingfinanceafrica.org for the most recent developments and research.

On the back of the COVID pandemic, 2022 brought with it other immense challenges, from floods and other natural disasters, to the disastrous impact of high inflation which is prevalent across the globe. This publication draws out those common challenges to investment in, and development of, affordable housing and housing finance, at the same time that it unpacks some of the unique innovations and responses that are emerging across the continent. We hope it serves to deepen your understanding, to point you towards further resources, and to inspire you in your work.

Susan Carey and Alison Tshangana, Co-Editors
Centre for Affordable Housing Finance in Africa
November 2022

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Abbreviations

AADL	National Agency for Housing Improvement and Development, Algeria
AAK	Architectural Association of Kenya
ABANC	Angolan Banking Association
ACAP	Africa China Agent Proposition
ACB	Banking Association of Congo
ACP	Arab, Caribbean and Pacific States
ACPHJ	Agence Centrafricaine pour la Promotion de l'Habitat, Central African Agency for the Promotion of Housing
ADB	African Development Bank
ADM	Aeroportos de Moçambique (Mozambique Airports)
ADRiFi	African Disaster Risk Financing Programme
AfCFTA	African Continental Free Trade Area Agreement
AfCON	African Cup of Nations
AFD	Agence Française de Développement (French Development Agency)
AfDB	African Development Bank
AFFORD	African Foundation for Development
AFGC	African Guarantee and Bonding Company, Benin
AFR	Access to Finance Rwanda
AFH	Agence Foncière d'Habitation (Housing Land Agency), Tunisia
AGUIFIL	Guinean Agency for Housing Finance
AHCN	Association of Housing Corporation of Nigeria
AHP	Affordable Housing Programme, Kenya
AIB	African Investment Bank
AMB	Banking Association of Mozambique
AMDC	Alpha Mead Development Company
AML	Anti Money Laundering, Botswana
ANAIB	Association des Agents Immobiliers du Bénin (Benin Real Estate Agent Association)
ANALOGH	Agence Nationale d'Appui au Logement et à l'Habitat (National Agency for Support to Housing and Habitat), Madagascar
ANAMIF	Central Bank of the Republic of Guinea (BCRG) and the National Agency for Microfinance
ANAPI	Investment Promotion Agency, Burundi
ANASAP	National Agency for Sanitation and Public Sanitation, Togo
ANAT	National Land Development Agency, Mauritania
ANCFCC	National Agency for Land Conservation, Cadastre and Cartography, Morocco
ANDF	Agence Nationale du Domaine et du Foncier (National Agency for Domain and Land), Benin
ANGEM	National Agency for the Management of Micro-Credit, Algeria
ANHA	Agence Nationale de l'Habitat, Cote d'Ivoire
ANIT	National Association of Real Estate Promoters of Togo
ANME	National Agency for Energy Management, Tunisia
ANSADE	National Agency of Statistics and Demographic and Economic Analysis, Mauritania
ANSD	National Agency for Statistics and Demography, Senegal
ANSFD	National Agency for Decentralized Financial Systems, Benin
APBEF-B	Association Professional Banks and Financing Institutions, Burkina Faso
API	Application Programming Interface
APIB	Association of Real Estate Developers of Burkina Faso
APIMA	Angolan Association of Property Developers
APOHA	Acteurs Pour l'Habitat, Guinea
APTBEF	Tunisian Professional Association of Banks and Financial Institutions
ARCEP	Electronic Communications and Post Regulatory Authority, Benin
ARRU	Agency for Urban Rehabilitation, Tunisia
ASCAs	Accumulated Savings and Credit Associations
ATM	Automated Teller Machine
AU	African Union
AUHF	African Union for Housing Finance
BaDEx	Bonds and Derivatives Exchange
BADR	Banque de l'Agriculture et du Développement Rural
BAI	Banco Africano de Investimentos, Angola
BAIC	Banque Africaine pour l'investissement et le Commerce (African Bank for Investment and Trade)
BANGE	National Bank of Equatorial Guinea
BASA	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
BCC	Central Bank of Congo
BCDC	Banque Commerciale du Congo (Commercial Bank of Congo)
BCDF	Bureau Communal du Domaine et du Foncier (Communal Domain and Land Bureau)
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest (Central Bank of West African States)
BCH	Banque Congolaise de l'Habitat (Housing Bank of Congo)
BCI	Commercial and Investment Bank
BCM	Central Bank of Mauritania
BCR	Banque Commerciale du Rwanda (Commercial Bank of Rwanda)
BCRG	Central Bank of the Republic of Guinea
BCS	Bureau of Central Statistics, Libya
BCSTP	Banco Central São Tomé e Príncipe
BDC	Development Bank of Comoros
BDC	Botswana Development Corporation
BDL	Banque de développement Local, Algeria
BEA	Banque Extérieure d'Algérie
BEAC	Bank of Central African States
BFA	Banco de Fomento, Angola
BFSA	Banking and Financial Services Act
BFI	Banks and Financial Institutions
BFC	Federal Bank of Comoros
BGF	Bank Financing and Management, Burundi
BGFI	Banque Gabonaise et Française Internationale (International Gabonese and French Bank)
BHB	Benin Housing Bank
BHBF	Banque de l'Habitat du Burkina Faso (Housing Bank of Burkina Faso)
BHC	Banque de l'Habitat en Centrafrique (Central African Housing Bank)
BHC	Botswana Housing Corporation
BHC	Bank for Housing and Construction, Ghana
BHCI	Housing Bank of Côte d'Ivoire
BHM	Banque de l'Habitat du Mali (Mali Housing Bank)
BHN	La Banque De l'Habitat Du Niger (Niger Housing Bank)
BHR	Banque de l'Habitat du Rwanda (Rwanda Housing Bank)
BHS	Banque de l'Habitat du Senegal (Senegal Housing Bank)
BHT	Banque de l'Habitat du Tchad (Chad Housing Bank)
BIAC	Banque Internationale pour l'Afrique au Congo (International Bank for Africa in Congo)
BIAT	Arab Bank of Tunisia
BIC	Banco Internacional de Crédito
BIC-Comoros	Bank for Industry and Commerce, Comoros

BICEC	International Bank of Cameroon for Savings and Credit
BICIA-B	Banque Internationale pour le Commerce, l'Industrie et l'Agriculture du Burkina (International Bank for Trade, Industry and Agriculture in Burkina)
BICIG	Banque internationale pour le commerce et l'industrie du Gabon (International Bank for Trade and Industry in Gabon)
BICIGUI	Banque Internationale pour le Commerce et l'Industrie de Guinée (International Bank for Trade and Industry in Guinea)
BICR	Credit Information Bureau, Mauritania
BID	Banque Islamique de Développement (Islamic Development Bank)
BIM	Mozambique International Bank
BIM	Banque Internationale du Mali (Mali International Bank)
BIP	Bank for Innovation and Partnership
BISTP	Banco Internacional de São Tomé et Príncipe
BMCI	Mauritanian Bank for International Trade
BMCI	Moroccan Bank for Commerce and Industry
BNA	Banco Nacional de Angola (National Bank of Angola)
BNA	Banque Nationale d'Algerie (National Bank of Algeria)
BNDA	Banque Nationale de Développement Agricole (Agricultural Development National Bank)
BNDE	National Bank for Economic Development, Burundi
BNG	Breaking New Ground, South African Housing Programme
BNI	Bank Negara Indonesia, Madagascar
BNI	National Investment Bank, Cote d'Ivoire
BNIG	National Investment Bank of Guinea
BNR	National Bank of Rwanda
BOA	Bank of Africa
BOAD	Banque Ouest Africaine de Développement (West African Development Bank)
BOS	Bureau of Statistics, Lesotho
BOT	Build, Operate and Transfer model
Bpd	Barrels-per-day
BRB	Bank of the Republic of Burundi
BRD	Banque Rwandaise de Développement (Rwanda Development Bank)
BSB	Botswana Savings Bank
BSIC	Sahelo-Saharan Bank for Commerce and Investment
BTD	Banque Togolaise de Développement (Togolese Development Bank)
BTCI	Banque Togolaise pour le Commerce et l'Industrie (Togolese Bank for Trade and Industry)
BTP	Building and Construction Industry
BVN	Bank Verification Number
CA	Cities Alliance
CABS	Central African Building Society, Zimbabwe
CAGR	Compound Annual Growth Rate
CADECO	Caisse générale d'épargne du Congo
CAHF	Centre for Affordable Housing Finance in Africa
CAMCCUL	Cameroon Cooperative Credit Union League
CAPEC	Caisses Populaires d'Epargne et de Crédit (Savings and Cooperative Union), Mauritania
CAPMAS	Central Agency for Public Mobilization and Statistics, Egypt
CAPOD	Centre d'Analyses des Politiques de Développement (Centre for Development Policies Assessment)
CAR	Capital Adequacy Ratio
CAR	Central African Republic
CASi – SA	Comoros Assistance International Company
CBA	Commercial Bank of Africa
CBB	Construction and Business Bank, Ethiopia
CBD	Central Business District
CBE	Central Bank of Egypt
CBE	Commercial Bank of Eritrea
CBE	Commercial Bank of Ethiopia
CBE	Community Based Enterprises
CBG	Central Bank of The Gambia
CBH	Burkinabe Cooperative of Housing
CBK	Central Bank of Kenya
CBL	Central Bank of Lesotho
CBL	Central Bank of Liberia
CBL	Central Bank of Libya
CBN	Central Bank of Nigeria
CBoS	Central Bank of Sudan
CBR	Central Bank Rate
CBR	Correspondent Banking Relationships
CBS	Central Bank of the Seychelles
CBS	Central Bank of Somalia
CBT	Commercial Bank Chad
CCEI	Caisse Commune d'Epargne et d'Investissement (Common savings and Investment Fund), Equatorial Guinea
CCI	Construction Cost Index
CCI	Centre for Community Initiatives, Tanzania
CCG	Caisse Centrale de Garantie (Central Guanrantee Fund) Morocco
CCL	Centre de la Construction et du Logement, (Centre for Housing Construction), Togo
CCODE	Centre for Community Organisation and Development, Malawi
CDC	Crédit du Congo (Congo Credit)
CDG	Caisse de Dépôt et de Gestion (Deposit and Management), Morocco
CDH	Continental Discount House Bank, Malawi
CDMH	Compte de Mobilisation pour l'Habitat (Housing Mobilisation Account), Cote d'Ivoire
CDMG	Cité Général Mathias Doué – El Kana, Cote d'Ivoire
CDN	Crédit du Niger (Commercial Bank in Niger)
CDS	City Development Strategy
CEB	Compressed Earth Blocks
CEC	Caisse d'Epargne et de Crédit de BOZOUM, BOZOUM Saving and Credit Bank
CECA	Coopérative d'Epargne et de Crédit des Artisans, (Craftsmen, Savings and Credit Cooperative), Togo
CECD-M	Caisse d'Epargne et de Crédit Djiké-Mutuelle
CEDA	Citizen Entrepreneurial Development Agency, Botswana
CEGECI	Centre for the Management of Cities (Le Centre de Gestion des Cités)
CECI	Centre d´Estudis Immobiliaris de Catalunya, Tanzania
CEMAC	Central African Economic and Monetary Community
CENFRI	Centre for Financial Regulation and Inclusion
CEPE-CI	Caisse d'Épargne des Personnels de l'Éducation de Côte d'Ivoire (Education Staff Savings fund)
CET	Caisse d'Épargne du Togo
CFC	Crédit Foncier du Cameroun (Commercial Bank in Cameroon)
CFM	Construction Finance Mortgage, Sierra Leone
C-GIDD	Canback Global Income Distribution Database
CIA	Central Intelligence Agency
CIASA	Microfinance Unit, Credit and Information Scoring Agency
CIDB	Construction Industry Development Board, South Africa
CIF	Climate Investment Fund, Madagascar
CIF	Land registration certificate, Djibouti
CIS	Collective Investment Schemes
CIS	Credit Information System, Seychelles
CIV	Cote d'Ivoire
CLAP	COVID-19 Liquidity Assistance Program, Uganda

CLIFF	Community Led Infrastructure Funding Facility
CMA	Common Monetary Area
CMC	Central Bank Musharakah Certificates, Sudan
CMCA	Crédit Mutuel de Centrafrique (Commercial Bank in Central African Republic)
CMH	Companhia Mocambicana de Hidrocarbonetos (Mozambiqucan Hydrocarbon Company)
CMP	Common Market Protocol
CMPF	Certificate of Change of Land Ownership, CIV
CMU	Couverture Maladie Universelle (Universal Health Coverage)
CMS	Crédit Mutuel du Sénégal (Commercial Bank in Senegal)
CNEC	Caisse Nationale d'Epargne et de Crédit de Djibouti (Savings and Loans National Fund in 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
CNL	Caisse Nationale Du Logement (National Housing Fund), Algeria
CNSS	National Social Security Fund, Benin, Togo
CNTB	National Commission on Land and Other Assets
CNTG	National Confederation of Guinea Workers
COBAC	Commission Bancaire d'Afrique Centrale (Central African Banking Commission)
CODOHSAPA	Centre of Dialogue on Human Settlement and Poverty Alleviation
COMESA	Common Market for Eastern and Southern Africa
COMIFAC	Central African Forest Commission
COOPEC	Coopératives d'Epargne et de Crédit (Savings and Loan Cooperatives)
COP	Conference of Parties
COREN	Council for the Regulation of Engineering in Nigeria
COVID-19	2019 Coronavirus
CP	Commercial Paper
CPA	Comprehensive Peace Agreement, South Sudan
CPC	Crédit Populaire de Centrafrique
CPEC	Caisse Populaire d'Epargne et de Crédit (Savings and Loans Bank), Dijibouti
CPI	Corruption Perceptions Index
CPI	Construction Price Index
CPI	Consumer Price Index
CPIA	Country Performance and Institutional Assessment, World Bank
CPLP	Comunidade dos Países de Língua Portuguesa / Community of Portuguese Speaking Countries
CPRP	Country Preparedness and Response Plan, Somalia
CPS	Contribution Pension Scheme
CRB	Credit Reference Bureau, Ghana, Malawi, South Sudan, Sierra Leone and Zambia
CRDB	Centenary Rural Development Bank
CREFOGA	Credit Foncier of Gabon
CREP	Caisse Rurale d'Épargne et de Prêts d'Abengourou
CREPMF	Conseil Régional de l'épargne publique et des marches financiers (Regional Council of Public Savings and Financial Markets)
CRG-SA	Crédit Rural de Guinée SA (Rural Credit of Guinea)
CRI	Climate Risk Index
CRI	Collateral Replacement Indemnity
CRRH	Caisse Regionale de Refinancement Hypothecaire (Regional Mortgage Refinancing Fund), WAEMU
CRM	Retirement Fund of Mali
CRS	Credit Reference System, Liberia
CRS	Corporate Social Responsibility Fund
CRT	Togolese Pension Fund
CSA	Central Statistical Agency, Ethiopia
CSH	Contractual Savings for Housing
CSO	Civil Society Organisation
CSPM	Construction Stage Payment Mortgage, Sierra Leone
CTA	Construction Technical Assistance
DBE	Development Bank of Ethiopia
DBI	World Bank's Doing Business Indicators
DBN	Development Bank of Namibia
DBSA	Development Bank of Southern Africa
DCCF	Directorate of Cadastre and Land Conservation
DDMP	District Disaster Management Plans, Ghana
DFI	Development Finance Institution
DFI	Direct Foreign Investment
DFID	Department for International Development
DFS	Digital Financial Services
DFS	Decentralised Financial Systems
DGDPE	General Directorate for State Property and Heritage, Mauritania
DGI	National Fiscal Direction, Cote d' Ivoire
DHS	Department of Human Settlements, South Africa
DIFTZ	Djibouti International Free Trade Zone
DPF	Development Policy Financing
DRC	Democratic Republic of Congo
DRMP	Disaster Risk Management Policy, Malawi
DSSI	Debt Service Suspension Initiative
DSX	Douala Stock Exchange
DTI	Debt to Income ratio
DUAT	Direito de Uso de Aproveitamento da Terra (right to use and benefit from land), Mozambique
DURQUAP	Urban Development and Poor Neighbourhood Upgrading Project, Republic of the Congo
DW	Development Workshop, Namibia
EAB	East Africa Bank, Djibouti
EAC	East African Community
EACZ	Estate Agents Council of Zimbabwe
EAC-FSDRP	EAC Financial Sector Development and Regionalisation Project
EAMU	East African Community Monetary Union
EBS	Eswatini Building Society
EBS	Electronic Banking Services
EC	European Commission
ECB	European Central Bank
ECF	Enhanced Credit Facility
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
ECR	Egyptian Collateral Registry
EDGE	Excellence in Design for Greater Efficiencies
EDPRS	Economic Development and Poverty Reduction Strategy, Rwanda
EEA	Ethiopian Economic Association
EDC	Egypt Economic Development Conference
EFRIS	Electronic Receipting and Invoicing System, Uganda
EFSA	Egyptian Financial Supervisory Authority
EFSRA	Eswatini Financial Services Regulatory Authority
EHB	Eswatini Housing Board
EHCVM	Survey on Household Living Conditions,
EHFC	Egyptian Housing Finance Company
EIB	European Investment Bank, Madagascar
EIVC	Enquête Intégrale sur les Conditions de Vie des ménages (Integrated Household Living Conditions Survey), Rwanda
EIU	Economic Intelligence Unit
EL	Employee Loan, Eritrea
EMCCA	Economic and Monetary Community of Central Africa

EMHA	Enhanced Mortgaging and Housing Africa
EMOP	Modular and Permanent Household Survey, Mali
EMRC	Egyptian Mortgage Refinance Company
EMSL	Ecobank Micro Finance Institution, Sierra Leone
ENDE	National Strategy for Development
ENPF	Eswatini National Provident Fund
ENPIGE	Public Property Management Agency, Equatorial Guinea
EPA	Economic Partnership Agreement
EPZ	Export Processing Zones
EQG	Equatorial Guinea
ERCAAN	Estate Rent and Commission Agent Association of Nigeria
ERGP	Economic Recovery Growth Plan, Nigeria
ESCOM	Electricity Supply Corporation of Malawi
ESCR	Economic Social and Cultural Right
ESP	Economic Sustainability Plan, Nigeria
EU	European Union
EUC	Express Union for Central Africa
FADEH	Fund for Housing Asset Development, Angola
FAO	Food and Agriculture Organisation
FBI	Interest Subsidy Fund, Chad
FBS	Finance Building Society
FCA	Foreign Currency Accounts
FCT	Federal Capital Territory
FDH	First Discount House Bank, Malawi
FDH	Housing Fund, Djibouti
FDI	Foreign Direct Investment
FEDURP	Federation of Urban and Rural Poor
FFH	Fund for Housing Promotion /Fundo de Fomento a Habitação, Mozambique
FFH	Fundo de Fomento Habitacional (Housing Development Fund), Angola
FFSB	First Federal Savings Bank, Angola
FGCMPI	Real Estate Development Guarantee Fund, Algeria
FGH	Mortgage Guarantee Fund
FGHM SA	Mali Mortgage Guarantee Fund
FGL	Fonds de Garantie pour le Logement (Housing Guarantee Fund), Gabon
FGLS	Fonds de Garantie pour le Logement Social, Cote d' Ivoire
FGN	Federal Government of Nigeria
FGP	Fonds de Garantie des Prêts (Loan Guarantee Fund), Chad
FGS	Federal Government of Somalia
FHA	Federal Housing Authority, Nigeria
FHC	Federal Housing Corporation, Ethiopia
FHFL	Family Homes Fund Limited, Nigeria
FHS	Social Housing Fund, Senegal
FHSE	Foundation for Rural Housing, Uganda
EFIGA	Fonds d'Impulsion de Garantie et d'Accompagnement, Burundi
FINCA	Foundation for International Community Assistance
FIP	Finance and Investment
FY	Fiscal / Financial Year
FLCN	Integrated Disaster Risk Management and Resilience Programme, Morocco
FLISP	Finance Linked Individual Subsidy Programme, South Africa
FLT	Flexible Land Tenure Act, Namibia
FMBN	Federal Mortgage Bank of Nigeria
FNAI	National Federation of Real Estate Agencies, Algeria
FNB	First National Bank
FNFI	National Inclusive Finance Fund (Fonds National de la Finance Inclusive), Togo
FNH	Fonds National de l'Habitat (National Housing Fund), Niger
FNHU	National Fund for Housing and Urban Planning, Guinea
FNM	National Microfinance Fund, Congo
FOGALEF	Promotion of Social Works of Education and Training, Morocco
FOGALOGE	Housing Loan Guarantees for Public Sector Personnel, Morocco
FOGARIM	Fonds de Garantie pour les Revenus Irréguliers et/ ou Modestes, Morocco
FONERWA	Rwanda National Fund for Environment
FONGIP	Priority Investment Guarantee Fund, Senegal
FONSIS	Sovereign Strategic Investments Fund, Senegal
FOPROLOS	Fund for the Promotion of Housing for Employees, Tunisia
Forex	Foreign exchange
FPHS	Fonds de Promotion de l'Habitat Social (Fund for the Promotion of Affordable Housing), Chad
FPHU	Fund for the Promotion of Urban Housing, Burundi
FPI	Fund for the Promotion of Industry, DRC
FRA	Financial Regulatory Authority, Egypt
FRE	COVID-19 Economic Recovery Fund, Burkina Faso
FSC	Financial Sector Charter, in South Africa and Namibia
FSDH	Fonds Special de Developement de l'Habitat (Special Fund for Housing Development), Togo
FSDP	Financial Sector Development Program, Rwanda
FSH	Housing Support Fund, CIV
FSH	Mortgage Security Fund, Guinea
FSH	Fonds de Soutien à l'Habitat (Fund for Housing Support), Senegal
FSP	Financial Service Providers
FSRA	Financial Services Regulatory Authority
FSVs	Forced Sale Values
FTA	Free Trade Area
FUCEC	Togo Cooperative Savings and Credit Union
FVIT	Low Total Property Value housing Programme, Morocco
GAR	Gross Annual Revenue
GARI	Fonds Africain de Garantie des Investissements Privés en Afrique de l'Ouest (African Private Investment Guarantee Fund for West Africa)
GBCN	Green Building Council Nigeria
GBCSA	Green Building Council of South Africa
GBoS	Gambia Bureau of Statistics
GCRI	Global Climate Risk Index
GCWW	General Company for Water and Wastewater, Libya
GDC	General Desalination Company, Libya
GDP	Gross Domestic Product
GEHS	Government Employees Housing Scheme, South Africa
GELIS	Ghana Enterprise Land Information
GESIP	Green Economy Strategy and Implementation Plan, Kenya
GFIM	Ghana Fixed Income Market
GFU	Single Land Registry, Togo
GGCRS	Green Growth and Climate Resilience Strategy, Rwanda
GGGI	Global Green Growth Institute
GHL	Ghana Home Loans
GICA	Groupe Industriel des Ciments d'Algérie (Algeria Industrial Cement Group)
GIPF	Government Institutions Pension Fund, Namibia
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
GKMA	Greater Metropolitan Kampala Area
Global Findex	Global Financial Inclusion Database
GLS	Government Loan Scheme
GMC	Government Musharakah Certificates, Sudan
GMUDS	Greater Monrovia Urban Development Strategy

GNA	Government of National Accord, Libya
GNDI	Gross National Disposable Income
GNI	Gross National Income
GNC	General National Congress, Libya
GOCI	Government of Côte d'Ivoire
GREDA	Ghana Real Estate Developers Association
GRI	Global Real Estate Institute
GRR	Ghana Reference Rate
GSF	Guarantee and Subsidy Fund, Egypt
GSS	Ghana Statistical Service
GVA	Gross Value Add
HBL.	Habib Bank Limited
HBS	Household Budget Survey
HCBE	Housing and Commerce Bank of Eritrea
HCF	Housing Finance Company, Seychelles
HCI	High Islamic Council
HDA	Housing Development Agency, South Africa
HDI	Human Development Index
HDPO	Housing Development Programme Office, Ethiopia
HDR	Human Development Report
HFB	Housing Finance Bank
HFC	Home Finance Company, Seychelles
HfH	Habitat for Humanity
HfHI	Habitat for Humanity International
HFHL	Habitat for Humanity Lesotho
HFO	Heavy Fuel Oil
HFP	Housing Finance Project
HIB	Housing and Infrastructure Board, Libya
HIFSA	Old Mutual's Housing Impact Fund, South Africa
HIL	Home Improvement Loan, Seychelles
HIPC	Heavily Indebted Poor Countries
HL	Full House Loan, Seychelles
HLS	Home Loan Scheme, Seychelles
HMF	Housing Micro-Finance Market
HMFF	Housing Micro-Finance Fund, Nigeria
HMIP	Housing Market Information Portal
HNP	National Housing Policy, Cape Verde
HOFINET	Housing Finance Information Network
HPP 2	Harambe Prosperity Plan, Namibia
HSB	Housing and Savings Bank, Ethiopia
HSDB	Human Settlements Development Bank, South Africa
HRC	Human Rights Council
HRP	Human Response Plan, Somalia
HSDB	Human Settlements Development Bank, South Africa
HSPF	Housing Share Participation Fund, Namibia
HTO	Help to Own, Nigeria
IAS	International Accounting Standards
IBB	International Business Bank
IBS	International Bank of Somalia
ICASEES	Central African Institute of Statistics and Economics and Social Studies
ICF	Investment Climate Facility
ICIS	Improved Credit Information Systems, Carbo Verde
ICT	Information and Communications Technology
IDA	International Development Association
IDB	Islamic Development Bank
IDBZ	Infrastructure Development Bank of Zimbabwe
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFC-MIGA	International Finance Corporation – Multilateral Investment Guarantee Agency
IFH	Imobiliária, Fundiária e Habitat, Cape Verde
IFRS	International Financial Reporting Standards
IGAD	Intergovernmental Authority on Development
IGC	International Growth Centre
IHDP	Integrated Housing Development Programme, Ethiopia
IHP	Institutional Housing Project, Swaziland
IHS	International Housing Solutions
IIED	International Institute for Economic Development
ILMIS	Integrated Land Management Information System, Tanzania
ILO	International Labour Office
IMF	International Monetary Fund
INC	Interim National Constitution, Sudan
INDC	Indicative Nationally Determined Contribution
INE	National Statistics Institute, Angola
INPC	National Consumer Price Index
INPS	National Institute of Social Welfare, Mali
INPYDE	National Institute for Promotion and Development, Equatorial Guinea
INS	Institut National de la Statistique (National Institute of Statistics), Niger
INSAE	National Institute of Statistics and Economic Analysis, Benin
INSEED	National Institute for Statistics, Economic and Demographic Studies
INSS	National Social Security Institute, DRC
INSS	National Social Security Institution, Burundi
INSTAT	Institut National de la Statistique (National Institute of Statistics)
IOM	International Organization for Migration
IOSCO	International Organisation of Securities Commissions
IPC	Integrated Food Security Phase Classification
IPU	Urban Property Tax, Angola
IPPR	Institute for Public Policy Research, Namibia
IPS	Instalment Purchase Scheme
ISKAN	Ministry of Housing, Urban and Regional Planning, Mauritania
KBA	Kenya Bankers Association
KBA-HPI	Kenya Bankers Association's Housing Price Index
KBRC	Kenya Building Research Centre
KBRR	Kenya Banks' Reference Rate
KCB	Kenya Commercial Bank
KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Loan Corporation)
KMRC	Kenya Mortgage Refinancing Company
KNBS	Kenya National Bureau of Statistics
KSHDF	Khartoum State Housing and Development Fund
KUSP	Kenya Urban Support Programme
KWFT	Kenya Women's Finance Trust
KYC	Know Your Customer
LAA	Land Administration Authority, Lesotho
LAMCO	Liberia Asset Management Company
LAP	Land Administration Project, Ghana
LAPCAS	Land Administration, Procedures and Systems, Botswana
LAPPSET	Lamu Port-South Sudan-Ethiopia-Transport
LAS	League of Arab States
LASRERA	Lagos State Real Estate Regulatory Agency
LAVIMS	Land Administration Valuation and Information Management System
LBDI	Liberian Bank for Development and Investment
LCB	Congolaise de Banque (Congolese Bank)

LDC	Least Developed Country
LEDFC	Liberia Enterprises Development Finance Company
LFS	Labour Force Survey, Liberia
LGA	Local Government Authority, Tanzania
LHLDC	Lesotho Housing and Land Development Corporation
LHWP-II	Lesotho Highlands Water Project
LIC	Low Income Country
LIS	Lands Information System
LISGIS	Institute of Statistics and Geo-Information Services, Liberia
LLA	Liberia Land Authority
LLO	Local Land Offices, Madagascar
LMIC	Low Middle Income Country
LNA	Libyan National Army
LNDC	Lesotho National Development Corporation
LNG	Liquified Natural Gas
LPB	Lesotho Post Bank
LPDF	Libya Political Dialogue Forum
LPL	Public Rental Housing Programme, Algeria
LRIU	Land Reform Implementation Unit, Malawi
LT	Land Title
LSZ	Law Society of Zimbabwe
LTV	Loan-To-Value (ratio)
LV	Rental Sale Housing Programme, Algeria
MASLOC	Microfinance and Small Loans Centre, Ghana
MATDHU	Ministère de l'Aménagement du Territoire, du Développement de l'Habitat et de l'Urbanisme (Ministry for Land Planning, Housing Development and Urban Planning), Chad
MAETUR	Mission d'Aménagement et d'Equipement des Terrains Urbains et Ruraux (Urban and Rural Land Development and Equipment), Cameroon
MAP	Making Access Possible Agency, Botswana
MBL	Micro Business Loan
MCIB	Mauritian Credit Bureau
MCB	Mauritius Commercial Bank
MCC	Millennium Challenge Corporation, Carbo Verde, Sierra Leone
MCLU	Ministry of Housing, Construction, and Urbanism, Cote d'Ivoire
MCP	Multiple Currency Practices
MCTV-SA	Comorian House of Transfers and Values
MDF	Malawi Defence Force
MDG	Millennium Development Goal
MDGS III	Malawi Growth and Development Strategy
MDI	Multidimensional Poverty Index
MDI	Microfinance Deposit-taking Institution
MDMHUEL	(Ministère Délégué auprès du Ministère de l'Habitat, de l'Urbanisme et de l'Environnement chargé du Logement (Ministry of Habitat, Urban Planning and Environment), Djibouti
MECK	Savings and Credit Mutuals ya Komor, Comoros
MENA	Middle East and North Africa Region
MFB	Microfinance Bank
MFC	Mortgage Finance Company
MFEZ	Multi-Facility Economic Zone, Zambia
MFF	Mortgage Finance Fund
MFF	Millard Fuller Foundation
MFI	Microfinance Institution
MGC	Mortgage Guarantee Company
MHC	Malawi Housing Corporation
MHC	Mauritius Housing Company
MHDP	Mass Housing Development Programme
MHILT	Ministry of Habitat, Infrastructure and Land Transport, Seychelles
MIDF	Mortgage Interest Draw Back Fund
MIDIMAR	Rwanda's Ministry of Disaster Management and Refugee Affairs
MIHUD	Ministry of Infrastructure, Housing and Urban Development, Zambia
MIMO	Monetary Policy Interest Rate, Mozambique
MINOPOT	Ministry of Public Works and Spatial Planning, Angola
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MIX	Microfinance Information Exchange
MLF	Mortgage Liquid Facility
MLHHSD	Ministry of Lands, Housing and Human Settlements Development, Tanzania
MLSC	Measuring Living Standards in Cities, Tanzania
MLSP	Mass Land Servicing Programme
MM	Mobile Money
MMA	Mobile Money Agent
MMC	Maseru Municipal Council
MMF	Money Market Fund
MMFL	Model Mortgage Foreclosure Law
MMRA	Man-Made River Project Execution and Management Authority, Libya
MMS	Mobile Money Services
MNO	Mobile Network Operators
MoLHUD	Ministry of Land, Housing, and Urban Development, Malawi
MOPHRH	Ministry of Public Works, Housing and Water Resources, Mozambique
MOU	Memorandum of Understanding
MP	Millienium Propertys, Liberia
MPC	Monetary Policy Committee
MPD	Movement for Democracy
MPR	Monetary Policy Rate
MPS	Monetary Policy Statement
MRA	Malawi Revenue Authority
MSB	Malawi Savings Bank
MSME	Micro, Small and Medium-sized Enterprises
MSMEDF	Micro Small and Medium Enterprises Development Fund, Nigeria
MTA	Ministry Land and Environment, Mozambique
MTB	Money Transfer Business
MTEF	Medium Term Expenditure Framework
MTN	Mobile Telephone Network
MTND	Medium-Term National Development Plan, Nigeria
MTO	Money Transfer Operators
MTSP	Money Transfer Service Provider
MUAFH	Ministry of Urban Planning, Land Affairs and Housing, Burkina Faso
MUCH	Ministry of Urbanism, Cities and Housing, CAR
MUCODEC	Mutuelles Congolaises d'Epargne et de Crédit (Congolese Savings and Credit Mutuals)
MUHAT	Ministry of Urban Planning, Housing and Regional Development, Mauritania
MUHV	Ministry of Urbanism, Housing and the City, Burkina Faso
MUNAFA	Sierra Leone Microcredit Scheme
MW	Megawatt
NACHU	National Cooperative Housing Union, Kenya
NAMFISA	Namibia Financial Institution Supervisory Authority
NAP	National Adaptation Plan
NAPSA	National Pension Scheme Authority, Zambia
NATO	North Atlantic Treaty Organisation
NBFI	Non-Bank Financial Institution

NBBL	Norwegian Federation of Co-operative Housing Associations
NBE	National Bank of Ethiopia
NBM	National Bank of Malawi
NBR	National Bank of Rwanda
NBRBS	National Building Regulations and Building Standards
NBS	National Bureau of Statistics
NBS	National Building Society, Zimbabwe
NBS	New Building Society, Malawi
NCA	National Construction Authority, Kenya
NCC	National Council for Construction, Zambia
NCCP	National Climate Change Policy
NCICM	National Construction Industry Council of Malawi
NCP	National Commission for Privatisation, Sierra Leone
NCPI	National Consumer Price Index
NCR	National Credit Regulator, South Africa
NDB	National Development Bank, Botswana
NDC	Nationally Determined Contributions
ND-Gain	Notre Dame Global Adaptation Initiative
NDP	National Development Plan
NDRMP	National Disaster Risk Management Plan
NDS	National Development Strategy, Zimbabwe
NECCF	National Fund for Environment and Climate Change, Mauritius
NEF	National Empowerment Foundation, Mauritius
NEMA	National Environmental Management Authority, Kenya
NEMA	National Emergency Management Authority, Nigeria
NESDP	National Economic and Social Development Plan, Burkina Faso
NESREA	National Environmental Guidelines and Regulations Enforcement Office, Nigeria
NFHR	National Fund for Housing and Reconstruction
NGO	Non-Governmental Organisation
NGX	Nigerian Exchange Group
NHA	National Housing Authority, Zambia
NHA	National Housing Authority, Liberia
NHAC	National Housing Advisory Committee
NHAG	Namibian Housing Action Group
NHBRC	National Home Builders Registration Council, South Africa
NHBT	National Housing Bond Trust, Zambia
NHC	National Housing Corporation, Kenya and Tanzania
NHCC	National Housing and Construction Corporation, Uganda
NHDC	National Housing Development Company, Mauritius
NHE	National Housing Enterprise, Namibia
NHEF	National Housing Empowerment Fund, Zambia
NHF	National Housing Fund, Gabon, Nigeria, Republic of the Congo
NHFC	National Housing Finance Corporation, South Africa
NHMF	National Housing and Mortgage Fund, Ghana
NHMS	National Housing and Mortgage Scheme, Ghana
NHP	National Housing Programme, Egypt
NHS	National Housing Strategy
NHSDP	National Housing Sector Development Policy
NLDUMP	National Land Use Development Master Plan, Rwanda
NIA	Nigerian Institute of Architects
NIDP	National Indicative Development Plan
NIESV	Nigerian Institution of Estate Surveyors and Valuers
NIF	National Infrastructure Fund, Namibia
NIESV	Nigerian Institute of Estate Surveyors and Valuers
NIMP	National Infrastructure Master Plan, Gabon
NIOB	Nigerian Institute of Building
NIPA	National Investment Promotion Agency, Djibouti
NIPC	Nigeria Investment Promotion Commission
NIRSAL	Nirsal Microfinance Bank, Nigeria
NIS	National Institute of Statistics, Cameroon
NITP	Nigeria Institute of Town Planners
NLC	National Land Commission, Sudan
NLUDMP	Rwanda's National Land Use Development Master Plan
NMB	National Microfinance Bank, Tanzania
NMGC	Nigerian Mortgage Guarantee Company
NMRC	Nigerian Mortgage Refinance Corporation
NPE	National Policy for the Environment, Nigeria
NPL	Non-Performing Loan
NPP	National Peoples Party, The Gambia
NRA	National Reform Authority, Lesotho
NRA	National Revenue Authority, South Sudan
NREC	National Real Estate Company
NRIS	National Registration and Identification System
NSDP	National Strategic Development Plan, Lesotho
NSA	Namibia Statistics Agency
NSHP	National Social Housing Programme, Nigeria
NSIA	Nigeria Sovereign Investment Authority
NSO	National Statistics Office
NSSA	National Social Security Authority, Zimbabwe
NSSF	National Social and Security Fund, Uganda and Togo
NST	National Strategy for Transformation, Rwanda
NTA	National Transit Authority, Liberia
NUA	New Urban Agenda
NUP	National Urban Policy, Liberia
OAD	Banque Ouest Africaine de Développement (West African Development Bank)
OBT	Orabank Chad
OCHA-UN	Office for the Coordination of Humanitarian Affairs for the United Nations
ODA	Official Development Assistance
ODF	Open Defecation
OECD	Organisation for Economic Cooperation and Development
OHADA	Organisation for the Harmonisation of Business Law in Africa, Guinea Bissau
OHDU	Observatoire de l'Habitat et du Dévelopement Urbain (Urban Housing and Development Observatory), Chad
OIBM	Opportunity International Bank of Malawi
OMH	Office Malien de l'Habitat (Mali Housing Agency)
OMV	Open Market Value
ONAT	National Order of Architects of Togo
ONIC-T	National Order of Civil Engineers of Chad
OPEC	Organization of the Petroleum Exporting Countries
PABS	Pan African Building Society
PAC	Credit Support Programme, Angola
PAG	Government Action Plan, Benin
PAGE	Programme to Accelerate Growth and Employment, The Gambia
PAPD	Pro-Poor Agenda for Prosperity and Development, Liberia
PAVICC	Benin Cities Adaptation Project to Climate Change
PCG	Partial Credit Guarantee Fund, Carbo Verde
PCI	Policy Coordination Instrument, Carbo Verde
PCU	Project Coordination Unit
PDES	Economic Social Development Plan, Niger
PDF	People Development Fund, Malawi
PDU	Urban Development Programme, Mauritania
PESHP	Presidential Economic and Social Housing Programme, CIV
PFLA	Regional Affordable Housing Financing Project, Togo

PHC	Population and Housing Census
PIA	Petroleum Industry Act, Nigeria
PIDU	Infrastructure and Urban Development Project, Togo
PLANAH	National Housing Plan, Cape Verde
PMB	Primary Mortgage Banks
PMC	Property Management Corporation, Seychelles
PMI	Purchasing Managers' Index
PMI	Primary Mortgage Institution
PML	Primary Mortgage Lender
PNCL	National Housing Construction Programme, Burkina Faso
PNEI	National Pact for Industrial Emergence, Morocco
PND	Plan National de Développement (National Development Plan)
PNDES	National Plan for Social Economic and Social Development, Burkina Faso
PNEF	Programme National d'Éducation Financière, Cote d'Ivoire
PNL	Plan National de Logement (National Housing Development Plan), Madagascar
PNOTU	National Policy for Spatial and Urban Planning, Angola
PNUH	National Urbanism and Housing Programme, Angola
PNUL	National Town Planning and Housing Program, Angola
POHI	Public Officers Housing Initiative
PoS	Point of Sale
PPHPZ	Peoples' Process on Housing and Poverty in Zambia
PPLSE	Social and Economic Housing Programme, Cote d' Ivoire
PPP	Public-Private Partnership
PPP	Purchasing Power Parity
PROPTECH	Property Technology
PRRPB	Burundi Landscape Restoration and Resilience Project
PRS	Permanent Residence Scheme, Mauritius
PSI	Policy Support Instrument
PSMD	Public Service Management Division
PSPF	Public Service Pension Fund, Eswatini
PSUP	Participatory Slum Upgrading Programme, DRC and Carpe Verde
PUH	Urban Residence Permit, Burkina Faso
PV	Photovoltaic
PTI	Payment-to-Income ratio
PURSEE	Emergency Project for the Rehabilitation of Electricity and Water sectors, Guineau Bissau
RAF	Reorganisation Agraire et Fonciere (Agrarian and Land Reorganisation)
RAP	Resilient Cities Action Plan, Angola
R-ARCSS	Revitalized Agreement on the Resolution of Conflict in South Sudan
RBM	Reserve Bank of Malawi
RBS	Retirement Benefit Scheme
RBZ	Reserve Bank of Zimbabwe
RCPB	Réseau des Caisses Populaires du Burkina (Network of Commercial Banks of Burkina)
RDP	Reconstruction and Development Programme, South Africa
REAA	Real Estate Agent Authority, Mauritius
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
REGEU	General Regulation for Urban Buildings, Mozambique
REIT	Real Estate Investment Trust
REPI	Real Estate Price Index, Morocco
RFI	Rapid Financing Instrument
RGNM	Overall Net Monthly Income
RGPH	General Population and Housing Census, Guinea
RHA	Rwanda Housing Authority
RHB	Rwanda Housing Bank
RHFP	Rwanda Housing Finance Project
RHLF	Rural Housing Loan Fund, South Africa
RIA	Regulatory Impact Assessment, Kenya
RI Index	Roland Igbinoba House Price Index
RLMA	Rwanda Land Management Authority
RMB	Rand Merchant Bank
RNP	Regie Nationale des Postes (National Postal Service, Burundi)
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
ROSCA	Rotating, Savings and Credit Associations
RPPI	Residential Property Price Index
rTCS	Rental Tax Compliance System, Uganda
RWA	Risk Weighted Assets
RWGBO	Rwanda Green Building Organisation
SACCO	Savings and Credit Co-operatives
SACU	South African Customs Union
SADC	Southern African Development Community
SADR	Sahrawi Arab Democratic Republic
SAFRU	Society for Land Development and Urban Renovation
SALHOC	Sierra Leone Housing Corporation
SANITA	Urban Sanitation Development Program in Guinea
SARB	South African Reserve Bank
SATU	Société d'Aménagement de Terrains Urbains (Urban Land Planning Company), Niger
SBEE	Benin Electric Power Company
SBL	Small Business Loan
SBM	State Bank of Mauritius
SBS	Swaziland Building Society
SCAPP	Department of the Strategy for Accelerated Growth and Shared Prosperity
SDFN	Shack Dwellers Federation of Namibia
SDG	Sustainable Development Goal
SDI	Shack / Slum Dwellers International
SDR	Special Drawing Right, Botswana
SEC	Securities and Exchange Commission
SEG	Société d'Entreprise et de Gestion, Enterprise and Management Company
SEIMAD	Societe d'Equipement Immobilier de Madagascar
SEZ	Special Economic Zones, Madagascar
SFS	Select Financial Services, Malawi
SGBCI	Société Générale des Banque de Côte d'Ivoire
SGC	Société Générale Congo
SGT	Société Générale du Tchad
SHC	State Housing Company, Ghana
SHDC	Seychelles Housing Development Corporation
SHF	Social Housing Fund and Mortgage Finance Support, Egypt
SHHA	Self Help Housing Agency, Botswana
SHMFF	Social Housing and Mortgage Finance Fund
SHRA	Social Housing Regulatory Authority, South Africa
SIC	State Investment Corporation, Mauritius
SICOGI	Ivorian Society of Construction and Real Estate Management
SICAP	Société Immobilière du Cap Vert
SIDA	Swedish International Development Cooperation Agency
SIGFU	Integrated Urban Land Management System, Cote d Ivoire
SiHA	Single Housing Agency, Botswana

SIM	Surveyors Institute of Malawi
SIMAU	Société Immobilière et d'Aménagement Urbain (Real Estate and Urban Planning Company), Benin
SIP	Société Immobilière Publique (National Real Estate Company), Burundi
SIPIM	Société Ivoirienne de Promotion Immobilière (Ivorian Real Estate Promotion Company)
SISA	Property Purchase Tax, Angola
SLB	Standard Lesotho Bank Limited
SLCB	Sierra Leone Commercial Bank
SLB	Standard Lesotho Bank
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
SMIG	Salaire Minimum Interprofessionnel Garanti (Minimum Guaranteed Salary),
SNAT	National Land Use Planning Scheme
SNDP	Somali National Development Plan
SNEC	National Water Supply Company of Cameroon
SNC	Société Nigérienne de Cimenterie (Niger Cement Company), Niger
SNH	Société Nationale de l'Habitat (National Housing Company), CAR
SNHB	Swaziland National Housing Board
SN-HLM	National Society of Moderate Rent Housing (Société Nationale des Habitations à Loyer Modéré), Senegal
SNI	National Building Society, Gabon
SNI	Société Nationale Immobilière (National Real Estate Company), Gabon
SNIT	Société Nationale Immobilière de Tunisie (National Real Estate Company in Tunisia)
SNL	Swazi Nation Land
SNLS	Société Nationale des Logements Sociaux (National Affordable Housing Company), Gabon
SNMG	Salaire National Minimum Garanti (National Minimum Guaranteed Salary), Algeria
SNPF	Swaziland National Provident Fund
SNPSF	National Post and Financial Services Company, Comoros
SOCOFIN	Société Congolaise Financière (Financial Congolese Company)
SOCOGIB	Société de Construction et de Gestion Immobilière du Burkina (Construction and Real Estate Management Company in Burkina Faso)
SOCOGIM	Société de Construction et de Gestion Immobilière (Construction and Real Estate Management Company), Benin
SOCOGIM	Real Estate Construction and Management Company Mauritania
SOEs	State-Owned Enterprises
SOFIA	Société Financière Africaine de Crédit (Credit African Financial Company)
SOFIDE	Société Financière de Development (Financial Development Company), DRC
SOGEFIHA	Financial Management and Housing Corporation
SONA	State Insurance Company, Democratic Republic of Congo
SONAPI	Société Nationale de l'Aménagement et de la Promotion Immobilière (National Society for Planning and Real Estate Development), Guinea
SONATUR	Société Nationale d'Aménagement des Terrains Urbains (Burkina Faso)
SONAS	Societe National d'Assurances, (National Insurance Company), DRC
SONUCI	Société Nationale d'Urbanisme et de Construction Immobilière (National Company for Urban Planning and Real Estate Construction), Niger
SOPOFRIM	Société de Promotion Foncière et Immobilière (Land and Real Estate Promotion Company), Chad
SOPRIM	Société de Promotion Immobilière (Real Estate Promotion Company), Republic of the Congo
SPI	Societé de Promotion Immobilière (Real Estate Promotion Company), Mali
SPLM	Sudan People's Liberation Movement
SPROLS	Societé de Promotion des Logements Sociaux (Affordable Housing Promotion Company), Tunisia
SRA	Swaziland Revenue Authority
SREA	Somalia Real Estate Association
SREP	Scaling Up Renewable Energy in Low Income Countries Programme, Madagascar
SSA	Sub-Saharan Africa
SSAL	Small Seasonal Agricultural Loan, Eritrea
SSCCSE	Southern Sudan Centre for Census, Statistics and Evaluation
SSDIG	Strategy for Sustainable Development and Inclusive Growth, Eswatini
SSFR	Social Security Fund of Rwanda
SSHFC	Social Security and Housing Finance Corporation, Gambia
SSNIT	Social Security and National Insurance Trust
SSLC	South Sudan Land Commission
SSMDF	South Sudan Microfinance Development Facility
SSNIT	Social Security and National Insurance Trust
SSX	Swaziland Stock Exchange
SULSDEC	Sustainable Urban Land and Shelter Development Consultants Limited, Malawi
SWAPO	Southwest Africa Political Organisation
SYNAPIB	National Union of Real Estate Developers of Burkina Faso
TA	Technical Assistance
TACTIC	Tanzania Cities Transforming Infrastructure and Competitiveness
TBA	Tanzania Building Agency
TI	Triennial Investment Programme, Mali
TMB	Trust Merchant Bank, DRC
TMRC	Tanzania Mortgage Refinancing Company
TUHF	Trust for Urban Housing Finance, South Africa
UAE	United Arab Emirates
UAF-Africa	Urgent Action Fund Africa
UBA	United Bank for Africa, Mali
UBOS	Uganda Bureau of Statistics
UBPL	Upper Bound Poverty Line
UDP	United Democratic Party, The Gambia
UDP	Urban Development Project
UEAC	Union Economique de l'Afrique Centrale (Central African Economic Union)
UEMOA	French acronym for West African Economic Monetary Union (WAEMU)
UGB	Union Gabonaise de Banque (Gabon Bank Union)
UN	United Nations
UNACOOPEC	Union Nationale des Coopératives d'Epargne et de Crédit de Côte d'Ivoire (National Union of Savings and Credit Cooperatives of Ivory Coast)
UNAPIB	National Union of Real Estate Developers of Burkina Faso
UNCDF	United Nations Capital Development Fund
UNCH	National Union of Housing Cooperatives, Burkina Faso
UNCHS	United Nations Centre for Human Settlements
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization.
UNFCC	United Nations Framework Convention on Climate Change
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations Refugee Agency
UNICEF	United Nations Children's Fund

UNMICO	Union Nationale des Mutuelles d'Investissement du Crédit Oasien
UNGA	United Nations General Assembly
UNHCR	United Nations High Commissioner for Refugees
UNOPS	United Nations Office for Project Services
UNSMIL	United Nations Support Mission in Libya
UPND	United Party for National Development, Zambia
URBRA	Uganda Retirement Benefits Regulatory Authority
URP	Urban and Regional Planning Act, Namibia
USAID	United States Agency for International Development
VAT	Value Added Tax
VCL	Vodacom Lesotho
VIP	Ventilated Improved Pit toilet / latrine
VSLAs	Village Savings and Loan Associations, Malawi
WAEMU	West African Economic and Monetary Union
WAMZ	West African Monetary Zone
WASH	Water, Hygiene and Sanitation Services
WB	World Bank
WCF	Workmen's Compensation Fund
WFP	World Food Programme
WGBCs	World Green Building Councils
WHC	Watumishi Housing Company, Tanzania
WHO	World Health Organisation
WMO	World Meteorological Organisation
WTO	World Trade Organisation
WURI	West Africa Unique Identification for Regional Integration and Inclusion
YoY	Year on Year
ZAC	Zone of Development, Guinea
ZAHF	Zimbabwe Association for Housing Finance
ZAMFI	Zimbabwe Association of Microfinance Institutions
ZAMCO	Zimbabwe Asset Management Corporation
ZGB	Zambia Green Building Association
ZGJP	Zambia Green Jobs Project
ZHL	Zambia Home Loans
ZHPPF	Zimbabwe Homeless and Poor People's Federation
ZHPPF	Zambia Homeless and Poor Peoples Federation
ZIEA	Zambia Institute of Real Estate Agents
ZIMSTAT	Zimbabwe National Statistics Agency
ZINAHCO	Zimbabwe National Association of Housing Cooperatives
ZNBS	Zambia National Building Society
ZSIC	Zambia State Insurance Corporation

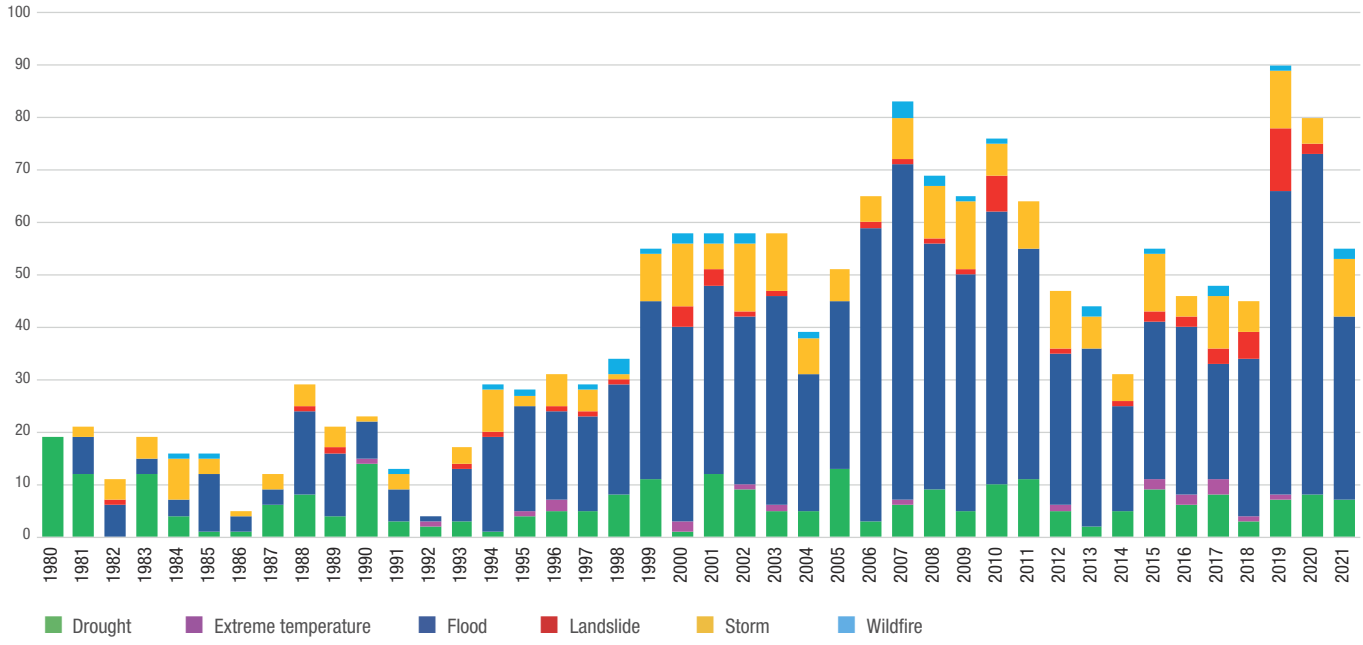
Affordable housing and the climate imperative

Kecia Rust

Around the world, climate issues have been a dominant focus of the year. Sustainability and green are keywords on everyone's lips. From energy consumption to construction practices, to finance structuring, to household living, the key focus this year is on finding ways to achieve the net zero carbon emissions target for 2050, stipulated by the 2016 Paris Agreement, and to hold the global average temperature at no more than 1.5°C above pre-industrial levels. The reason for this is clear – in the past few years, the globe has experienced an unprecedented number of climate emergencies, with serious, obvious impacts, especially for poor households. Floods in Pakistan, fires in Australia and Greece, cyclones in Mozambique, drought in East Africa and Central America, sandstorms in China, and heatwaves in North America and Europe – the impact has been overwhelming and expensive in all respects, bringing the challenge of climate resilience into sharp and local focus.[1]

African countries are the most affected by climate shocks. According to African Economic Outlook (2022), five of the ten countries most affected by climate shocks in 2019 were in Africa.[2] In 2020 and 2021, there were 131 extreme-weather, climate change-related disasters recorded. The majority of these (99) were floods, followed by 16 storms, 14 droughts and two wildfires.

REPORTED FREQUENCY (NUMBER) OF NATURAL DISASTERS IN AFRICA (1980-2021)



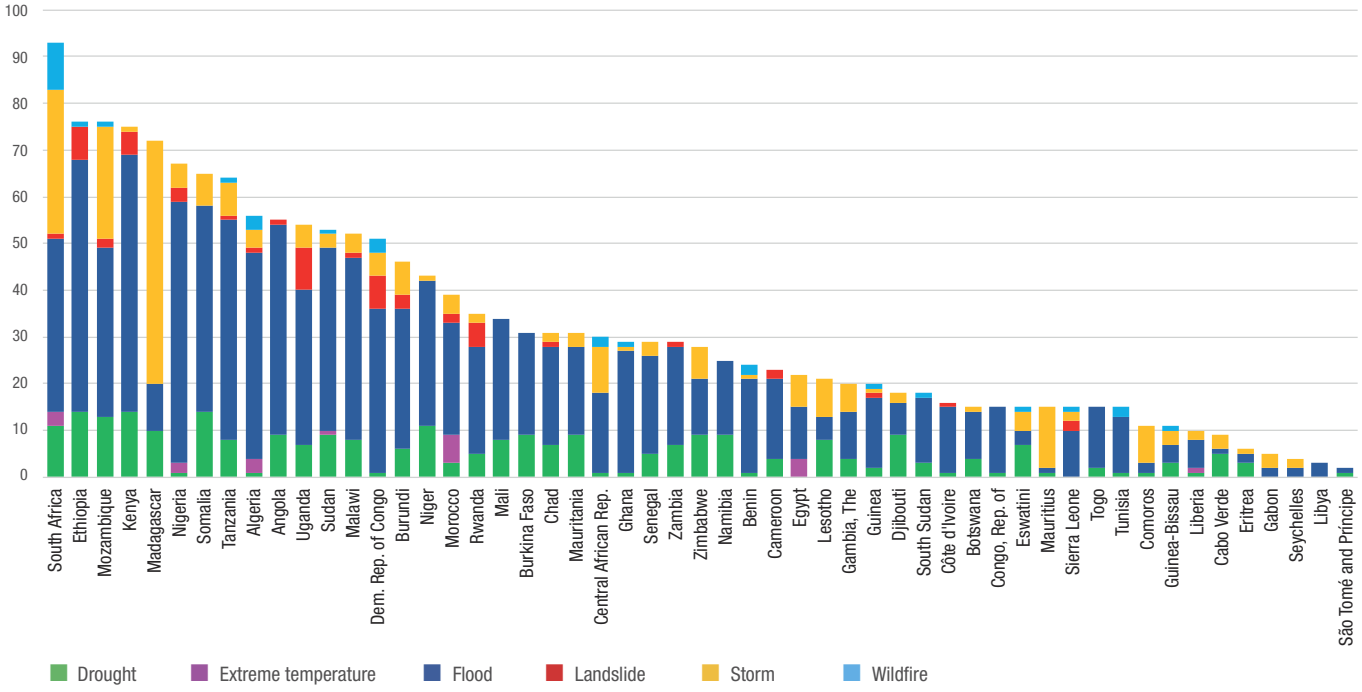
Source: IMF Climate Change Indicators Dashboard dataset, available at https://climatedata.imf.org/datasets/b13b69ee0dde43a99c811f592af4e821/explore (Accessed 20 November 2022).

According to the IMF's Climate Change Dashboard, the majority of disasters reported in Africa were in South Africa, followed by Ethiopia, Mozambique, Kenya and Madagascar. Sixteen countries have reported having more than 40 climate-related emergencies in the 41-year period, 1980-2021.[3]

Of course, many disasters go unreported and, critically, most go uninsured. When houses are destroyed, they are gone – and their residents are left homeless. African Economic Outlook suggests that in 2022, a further 30 million people were pushed into extreme poverty,[4] as a result of the effects of the COVID-19 pandemic, the impact of the war in the Ukraine, and the impact of climate-related, natural disasters. Droughts, floods, landslides, storms, wildfires and extreme temperatures – all climate emergencies – destroy crops, which then reduces the availability and price of food, and export earnings. Climate emergencies damage both public and private infrastructure, create health risks, and undermine household livelihoods – especially for the most poor whose incomes are already precarious.

[1] See https://www.oxfam.org/en/5-natural-disasters-beg-climate-action and https://www.aljazeera.com/news/2021/11/1/recapping-the-most-major-weather-events-of-2021 (Accessed 20 November 2022).
[2] See https://www.afdb.org/en/documents/african-economic-outlook-2022-highlights (Accessed 20 November 2022).
[3] See https://climatedata.imf.org/pages/climatechange-data. (Accessed 20 November 2022).
[4] See https://www.afdb.org/en/documents/african-economic-outlook-2022-highlights (Accessed 20 November 2022).

TOTAL REPORTED NATURAL DISASTERS BY COUNTRY (1980-2021)



Source: IMF Climate Change Indicators Dashboard dataset, available at https://climatedata.imf.org/datasets/b13b69ee0dde43a99c811f592af4e821/explore (Accessed 20 November 2022).

The impact on housing – in terms of its production, cost, and longevity – is devasting, and across the continent hundreds of thousands of people are being left homeless. This year, heavy rainfall in Uganda's Elgon sub-region left thousands of people displaced and homeless, and thousands more without access to clean water.[5] In Kenya, it has been noted that prolonged drought impacts negatively on the supply of building materials such as timber, while also reducing water levels, which then impacts the cost of electricity. Nigeria's National Emergency Management Agency (NEMA) has reported that 33 out of 36 states experienced floods in the first eight months of 2022, affecting over 508 000 people and destroying 37 633 houses.[6] Similarly so in Ghana, heavy rainfalls flooded cities and damaged homes. In April 2022, flooding and landslides in South Africa's KwaZulu Natal province displaced approximately 40 000 people, destroyed 12 000 homes, and caused severe damage to schools, roads, and health centres.[7]

The costs of climate disaster are substantial. Tanzania, for example, is the most flood-affected country in East Africa. USAID anticipates that sea level rise will cost about US$200m per year in lost land and flood damage by 2050.[8] In Egypt, it is estimated that up to one million housing units are at risk due to sea level rise. The annual loss in property value is expected to be between 7-16 billion EGP (US$ 372.340 million – US$ 851.063 million) by 2060, not accounting for commercial properties.[9] In Côte d'Ivoire, the World Bank estimates that GDP losses associated with climate change will be between CFA429.07 billion (US$681 million) and CFA882.07 billion (US$1.4 billion) between 2022 and 2040.[10] In Mozambique in 2019, the total cost of reconstruction following Cyclones Idai and Kenneth (including for housing) is estimated at MT204.3 billion (US$3.2 billion) across seven provinces.[11]

A particularly significant impact of climate emergencies raised in the profiles in this Yearbook, is the increase in urbanisation. In Tunisia, for example, it has been reported that rising sea-levels, drought, land degradation and declining crop productivity are forcing people to give up their agrarian livelihoods and move to the cities to look for other employment. This is also reported in Morocco and Mauritania. Many cities struggle to cope with this influx – particularly with respect to affordable housing. With informal settlements often being the "arrival city",[12] this puts increasing pressure on the percentage of people living in slums. So, while climate emergencies impact on the movement of people, they also add to the precariousness of the built environment, underscoring even more significantly the importance of the green agenda in housing.

While governments are increasingly attentive to the risks of climate change, the impact is so significant that most can't keep up, and often, they fail to engage with the housing circumstances of people at risk of, or suffering from, climate disaster. In Côte d'Ivoire, the government's COP 26 commitment was to reduce its greenhouse gases by 30% by 2030 and to increase contributions to renewable energy in the energy mix from 39.5% to 42% by 2025.[13] Although the Ivorian government has also indicated it will strengthen energy efficiency in the building sub-sectors, the notion of "green housing" is still undeveloped, and not yet articulated in regulations, policies, or law.[14] Togo has established a National Platform for Disaster Risk Reduction, a National Civil Protection Agency, and national strategies for disaster risk and post-disaster recovery. These

5 ReliefWeb (2022). Floods in Eastern Uganda kill at least 30 people and leave 400,000 without access to clean water. 4 August 2022. https://reliefweb.int/report/uganda/floods-eastern-uganda-kill-least-30-people-and-leave-400000-without-access-clean-water. (Accessed 20 November 2022).

6 Thisday (2022). NEMA: 33 Nigerian States Ravaged by Flood in Eight Months. 9 Sep 2022. https://www.thisdaylive.com/index.php/2022/09/06/nema-33-nigerian-states-ravaged-by-flood-in-eight-months/ (Accessed 16 September 2022).

7 Reliefweb (2022). South Africa: Floods and Landslides – Apr 2022. https://reliefweb.int/disaster/fl-2022-000201-zaf (Accessed 6 September 2022).

8 USAID (2018). Climate Risk Profile: Tanzania. Fact Sheet. https://www.climatelinks.org/sites/default/files/asset/document/20180629_USAID-ATLAS_Climate-Risk-Profile-Tanzania.pdf (Accessed 20 November 2022).

9 Ministry of Environment (2013). "Potential Impacts of Climate Change on the Egyptian Economy." https://www.eeaa.gov.eg/portals/0/eeaaReports/CCRMP/6.%20Potential%20Impact%20of%20Climate%20Change%20on%20the%20Egyptian%20Economy/Potential%20Impact%20of%20CC%20on%20the%20Egyptian%20Economy%20English.pdf (Accessed 6 September 2022).

10 African Development Bank (2022). Côte d'Ivoire economic outlook. https://www.afdb.org/en/countries/west-africa/cote-d'ivoire/cote-divoire-economic-outlook (Accessed 20 November 2022).

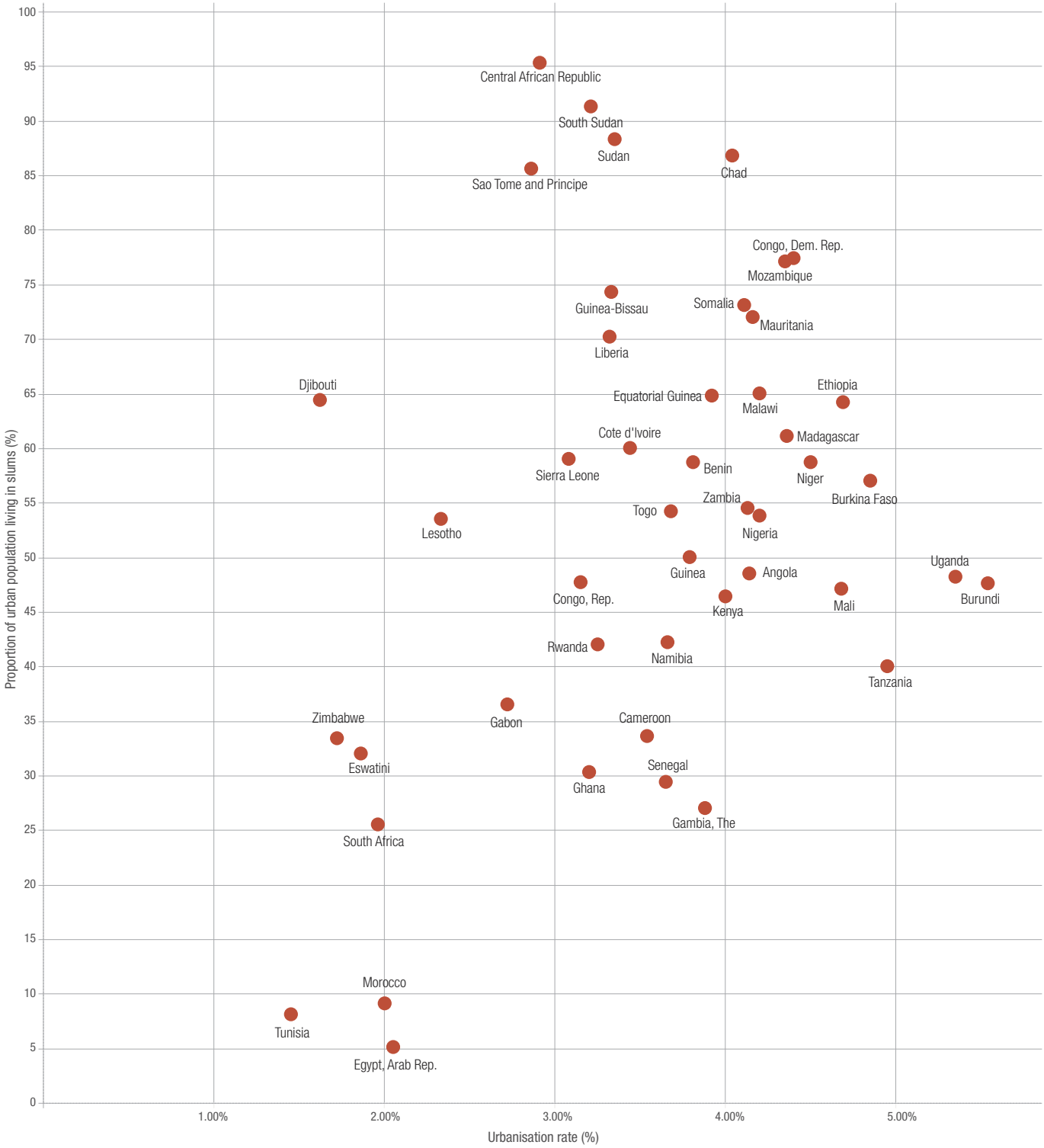
11 Confederation of Business Associations (2021). Actions to accelerate private sector economic recovery. https://cta.org.mz/estudos-2/ (Accessed 20 August 2022). Pg. 8.

12 Sanders, D (2011) Arrival City: How the Largest Migration in History is Reshaping our World. See https://www.citiesalliance.org/newsroom/news/urban-news/arrival-city-how-largest-migration-history-reshaping-our-world (Accessed 22 November 2022).

13 African Development Bank (2022). Côte d'Ivoire economic outlook. https://www.afdb.org/en/countries/west-africa/cote-d'ivoire/cote-divoire-economic-outlook (Accessed 11 September 2022).

14 Portail official du gouvernement de Côte d'Ivoire (2021). COP 26: La Côte d'Ivoire s'engage à réduire s emissions de gaz à effets de serre de 30.41%d'ici à 2030. 11 November 2021. https://www.gouv.ci/_actualite-article.php?recordID=12817 (Accessed 11 September 2022).

PERCENT OF URBAN POPULATION LIVING IN SLUMS VS URBANISATION RATES



Note: The graph displays the most recent data available. However the two indicators for a country may not be from the same year. The years for each data point are listed in the Key Figures box in the country profile.

Source: World Bank World Development Indicators

policies and structures introduced the concept of risk reduction to building codes, rules and plans for land use, town planning and construction.[15] Similarly, Morocco's Institute of Digitisation has released a "Guide to Sustainable Development in Construction" which sets out targeted standards and norms for sustainable construction in Morocco.[16] Responding to the devastation in recent years by cyclones, the Mozambican government launched a five-year, MT383 million (US$6 million) initiative – Building Resilience in the Coastal Zone – aimed at protecting local livelihoods and building adaptative capacity of climate vulnerable coastal areas in southern Mozambique.[17] Although there are a number of such examples, very few of these efforts engage with the particularities of affordable housing and the current living situations of low income households who are at the greatest risk.

[15] Government of Togo (2022). National Disaster Risk Reduction Strategy 2022-2026. Pg. 28.
[16] Moroccan Institute of Standardization (2022). Guide to sustainable development in construction. https://www.imanor.gov.ma/wp-content/uploads/2021/01/GDDC-ED2020.pdf (Accessed 28 August 2022).
[17] United Nations Environment Programme (2022). We must prepare: Mozambique banks on nature as defence against climate change. 28 February 2022. UNEP. https://www.unep.org/gan/news/press-release/we-must-prepare-mozambique-banks-nature-defence-against-climate-change (Accessed 5 August 2022).

Understanding climate as it relates to housing

The relationship between climate and housing goes in both directions: housing, in both its construction and ongoing life, has an impact on the environment, and the environment has an impact on housing and households. These impacts are substantial and affect the cost and safety of housing in significant ways.

	Impact of housing on the environment, is expressed in:	Impact of the environment on housing and households, is expressed by:
Housing construction	■ Carbon footprint of the house relating to its construction: ❑ Reliance on imports ❑ Building materials used ❑ Energy systems choices ❑ Water, sanitation systems choices ❑ Waste systems choices ❑ Land resources used (density) ■ Embedded carbon savings with conversions & retrofits	■ Weather events experienced in the construction process, and the impact this has on construction time and costs, and sales prices. ■ Climate and environment-related demands on housing design, and the impact this has on construction costs and sales prices.
Housing management & maintenance	■ Carbon footprint of the house relating to its use over time ❑ Energy efficiency ❑ Water efficiency ❑ Waste management ❑ Housing quality (durability) ❑ Housing density (space) ❑ Travel implications: distance from centres & transport access	■ Climate risks – the likelihood and incidence of flood, fire, drought, earthquake, heat, cold and the consequences these have for existing housing – through maintenance costs, displacement, and homelessness. ■ Resilience to climate risk given current housing situation ■ Air pollution levels, as impacted upon by the availability of affordable cooking fuels.
Impact of green housing solutions	Savings as a result of reduced consumption of services: monthly contribution by households	Safety from the elements and ultimately, lower carbon emissions

Source: Author's own.

And yet, the link between climate and housing – and affordable housing in particular – is not explicitly tracked, especially not in Africa. Isimbi and Park (2022) make the point that globally recognized green building certification systems such as LEED[18] rarely mention Africa. In LEED's list of the top 10 countries with the most LEED-certified projects (excluding the US), no African countries are mentioned.[19]

IFC's Excellence in Design for Greater Efficiencies (EDGE) tool is designed to demonstrate the business case for building green and unlocking financial investment, with a particular focus on emerging markets.[20] To achieve the EDGE standard, a building must demonstrate a 20% reduction in operational energy consumption, water use, and embodied energy of materials, as compared to typical local practices. EDGE defines a global standard while contextualizing the base case to the occupants and their location. The tool calculates and tracks the costs of going green: utility savings; city-based climate and cost data; and consumption patterns. The EDGE Platform showcases several project studies that can be filtered by building typology and/or country. As of May 2022, African project studies on the platform include two in Ghana, five in Kenya, one in Senegal and 17 in South Africa. Just a drop in the ocean and not at all representative of building activity on the continent.

Investors and financiers are increasingly incorporating environmental, social, and governance considerations into investment decisions. Guided by the six Principles for Responsible Investment (PRI),[21] about 4 600 PRI global signatories have identified climate change as the highest priority ESG issue. Signatories are working with institutional investors to make net zero commitments.[22] Despite the various net zero commitments, a key concern held by investors is the lack of accounting of climate risks in financial reporting. To this end, the PRI's Driving Meaningful Data Programme "works on the types of data, sources and reporting frameworks needed to support responsible investors."[23] Signatories are required to report on their investment activities annually.

In a report prepared for the African Local Currency Bond Fund, Consulting for Sustainable Solutions (Sager et al) explores the different green building standards used in South Africa.[24] Energy efficiency regulations are part of the National Building Regulations and Building Standards Act. Voluntary green building rating systems include the Green Building Council of South Africa, which certifies four main tool categories: Green Star, Net Zero, Energy and Water Performance, and EDGE. The primary motivator for developers to rate their developments using these systems is access to capital. Development Finance Institutions use EDGE and other tools as ways to certify 'green' stock as eligible for their investments.

[18] The LEED rating system is used globally to rate green buildings. Developed by the US Green Building Council, LEED certification involves rating buildings against criteria that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality standards. https://www.usgbc.org/leed (Accessed 20 November 2022).

[19] Isimbi, D.; Park, J. (2022). The Analysis of the EDGE Certification System on Residential Complexes to Improve Sustainability and Affordability. Buildings 2022, 12, 1729. https://doi.org/10.3390/buildings12101729 (Accessed 20 November 2022).

[20] See IFC EDGE Website: https://edgebuildings.com/about/about-edge/

[21] Principles of Responsible Investment. https://www.unpri.org/

[22] Net Zero Asset Owner Alliance 2025 target-setting protocol, Net Zero Insurance Alliance statement of commitment, Net Zero Asset Managers Initiative commitment, Net Zero Banking Alliance commitment statement.

[23] See https://www.unpri.org/sustainability-issues/driving-meaningful-data. The website has a data portal and reporting tool with some content available to the public. To view the reporting tool, one needs to be "authenticated".

[24] Sager, M; Lotter, A; and S Palhol (2019). South Africa Scoping Study: Assessing the Potential for Green Bonds Financing Green Buildings. https://uploads-ssl.webflow.com/5f0f1ce96a1f6869277ccbbd/5f5b92b76bb21922c8cf6e33_ALCB-CBI-CSS-Final-Report-20190909-3.pdf (Accessed 20 November 2022).

Climate-focused activity within the affordable housing sector, however, is still very new and data is scarce. Recently, CAHF and Reall have undertaken the second round of data collection of Market Shaping Indicators – this is part of CAHF's Data Agenda for Housing. In this second round, a series of new indicators explicitly engaging with the relationship of affordable housing and climate has been included. Data points are scarce – there is very little data collected and publicly available in an aggregated format to describe the impact of housing on the environment, or the impact of the environment on housing, at a national or city level. As part of the effort, a series of qualitative questions seek to fill in the data gaps:

1. What are the dominant climate risks (flooding, cyclones, wildfires, droughts) faced by poor people and are these different from those faced by the wealthy? Provide examples of any recent climate-related disasters.
2. To what extent are suppliers developing off-grid infrastructure products that can be added to existing homes to improve their green performance (for example, solar water heating systems, solar panels, biodigesters, clean cooking stoves, etc.)?
3. Which of the following key residential construction materials are predominantly imported: concrete, cement bricks, steel, window frames, timber, pipes, roof tiles, corrugated iron, sanitaryware, faucets, tiles, other?
4. To what extent do green finance providers or green mortgages exist for new home builds or renovations?
5. Are climate and sustainability issues part of the national discussion relating to affordable housing? In what way?
6. Does the country have a national disaster risk management plan? Does this plan extend to housing?
7. To what extent are policies/ regulations/ building codes in place to support green building?
8. Do green rating/certifying systems bodies such as a Green Buildings Council exist? If they exist, to what extent are they functioning and do they have reasonable reach?
9. To what extent does the Building Code include guidelines or specifications for energy efficiency/conservation concerning: thermal performance or R-values (heat gains/losses) of envelopes through passive solar design; space heating and cooling requirements; water heating alternatives to electrical resistance element heating?
10. Do tax or other monetary incentives to encourage green building exist?
11. Describe the level of market penetration and acceptance of green products and building systems in the marketplace.
12. To what extent are green products and building systems targeted specifically at low income households?

Preliminary responses to these questions show that there are efforts, in both the public and the private spheres, to incorporate green thinking and climate relevant interventions in the housing industry. As noted by Sager et al, however, notwithstanding the obvious relevance of the cost savings that efficiency interventions have for low-income households, few interventions are directly targeted at this market. Where data is collected, standards and metrics are poorly framed for the conditions and context of low-income, affordable housing, especially when such housing is delivered incrementally or by small-scale builders or developers, or through inner city building refurbishments. The current approach, which sees 'green' as an outcome that can be shaped by investment demands, overlooks those categories of housing delivery that are unable to access investment. Ironically, this reinforces their isolation from investment, which has become structured to only recognise 'green' in certain ways.

What does it mean to be green?

Given its size and the way in which it uses resources, the construction sector has a considerable impact on the environment. In 2018, the International Energy Agency reported that the building and construction sector was responsible for 36% of global final energy use and 39% of energy-related CO_2.[25] The universal recycling symbol introduced on the first Earth Day in 1970 provides a framework for thinking about green issues and affordable housing.[26] How have Africa's housing markets engaged with the principles of conservation that underlie our broader thinking of what it means to be green?

Reduce with a focus on energy efficiency, construction efficiency (including local building materials and technological innovation), and land efficiency

+

Reuse by enabling building longevity, resale markets, urban infill, household rental

+

Recycle through urban regeneration, building conversions, building material recycling, and the use of recycled materials to create building materials

=

Resilience through efficient buildings and built environments, reduced operating costs, safety from the elements, and declining pressure on the environment

Source: Author's own.

[25] See footnote 18.
[26] See https://en.wikipedia.org/wiki/Recycling_symbol

Reduce the impact that housing has on the environment

With an emphasis on the 2050 net zero target and a reduction of our carbon footprint, the primary focus of climate-related initiatives has been on efficiency – whether in energy or water usage, or in the construction process. In part, this is because efficiency is the easiest to measure.

In South Africa, TUHF's Luhlaza product explicitly measures efficiency, and seeks to create between 25% - 30% savings on the baseline usage (per unit per month) of energy, water and carbon in the buildings that TUHF finances with its green mortgage. Luhlaza has developed a green feasibility savings calculator that can be used to derive a building-specific baseline and the proposed usage for various scenarios.[27] The tool supports TUHF in the implementation of its Sustainable Bond Framework[28] which sets out how TUHF classifies investments as green and social, creating a basis for green-seeking impact investors to realise their own targets by investing in TUHF's issuances. In 2021, TUHF issued the first social bond on the Johannesburg Stock Exchange Sustainability Segment with the assistance of Standard Bank.[29] The Urban Ubomi 1 (RF) Limited Mortgage Backed Securities Programme was listed on the Johannesburg Stock Exchange in March 2021. A total of R609m (US$33.5m) worth of notes were issued in the first issuance.[30] Together, these initiatives guide developers and landlords towards efficiency, not only driven by the operational cost savings enjoyed, but the access to capital to make it happen.[31]

International Housing Solutions is a developer financier based in South Africa and with a recently established green affordable housing fund in Kenya. Working with IFC's EDGE, they have demonstrated the affordability contribution that EDGE certification enables.[32] In a project in South Africa, utility savings for tenants were equal to one month's rental over a twelve month period, in the rental range of R4 000 – R6 000 (US$ 230 – US$345) per month. According to IHS, an estimated 5 200 tonnes of CO_2 per year will be eliminated from the atmosphere through the energy savings realised in the construction of 6 250 homes.[33]

In a 200-unit student accommodation project developed by STAG African, in Cape Town, South Africa, the use of light weight steel building methods reduced construction time and maintenance costs, without compromising quality. Reduced energy demand was achieved through LED lighting, heat pumps and solar water heaters; and reduced water consumption was achieved with timers in showers. This led to an overall 33% in energy savings, 27% water savings, and 45% embodied energy savings.[34]

An interesting take on 'reduce' is evident in the South African profile this year, where developers appear to have been reducing the size of units: building plans for houses less than 80m^2 showed a significant 68% increase year-on-year from January to May 2022, suggesting an increased demand for smaller housing units.[35] Whether this is an affordability consideration or a green one, the two clearly go hand in hand.

A critically important element of efficiency relates to building materials – not simply the materials themselves, but the areas from which they are sourced. This does not appear to be monitored, however, in any environmental impact assessment framework. Across Africa, the importation of building materials is significant, and this has a real impact not only on cost but also on the carbon footprint of the housing construction process. In the profiles set out in this Yearbook, it is reported that Tanzania, Nigeria, Ghana, Senegal, Egypt, Mauritania, Botswana and Sierra Leone import much of their construction materials. In 2021, Nigeria spent over ₦386.3 billion (US$930.4 million) on the importation of iron and steel,[36] and industry sources suggest that 65% of construction materials are imported.[37] An estimated 90% of building materials in Ghana are imported, either as finished or semi-finished products.[38] Industry players suggest that local materials, such as tiles or paint, some sanitaryware, are seen as inferior to imported products. An unpublished report from the Centre of Excellence of the WAEMU Habitat suggests that 50% of construction costs in Senegal arise from the importation of secondary products – plumbing, paints, tiles, carpentry, waterproofing – and that it is the weight of these products that contributes significantly to the cost. Imports can also undermine the productivity of the construction process when global supply chains are disrupted. This has been the case in Egypt, where it is reported that supply constraints and a deteriorating exchange rate saw the price of iron increase by 35% and the price of cement increase by 54.4% between June 2021 and 2022.[39] As a result, contractors had to raise the price of their units, which led to a decrease in sales by 20% in the first quarter of 2022.[40]

This year, the challenge of building materials feels particularly strained given the exceptionally high inflation rates being experienced in most countries. This is a global issue, driven by the crisis in the Ukraine and the impact that this has had on commodities—notably the availability and price of oil. Inflation in African countries is being felt particularly in the price of food and energy. The impact on building materials in this context is well illustrated in the price of a 50kg bag of cement which often has to be transported. CAHF collects this data annually. This year, in most countries it is not the highest that it has been. In a few, however, the price of cement has spiked dramatically. Some countries keep the price of cement artificially low through targeted subsidies. While these may well improve affordability in the short term, long term considerations for sustainability would suggest that an unsubsidised price would offer a useful incentive to find alternatives.

And then, land efficiency – with densification policies that allow for a reduction in the footprint of the building, not only can cities reduce the land cost associated with a development, improving affordability, but also the land use. This can contribute towards smaller developments, more compact cities, and more viable transportation networks, and the associated environmental benefits that go along with these. To a significant extent, African cities are already embracing this concept in practice, if not in policy. It suggests, however, a shift in policy towards rental accommodation and the management considerations of high-rise buildings. Might environmental assessment frameworks also consider this?

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27 TUHF Client Pack http://tuhf21.co.za/wp-content/uploads/2022/09/TUHF21_Client-pack_v7WEB08092022.pdf (Accessed 20 November 2022).
28 See https://www.tuhf.co.za/wp-content/uploads/2021/02/TUHF-Sustainable-Bond-Framework.pdf (Accessed 20 November 2022).
29 BizCommunity (2021). TUHF launches Sustainable Bond Framework, first social bonds. https://www.bizcommunity.com/Article/196/698/216821.html (Accessed 20 November 2022).
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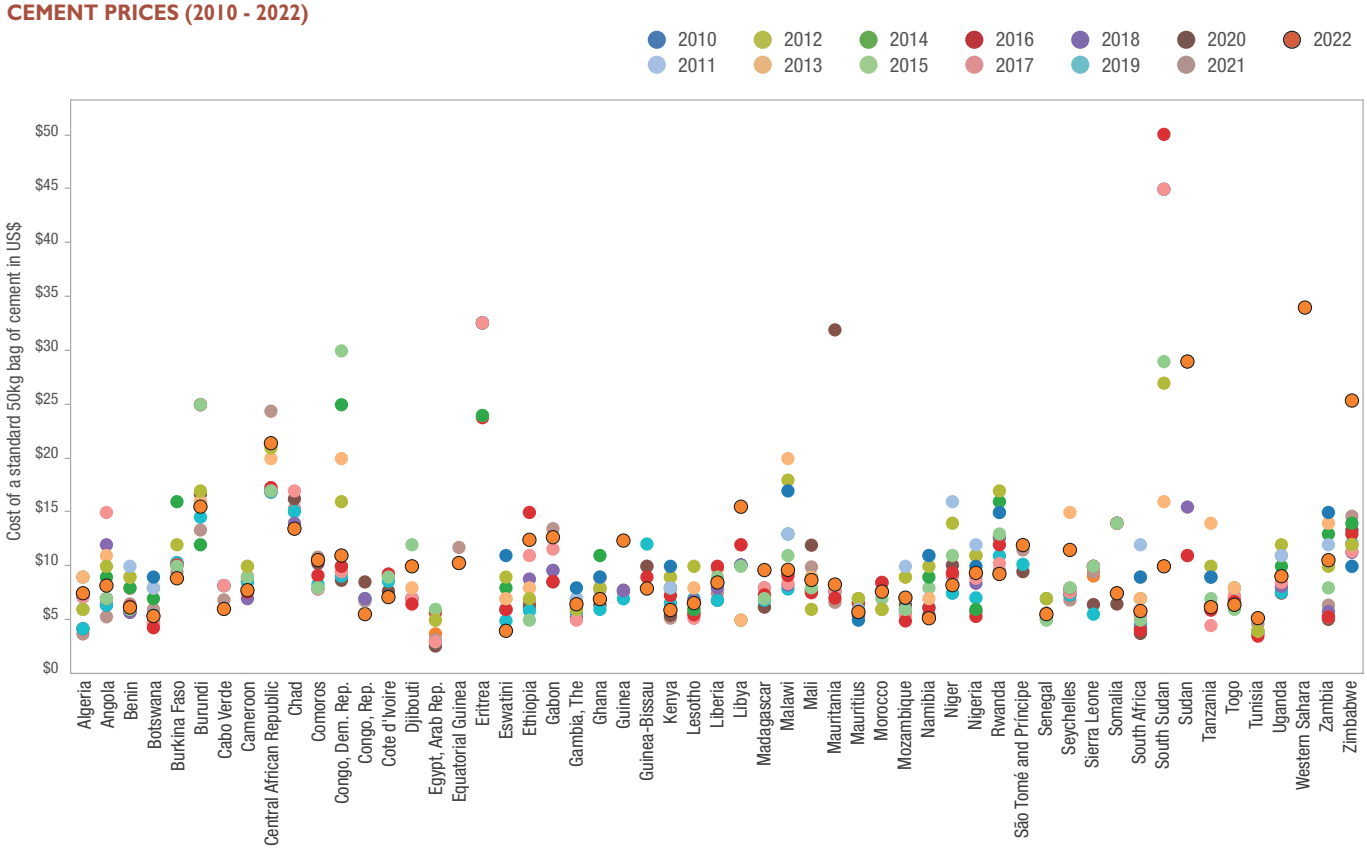
31 See footnote 26.
32 See footnote 18.
33 Cairncross, L (2019). Green innovation for long-term affordability. Presentation to the African Union for Housing Finance annual conference. https://www.auhf.co.za/wp-content/uploads/2020/12/Cairncross_GREEN-INNOVATION-FOR-LONG-TERM-AFFORDABILITY_pm-1.pdf (Accessed 20 November 2022).
34 See footnote 33.
35 StatsSA (2022) Statistical Release P5041.1 Selected building statistics of the private sector as reported by local government institutions, May 2022. https://www.statssa.gov.za/publications/P50411/P50411May2022.pdf (Accessed 21 November 2022).
36 Trading Economics. (2022). Nigeria Imports of Iron and steel. https://tradingeconomics.com/nigeria/imports/iron-steel#:~:text=Nigeria%20Imports%20of%20Iron%20and%20steel%20was%20US%24930.41%20Million,updated%20on%20August%20of%202022. (Accessed 16 August 2022).
37 Ugochukwu, S. (2014). An Appraisal of the Sources, Quantities and Prices of Imported Building Materials in Nigeria. https://www.researchgate.net/publication/307607318_An_Appraisal_of_the_Sources_Quantities_and_Prices_of_Imported_Building_Materials_in_Nigeria (Accessed 22 September 2022).
38 UN Habitat (2011). Ghana Housing Profile. https://unhabitat.org/sites/default/files/documents/2019-07/ghana_housing_profile.pdf (Accessed 11 August 2022).
39 CAPMAS. (2022). "Monthly bulletin of average retail, Prices of Major important building materials." June 2022. https://www.capmas.gov.eg/Pages/Publications.aspx?page_id=5107&YearID=23519 (Accessed 20 August 2022).
40 Yahya.M. "Roundup: Price rise in building materials puts Egypt's real estate sector under pressure". 21 April 2022. https://english.news.cn/africa/20220421/c72ff058c20340d4b892f356f423da3e/c.html. (Accessed 21 September 2022).

CEMENT PRICES (2010 - 2022)



Source: CAHF Research, October 2022

Reuse the built environment to minimise its impact over time

The second component of the universal recycling framework is 'reuse'. In the context of the built environment, this offers all sorts of opportunities. Many cities across Africa have existing residential buildings that have fallen into disrepair. TUHF is a specialised commercial property financier based in South Africa, that drives inner city investment by providing access to finance for property entrepreneurs, to purchase, convert and/or refurbish buildings to provide affordable residential rental in South Africa's main inner cities.[41] Since inception in 2003, TUHF has financed 387 property entrepreneurs to deliver 46 427 units in 711 buildings, with an average growth of 13% per year. The availability of existing building stock and infrastructure has supported TUHF's business model, while also enabling a green approach, by leveraging embedded carbon. However, this leverage is currently not counted in ESG metrics. Impact investors are interested in the social impact of the housing delivery that TUHF finances, but overlook the environmental contribution made in reusing and refurbishing existing buildings. TUHF's Luhlaza tool manages operational carbon, which the rating agencies count – however, the embedded carbon benefits are not reported.

Within the newbuild market, the concept of 'reuse' suggests building quality, so that buildings last for decades without having to be replaced. Building quality has come under the spotlight in several countries this year, as a result of cases of collapsing buildings. An audit of over 6 000 buildings undertaken by the National Building Inspectorate (NBI) in Kenya found 2 030 unfit for human habitation. Over 2 050 structures in Nairobi were identified as being in need of inspection and evaluation. Since the NBI was established in 2017, over 5000 buildings have been condemned and demolished.[42] In 2015, Kenya's National Construction Authority found that 58% of the buildings in Nairobi were unfit for habitation. This was demonstrated in November 2022, when two buildings collapsed.[43] The situation in Nigeria is similar, where it is reported that 84 people have been killed in the collapse of 18 buildings in Lagos State in the last two years.[44] In all cases, attention shifts to the national building code and critically, its enforcement. Stories behind the building collapses tell of developers being hostile to the inspectors, underhand arrangements between inspectors and developers, buildings being built multiple stories above what is approved, lack of inspections, and so on.

It is possible that the building codes that exist, and the systems and processes designed to enforce them, do not engage adequately with the profile of the developers who are currently operating in cities across Africa. The majority of housing is still developed by households themselves, employing small-scale contractors, micro builders, and masons. Do building regulations align with their capacities and how they construct the delivery value chain? An interesting initiative by the Development Action Group in South Africa has been the establishment of a Developer and Contractor Academy.[45] This initiative focuses on building the capacity of the small-scale developer sector to undertake their developments with quality and efficiency, to ensure structures are built to code.

[41] See TUHF (2021). We See Opportunities Where Others See Decline. https://www.tuhf.co.za/ (Accessed 15 November 2022). TUHF primarily targets property entrepreneurs/landlords seeking to deliver affordable residential units for rental in South Africa's inner cities, providing mortgage finance as an SME product. TUHF has 5 branches operating across 128 suburbs in 8 metropolitan municipalities. Between 2015-2020, TUHF created 5 926 short term jobs and 2 729 permanent jobs.

[42] See https://willstonehomes.co.ke/why-buildings-collapse-in-kenya/ (Accessed 23 October 2022).

[43] See https://apnews.com/article/africa-business-kenya-nairobi-building-collapses-08b5e7ed2a750a20a5d51b6019aa1c11 (Accessed 21 November 2022).

[44] See https://punchng.com/building-collapse-84-lagosians-killed-in-two-years/#:~:text=10th%20September%202022,years%2C%20Saturday%20PUNCH%20has%20learnt. (Accessed 21 November 2022).

[45] DAG (2021). Contractor & Developer Academy. https://www.dag.org.za/wp-content/uploads/2021/06/dag-cda-booklet-hr-1.pdf (Accessed 5 November 2022).

Meanwhile, many are familiar with the common sight of unfinished buildings across the continent. An article by the Economist last year argued that this was a result of poor access to construction finance, weak land titling systems, and in some cases, corruption or other conflict between shareholders.[46] Unfinished buildings include large scale developments or multi-storey apartment buildings, in which the shell is developed. However with no internal finishes, fixtures, windows or services, the structure remains uninhabited. Another category includes family homes that are partly constructed. As they stand, these buildings are worthless – indeed, their worth might be negative, given the carbon impact of the abandoned construction.

Mortgage lender Zambian Home Loans has responded to this phenomenon with a business model that actively seeks out half-finished projects and offers finance to complete the effort.[47] From ZHL's perspective, the risk is managed by understanding the building process, and by knowing that once the investment is made, the latent value is suddenly realised, thereby reducing the loan to value ratio considerably. For the developer or borrower, this approach addresses a key problem they've been facing and allows them to complete the abandoned structure and 'reuse' it for the intended purpose. ZHL pays out the loan in stages that align with the incremental construction process of the builder. This improves affordability, while also assisting ZHL manage their risk.

Beyond this end-user driven approach, it is worth thinking about capturing the embedded carbon that exists in stalled developments. Construction finance is key. According to the Economist, 40% of firms in Senegal say that access to construction finance is their main obstacle. This is likely echoed across the continent where access to finance efforts focus on end-users rather than builders. In Nigeria, the government has expressed an intention to secure ownership over 600 such buildings, though it is not clear what will happen after that. In Côte d'Ivoire, it is still early days, but an investor is raising funds to purchase the unfinished buildings in that country and turn them into affordable housing developments.

Quality construction also means that buildings should be able to withstand environmental disaster. In Togo, the national disaster risk reduction strategy provides for the inclusion of risk reduction in codes, standards, rules and plans for land use, town planning and construction.[48] Developer Casa Real has had the benefit of first-hand experience in the importance of disaster-resilient housing in Mozambique, when its development was forced to withstand Cyclones Idai and Kenneth in 2019.[49] Thankfully, the buildings held, and with that, Casa Real was able to attract the attention of investors interested in this level and focus of quality. For more recent developments, Casa Real has partnered with Easy Housing, a building concept that uses sustainably-sourced timber to build carbon-negative houses whose design can withstand natural disasters.[50] On the back of this, crypto-financier Empowa has introduced green Non-Fungible Tokens to mobilise capital for EDGE certified developments.[51]

Other national building codes under development prioritise the use of green building materials and construction methods. The Rwanda Housing Authority has developed the Rwanda Green Minimum Compliance System, which encourages the use of indigenous knowledge and local solutions, where possible, in promoting the use of green construction and design practices, and offers incentives for investors in the green construction sector.[52] Senegal is currently revising its urban planning and construction codes to prioritise green building materials. Kenya's draft building code, currently up for discussion, has been criticised for its prohibition of the use of second-hand building materials and for overlooking a key 'reuse' opportunity.

Once the housing unit is built, a 'reuse' approach would emphasize maintenance and quality building management, and in rental buildings, the application of reasonable services charges that make such attention viable. This is a grossly under-attended aspect of housing development, with developers and landlords giving scant attention to the economics of building longevity. In a survey of fourteen developers in Nairobi, CAHF found that very little attention is given to long-term operating and maintenance costs, and how services charges are calculated. Most arrive at their service charge rates by dividing equally the total project operation cost by the number of units, and then comparing this with a so-called "market standard". There was very little reference to actual costs. This creates problems for buyers who are unaware of the larger monthly implications of their purchase. When owners face affordability problems, the development loses in its service charge collections, which undermines the property manager's ability to invest in necessary maintenance. As a result, the lifespan of buildings is shortened.

The resale market is a further expression of the 'reuse' concept, as households move up and down the housing ladder to meet their changing housing needs. A critical ingredient is strong titling, which is then leveraged with appropriate financing mechanisms. Governments in Kenya, South Africa, Uganda and Tanzania are all addressing this in various ways. Leveraging existing housing stock to enable property market filtering allows for the market to also find its own efficiencies in the relationship between buildings, preferred location and affordability.

In Nigeria, Spleet has pioneered an interesting approach to reuse, by creating a mechanism that facilitates rental through sub-lets of existing properties.[53] Established in Nigeria in 2018, they have over 200 listings and have processed more than US$3 million in rentals. The approach works similar to Airbnb but for longer-term listings. Renters stay an average of 11 months with a 96% retention rate. More recently, Spleet has branched into Ghana, Kenya and Rwanda. The key innovation in the Spleet model is that landlords are able to collect the rents they need in a way that tenants can afford, and this in turn has stimulated both demand and supply. The Spleet model has also created a sense of market opportunity not only among traditional landlords, but also households with room to spare. They upgrade their unit or home with en suite bathrooms, and enter the rental market with a tech support that makes the business side of the process manageable.

[46] Economist (2021). Why are there so many unfinished buildings in Africa? https://www.economist.com/middle-east-and-africa/2021/04/29/why-are-there-so-many-unfinished-buildings-in-africa (Accessed 21 November 2022).
[47] See https://www.zambianhomeloans.com/ (Accessed 21 November 2022).
[48] Government of Togo (2022). National Disaster Risk Reduction Strategy 2022-2026. Pg. 28.
[49] See https://casareal.co.mz/ (Accessed 21 November 2022).
[50] See https://www.easyhousing.org/ (Accessed 21 November 2022).
[51] See https://empowa.io/ (Accessed 21 November 2022).
[52] Republic of Rwanda (2019). Rwanda Building Code. Official Gazette no.Special of 16/04/2019. http://197.243.22.137/rhanew/fileadmin/user_upload/documents/General_documents/Laws_And_Regulations/rwanda_building_code_2019.pdf (Accessed 2 August 2022). Pg. 154.
[53] See https://www.benjamindada.com/spleet-gets-625k-in-pre-seed-round/ (Accessed 21 November 2022).

Recycle in the building process to leverage existing assets

The final component in the universal green framework is "recycle". Recycling of building materials and buildings, and the broader process of urban regeneration offers an important opportunity for reducing the carbon footprint and promoting green housing.

A few companies are championing this approach. Green Pavers is a company in Kenya that develops affordable housing materials from recycled plastic.[54] Kubik is an Ethiopian company that takes a similar approach, turning plastic waste into low-carbon buildings.[55] In Rwanda, building material recycling cooperatives operate informally, assisting in the distribution of recycled building materials among masons. And of course, individual households share and trade all the time – saving costs by recycling what they have.

Building conversions, from commercial, retail or industrial to rental, is another form of recycling that creates important opportunities by capturing the embedded carbon of the existing building, while delivering new accommodation more affordably than new build. The approach has been tried and tested in South Africa, financed by TUHF and realised by institutions such as Madulamohho Housing Association, a non-profit social housing company, the Affordable Housing Company (AfHCo) and others. Since the Covid-19 pandemic, however, the trend seems to have accelerated as office vacancies increased while residential demand rose.[56] Meanwhile, although EDGE certification does allow for conversions, it is not often used as a mechanism to champion green, as practitioners note that it is very difficult to measure.

In the context of the built environment, the main recycling opportunity, however, is place: the existing built environment that can be repurposed for affordable residential uses. In late 2021, the Green Building Council of South Africa published a study together with the Divercity Urban Property Fund which demonstrated that the location of housing has an overwhelming impact on the carbon footprints of its residents.[57] The study demonstrated that if all new housing in Johannesburg was built on the urban periphery, by 2020 the carbon emissions would reach 224Mt CO_2e, or ten times the total annual carbon emissions of the entire city of Johannesburg in 2016.[58] Low-income housing is often put on the urban periphery because of the price of land. However, by mobilising undervalued inner-city areas, Divercity was able to leverage these areas in favour of affordable housing that is also green.

Remarkably, there is no metric that engages with the significance of location. While Green Star takes location into account, it ranks this far lower than the Divercity study suggests would be appropriate – and it doesn't engage with the different transportation habits of low, middle and higher income households. Divercity has submitted its Jewel City Precinct,[59] a 2700-unit affordable housing rental development in downtown Johannesburg, South Africa, to the PRI Awards 2022, and has been shortlisted for Best Real World Impact and Best Emerging Market Impact, on the grounds of its target market, and green location factors.[60]

There is clearly a need for a metric that engages with the impact of urban design and location on household lifestyle choices and habits that contribute towards carbon emissions – critically, because this could help mobilise capital towards urban upgrading and regeneration efforts. In Kenya, it is established that 78% of urban residents rent their accommodation. Much of this accommodation is of poor quality, with very limited access to services. What it has going for it, however, is location. Tenant households value location over other factors – and the rental accommodation they occupy gives them access to work and school. Most urban Kenyan tenants walk to work. What if their low carbon impact could be somehow leveraged through an internally recognised grading system (like EDGE) to create the basis for affordable 'green' mortgages targeted at well-located, affordable rental? How might this support improved building quality in good locations, without rising costs?

How do we monitor what is happening in real life?

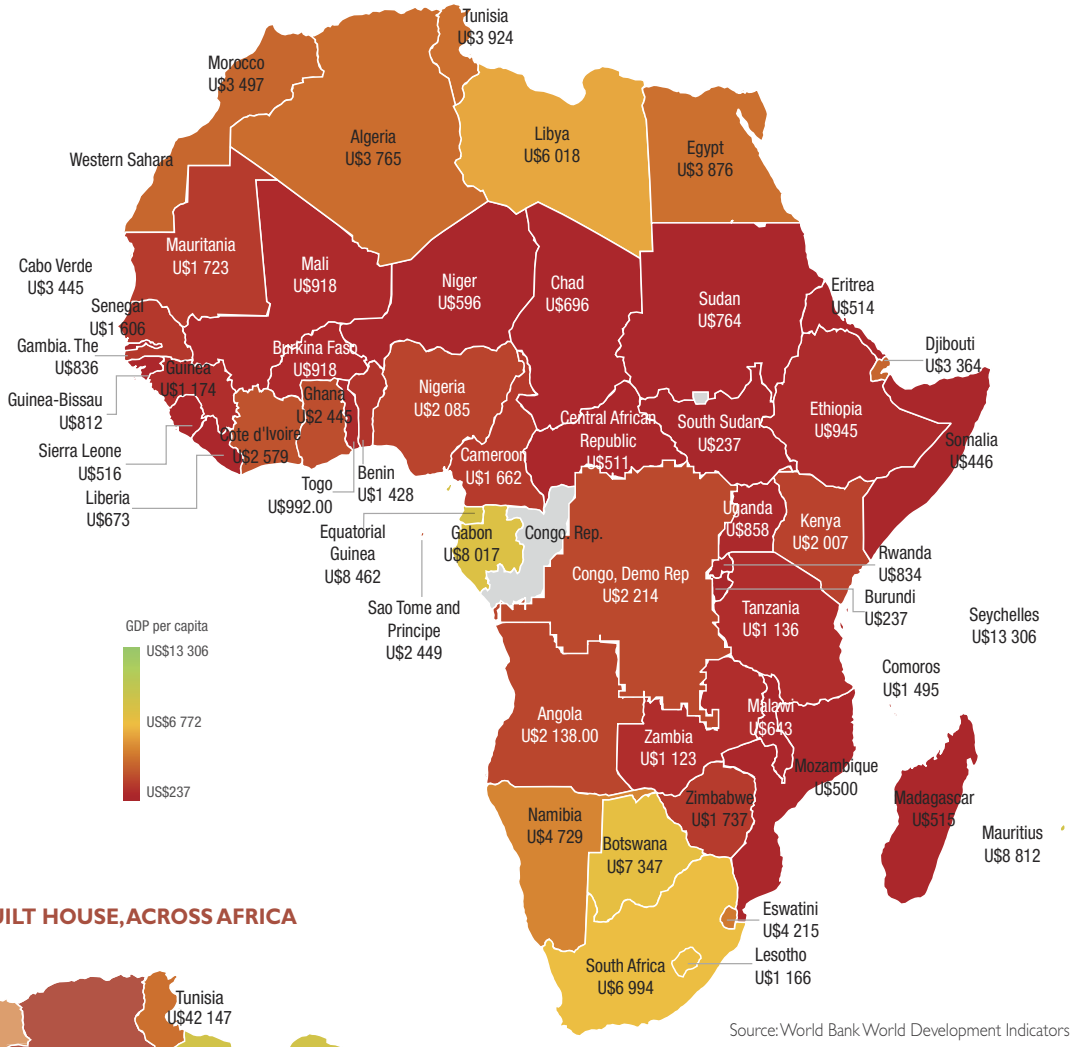
The emergence of green and climate measurement standards has been hugely important for governments, DFIs and other lenders and investors, allowing them to impose impact conditions on their capital and discern between different potential investment targets. EDGE has probably been the most significantly used tool in Africa, and its prominence has championed and mainstreamed the notion of green and climate-resilient building.

Certification can be expensive, however, and this can impact on the affordability of the development itself. Most of the green measurement frameworks are designed for larger scale developers rather than the smaller operators that are the norm. They work best with new build rather than refurbishments and conversions. They overlook location as a key contributor to emissions over time. Indeed, they are primarily designed to measure the carbon footprint of the building at construction, but fail to consider other key factors, such as: the long term, actual building performance, given its location: the utilities usage habits of its residents; or the capacity and effectiveness of its property management and maintenance.

Of course, all of these things are even more difficult to measure than the simple water usage statistics of a low flow tap, or the energy savings of a solar heat pump. And yet, they are essential to the way in which low income households manage their affordability and the way in which landlords manage their revenue streams, and to understanding how cities will be able to contribute to the net zero goals. This is a challenge that belongs to all of us. EDGE has expressed their commitment to exploring ways to better measure the kinds of development that are evolving in African cities. They need support from developers and governments in ensuring that the data that needs to be collected is available.

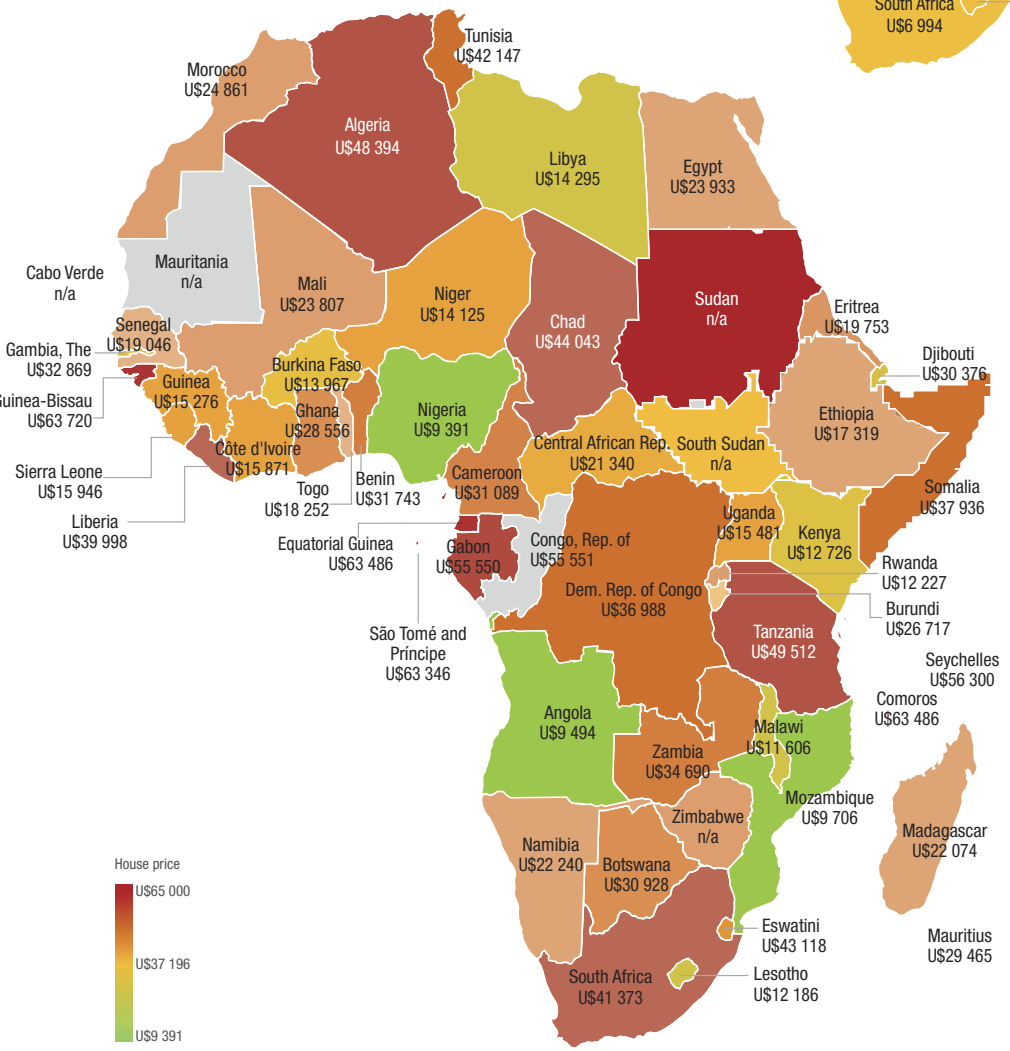
54 See https://www.kenyacic.org/2021/01/green-pavers-housing-africa-using-plastic-waste/ (Accessed 21 November 2022).
55 See https://www.buildkubik.com/ (Accessed 21 November 2022).
56 See https://propertywheel.co.za/2022/03/carefully-thought-out-office-to-residential-conversions-offer-investors-massive-potential/ (Accessed 21 November 2022).
57 Arup (2021). Does Location Matter: A quantitative study on impact of housing development location on carbon emissions in Johannesburg, South Africa. Prepared for Divercity Urban Property Fund and the Green Building Council of South Africa. https://gbcsa.org.za/wp-content/uploads/2021/09/30.09-Divercity_Carbon-Study_Final.pdf (Accessed 21 November 2022).
58 See https://gbcsa.org.za/new-research-by-divercity-and-gbcsa-reveals-the-location-of-housing-development-is-key-to-lowering-carbon-emissions/ (Accessed 21 November 2022).
59 See https://jewelcity.co.za/residential (Accessed 21 November 2022).
60 See https://www.unpri.org/showcasing-leadership/shortlists-for-the-pri-awards-2022/10558.article (Accessed 21 November 2022).

GDP PER CAPITA US$ (2021)



Source: World Bank World Development Indicators

THE CHEAPEST NEWLY BUILT HOUSE, ACROSS AFRICA



Note: Data is for the most recent year available. For the applicable year, see the Key Figures box at the front of the country profile.

Source: CAHF research, October 2022

Green and affordable?

Both are important – green and affordable – and this really is the crux of the green affordable housing challenge. Every year, CAHF invites the authors of the Yearbook country profiles to identify the cheapest newly built house by a formal developer or contractor in an urban area, documenting the price in local currency units. Yearbook authors survey three formal developers who are known for delivering to the affordable market in the main urban centre of the country and request the sales price of the cheapest newly built house available on the market in the current year. The authors then select the lowest price house from these three examples. This year, prices ranged from US$9 391 in Nigeria to $66 720 in Guinea-Bissau. We don't know if these houses are green. Without local income data, we also don't know if they are affordable.

In years past, we have bought income data from the Canback Global Income Distribution Database, which last year was bought by the Economist Intelligence Unit. After much thought and comparison with more locally derived data, we've decided to no longer use CGIDD data to explore affordability. This is a serious problem, not only for CAHF, but for the housing sector as a whole – without reliable income data, how can we define our targets? This is an issue that Reall, CAHF, 71point and others are currently exploring through the Data Agenda for Africa. We hope that next year we'll have better income data to share.

This year, as a proxy for income, we sought out the typical salary of an urban police officer and an urban teacher, and then calculated the price of house that they might afford with a mortgage at the current rates and terms in their country. The graph below compares this with the price of the cheapest newly built house – all converted into USD – for selected African countries. More information on these affordability calculations for a teacher and police officer and the underlying assumptions is provided in the country profiles.

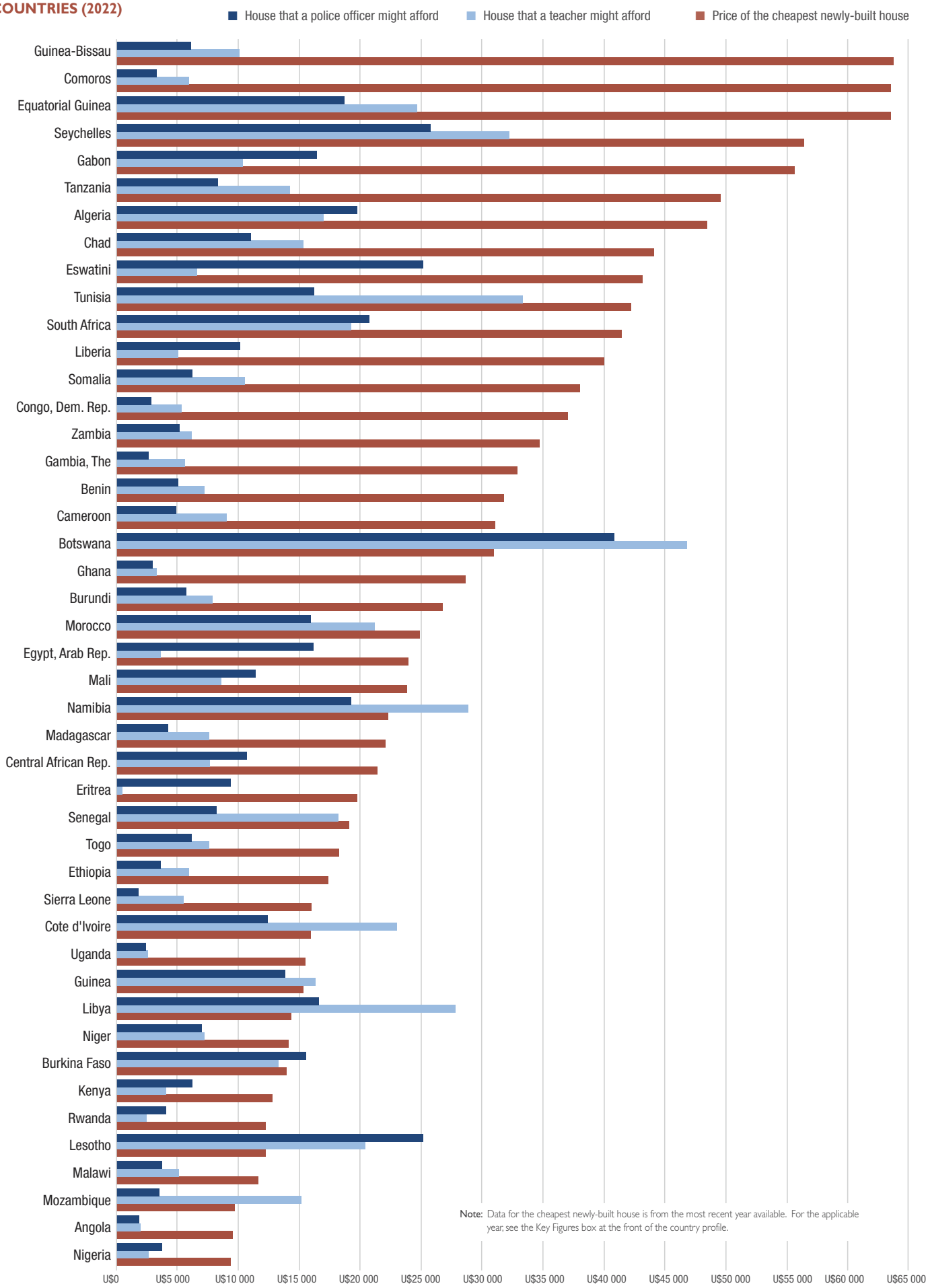
The image is striking – the price of the cheapest newly built house is probably only affordable to a teacher in eight of the countries. For a police officer, the cheapest newly built house is likely unaffordable in all but 5 countries. Even in Nigeria, where for the third year in a row we have found the cheapest newly built house in Africa at $9 391 – this is more than double what a Nigerian police officer might afford and nearly 4 times what a Nigerian teacher might afford. It's the same for Kenya: these two essential public sector workers are likely unable to afford the cheapest newly built house available. Perhaps a two-income household might fare differently – but even then, if the two income earners are teachers or police officers, they still can't afford to buy with a mortgage the cheapest newly built house available in their country.

> This reality is beyond the capacity of fancy financial engineering on the demand side, and the benefits of sustainable, alternative building materials on the supply side. We can't go much lower than a $9 391 house. Or can we?

Increasingly, market sector players are coming to recognise that the re-engineering that needs to happen, needs to be on the supply side, while being supported with appropriate finance on the demand side. By splitting up the housing delivery process into smaller steps and following an incremental process, households can finance their housing in manageable bites. This is how they have been doing it forever – step-by-step, room-by-room, as their financial capacity allows. The challenge raised by local building administrators and inspectors, is that this approach is slow and messy. It is also inefficient, and in this, fails to meet the green certification standards that would give those households access to finance which might stretch their capacity to build affordably. Is it possible to use a process of managed incrementalism to encourage efficiencies at the very bottom end of the income pyramid, such that initiatives that follow this approach within appropriate green guidelines get the access to finance benefits that larger scale, more traditional players get?

If an approach of managed incrementalism can be realised, the next challenge is to finance it. For the past thirteen years, CAHF has been reporting on the challenges relating to housing finance. Innovations and new initiatives aside, these challenges still remain. Mortgage to GDP rates are almost universally low across the continent. Interest rates are high, and although amortisation periods have been increasing, monthly affordability remains constrained. Furthermore, many households earn their income in ways that are uncomfortable for lenders, without payslips, informally, sometimes erratically or seasonally, or from multiple sources. When we look at the very low levels of mortgage lending that exist across the country, we must understand that the mortgage instrument – crucial for financial sector development and the evolution of housing markets over time – is not going to solve the housing challenge for the majority of urban households.

TYPICAL TEACHER AND POLICE OFFICER AFFORDABILITY FOR THE CHEAPEST NEWLY BUILT HOUSE IN SELECTED AFRICAN COUNTRIES (2022)



Note: Data for the cheapest newly-built house is from the most recent year available. For the applicable year, see the Key Figures box at the front of the country profile.

Source: CAHF Research, October 2022

MORTGAGE TERMS

Country	Number of residential mortgages outstanding	Value of residential mortgages outstanding (US$ million)	Mortgage to GDP	Number of mortgage providers	Average mortgage rate	Average mortgage term in years	Average deposit if required	Percent of mortgages classified as non-performing
South Africa	1 663 885	68 559	16.33%	15	11%	30		4%
Egypt. Arab Rep.	437 631	3 514	0.93%	16	7%	30	15%	
Central African Republic	355 618	27	1.18%	2	11%	15		
Mauritania	326 260	221	2.85%	18	10%	10	40%	24%
Ethiopia	247 000	420	2.60%	7	15%	30	20%	
Congo. Rep.	150 564			6	8%	20		
Guinea	130 000	4	0.03%	42	13%	25	10%	
Morocco	75 321	3 005	2.26%	9	13%	25	50%	9%
Namibia	49 077	212	23.8%	8	11%	30		3%
Rwanda	44 767	462	4.17%	16	15%	10	20%	
Nigeria	32 260	2 166	0.50%	58	12%	30	10%	
Kenya	26 723	2 080	1.88%	32	12%	10	10%	17%
Senegal	25 233	360	1.45%	27	10%	25	10%	5%
Botswana	16 300	1 108	6.29%	11	6%	25		4%
Zambia	10 436	1 418	6.15%	12	17%	20	10%	6%
Uganda	7 200	217	0.54%	6	22%	25	15%	10%
Sudan	6 250	938	4.96%	15	17%	20	40%	
Angola	6 200	58	0.08%	9	21%	25	10%	
Tanzania	6 177	201	0.30%	33	11%	10	10%	10%
Zimbabwe	4 894	14	0.08%	12	50%	10	25%	5%
Burkina Faso	3 359	11	0.06%	60	6%	20		
Lesotho	2 100	70	2.83%	5	10%	25	20%	
Chad	2 060	33	0.29%	3	14%	15	70%	
Malawi	1 596	15	0.12%	5	20%	22	15%	16%
Niger	1 439	72	0.26%	14	10%	30		
Burundi	1 131	103	3.55%	5	16%	20	40%	
South Sudan	821	8	0.29%	3	17%	20		
Cote d'Ivoire	696	66	0.11%	19	9%	20	10%	
Benin	539			14	8%	25		
Liberia	522	76	2.19%	1	9%	10	30%	
Equatorial Guinea	500	34	0.34%	14	8%	20		24%
Guinea-Bissau	350	0	0.10%	6	10%	25	10%	11%
Sierra Leone	292	10	0.26%	2	25%	20		
Mali	227	11	0.06%	6	8%	15	10%	34%
Mozambique		107	0.66%	16	24%	30	50%	16%
Libya					5%	20	14%	
Togo				10	10%	25	40%	
Eritrea				1	10%	20		
Madagascar		133	0.97%	5	18%	20		
Ghana		567	0.78%	12	26%	20	10%	
Cabo Verde		415	23.40%	5	7%	30		
Mauritius		1 123	7.92%	18	6%	25	10%	
Djibouti		85	2.49%	13	7%	22	30%	
Cameroon				3	13%	15		12%
Gambia. The		1	0.04%	2	17%	20		1%
Congo. Dem. Rep.		106	0.21%	6	19%	20		16%
Somalia				3	10%	15		
Tunisia		4 413	9.49%	30	9%	25	20%	
Eswatini		209		5	9%	30	10%	10%
Algeria		32	2.09%		7%	40	30%	11%
Gabon		20	0.13%	7	12%	30		
Seychelles		112	8.48%	10	14%	30	10%	3%
Sao Tome and Principe				2	7%	20		
Comoros				7	13%	10		

Source: CAHF Research, October 2022

Note: Blank cells indicate data is unavailable. Data is for the most recent year available. For the applicable year, see the Key Figures box at the front of the country profile.

This highlights the need for other finance options. In some countries, pension-backed lending is permissible. In those and also in other countries, unsecured housing microfinance is also available, either explicitly or within the context of personal loans offered by Saccos or lenders, whether bank or non-bank. However, given the low level of even formal incomes, pension-backed loans are unlikely to be large enough to fund an entire house; and by definition housing microfinance is also too small. Critically, these instruments will be used to finance housing incrementally. This will therefore require its own green standards, so that they can attract the capital they need in the same manner as the high end green bond and green finance markets.

Earlier this year, Housing Finance Bank Uganda launched a housing microfinance product, "Incremental Housing Loan".[61] HFB Uganda is a traditional mortgage lender, with approximately 65% market share of Uganda's mortgage market.[62] With support from the French Development Agency AFD, the product was developed through the bank's strategic pillar of growing a sustainable business. Recognising the development reality of incremental construction, it targets all Ugandans – both formally and informally employed – and very low income earners. Loans are tiny, ranging from UGX 200 000 – UGX 50m (US$50 – US$14 000) and are repayable over a period up to three years. The security requirements are flexible – borrowers can offer the title of their property, or sales agreements, machinery or chattels. HFB Uganda provides housing support services to facilitate the construction process. Building information and best practices, access to utility connections, and other support are also provided by the bank. Loans can be used for any housing-related need including the purchase of land, incremental home construction and improvements, the installation of off-grid services, maintenance, etc., and the repayment period is flexible, based on the customers' income cycle.[63] As the development of this product is monitored, the next step will be to explore how green principles might be worked into the activity, both for the sustainability of the investment, and the sustainability of the finance source.

The fact of the matter is that in order for housing to be affordable, it must be green – and in order for it be green, it must be affordable. While efforts towards green in high value housing are important and commendable, this is a side-story: the vast majority of the housing need in Africa is for very low to moderate income households who will build their housing incrementally, who will do everything they can to leverage the resources around them, reducing what they use, reusing what they have, and recycling what has been before. Their ability to do this efficiently depends on their access to finance. If green certification measures and finance fail to recognise and engage with this reality of housing development in Africa, they will be missing the point, and ultimately, undermining the efficiency and affordability of low-income housing markets. We are at somewhat of a crossroads – while the green argument in housing is increasingly accepted and acknowledged, its application where it really matters, is largely overlooked. This is the real housing challenge – bringing the affordable and the green arguments together and giving expression to them on the ground.

Addressing the data gap in housing in Africa

Although data is fundamental to investment decision-making, good quality, focused data relating to affordable housing is limited. Investors, developers, and lenders all highlight the difficulty of accessing data that gives an accurate picture of the affordable housing investment opportunity and its risks. Key data questions relate to the nature of the **product,** its composition and associated costs; the **process** followed, including steps, time and cost, the blockages that arise and the impact on affordability; details relating to **people,** the target market, their affordability, other financial pressures, housing needs; etc.; and then the **performance** of the investment, whether this is a worthwhile venture, how it impacts on the environment, how it might be improved.

To address this gap, CAHF, together with FSDA Investments, FSD Kenya, Reall and International Housing Solutions, have joined to form the **Open Access Initiative**. The Open Access approach asserts that when money is invested into a development initiative it should have a twin-objective of (a) achieving the immediate development output (i.e. the building or financing of houses) and (b) supporting broader market development by harnessing learnings for broader sharing in the public domain. Over the course of the investment, data and information will be collected from the participating developer, lender or investor, reviewed and analysed, and then developed into useful outputs for sharing in the public domain.

A key focus of the Open Access Initiative must be on understanding the linkage between affordable housing and green housing, and on supporting the development of appropriate metrics that engage with the reality of the building process and its targeting, so that appropriate financing mechanisms can be developed to drive support where it is most needed.

The OA initiative is being piloted in Kenya, initially with the IHS Kenyan Green Housing Initiative, but drawing in a wider array of players. This will be followed by a soft scale up to Nigeria, with the ultimate goal of reaching all of Africa's housing markets.

[61] Ssebwami, J (2022). Housing Finance Bank Launches its Incremental Housing Loan dubbed 'Zimba Mpola Mpola'. https://www.pmldaily.com/business/2022/06/housing-finance-bank-launches-its-incremental-housing-loan-dubbed-zimba-mpola-mpola.html (Accessed 22 November 2022).

[62] Mandela, N (2022). Housing Finance Bank leads in enabling Ugandans access affordable home financing. https://www.pmldaily.com/business/2022/09/housing-finance-bank-leads-in-enabling-ugandans-access-affordable-home-financing.html (Accessed 22 November 2022).

[63] See https://www.housingfinance.co.ug/mortgage-development-finance/incremental-housing-mortgage/ (Accessed 22 November 2022).

Explaining the indicators

Although investor interest in housing in Africa has grown substantially in recent years, data for the sector remains scarce. As a result, investors struggle to accurately assess market risk and opportunity, and either shift their sights to more easily quantified investments outside the housing sector, or price for the inability to fully determine risk, ultimately narrowing the affordability of the housing output. Better data would stimulate increased investment and enhance housing affordability. To address this, CAHF launched a Data Agenda for Housing in Africa in 2019, a broad initiative undertaken in partnership with Reall, Afd, 71point4, FSDAfrica Investment, and FSDKenya. The Data Agenda for Housing in Africa seeks to curate and collate existing data, whether collected by the private, public or NGO sectors, in the normal course of business, or explicitly for unique purposes, and share this into the public domain in support of overall market development.

The Yearbook serves as a key pillar of the Data Agenda. In this Yearbook, each of the country profiles includes a set of indicators, drawn from various sources, including the African Economic Outlook database, the World Bank's various databases, UNDP's International Human Development Indicators, the World Health Organisation (WHO), Edge building studies, Johns Hopkins University Coronavirus Resource Center and USAID's Demographic and Health Surveys. In addition to data from these international sources, we present CAHF's own data, collected by the Yearbook authors appointed to complete the Yearbook data survey and write the profile for each country. The Yearbook data survey includes 37 indicators on housing and housing finance; the data from the survey is used in the Key Figures section of each profile as well as the regional data pages. Through this process, CAHF maintains an integrated database of indicators which spans a number of years, and uses this data in various other parts of our research.

Inevitably, the data presented in this Yearbook is limited to what our Yearbook authors were able to access and what we were able to obtain via desktop study. While every effort has been made to overcome these shortcomings, there will always be more information and nuance to add to the picture. In some instances, data tables state 'n/a' where the data is not available. Owing to this, some data has not been updated for 2022, in which case we publish the most recent data available.

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

Indicator name	Definition	Source
Main urban centres	The capital city of the country and any other large cities.	Data collected by CAHF
US$ exchange rate	USD exchange rate (1 USD = x LCU) as at 1 July 2022.	Data collected by CAHF Source: Xe URL: https://Xe.com
Purchase Power Parity exchange rate (PPP$)	According to the International Monetary Fund (IMF), PPP is the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country. This conversion rate is calculated for the year 2021.	Data collected by CAHF Source: World Bank World Development Indicators URL: https://data.worldbank.org/indicator/PA.NUS.PPP
Total population	The number of all residents regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are mid-year estimates.	Data collected by CAHF Source: World Bank World Development Indicators URL: https://data.worldbank.org/indicator/SP.POP.TOTL
Urban population	The number of all residents in urban areas regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are mid-year estimates.	Data collected by CAHF Source: World Bank World Development Indicators URL: https://data.worldbank.org/indicator/SP.URB.TOTL
Population growth rate	Rate of change in total population over two consecutive years.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/SP.POP.TOTL
Urbanisation rate	The increase in the proportion of urban population over time, calculated as the rate of growth of the urban population minus that of the total population. An urban area can be defined by administrative criteria and/or political boundary.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/SP.URB.GROW

Indicator name	Definition	Source
Percentage of urban population living in slums	The agreed definition classified a 'slum household' as one in which the inhabitants suffer one or more of the following 'household deprivations': 1. Lack of access to improved water source, 2. Lack of access to improved sanitation facilities, 3. Lack of sufficient living area; 4. Lack of housing durability and, 5. Lack of security of tenure. By extension, the term 'slum dweller' refers to a person living in a household that lacks any of these attributes.	Data collected by CAHF Source: United Nations Human Settlements Programme (UN-HABITAT) URL: //www.statcompiler.com/en/
Percentage of population living less than 5 meters above sea level	Percent of the total population living in areas where elevation is less than 5 meters above sea level.	Data collected by CAHF Source: World Bank URL: https://data.worldbank.org/indicator/EN.POP.EL5M.ZS
Most common fuels used by households	The predominant energy source used for heating by all households in a country.	Data collected by CAHF Source: Demographic and Health Surveys, USAID URL: //www.statcompiler.com/en/
Most common fuels used by B40 households	The predominant energy source used for heating in the population group within the income of the bottom 40% of the income distribution in a country.	Data collected by CAHF Source: Demographic and Health Surveys, USAID URL: //www.statcompiler.com/en/
Percent of female-headed households	Percentage of households where the person considered to be responsible for the household (household head) identifies as female.	Data collected by CAHF Source: Demographic and Health Surveys, USAID URL: //www.statcompiler.com/en/
Percentage of population that have received at least 1 dose of COVID-19 vaccination as of 1 Oct 2022	The number of people that have received at least one dose of COVID-19 vaccination divided by the total number of people in a country.	Data collected by CAHF Source: Johns Hopkins University Coronavirus Resource Center URL: https://coronavirus.jhu.edu/vaccines/international
Unemployment rate (% of total labour force, national estimate)	Percentage of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers.	Data collected by CAHF Source: World Bank URL: https://data.worldbank.org/indicator/ SP.URB.TOTL
Percentage of women participating in the labour market formally	The ratio of female to male labor force participation rate in the formal labour market.	Data collected by CAHF Source: World Bank URL: https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS
Gini coefficient	Index measuring levels of inequality in a country, based on the extent to which the distribution of income or consumption expenditure among the population deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. The data relates to various years, depending on when the calculation was done for a particular country.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/SI.POV.GINI
HDI country ranking	A summary measure of average achievement in key dimensions of human development including life expectancy, education, and per capita income indicators. The HDI is the geometric mean of normalised indices for each of the three dimensions used to rank countries. The global ranking is out of 187 countries.	Data collected by CAHF Source: United Nations Development Programme Human Development Data Bank URL: http://hdr.undp.org/en/countries/profiles
HDI country score	The HDI index score is drawn from the UN Development Programme.	Data collected by CAHF Source: United Nations Development Programme Human Development Data Bank URL: http://hdr.undp.org/en/countries/profiles
GDP per capita (Current US$)	Gross domestic product (GDP) divided by total population. Provides a rough indication of the residents' standard of living, but misses the important factor of inequality. It must therefore be read together with the Gini coefficient and the percent of the population living below the poverty line.	Data collected by CAHF through World Bank API Source: World Bank URL: GDP (Current US$): https://data.worldbank.org/indicator/NY.GDP.MKTP.CD Total population: https://data.worldbank.org/indicator/SP.POP.TOTL

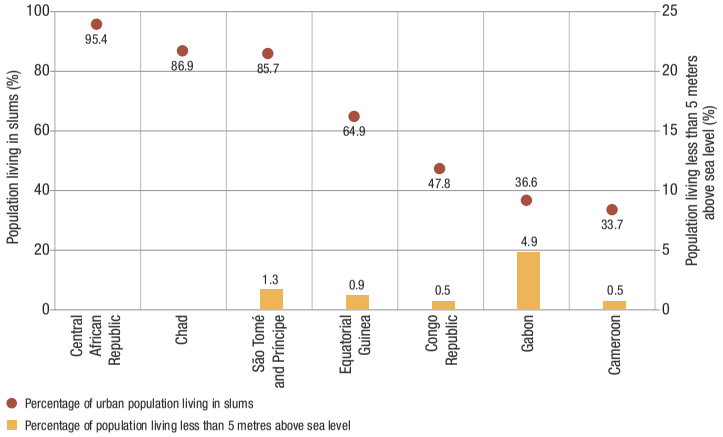
Indicator name	Definition	Source
GDP (Current US$)	The sum of all value added, or simply the gross value of output, by all resident producers in the respective country's economy without making deductions for the depreciation of assets or for depletion and degradation of natural resources, plus any product taxes and minus any subsidies not included in the value of the products.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD
GDP growth rate annual	The annual percentage growth in GDP at market prices based on constant local currency. Aggregates are based on constant 2005 US dollars. The GDP growth rate measures the growth in the economy.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG
Inflation rate	Inflation, as measured by the consumer price index, reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG
Lending interest rate	Prevailing interest rate in the country, charged as a percentage of the loan amount, that usually meets the short- and medium-term financing needs of the private sector. While the rate offered will differ from one lender to the next, and be adjusted to the creditworthiness of borrowers and objectives of the loan, the number offered is indicative of the state of lending in the country.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/FR.INR.LEND
Proportion of the adult population that borrowed formally	Proportion of the adult population that borrowed formally.	Data collected by CAHF Source: World Bank Global Findex Database 2017 URL: https://globalfindex.worldbank.org/
Number of residential mortgages outstanding	The number of residential mortgages outstanding on the books of registered/licensed residential mortgage providers.	Data collected by Yearbook authors Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.
Value of residential mortgages outstanding (USD)	The value of outstanding residential mortgages at the end of a calendar year for residential mortgages issued by licensed/registered residential mortgage providers.	Data collected by Yearbook authors Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.
Prevailing residential mortgage rate	Range between minimum (lowest) and maximum (highest) interest rate on residential mortgages offered by registered/licensed mortgage providers.	Data collected by Yearbook authors Source: The main, or largest, registered financial service provider that offers residential mortgages.
Term	The maximum term in years on residential mortgages offered by registered/licensed mortgage providers.	Data collected by Yearbook authors Source: The main, or largest registered financial service provider that offers residential mortgages.
Maximum LTV on a residential mortgage	The regulatory maximum residential mortgage loan-to-value (LTV) ratio set by the central bank. If there is no maximum residential mortgage LTV set by the central bank then use the maximum residential LTV accepted/offered by registered/licensed residential mortgage providers.	Data collected by Yearbook authors Source: Commercial banks/central bank/mortgage refinance company.
Ratio of mortgages to GDP	The ratio of outstanding to the gross domestic product (GDP).	Calculated by CAHF, as value of total outstanding residential mortgages divided by GDP in USD.
Number of residential mortgage providers	The number of residential mortgage providers. Each provider should be registered with, or licensed by, the Central Bank/financial regulator and one of their financing offerings must be residential mortgage loans.	Data collected by Yearbook authors Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.
Percentage of women who own a house alone and/or jointly	Percentage of women who own a house alone plus percentage of women who own a house jointly plus percentage of women who own a house alone and jointly.	Data collected by CAHF Source: Demographic and Health Surveys, USAID URL: //www.statcompiler.com/en/
Number of microfinance loans outstanding	Total number of outstanding microfinance loans in the country.	Data collected by Yearbook authors Main sources: Central bank; microfinance association; national credit regulator.

Indicator name	Definition	Source
Value of microfinance loans in USD	Total value of outstanding microfinance loans in the country.	Data collected by Yearbook authors Main sources: Central bank; microfinance association; national credit regulator.
Number of microfinance providers	Number of registered microfinance providers subject to prudential regulation/ government oversight.	Data collected by Yearbook authors Main sources: Central bank; microfinance association; national credit regulator.
Total number of residential properties with a title deed	Total number of residential properties that have a title deed as per the deed registry.	Data collected by Yearbook authors Main sources: Ministry of lands, housing, and human settlements; deeds office.
Number of formal dwellings completed annually	The number of new residential units completed per annum for which occupancy permits have been issued. A dwelling/residential unit is considered completed if it has been deemed fit for occupation, hence the requirement for an occupancy permit to be issued. This permit requirement implies that the scope of the indicator is constrained to formal construction activity.	Data collected by Yearbook authors Main sources: Ministry of lands, housing, and human settlements; national statistics bureau; deeds office; municipal or district offices.
Number of residential projects certified by EDGE	The number of residential projects that have green building certification focused on making buildings more resource efficient.	Data collected by CAHF Source: EDGE projects URL: https://edgebuildings.com/project-studies//project-studies/
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. YB authors were advised to contact three formal developers who are known for delivering to the affordable market in the main urban centre of the country, and request the sales price of the cheapest newly built house available on the market in the current year. YB authors then selected the lowest price house of these three examples.	Data collected by Yearbook authors Main sources: Contractors/Developers
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square metres	Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters. (The house referred to is the same as the one whose price is listed in the indicator for the cheapest newly built house.)	Data collected by Yearbook authors Primary sources: Contractor / developer of the cheapest newly built house.
Typical monthly rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	The typical rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. (The house referred to is the same as the one whose price is listed in the indicator for the cheapest newly built house.)	Data collected by Yearbook authors Main sources: Contractor / developer of the cheapest newly built house.
Cost of standard 50kg bag of cement in local currency units	Cost of standard 50kg bag of cement in local currency units. This is the retail price as would be bought by a household at a building material supply store. The cement quality should be that typically used by owner-builders for bricklaying.	Data collected by Yearbook authors Main sources: Building supply stores.
Type of deeds registry: digital, scanned or paper	The format of the deeds registry in the country.	Data collected by CAHF from historical World Bank Doing Business Indicators dataset available for bulk download. Source: World Bank URL: https://www.doingbusiness.org/en/custom-query
World Bank Ease of Doing Business index rank	Ease of Doing Business ranks economies from 1 to 190, with first place being the best. A high numerical rank means that the regulatory environment is not conducive to business operations. The index averages the country's percentile rankings on 10 topics covered in the World Bank Doing Business Survey, conducted annually (most recent survey was 2020). The ranking on each topic is the simple average of the percentile rankings on its component indicators. Property-related indicators are for commercial, not residential property, but are nonetheless a useful indicator.	Data collected by CAHF from historical World Bank Doing Business Indicators dataset Source: World Bank URL: https://www.doingbusiness.org/en/custom-query

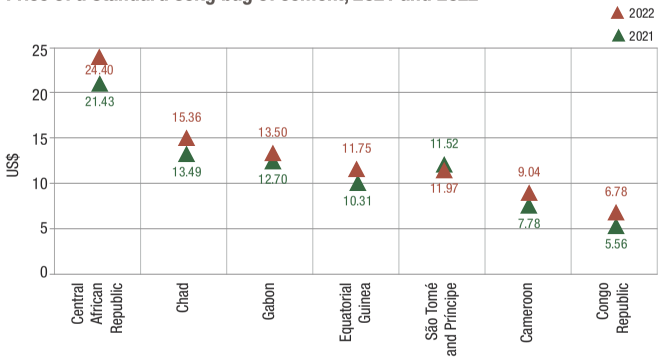
Indicator name	Definition	Source
Time to register property	Part of the Doing Business survey, this represents the number of days required for a business to secure rights to a commercial property.	Data collected by CAHF from historical World Bank Doing Business Indicators dataset Source: World Bank URL: https://www.doingbusiness.org/en/custom-query
Cost to register property as share of property price	Part of Doing Business survey, this represents the average cost incurred by a business to secure rights to a commercial property, expressed as a percentage of the property value.	Data collected by CAHF from historical World Bank Doing Business Indicators dataset available for bulk download Source: World Bank URL: https://www.doingbusiness.org/en/custom-query
World Bank DBI Quality of Land Administration index score (0-30)	Score on the Quality of land administration index as per the World Bank Doing Business Indicators. The Quality of land administration index is composed of five other indices: the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights.	Data collected by CAHF from historical Doing Business Indicators dataset available for bulk download the URL provided Source: World Bank URL: https://www.doingbusiness.org/en/custom-query

Central Africa

Percentage of population living in slums and percentage of population living less than 5m above sea level

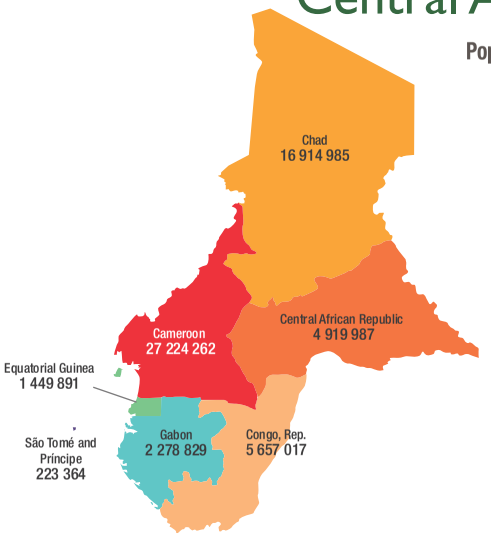


Price of a standard 50kg bag of cement, 2021 and 2022



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

Population size



Mortgage lending: Most recent data available*

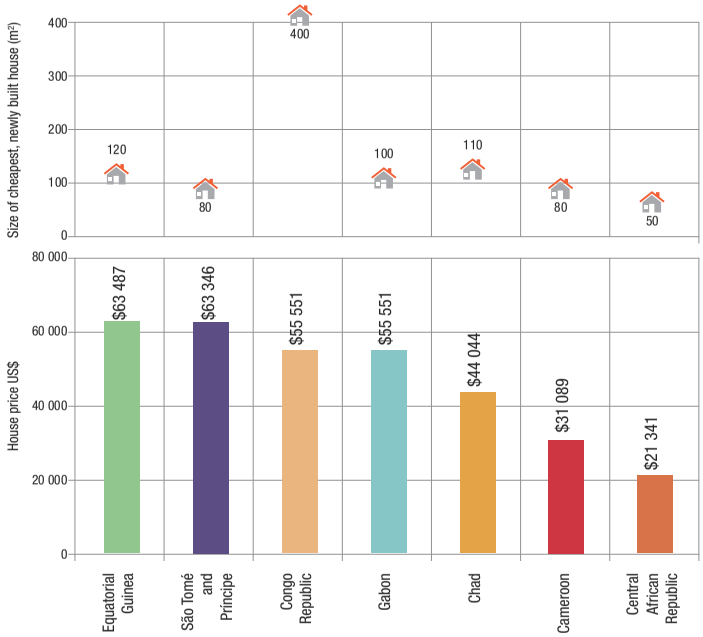
	Cameroon	Central African Republic	Chad	Congo Republic	Equatorial Guinea	Gabon	São Tomé and Príncipe
Number of mortgage providers	3 (2021)	2 (2021)	3 (2021)	6 (2020)	14 (2022)	7 (2021)	2 (2022)
Number of residential mortgages outstanding	n/a	355 618 (2019)	2 060 (2020)	150 564 (2020)	500 (2014)	n/a	n/a
Average mortgage rate	13% (2022)	11% (2022)	14% (2022)	8% (2022)	8% (2022)	12% (2022)	7% (2022)
Average mortgage term in years	15 (2022)	15 (2021)	15 (2022)	20 (2022)	20 (2021)	30 (2021)	20 (2022)
Average percentage of the down payment on a mortgage if required	n/a	n/a	70% (2022)	n/a	n/a	n/a	n/a
Percent of mortgages classified as non-performing	12% (2021)	n/a	n/a	n/a	24% (2019)	n/a	n/a

Urbanisation rates, 2021

Rate at which the level of urbanisation in the country is changing

Chad	4.04%
Equatorial Guinea	3.92%
Cameroon	3.54%
Congo, Rep.	3.15%
Central African Republic	2.91%
São Tomé and Príncipe	2.86%
Gabon	2.72%

Cheapest newly built house: Cost and size*



Microfinance lending: Most recent data available*

	Cameroon	Central African Republic	Chad	Congo Republic	Equatorial Guinea	Gabon	São Tomé and Príncipe
Number of microfinance loans outstanding	n/a	14 142 (2021)	n/a	755 (2020)	10 (2020)	n/a	n/a
Number of microfinance providers	n/a	11 (2021)	255 (2019)	24 (2022)	3 (2022)	5 (2021)	4 (2022)
Value of microfinance loans (US$ million)	n/a	6.90 (2021)	n/a	0.75 (2020)	0.16 (2021)	n/a	n/a

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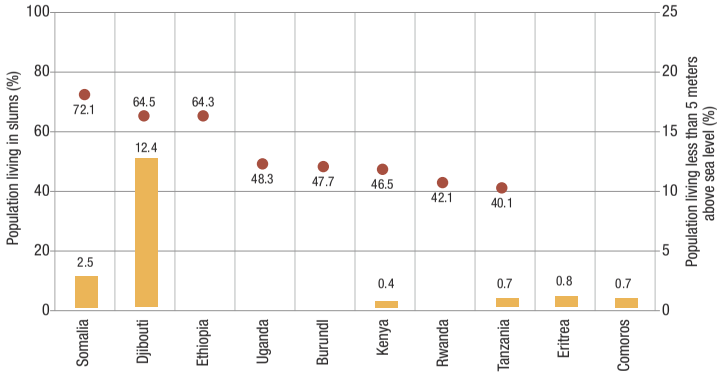
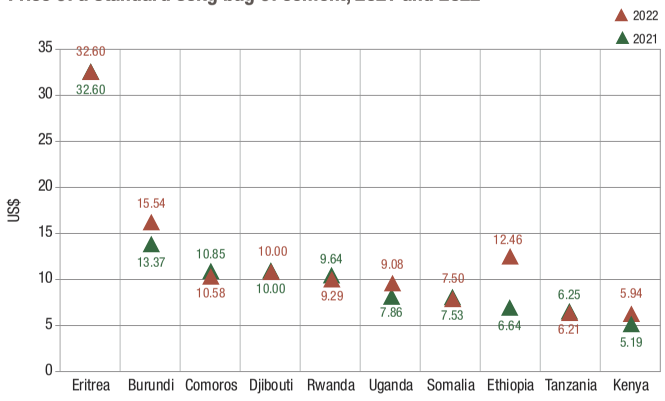
Source: World Bank World Development Indicators, UN-HABITAT, data collected by Yearbook authors.

East Africa

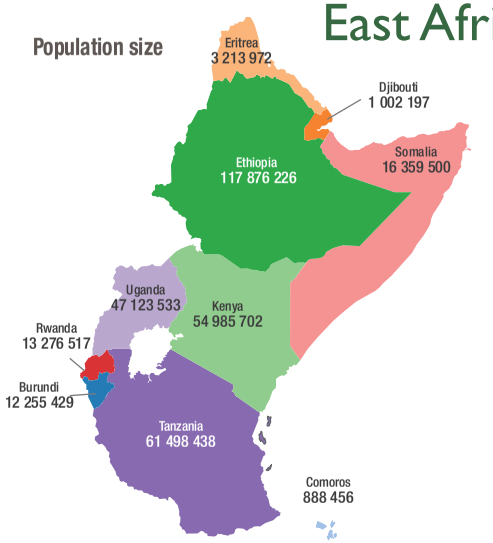
Percentage of population living in slums and percentage of population living less than 5m above sea level



Price of a standard 50kg bag of cement, 2021 and 2022



Population size



60% of countries in the region have available information on number of mortgages.

Mortgage lending: Most recent data available*

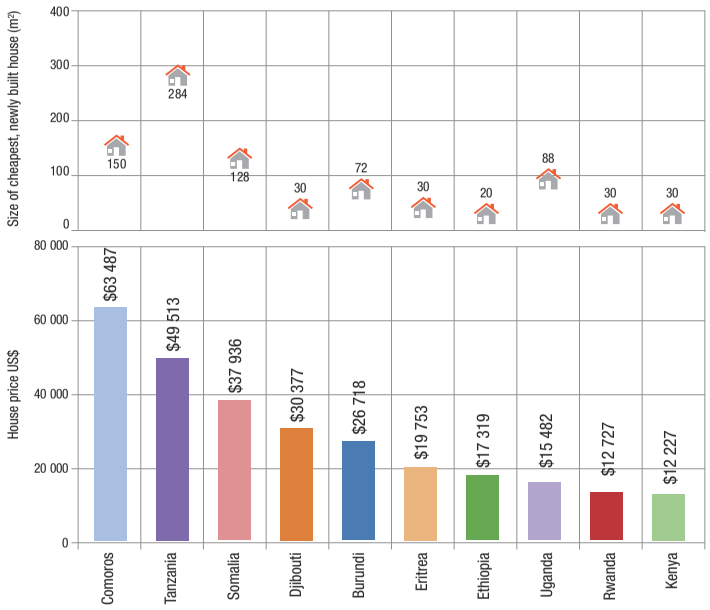
	Burundi	Comoros	Djibouti	Eritrea	Ethiopia	Kenya	Rwanda	Somalia	Tanzania	Uganda
Number of mortgage providers	5 (2022)	7 (2020)	13 (2022)	1 (2020)	7 (2021)	32 (2022)	16 (2022)	3 (2021)	33 (2022)	6 (2022)
Number of residential mortgages outstanding	1 131 (2021)	n/a	n/a	n/a	247 000 (2021)	26 723 (2022)	44 767 (2022)	n/a	6 177 (2022)	7 200 (2022)
Average mortgage rate	16% (2022)	13% (2022)	7% (2022)	10% (2021)	15% (2022)	12% (2022)	15% (2022)	10% (2022)	11% (2022)	22% (2022)
Average mortgage term in years	20 (2022)	10 (2022)	22 (2020)	20 (2022)	30 (2022)	10 (2022)	10 (2022)	15 (2020)	10 (2022)	25 (2022)
Average percentage of the down payment on a mortgage if required	40% (2022)	n/a	30% (2022)	n/a	20% (2022)	10% (2022)	20% (2022)	n/a	10% (2022)	15% (2022)
Percent of mortgages classified as non-performing	n/a	n/a	n/a	n/a	n/a	17% (2021)	n/a	n/a	10% (2021)	10% (2021)

Urbanisation rates, 2021

Rate at which the level of urbanisation in the country is changing

Burundi	5.54%
Uganda	5.35%
Tanzania	4.95%
Ethiopia	4.69%
Somalia	4.16%
Kenya	4.00%
Rwanda	3.25%
Eritrea	3.00%
Comoros	2.94%
Djibouti	1.62%

Cheapest newly built house: Cost and size*



Microfinance lending: Most recent data available*

	Burundi	Comoros	Djibouti	Eritrea	Ethiopia	Kenya	Rwanda	Somalia	Tanzania	Uganda
Number of microfinance loans outstanding	n/a n/a	n/a n/a	n/a n/a	36 428 (2016)	500 000 (2020)	221 000 (2022)	509 724 (2020)	n/a n/a	6 711 (2019)	20 182 (2022)
Number of microfinance providers	n/a n/a	3 (2020)	4 (2022)	2 (2016)	41 (2021)	14 (2022)	421 (2022)	6 (2022)	4 (2020)	5 (2022)
Value of microfinance loans (US$ million)	223.00 (2022)	n/a n/a	n/a n/a	n/a n/a	1 249.00 (2022)	340.00 (2022)	230.07 (2022)	29.00 (2020)	7 713.00 (2021)	43.10 (2022)

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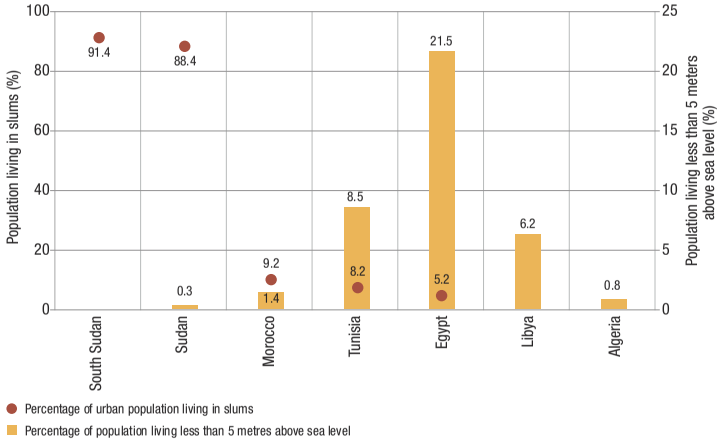
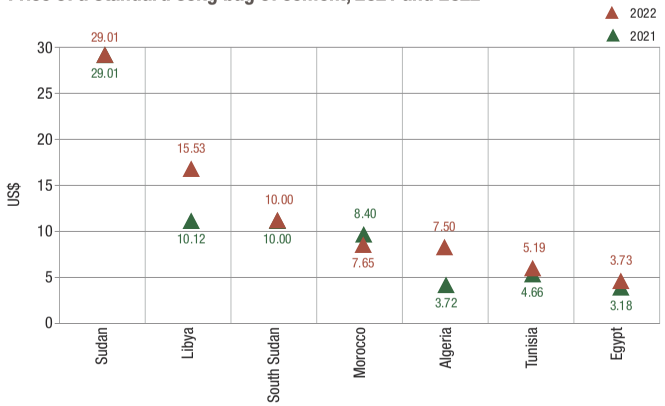
Source: World Bank World Development Indicators, UN-HABITAT, data collected by Yearbook authors.

North Africa

Percentage of population living in slums and percentage of population living less than 5m above sea level

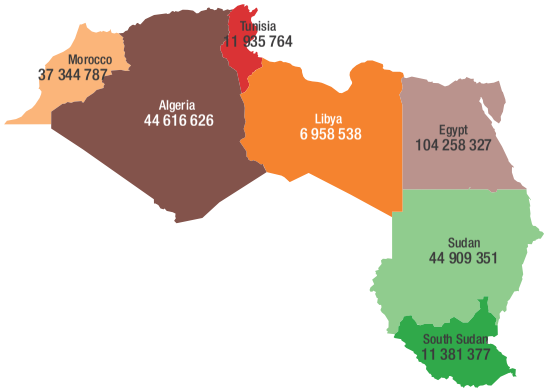


Price of a standard 50kg bag of cement, 2021 and 2022



71% of countries in the region have available information on number of mortgages.

Population size



Mortgage lending: Most recent data available*

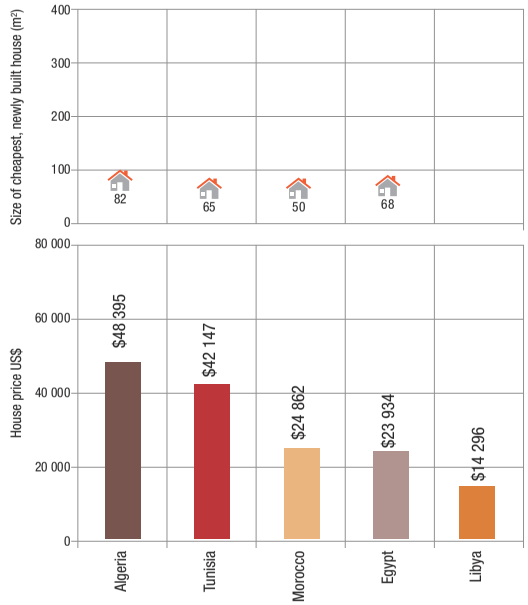
	Algeria	Egypt	Libya	Morocco	South Sudan	Sudan	Tunisia
Number of mortgage providers	n/a	16 (2022)	n/a	9 (2022)	3 (2021)	15 (2019)	30 (2022)
Number of residential mortgages outstanding	n/a	437 631 (2021)	n/a	75 321 (2022)	821 (2021)	6 250 (2021)	n/a
Average mortgage rate	7% (2022)	7% (2022)	5% (2022)	13% (2022)	17% (2022)	17% (2022)	9% (2022)
Average mortgage term in years	40 (2022)	30 (2022)	20 (2021)	25 (2022)	20 (2022)	20 (2022)	25 (2022)
Average percentage of the down payment on a mortgage if required	30% (2022)	15% (2022)	14% (2021)	50% (2022)	n/a	40% (2022)	20% (2022)
Percent of mortgages classified as non-performing	11% (2016)	n/a	n/a	9% (2021)	n/a	n/a	n/a

Urbanisation rates, 2021

Rate at which the level of urbanisation in the country is changing

Sudan	3.35%
South Sudan	3.21%
Algeria	2.44%
Egypt	2.05%
Morocco	2.00%
Libya	1.64%
Tunisia	1.45%

Cheapest newly built house: Cost and size*



Microfinance lending: Most recent data available*

	Algeria	Egypt	Libya	Morocco	South Sudan	Sudan	Tunisia
Number of microfinance loans outstanding	944 558 (2021)	3 800 000 (2022)	n/a	842 025 (2022)	36 466 (2019)	1 300 000 (2022)	707 568 (2022)
Number of microfinance providers	603 (2022)	957 (2022)	1 (2021)	12 (2022)	11 (2022)	38 (2020)	288 (2022)
Value of microfinance loans (US$ million)	27.26 (2022)	1 752.00 (2022)	n/a	815.11 (2022)	n/a	n/a	570.20 (2022)

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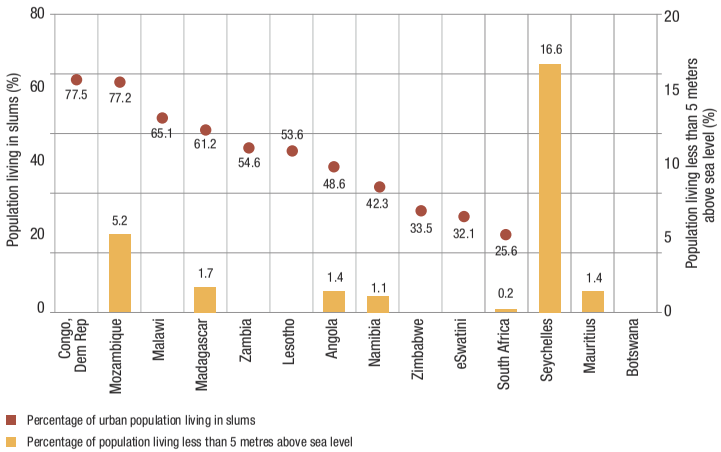
Source: World Bank World Development Indicators, UN-HABITAT, data collected by Yearbook authors.

Southern Africa

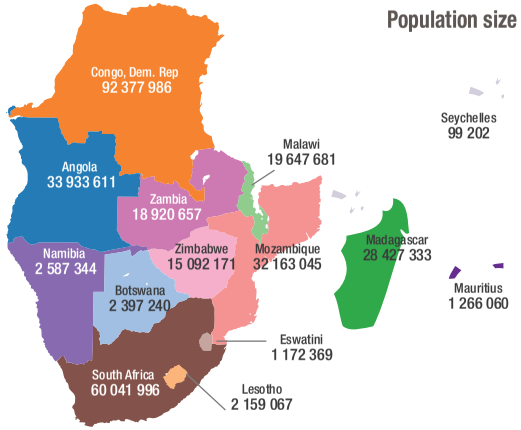
Percentage of population living in slums and percentage of population living less than 5m above sea level



Price of a standard 50kg bag of cement, 2021 and 2022

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

Population size



Mortgage lending: Most recent data available*

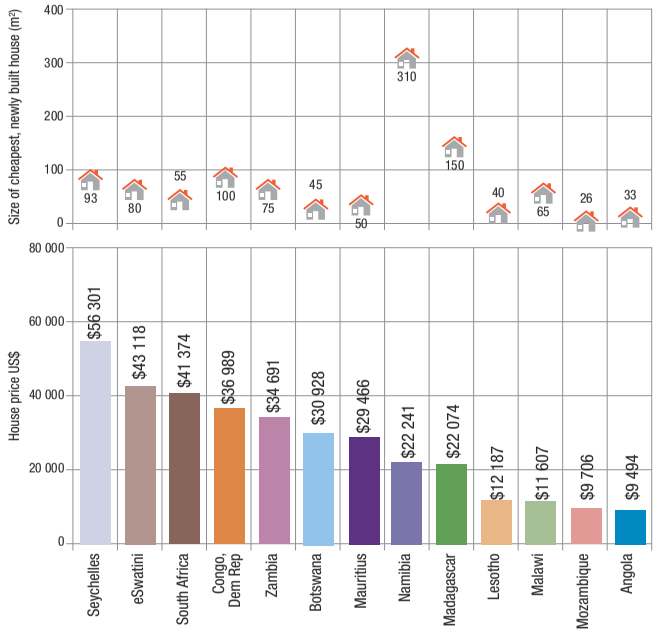
	Angola	Botswana	DRC	Eswatini	Lesotho	Madagascar	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Zambia	Zimbabwe
Number of mortgage providers	9 (2022)	11 (2022)	6 (2022)	5 (2022)	5 (2022)	5 (2022)	5 (2022)	18 (2022)	16 (2022)	8 (2021)	10 (2022)	15 (2022)	12 (2022)	12 (2022)
Number of residential mortgages outstanding	6 200 (2021)	16 300 (2021)	n/a	n/a	2 100 (2021)	n/a	1 596 (2022)	n/a	n/a	49 077 (2021)	n/a	1 663 885 (2022)	10 436 (2020)	4 894 (2020)
Average mortgage rate	21% (2022)	6% (2022)	19% (2022)	9% (2022)	10% (2022)	18% (2022)	20% (2022)	6% (2022)	24% (2022)	11% (2022)	14% (2022)	11% (2022)	17% (2022)	50% (2022)
Average mortgage term in years	25 (2022)	25 (2022)	20 (2022)	30 (2022)	25 (2021)	20 (2022)	22 (2022)	25 (2022)	30 (2022)	30 (2022)	30 (2022)	30 (2022)	20 (2022)	10 (2022)
Average percentage of the down payment on a mortgage if required	10% (2022)	n/a	n/a	10% (2022)	20% (2021)	n/a	15% (2022)	10% (2022)	50% (2022)	n/a	10% (2022)	n/a	10% (2022)	25% (2022)
Percent of mortgages classified as non-performing	n/a	4% (2021)	16% (2022)	10% (2021)	n/a	n/a	16% (2022)	n/a	16% (2021)	3% (2021)	3% (2021)	4% (2022)	6% (2021)	5% (2021)

Urbanisation rates, 2021

Rate at which the level of urbanisation in the country is changing

Congo, Dem. Rep	4.40%
Madagascar	4.36%
Mozambique	4.35%
Malawi	4.20%
Angola	4.12%
Zambia	4.13%
Namibia	3.6%
Botswana	2.88%
Lesotho	2.33%
South Africa	1.96%
Eswatini	1.86%
Zimbabwe	1.72%
Seychelles	1.49%
Mauritius	0.06%

Cheapest newly built house: Cost and size*



Microfinance lending: Most recent data available*

	Angola	Botswana	Congo, Dem. Republic	Eswatini	Lesotho	Madagascar	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Zambia	Zimbabwe
Number of microfinance loans outstanding	24 822 (2021)	n/a	569 240 (2021)	20 261 (2020)	522 (2019)	261 002 (2019)	455 323 (2022)	4 959 (2022)	n/a	229 999 (2021)	9 072 (2020)	6 256 063 (2022)	10 915 261 (2021)	288 135 (2022)
Number of microfinance providers	21 (2022)	78 (2022)	19 (2022)	117 (2020)	98 (2021)	25 (2021)	61 (2021)	9 (2022)	9 (2022)	377 (2022)	1 (2021)	4 500 (2022)	116 (2021)	187 (2022)
Value of microfinance loans (US$ million)	33.70 (2021)	393.00 (2021)	104.70 (2021)	5.31 (2020)	76.94 (2021)	235.00 (2021)	77.76 (2021)	21.93 (2021)	n/a	470.91 (2021)	95.20 (2020)	16 692.00 (2021)	11.18 (2021)	7.02 (2021)

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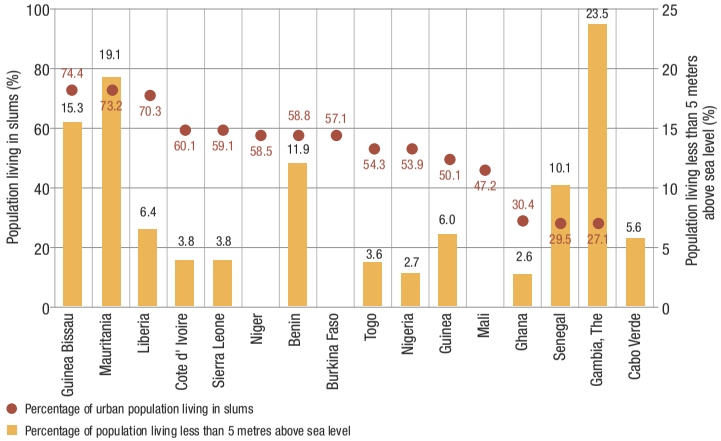
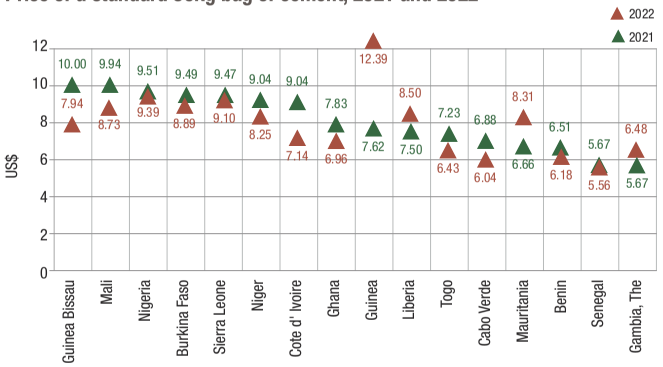
Source: World Bank World Development Indicators, UN-HABITAT, data collected by Yearbook authors.

West Africa

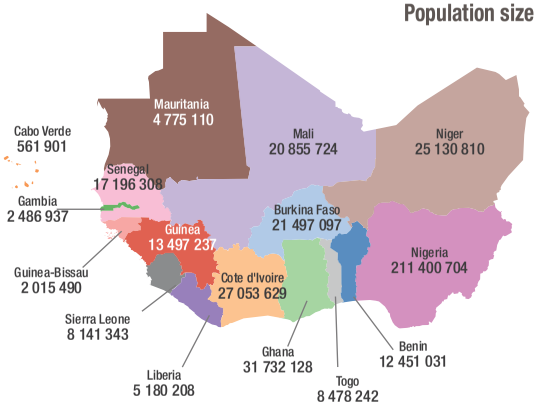
Percentage of population living in slums and percentage of population living less than 5m above sea level



Price of a standard 50kg bag of cement, 2021 and 2022



Population size



75% of countries in the region have available information on number of mortgages.

Mortgage lending: Most recent data available*

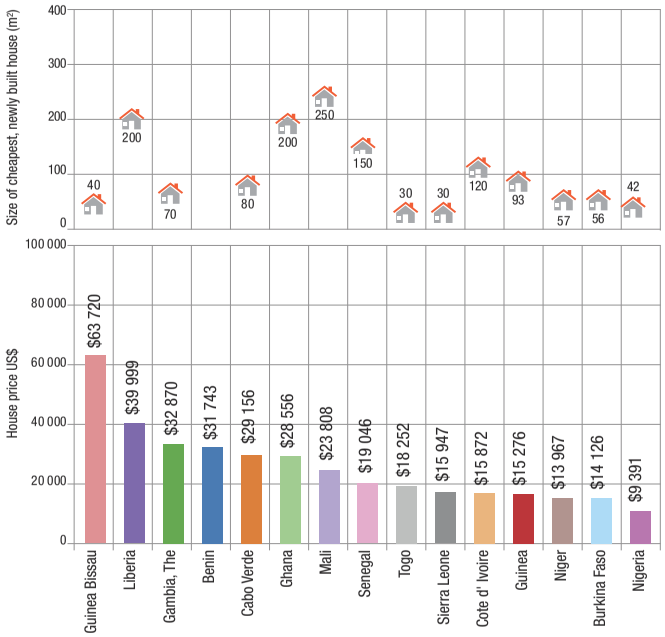
	Benin	Burkina Faso	Cabo Verde	Cote d' Ivoire	Gambia	Ghana	Guinea	Guinea Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Senegal	Sierra Leone	Togo
Number of mortgage providers	14 (2022)	60 (2022)	5 (2022)	19 (2022)	2 (2022)	12 (2022)	42 (2021)	6 (2022)	1 (2022)	6 (2022)	18 (2022)	14 (2022)	58 (2022)	27 (2022)	2 (2019)	10 (2022)
Number of residential mortgages outstanding	539 2 018	3 359 (2021)	n/a	696 (2019)	n/a	n/a	130 000 (2019)	350 (2019)	522 (2022)	227 (2022)	326 260 (2019)	1 439 (2022)	32 260 (2019)	25 233 (2020)	292 (2022)	n/a
Average mortgage rate	8% (2022)	6% (2022)	7% (2022)	9% (2022)	17% (2022)	26% (2022)	13% (2022)	10% (2022)	9% (2022)	8% (2022)	10% (2022)	10% (2022)	12% (2022)	10% (2022)	25% (2022)	10% (2022)
Average mortgage term in years	25 (2022)	20 (2022)	30 (2022)	20 (2022)	20 (2022)	20 (2021)	25 (2022)	25 (2022)	10 (2022)	15 (2022)	10 (2022)	30 (2022)	30 (2022)	25 (2022)	20 (2021)	25 (2022)
Average percentage of the down payment on a mortgage if required	n/a	n/a	n/a	10% (2022)	n/a	10% (2022)	10% (2022)	10% 2 017	30% (2022)	10% (2021)	40% (2022)	n/a	10% (2022)	10% (2022)	n/a	40% (2022)
Percent of mortgages classified as non-performing	n/a	n/a	n/a	n/a	1% (2021)	n/a	n/a	11% (2019)	n/a	34% (2022)	24% (2020)	n/a	n/a	5% (2021)	n/a	n/a

Urbanisation rates, 2021

Rate at which the level of urbanisation in the country is changing

Burkina Faso	4.85%
Mali	4.68%
Niger	4.50%
Nigeria	4.20%
Mauritania	4.11%
Gambia, The	3.88%
Benin	3.81%
Guinea	3.79%
Togo	3.68%
Senegal	3.65%
Côte d'Ivoire	3.44%
Guinea-Bissau	3.33%
Liberia	3.32%
Ghana	3.20%
Sierra Leone	3.08%
Cabo Verde	1.73%

Cheapest newly built house: Cost and size*



Microfinance lending: Most recent data available*

	Benin	Burkina Faso	Cabo Verde	Cote d' Ivoire	Gambia	Ghana	Guinea	Guinea Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Senegal	Sierra Leone	Togo
Number of microfinance loans outstanding			11 000 (2020)	292 560 (2022)			363 468 (2020)	109 688 (2022)	50 615 (2021)	806 750 (2019)		136 328 (2020)		460 547 (2019)	3 761 (2014)	3 852 551 (2022)
Number of microfinance providers	111 (2022)	40 (2022)	5 (2020)	46 (2022)	62 (2022)	137 (2021)	17 (2021)	6 (2022)	13 (2021)	32 (2021)	30 (2022)	37 (2022)	887 (2022)	295 (2022)	18 (2021)	75 (2022)
Value of microfinance loans (US$ million)	0.32 (2021)	381.00 (2022)	662.00 (2020)	693.60 (2022)	108.00 (2022)	36.66 (2021)	101.50 (2020)	1.36 (2022)	3.40 (2021)	271.14 (2019)	18.76 (2022)	31.64 (2022)	2 437.00 (2021)	215.10 (2021)	0.48 (2014)	520.00 (2022)

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Source: World Bank World Development Indicators, UN-HABITAT, data collected by Yearbook authors.

Algeria

Thierno Birahim Niang

Overview

Located in North Africa, Algeria is a country of 44.6 million inhabitants on an area of 2 382 million km².[1] The urban population increased from 60% in 2000 to 74% of the total population in 2021 and is mainly concentrated in cities such as Algiers, Oran, Setif and Djelfa.[2] To support the high level of urbanisation, the authorities deliver housing as part of housing supply programmes using different formulas according to the applicant's income. These programmes had enabled the delivery of 320 000 housing units across the different wilayas (administrative regions) by 2021 and have contributed to the eradication of most (90%) of the country's slums.[3]

The COVID-19 pandemic has weakened the country's economy which contracted by 4.9% in 2020[4] despite a period of strong economic growth (6% during the last quarters of 2020). This growth was explained by revenues from the marketing of hydrocarbons, which represent 30% of gross domestic product (GDP), 60% of budget revenues and more than 95% of exports.[5] A recovery of the economy was noted in 2021 with GDP growth at 3.8% thanks to the recovery in external demand, mainly for oil, whose production and prices were rising, reducing the budget deficit by 4.8 percentage points. Inflation rate increased in 2021 to 7.2%. This was accompanied by an easing of monetary policy with the minimum reserve requirement being reduced from 10% to 2% and the policy rate from 5% to 3%.[6] The multi-dimensional poverty rate decreased from 2.1% to 1. 4% between 2013 and 2019.[7]

Located on the Mediterranean Sea the country is exposed to natural hazards such as floods, earthquakes, droughts, forest fires, coastal and soil erosion that hinders government action in the housing sector, especially in urban areas. To guard against this, Algeria has a legal framework, the Disaster Risk Management, focusing on reconstruction rather than prevention and mitigation in a context of increased climate risks.

Access to finance

The Algerian financial sector is composed of a non-banking system including microcredit (82%) and a banking system (73% of GDP).[8] The Algerian banking sector is composed of the Bank of Algeria, 20 commercial banks, nine financial institutions and other financial institutions including a stock exchange and a clearing company.[9] The country has about 1 200 bank branches, and public banks dominate with almost 75% of transactions.[10] Public banks control most of the market and collect 85.5% of deposits and grant 87.5% of credits. The banking sector is dominated[11] by six major public banks: Banque Nationale d'Algérie (BNA), Banque Extérieure d'Algérie (BEA), Banque de l'Agriculture et du Développement Rural (BADR), Banque de développement Local (BDL), Crédit Populaire d'Algérie (CPA) and Caisse Nationale d'Epargne et de Prévoyance (CNEP). A private bank with Algerian capital has been active on the local market for more than 15 years.

At the end of March 2021, outstanding loans from public banks were more than DA9 711 billion (US$66.2 billion), an increase of DA67 billion (US$456.7 million) compared to the end of December 2020. Of this total, DA4 087 billion (US$27.8 billion) was from the private sector.[12] Microcredit has, enabled financing, via the National Agency for the Management of Micro-Credit (ANGEM), of nearly DA62 billion (US$422.6 million). Fifty percent of microcredits were granted to women (30% in rural areas and 20% for housewives).[13] However, financial inclusion indicators have seen a modest change from 2017. The percentage of adults with an account increased from 43% to 44% in 2021 with a more pronounced evolution among women, 29% to 31% in 2021.[14]

State subsidies continue to account for a significant proportion of the amounts allocated to housing. Public housing subsidies amounted to between 3% and 3.5% of GDP per year for the years 2020 and 2021.[15] The volume of mortgage loans is estimated at less than DA400 billion (US$2.8 billion) or less than 2% of GDP.[16] The vast majority of these mortgages are granted by public banks whose market shares represent 95%.[17] The same is true of the holders of housing loans – 5% of Algerians held them in 2017 with a marginal proportion among women (2%).[18] Mortgages remain reserved for households

KEY FIGURES

Main urban centres	Algiers, Boumerdas Oran, Tebessa, Constantine
Exchange rate (1 July 2022): 1 USD = [a] 1 PPP$ = (2021) [b]	146.71 Algerian dinar (DZD) 42.24 Algerian dinar (DZD)
Total population [2021] [b] | Urban population [2021] [b]	44 616 626 | 33 132 753
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	1.73% | 2.44%
Percentage of urban population living in slums [d]	n/a
Population living less than 5m above sea level (2010) [b]	0.8%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	17.9%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	10.0%
Percentage of women participating in the labour market formally (2021) [b]	16.0%
Gini coefficient (2018) [b]	27.6
HDI country ranking (2020) [d] | HDI country score (2021) [d]	96 | 0.57
GDP per capita (Current US$) [2021] [b]	US$3 765
GDP (Current US$) [2021] [b]	US$167 983 million
GDP growth rate [2021] [b]	3.80%
Inflation rate (2021) [b]	7.2%
Lending interest rate (2021) [b]	8.0%
Proportion of adult population that borrowed formally (2021) [b]	38.0%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) [2019] [e]	US$31.70 million
Prevailing residential mortgage rate [f] | Term [g]	4 – 10% | 40 years
Maximum LTV on a residential mortgage [h]	70%
Ratio of mortgages to GDP (2021)	2.09%
Number of residential mortgage providers	n/a
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2021) [i]	944 558
Value of microfinance loans (USD) (2021) [i]	US$27.26 million
Number of microfinance providers [i]	603
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually [2020] [j]	290 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [j]	7 100 000 DZD
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	82m²
Typical monthly rental for the cheapest, newly built house	63 000 DZD
Cost of standard 50kg bag of cement in local currency units [k]	1 100 DZD (US$7.50)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	157
Time to register property (days) | Cost to register property (2020) [l]	55 days | 7.50%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	7.1

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Oxford Business Group
[f] Numbeo
[g] Algerian National Bank
[h] International Monetary Fund
[i] National Microcredit Management Agency
[j] National Housing Fund
[k] eBourse.dz
[l] World Bank Ease of Doing Business Indicators

with sufficient income (so that one third of the monthly income could be used as a monthly repayment) that is also permanent and regular, which excludes households whose income comes from the informal sector. Banks most often require Algerian applicants to have a stable, regular income equal to at least the National Minimum Guaranteed Salary (SNMG), a minimum personal contribution of 10% of the housing price, with a capacity for constant monthly repayments up to 30 to 40% of their Overall Net Monthly Income, and possibly a deposit.[19] A loan from CNEP, a bank that finances 100% of the amount of acquisition of the property to young first time homeowners, is an exception. To further boost the sector, the authorities intend to rely on banking digitalisation (electronic payment), privatisation of the sector (opening of capital from public banks to private investors), and the granting of Halal credit.[20]

Affordability

Despite the state's efforts to support housing, access to affordable housing is a challenge for a large part of the Algerian population. This is the case of promotional housing units (LPAs), which are contracted by the state, targeting middle income households (whose incomes are less than or at least equal to six times the national minimum wage) but considered unaffordable for some households, especially those who live in large cities such as Constantine. For example, F2 apartments are sold for more than DA2 500 000 (US$17 040), F3s for DA3 500 000 (US$23 856),[21] F4s for DA4 400 000 (US$29 991), while F5s are worth DA5 400 000 (US$36 807).[22]

According to the National Federation of Real Estate Agencies, real estate prices in Algeria fell in 2022. The average rent ranges from DA15 000 (US$102) to DA55 000 (US$375) in all wilayas (regions) of the country, depending on the region and the size of the dwelling.[23] The average selling price of a collective dwelling (vertical building with a few dwellings, located on different floors and designed to accommodate several families) of 83m^2 is between DA3 154 000 (US$21 498) and DA16 185 000 (US$110 319).[24] The drop in prices, estimated at 15% for small properties and 40% for large properties in all the wilayas of the country, certainly benefits some Algerians. However, prices are still high in relation to the purchasing power of the middle class: the average monthly salary is DA42 000 (US$286), lower than the expenses of a family of five, estimated at DA81 000 (US$552)[25] including DA31 100 (US$212) for housing. This brings the number of years needed for the acquisition of a dwelling to 15 years for collective housing and 39 years for individual housing.[26]

These different factors combined with the estimated population growth rate of 2. 2% exacerbate the demand for housing, currently estimated at 200 000 units per year,[27] with a high representation of young applicants. The inability to satisfy the latter favours the development of informal markets. These informal markets account for nearly 80% of real estate transactions.[28] To deal with these irregularities, which plague the financing of housing, the state will open the Banque de l'Habitat in November 2022.[29] This aims to make public rental housing of a social nature accessible through finance from state budgets from 31 December 2022. Also being established are real estate loans for emigrants and Halal credits granted by the CNEP, which is included in the list of banks offering Halal financing (such as Al Baraka Bank, Salam Bank, National Bank of Algeria).

Housing supply

The most important player in the Algerian real estate market is the state, which is committed to providing housing for all citizens, respecting their constitutional rights. This public housing promotion was responsible for 150 000 housing units, compared to 2 000 built by the private sector by 2017.[30] Despite efforts to grant more construction projects to the private sector, private developers are constrained by access to land being difficult.

Algeria has a housing stock of 10 million units with an occupancy rate of 4.4 people per house.[31] The owners are in the majority. At the national level, 74. 8% of owners are homeowners (72.5% in urban areas) and 10.4% rent their accommodation (13. 4% in urban areas).[32] Much of the housing supply is provided through housing programmes. A total of 320 000 units of all types were delivered across the different wilayas (regions) in 2021[33] as part of the President of the Republic's programme to build one million homes during the 2020-2024 five-year period (60% of which will be rural housing).[34] In addition, during the first quarter of 2022, 408 000 housing units were completed under the 1 288 365 housing programme, 391 000 units (30%) are under construction and 345 000 units (26%) are awaiting start-up. Construction of 41 000 units is at a standstill and nearly 72 000 other units (6%) are in the process of being delivered.[35] The number of dwellings delivered amounted to 45 065 dwellings, of which 12 814 were public rental units (LPL), 17 726 hire-purchase units, 1 768 LPA, 9 678 rural dwellings, 2 941 social housing units and 138 public promotional housing units (LPP).

In summary, since 2020, 700 000 homes have been delivered to three million people.[36] The connection of water, electricity and gas is also considered in housing policy. This brings access rates to high levels: 100% for drinking water supply in urban areas, 91% for sanitation, 99% for electricity and 65% for gas.[37] In addition, an envelope of nearly DA38 billion (US$259 million) will be released for the connection to gas and electricity in 2022.[38]

These efforts have resulted in a sharp reduction in precarious housing in Algeria. The country has virtually eliminated 80% of precarious housing in large urban agglomerations that covered about 40% of the area of Algerian cities.[39] A total of 250 000 families have been relocated through state programmes.[40] Efforts have also focused on the promotion of local building materials. It was in this context that the government included many building materials (iron, cement) and finishing materials (tiles, earthenware and paint) on the list of products prohibited for import. This resulted in a drop in the bill for imports of building materials: DA117.4 billion (US$800 million) in 2021 against DA 176 billion (US$1.2 billion) in 2019 and DA308 billion (US$2.1 billion) in 2015.[41] The country achieves self-sufficiency in building materials such as cement, iron, ceramics, and for the first time, housing whose building materials are 100% sourced in Algeria are being built. However, the increase in the prices of building materials by 45% to 50%, for mainly speculative reasons, increases the price of new housing and constitutes a blockage for the projects of construction and public works companies, which risk working at a loss or bankruptcy. To this must be added the administrative delays in obtaining a building permit, which requires a period of 131 days and a constitutes 6.5% of the cost of the house.[42]

Property markets

The real estate market has been experiencing a drop in prices following the COVID-19 pandemic. Real estate prices fell at the end of 2021 and in 2022, for the first time in more than eight years. Prices have fallen by 15% for small properties and by 40% for large properties in all wilayas (regions) of the country. The CNL estimates that the selling prices of collective housing declined by approximately 4% between 2017 and 2021. Over the same period, the average price of an 89m^2 apartment increased from DA8.1 million (US$55 211) in 2017 to DA7.5 million (US$51 121) in 2021. Prices for detached houses have fallen by 1% and rent by 14%, with prices for detached houses falling from DA27 million (US$184 036) in 2017 to DA24.5 million (US$166 995), rent from DA30 000 (US$204) in 2017 to DA 25 000 (US$170) in 2021 for multi-family dwellings, and from DA65 000 (US$443) to DA49 000 (US$334) for detached houses. Rents in the western capital region are higher than in the eastern region. Particularly for the wilaya (region) of Algiers, the sales prices of apartments with an average surface area of 91m^2 were DA189 000 (US$1 288) in 2021 against DA195 000 (US$1 329) in 2017, which represents a decrease of 3%. The price of a detached house has fallen by 23% since 2017. Rent decreased from DA56 000 (US$382) to DA52 000 (US$354) for apartments with a surface area of 90m^2 and stands were DA60 000 (US$409) in 2021 compared to DA128 000 (US$872) in 2017 for detached houses.[43]

Demand has also shrunk due to the decline in the purchasing power of Algerians and the economic consequences of the pandemic. This is reflected in a decline in real estate transactions. Bank Al-Maghrib and the National Agency for Land Conservation, Cadastre and Cartography recorded a decrease of 22.5% in the number of transactions, in line with the decline of 20.4% of sales of residential property and 37.7% of the land.[44] Real estate development companies sometimes find it difficult to sell houses despite discounts. In addition, there is a strong predominance of the informal sector in the real estate market. Five hundred real estate agents have disappeared from the market out of a total of 1 900 real estate agencies in 2021, probably in favour of the informal market which represents nearly 70% according to the latest estimates in 2018.[45] The sales periods are also long: it takes several months to obtain the land register at a cost that can reach 7% of the declared value.

Innovations to revitalise the real estate market concern, for example, the project to the dematerialisation land conservation activities, launched in 2017 and funded by nearly DA700 million (US$4.77 million), aims to digitise the land register and

ALGERIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **DA42 000** per month

you could afford to purchase a **DA2.897 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **DA36 000** per month

you could afford to purchase a **DA 2.483 million** house with a mortgage.

Mortgage assumptions – Algeria

- 7.0% interest rate
- 30% deposit
- 40 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

land registration operations, creating a centralised database and establishing a National Land and State Information Centre. The first stage has been completed and nearly 12 million documents were digitised in 2020.[46] Another innovation is establishment of a digital platform to monitor the progress of the state's real estate projects.

Policy and legislation

Access to decent housing is a constitutionally guaranteed right. To this end, the state has set up ambitious housing supply programmes with different formulas, such as rent-to-own housing (AADL), promotional housing (APL), LPP, LPL, rural housing, and LPP for the Algerian community living abroad. Access to each of these formulas is defined by decree. The conditions of acquisition depend on the monthly income of the applicant. Thus, the LPL is reserved for Algerians with an income of less than DA24 000 (US$164), the AADL, the LPA and rural housing for incomes between DA24 000 (US$163) and six times the guaranteed national minimum wing (SNMG,) and the LPP for incomes between six and 12 times the SNMG.[47] The state also provides a direct subsidy to the beneficiary of the housing ranging from DA40 000 (US$273) to DA1 000 000 (US$6 816).

The government has begun drafting the necessary legal texts for the conversion of CNL into a financial institution specialising in the financing of housing projects and the law for the creation of the Housing Bank. The draft Finance Law (PLF) of 2022, currently being studied and debated at the level of the Finance and Budget Committee of the National People's Congress, proposes to make non-transferable, from 31 December 2022, housing in the public rental sector of a social nature financed by state budget assistance. In addition, planned from 2022, is a 10% reduction for the benefit of persons with AADL housing who pay the value of the housing or tranches in a single payment. There is also a reduction of 25% on property income from residential rental to be retained in the tax on the overall revenue (IRG). Gross annual rents above DA600 000 (US$4 090) are now subject to the IRG according to the new progressive scale. Proportional tax rates (7% and 15%) for property income whose annual amounts are less than DA600 000 (US$4 090) will be maintained. The PLF also provides, in the context of a Mourabaha contract, for a reduction in the assessment for calculating the IRG equivalent to the amount of the pre-agreed profit margin contracted for the acquisition of housing.

Opportunities

The Algerian real estate market offers different opportunities to players. The state intends to deliver 579 500 housing units in the period 2021-2024 as part of the new programme for the construction of one million homes. Such state-subsidised housing supply programmes leave room for manoeuvre for domestic and foreign private real estate developers with high standards, which are expensive for low income households. It will be necessary, however, to provide solutions beforehand for the problems of private real estate developers related to credits, customs taxes and the lack of land bases, in addition to the use of public land for housing and public facilities.

Algeria is full of tourism potential with a diversity and variety of landscapes, culture and history.[48] Moreover, the state has taken a number of measures favorable to investors which encourage real estate investments especially in the capital of the country. The new Investment Law published in the Official Journal on 31 July 2022 aims to simplify and digitise procedures and offers many tax-related privileges for investors. It provides for the establishment of a digital platform where real estate investment projects are published and the creation of a one-stop shop to facilitate the obtaining of a building permit. Foreigners can also invest and benefit from the same conditions for obtaining the land and can pay by self-financing or bank credit. For the purchase of an apartment, they can benefit from a tax subsidy and tax assistance with customs duties in the case of importation of equipment for work, as well as receive a discount on the customs tax.

Self-sufficiency in building materials for cement, iron, ceramics and almost all materials used in housing construction[49] opened the door to the export of building materials. The state covers 50% of the cost of shipping building materials to allow Algerian producers to export to foreign markets.

Availability of data on housing finance

The National Statistical Information System is composed of several instruments including the National Statistical Council, the National Statistics Office, the statistical services of administrations and local authorities, public bodies and specialized in statistical polling institutes.

The data used in this profile is mostly collected from reports produced by international bodies such as the World Bank and Oxford Business Group, in addition to statistics from the National Statistics Office, the Ministry of Housing, Urban Planning and the City, and the Central Bank. However, the updating of certain data is problematic, particularly mortgage figures. The number of microfinance institutions, and the total number of residential properties with title deeds could not be obtained. In addition, a data platform on the public-private, urban-rural and also male-female distribution of housing and real estate development would make it possible to better monitor changes in the sector.

Green applications for affordable housing

President Abdelmadjid Tebboune is committed to encouraging the building and public works sector to adopt energy-efficient environmental standards and to reduce the use of environmentally harmful materials. The building sector occupies a prominent place in energy transition policies in particular, as it absorbs 42% of total energy consumption.[50] Nearly 80%[51] of compliance measures are met for most products, including cement, concrete reinforcing bars, doors and windows, sealing products. The use of PVC in housing projects instead of wood to preserve forest wealth is an illustration of this.

Algeria has a law on energy management and thermal regulations in buildings, revised in 2016. The DTR C3.2/4 law is based on a verification of compliance for the winter and summer period: for each period, heat losses by transmission through the walls must be less than a reference value.[52] This law concerns new construction and the authorities are also working on the "thermal rehabilitation" of existing buildings.

Green applications for affordable housing cont

Energy efficiency mainly concerns the building, transport and industrial sectors, and aims to achieve an overall energy saving of around 60Mtoe by 2030 and 30Mtoe beyond 2030[53] and to reduce greenhouse gas emissions by 7% to 22%[54] over a period of 15 years. The authorities are now ensuring the use of means guaranteeing energy efficiency in the construction of social housing: LED lamps, thermal insulation techniques, double-glazing systems and the use of solar panels for public lighting. To this must be added the housing thermal insulation programmes,[55] the creation of a commission for renewable energies and energy efficiency, the development of Algerian Thermal Regulation software for the thermal calculations necessary for the new thermal regulation, the DTR C3.2/4 law, and the implementation of a green consumer credit (solar panels and water heaters). To apply DTR C3.2/4 effectively, it is necessary to rely on a synergy between public and private financing, by adapting the supply of financing to the needs of the energy efficiency market, and to support local manufacturers of thermal insulation.

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Angola

Maria Nkhonjera

Overview

Since independence in 1974, Angola's housing sector has struggled to attract private and foreign investment. Commercial banks are hesitant to extend credit to the real estate market due to widespread defaults and inefficient foreclosure processes.[1] According to the Bank of Angola (Banco Nacional de Angola – BNA), only 15% of total loans extended by banks to individuals were housing loans in July 2022.[2] This is even though the Bank of Angola aims to promote residential construction and enable access to mortgage finance. To support investment in the housing sector, the central bank established a special scheme for mortgage and construction credit and allocated at least Kz850 billion (approximately US$2 billion) to the banking sector to promote access to mortgage finance.[3] The central bank is leading efforts to unite stakeholders to explore opportunities and identify constraints in boosting credit to the housing sector.[4]

Spurred by the recovery in oil prices and revenues, Angola's economy expanded by 0.7% in 2021[5] following five consecutive years of recession. The Government continued to implement structural reforms to diversify the economy and promote the country's attractiveness to foreign investment. As a result, government debt declined sharply to 79% of Gross Domestic Product (GDP) in 2021 from 120% of GDP in 2020 – following the conclusion of the International Monetary Fund (IMF) Extended Fund Programme (2018-2021) and a debt reprofiling agreement with China. Angola's economic and fiscal outlook is projected to continue improving in 2022 and 2023. However, this depends on potentially volatile oil prices and the performance of the non-oil economy.[6]

Housing affordability remains a key concern, especially given the impact COVID-19 on the vulnerable. Inflation in 2021 remained high at 25.7%,[7] although the central bank expects this to fall in 2022. In response, the government, with support from the World Bank, has continued implementing the Kwenda Social Protection Programme. The programme intends to reach 1.6 million low income families and as of 30 March 2022 had benefited 56% of the 535 333 registered households.[8]

Angola's 33.9 million population is projected to grow by 3.2% annually. With an urban population of nearly 23 million (approximately 67% of the total population), Angola is one of the most urbanised countries in Sub-Saharan Africa.[9] Due to climate change, Angola is increasingly becoming more vulnerable to "prolonged droughts, floods, reduced water availability, coastal degradation and reduced agricultural productivity."[10] Forced migration of Angolans to urban areas because of the civil war has led to a concentration of the population along the country's coastlines. An estimated 64% of the urban population live in Angola's coastal settlements which are highly vulnerable to climate and environmental changes.[11]

A lingering drought since 2010 in rural communities in Angola's southwestern provinces of Cunene, Huila and Namibe has threatened food security and resulted in forced migration to urban areas. Approximately 1.6 million people are estimated to be at risk of facing severe hunger.[12] Efforts are being made by the government, international development partners and civil society to alleviate the crisis.

KEY FIGURES

Main urban centres	Luanda, Huambo, Benguela, Lobito, Lubango
Exchange rate (1 July 2022): 1 USD = [a]	426.34 Kwanza (AOA)
1 PPP$ = (2021) [b]	220.27 Kwanza (AOA)
Total population [2021] [b] | Urban population [2021] [b]	33 933 611 | 22 891 614
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	3.20% | 4.14%
Percentage of urban population living in slums (2018) [d]	48.6%
Population living less than 5m above sea level (2010) [b]	1.4%
Most common fuels used by households | by B40 households (2016) [c]	Solid fuel | LPG/natural gas/biogas
Percentage of female-headed households (2015) [c]	
Percent of population that have received at least 1 dose of COVID-19	34.5%
vaccination as of 1 October [c]	30.8%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	8.5%
Percentage of women participating in the labour market formally (2021) [b]	74,0%
Gini coefficient (2018) [b]	51.3
HDI country ranking (2020) [d] | HDI country score (2021) [d]	149 | 0.57
GDP per capita (Current US$) [2021] [b]	US$2 138
GDP (Current US$) [2021] [b]	US$72 547 million
GDP growth rate [2021] [b]	0.70%
Inflation rate (2019) [b]	17.10%
Lending interest rate [b]	19.40%
Proportion of adult population that borrowed formally (2014) [b]	31.0%
Number of residential mortgages outstanding [2021] [e]	6 200
Value of residential mortgages outstanding (USD) [2021] [e]	US$57.7 million
Prevailing residential mortgage rate | Term [f]	19 – 22% | 25 years
Maximum LTV on a residential mortgage [f]	90%
Ratio of mortgages to GDP (2021)	0.08%
Number of residential mortgage providers [e]	9
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2021) [e]	24 822
Value of microfinance loans (USD) (2021) [e]	US$33.7 million
Number of microfinance providers [e]	21
Total number of residential properties with a title deed (2019) [g]	475 000
Number of formal dwellings completed annually [2021] [h]	616
Number of residential projects certified by EDGE [3]	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [i]	4 047 672 AOA
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [i]	33m^2
Typical monthly rental for the cheapest, newly built house	n/a
Cost of standard 50kg bag of cement in local currency units [j]	3 500 AOA (US$8.21)
Type of deeds registry: digital, scanned or paper (2020) [k]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [k]	177
Time to register property (days) | Cost to register property (2020) [k]	190 days | 2.70%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	7.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Demographic and Health Surveys, USAID
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] National Bank of Angola
[f] Bank of Angola Investments (BAI)
[g] Urban Forum
[h] Angolan National Institute of Statitsics
[i] Habitera Angola
[j] Nova Cimangola SA
[k] World Bank Ease of Doing Business Indicators

Access to finance

Angola lacks robust gender-disaggregated financial inclusion data, hindering the development of the financial sector. Available estimates suggest that the country's financial inclusion rates in 2019 were below 30%, with the Bank of Angola aiming to raise the percentage of the population with access to basic financial services to 50% by the end of 2022.[13] Creditinfo Group, in partnership with the Bureau Central Privada de Informação de Crédito, has announced plans to open Angola's first licensed credit bureau.[14] The project aims to unlock access to credit for the unbanked population and support responsible lending.

Angola's first cash transfer programme, Kwenda, promotes financial inclusion by delivering payments digitally for most beneficiaries. Over half of the low income households targeted by the Kwenda program are female-headed. Digitisation of payments is integrating the

previously unbanked population into the formal financial sector while the programme has empowered women to make housing improvements and take care of children's educational expenses.[15]

Angola's banking sector is made up of 25 licensed commercial banks.[16] In 2021, the Bank of Angola revoked one bank's license due to inadequate capital reserves. Nine commercial banks offer residential mortgages in Angola, and housing loans number approximately 6 200 countrywide.[17] The banking sector's non-performing loans stood at 21.2% of gross loans in March 2022.[18]

In July 2022, the Bank of Angola kept its benchmark rate at 20% for the sixth straight meeting.[19] Generally, lending rates range between 19% and 33%. Banco Angolano de Investimentos typically offers a loan to value at origination of up to 90% of the property value and provides the longest mortgage term of up to 25 years. Loans under the Special Scheme for Mortgage Credit will be reserved for residential properties built by formal residential developers after 2012. Depending on borrowers' financial capacity, banks may grant credit up to Kz100 million (US$234 555). The maximum tenor of the loan is 25 years, with the interest rate capped at 7% during the first 10 years, which is far more affordable than market rates offered by commercial lenders. During the first five years of the notice (2022-2027) , construction finance will be provided for a maximum term of three years with the interest rate capped at 10%.[20] From 1 June 2027, the interest rate will be variable and indexed to the 30-day interbank market reference rate, plus a maximum spread of 1%.

In recent years, the Bank of Angola has revoked the licences of numerous non-banking financial institutions due to failure to comply with regulations or to inactivity for longer than six months.[21] Angola's non-bank financial sector has 20 licensed microfinance institutions and one credit cooperative. The total value of microfinance loans issued to only 24 822 beneficiaries in 2021 amounted to Kz14.39 billion (US$33.752 million). Average annual interest for the entire sector is estimated to be 67% – reflecting the high cost of unsecured credit.[22] The country's largest non-bank financier is KixiCrédito, which offers microfinance for small businesses and a housing product known as KixiCasa, which provides loans for incremental and upgradeable housing.[23]

Affordability

Angola's housing backlog was estimated to be at least 1.9 million units in 2018.[24] Considering the country's urban growth rate of 4.14%, this figure has likely increased in recent years. The most recent (2014) population and housing census reported that most (75.4%) households own their homes and 19.2% rent.[25] Of the owner-occupied dwellings, 87.2% are said to be self-constructed units.[26] A modelling study on household overcrowding across Africa revealed that in 2018 approximately 8.5 million Angolans lived in overcrowded conditions in urban areas.[27]

In the fourth quarter of 2021, the unemployment rate was 32.9% and 59.8% among the youth (ages 15 to 24 years).[28] Angola's informal sector employs 79.3% of the population.[29] Almost half of the population lives below the international poverty line of Kz810 (US$1.90) a day.[30] Access to housing finance is, therefore, still only affordable and accessible to a small proportion of the population.

Given Angola's youthful population and high fertility rate, the absence of employment opportunities could have enormous consequences. For low income households, investing in housing competes with expenses such as childcare, healthcare, education and food. In Luanda province, education fees accounted for the most significant year-on-year price increase in July 2022, at 5.73%.[31] While Angola's annual inflation rate slowed down for the seventh consecutive month, it remains in double digits at 19.8% as of August 2022.[32]

HabiTerra, founded by Development Workshop (DW) Angola, developed a housing project (Quissala) with KixiCredito in Huambo. Supported by Reall, the project's second phase has completed 23 one-bedroom, 33.5m2 units out of an expected 62 units.[33] HabiTerra's rent-to-buy model allows low income clients to rent a one or two-bedroom house for 18 months.[34] During this period, the rental payments act as a deposit and are sufficient to pay off the land and build a successful credit profile with KixiCredito.[35] Based on available data, this appears to be the cheapest house on the market, delivered by a private developer.

Initiated by the Angolan government in 2009, the Housing Development Fund (Fundo de Fomento Habitacional - FFH) (Decree 54/09 of 2009) finances social housing for low income households. Beneficiaries of subsidised loans are limited to public servants in state housing projects. The government launched subsidised rent-to-buy schemes in 2013 to expand subsidies to those in formal employment with a national identity card and taxpayer card. However, the scheme mainly benefited early career professionals and civil servants earning over Kz426 300 (US$1 000).[36] Despite government's best efforts to reach low income households with subsidies, most initiatives are unaffordable for the majority.

Housing Supply

Most of Angola's housing stock is delivered incrementally by owner-builders. Over 67% of residents in Luanda are estimated to reside in self-built housing, often relying on the informal sector for access to land, labour and building materials.[37] Luanda's housing stock consists mainly of a dilapidated urban core of colonial-era buildings surrounded by sprawling informal settlements. According to an Abacus Property Market Report, many colonial buildings are vacant in Baixa de Luanda, with potential for rehabilitation and redevelopment. Informal backyard rental housing is prevalent in peri-urban Luanda where subletting and overcrowding is common.[38] Types of informal rental accommodation range from leasing one or more rooms within a house to a complete home. Luanda's building materials for rental housing are mainly concrete blocks with zinc or fibre-reinforced cement roofing. However, studies find that rental housing is less likely to provide piped water and electricity access. Foreign developers largely develop formal private-sector rental housing and primarily target higher income locals and expatriates in small, closed condominium-type construction.[39] For instance, rentals in Central Luanda are estimated to be between Kz426 339 (US$1 000) to Kz1 279 018 (US$3 000).[40] Affordable rent for the middle and lower income end of the market continues to remain in short supply, outside of the informal market.

The Government's National Urbanisation and Housing Programme – Plano Nacional De Urbanização e Habitação – sought to deliver one million houses as part of the country's post-war reconstruction. Through this programme, 43 861 units were supplied between 2015 and 2021. The government has continued investing in the urban construction of new town housing (Centralidades) albeit more slowly than in the 2009-2018 period.

The first phase of a state-financed housing project (Centralidade Dom Fernando Guimaraes Kevanu) in Cunene Province, comprising 484 units costing Kz7 million (US$16 418) each, was launched in July 2022.[41] The project includes the construction of social amenities, and recreational and educational facilities. However, some new towns have remained unoccupied for several years. In the new town of Capari, 3 000 homes were reported to be vacant for approximately five years, resulting in illegal occupation and vandalism.[42] The government through the FFH committed Kz19.7 billion (US$46 million) in August 2021 to rehabilitate vandalised properties recovered by the Attorney General's Office.

The Angolan Real Estate Professionals Association (APIMA) is a non-profit association that organises and represents the interests of Angola's real estate professionals.[43] While APIMA collaborates with the government, legislation has yet to be enacted to govern the activities of developers and building contractors. Angola's domestic construction and local building material sectors remain underdeveloped – contributing to the reliance on imports. The price of building materials increased by 20.7% from July 2021 to August 2022.[44] As of August 2022, the price of a 50kg bag of cement on the formal market was Kz3 500 (US$8.21).[45] Angola's road infrastructure network contributes to high building material costs. The rise in global oil prices and appreciation of the Kwanza has led to building material price fluctuations in the period 2021-2022. According to the Angolan Construction Material Industries Association (AIMCA), disruption in supply chains because of the Russia-Ukraine conflict has also led to increased prices of raw materials.[46]

Advocates for local building materials have highlighted the opportunity to substitute wood for concrete in regions rich in timber, or consider using compressed earth blocks.[47] Developers are exploring alternative methods of delivering homes. Cemex has partnered with Danish 3D printer maker, Cobod, to develop a technique that uses ready-mix concrete in the 3D-printing process. Power2Build applied this method in constructing Angola's first 3D-printed concrete house in Luanda.[48]

Property markets

Legal frameworks protect the possession, use and occupation of properties. However, few properties have registered "colonial" deeds or full legal title, and this

ANGOLA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **Kz40 226** per month	who earns **Kz43 000** per month
you could afford to purchase a **Kz780 024** house with a mortgage.	you could afford to purchase a **Kz833 815** house with a mortgage.

Mortgage assumptions – Angola

- 20.5% interest rate
- 10% deposit
- 25 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

adds to tenure insecurity.[49] In urban areas, the absence of up-to-date municipal land cadastres and housing and real estate registries hampers land management.[50] As a result, no homeownership data stratified by gender is publicly available. The 2020 World Bank Doing Business Indicators ranked Angola 167 out of 190 economies in property registration. Registering a property involves six procedures, taking an average of 190 days to complete, at a cost of 2.7% of the property value.[51]

A land regularisation process (Land Registry Massification Programme) is underway and is anticipated to register more than three million homes and set up 27 land registry offices in all provincial capitals and selected municipalities. The registry offices, Administração Geral Tributária, and municipalities will be integrated into a digital platform that streamlines property registration.[52] A total of 616 building permits for residential buildings (condominium, multi-family and single-family) were formally approved in 2021.[53] Beyond state housing assets, the programme is expected to extend to privately-owned homes. The urgency of land tenure regularisation extends to the informal urban market, where houses are built incrementally and transacted informally.[54]

In 2021, monthly rentals for older apartments in Luanda Sul/ Talatona (urban periphery) ranged between Kz341 071 (US$800) to Kz1 065 849 (US$2 500). This is largely where expatriates with families and Angolans with sufficient purchasing power reside. Rental and sale opportunities for the Angolan middle class in and around the centre of Luanda are lacking. It is anticipated that in 2022, there will be a shortage of one- and two-bedroom units. Viana, Camana and Benefica (areas typically for the emerging middle class) offer the cheapest rentals, from Kz106 584 (US$250) and up to Kz213 169 (US$500). Rentals for new apartments across all residential zones are higher, most notably in Luanda.[55]

Sale values for used apartments in the periphery range between Kz852 679/m^2 (US$2 000) and Kz1 492 188/m^2 (US$3 500) in Luanda and Kz149 218/m^2 (US$350) to Kz511 607/m^2 (US$1 200) in Viana, Camana and Benefica.[56] The monthly rentals and sales values in Greater Luanda are far too expensive for lower income households.

Policy and legislation

In recognition of housing as a focus of public policy, the Government designed the PNUH in 2008 – which aimed to benefit an estimated six million people.[57] Under the PNUH, the state has largely met its housing delivery targets through the provision of fully or partially subsidised housing and rent-to-buy schemes.[58] The infancy of market development in Angola and gaps in the legal framework governing residential foreclosure processes have militated against the private sector's ability to raise funding through capital markets – contributing to the reliance on state funding. The recently announced Special Scheme for Mortgage and Construction Credit contains fiscal reforms that include approving a new Property Tax Code in 2020 to transform Angola's highly subsidised housing sector and capture the economic potential of state housing assets.[59]

Angola has committed to fully implementing the Paris Agreement and global efforts to reduce greenhouse gas emissions by reviewing and updating the Nationally Determined Contribution of Angola (NDCs). Angola's 2020 NDC sets targets for contributions to climate action and for the achievement of the Paris Agreement goals.

In the July 2021 to August 2022 period, the following pieces of legislation, which affect Angola's housing and housing finance sector, were developed:

- The Bank of Angola published Notice no. 9/22 of 6 April 2022 to establish special mortgage and construction credit schemes. The Notice became effective in June 2022 and will be active for a period of five years, which the Bank of Angola may extend.
- The Angolan Government issued Presidential Decree No. 54/22 of 17 February 2022 on the national minimum wage.
- A new Land Register in Angola (Law no. 23/21) was published in October 2021. The registry will record all physical, economic, and legal aspects of real estate including its value and quality of construction. This registry is differentiated from the Land Cadastre and Land Matrix.[60]

After the civil war, Angola enacted legislation that articulates principles of non-discrimination and gender equity.[61] The Constitution of the Republic of Angola, the Civil Code, and the Family Code underpin the legal framework governing urban land and property ownership. The Land Law (Law 9/04) gives the state "ultimate authority over all land and natural resources and an irreversible right to expropiate land."[62]

Opportunities

In the post-election era, the Angolan government has the opportunity to improve the country's business climate. Innovations by KixiCrédito provide insights into possible solutions to serve the bottom-of-the-pyramid housing market, for example, refurbishing old colonial buildings that are becoming available on the market. With Angola's rapid urbanisation and vulnerability to climate change in mind, there is scope to research the potential for alternative building technologies in delivering sustainable housing.

The partnership between the IFC and KixiCrédito will generate valuable insights into Angola's digital financial services market. Coupled with the ongoing cash transfer program (Kwenda), lenders have a key role in promoting financial inclusion for the unbanked and underbanked populations. The anticipated opening of Angola's first licensed credit bureau is essential for reducing the information asymmetries that deter banks from lending down market. Regulators must make a concerted effort to improve the supply of demand-side data, which is required for the effective functioning of the housing and housing finance sector.

Websites

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Availability of data on housing finance

Minimal data sources are available to understand how climate issues affect affordable housing. Development Workshop Angola is active in this space, working on multiple projects tackling climate change in the country. The World Bank's Climate Change Knowledge Portal disseminates observed and historical data for 1991-2020. The lack of reliable and robust climate data hinders the timely development of disaster management plans.[63]

Key data hosts on housing finance include the National Statistics Institute (Instituto Nacional de Estatistica-INE) and the Bank of Angola:

- INE publishes a range of economic and inflation statistics, demographic surveys and sectoral reports. The INE produces gender-disaggregated statistics on mortality, labour force participation, and education and training.
- The Bank of Angola is the central host of monetary and financial statistics, financial stability reports and key financial indicators of the banking sector. The Bank does not publicly disseminate any gender-disaggregated demand-side financial inclusion data.
- Most commercial banks publish information fact sheets on mortgage loans, including information on lending terms and interest rates.

Not all reports and statistics on the websites of INE and the Bank of Angola are published regularly, so key datasets are often outdated. According to United Nations (UN) Women, only 36% of indicators needed to monitor the Sustainable Development Goals (SDGs) from a gender perspective were available, with gaps in key areas such as women's access to assets (including land and housing).[64]

Green applications for affordable housing

Given the relatively nascent green market, Angola has no established council regulating green building, and no green building standards.[65] There are no IFC EDGE-certified[66] projects across all sectors in Angola, nor are banks offering green housing finance products. A Green Buildings Market Intelligence Angola Profile published by the IFC predicts that the tourism industry will lead Angola's green market in the future.[67]

Hydropower is the primary source (68%) of power generation in Angola.[68] In 2020, approximately 46.9% of Angolans were estimated to have access to electricity.[69] Angola aims to improve its access rate to 60% of the population by 2025 by tapping into new, renewable sources of energy such as solar and wind. The Angolan government intends to develop off-grid, small-scale projects that use renewable technology with a mix of fossil fuels.[70]

Over half (51%) of all urban households have access to piped water supply and 23% have access on their premises.[71] However, household surveys show that peri-urban populations are three to five times less likely to be connected to piped water and even less likely to have access to basic sanitation services. Development Workshop Angola is working to support the government build capacity in community water management across the country. More recently, DW explored climate change and water supply in Angola's coastal settlements. The project involved investigating the use of various participatory and adaption planning tools to mitigate the susceptibility of vulnerable groups to climate change effects.[72]

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Benin

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Overview

Benin is a French-speaking, relatively flat country in West Africa. It is located in the Gulf of Guinea with Togo, Burkina Faso, Niger and Nigeria as neighbouring countries. The Gini index stands at 47.8 for 2018.[1] In 2021, the population of Benin was estimated at 12 451 031 inhabitants with an annual growth rate of 2.7%. The proportion of the population that is urbanised is 49%. According to World Bank data, this urban population is growing at a rate of 3.81% each year.[2] The unemployment rate is estimated at a low 2.5% but 38.5% of individuals live below the poverty line. Key development challenges for the country include agricultural and economic diversification and improving access to basic services. Population growth and rapid urbanisation have created environmental problems, including the unsustainable use of natural resources, proliferation of plastic waste and problems with management of household waste, and an increase in floods.

Benin's economy is highly dependent on the services sector related to commercial re-export activities to landlocked countries and Nigeria. The services sector contributed more than 3.2% of GDP growth in 2021 and 52% of tax revenues.[3] Benin's economy has been resilient with a GDP growth rate in 2021 estimated at 6.6%[4] compared to 3.8% in 2020 despite the protracted effects of COVID-19. The country was able to count on good performance in the agricultural sector, including the export of three main products, cotton, cashew nuts and shea, which contributed 22.8%[5] to GDP growth. Benin has a diversified economy, which has lessened the effect of the pandemic on its economy.[6] The consumer price inflation rate stood at 1.7% in 2021,[7] below the convergence criteria of the West African Economic and Monetary Union (WAEMU). This declining level of inflation is mainly due to the improvement in food imports.[8]

Benin has adequate water with two major river basins, the Niger and coastal basin, providing water for the country. These water systems support the agricultural sector, in which nearly 70% of Beninese earn a living.[9] The economy is therefore highly dependent on its natural resources. In May 2022, Benin adopted a national climate change adaptation plan,[10] one of the strategic objectives of which is to promote a resilient system for the management and exploitation of natural resources and ecosystems. Two specific objectives have been defined for the infrastructure and urban planning sector: promoting climate-smart forms of urbanisation and developing sustainable cities. In addition, the country also has a National Strategy for Disaster Risk Reduction (2019/30). These plans affect the urban development and sanitation components of the affordable housing sector .

Access to finance

Obtaining access to housing finance remains a major concern for all Beninese people. The two options for housing finance are cash equity or a bank loan. The Beninese banking landscape, according to the report of the Central Bank of West African States (BCEAO), included 14 banks and one financial institution in March 2022.[11] In its study on financial inclusion in the WAEMU zone, the BCEAO found that 31.19% of the population over the age of 15 in Benin in 2020 held an account in banks, postal services, national savings banks and Treasury funds.[12]

KEY FIGURES

Main urban centres	Cotonou, Porto-Novo, Abomey-Calavi, Seme-Kpodji, Parakou
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XOF)
1 PPP$ = (2021) [b]	209.04 CFA Franc (XOF)
Total population [2021] [b] | Urban population [2021] [b]	12 451 031 | 6 097 519
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	2.67% | 3.81%
Percentage of urban population living in slums (2018) [d]	58.8%
Population living less than 5m above sea level (2010) [b]	11.9%
Most common fuels used by households | by B40 households (2016) [c]	Wood | Wood
Percentage of female-headed households (2018) [c]	24.9%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	30.4%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	2.5%
Percentage of women participating in the labour market formally (2021) [b]	69%
Gini coefficient (2017) [b]	47.8
HDI country ranking (2020) [e] | HDI country score (2021) [e]	166 | 0.53
GDP per capita (Current US$) [2021] [b]	US$1 428
GDP (Current US$) [2021] [b]	US$17 785 million
GDP growth rate [2021] [b]	6.60%
Inflation rate (2021) [b]	1.7%
Lending interest rate (2021) [b]	6.3%
Proportion of adult population that borrowed formally (2021) [b]	47%
Number of residential mortgages outstanding [2018] [f]	539
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term [g]	6 – 9% | 25 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers [h]	14
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) (2021) [h]	US$0.32 million
Number of microfinance providers [h]	111
Total number of residential properties with a title deed (2019) [i]	47 000
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [j]	20 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters	n/a
Typical monthly rental for the cheapest, newly built house	n/a
Cost of standard 50kg bag of cement in local currency units [k]	3 900 XOF (US$6.18)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	149
Time to register property (days) | Cost to register property (2020) [l]	120 days | 3.4%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	9.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Demographic and Health Surveys, USAID
[d] Johns Hopkins University Coronavirus Resource Center
[e] United Nations Human Settlements Programme (UN-HABITAT)
[f] Ministry of Economy and Finance
[g] Orabank Benin
[h] Central Bank of West African States (BCEAO)
[i] National Agency of the Domain and the Land
[j] Expat.com
[k] H.A.M Multi Services Benin
[l] World Bank Ease of Doing Business Indicators

The proportion of Beninese using a mortgage to finance their housing remains limited. This is due to the banks' restrictive mortgage conditions. ,The amounts granted by banks can range from CFA25 000 000 (US$39 679) to CFA100 000 000 (US$158 717) depending on the needs of the customer, namely: land acquisition, renovation, or new construction. The microfinance sector in Benin is quite dynamic with more than 112 actors identified in 2019.[13] According to a 2022 BCEAO decentralised financial systems (DFS) report, the number of microfinance clients was 3 138 748.[14] However, microfinance plays a negligible role in housing finance, although part of the loans granted to clients is certainly invested in real estate projects. It would be wise for these institutions to study the possibility of financing solutions for the real estate sector.

The pandemic accelerated digitalisation and dematerialisation of public and private service procedures. Financial inclusion via mobile financial services is taking off as a result. Two operators are active in the Beninese market, namely MTN and MOOV. According to the 2020 report of the Regulatory Authority for Electronic Communications and Post of Benin (ARCEP), 6 360 525 users were active in 2021, an increase of 21.08% from 2020.[15] This is the number of subscribers who use mobile financial services. According to the same report, the number of operators who accept electronic currencies also increased to 51% in 2021 against 43% in 2020. The volume of transactions increased to 930 000 000, which equates to approximately 2 500 000 transactions a day. This is a growth of 54.5% compared to 2020 in deposit and withdrawal transactions. This clear increase in mobile financial transactions is linked to the dematerialisation of procedures and to the digitalisation of payment processes. In addition, these mobile transactions lay the foundation for new services to the population, in particular by facilitating access to essential services.

Affordability

Between 2010 and 2020, the housing deficit was estimated at 320 000 units. However, in view of population growth trends, demand is probably stronger in urban areas, in Cotonou and its periphery. It is also in this area that the State is developing most of its social housing projects. For social housing projects, the formula chosen for marketing is lease-to-own with or without initial contribution. The main objective of the "lease accession" rental is to allow leaseholders to become owners by paying the equivalent of rent over a maximum period of 25 years.

According to the Harmonised Household Living Conditions Survey (EHCVM 2019), the overall annual poverty line was estimated at CFA246 542 (US$391.34).[16] The analysis of Beninese household spending indicates that 38.5% of individuals live below this poverty line. Low income levels make it difficult to access real estate loans from local banking institutions.

Housing supply

In Benin's major urban centres, the supply of housing is more informal than formal. Individuals build their own housing using their own funds. The supply of housing is limited. The only major project is the "20 000 housing units"[17] of Oeudo, a public and private partnership, and which includes so-called "social" and "economic" housing. The delivery of the first homes is planned for 2023. The project has progressed well and a first lot of 1 735 homes should be made available to potential buyers by 2023. The acquisition format is in the form of "lease accession" over a maximum period of 25 years with an interest rate of 3.5%.[18] The project applies to other cities in the interior of the country, namely Parakou and Porto Novo, with respectively 2 500 and 3 000 housing units planned. Work on the Porto Novo site is also being started. Other lots will be awarded by the Société immobilière et d'aménagement urbain (SIMAU), the operational arm of the State responsible for implementing real estate projects. For the social housing part of this project, the state has borne the full costs of servicing the premises as well as the acquisition of the estates. It is therefore a form of subsidy to provide housing for people with modest incomes.

In terms of basic infrastructure, particularly in terms of access to electricity, the government has launched Benin's Sustainable and Secure Access to Electrical Energy Project (PADSBEE 2019-2025). This aims to connect 75% of domestic, commercial and industrial users to quality electricity by 2025, 50% of which will be in rural areas and 90% in urban areas.[19] Two fifths of Beninese have access to drinking water in rural areas, with strong disparities between regions. In urban areas, the access rate is 76%.[20] Sanitation projects are also underway, especially in urban areas with the Project (PAVICC) which seeks to better consider, among others, climate or social and economic risks in land use planning.

Cement and concrete building materials dominate housing construction, especially in urban areas. While cement is produced locally through four local players, iron is mainly imported. In general, building materials have suffered from widespread inflation due to the consequences of COVID-19 and the international repercussions of Russia's invasion of Ukraine. For example, the price of a ton of cement increased from CFA72 000 (US$114.28) a ton to CFA80 000 (US$126.97) or even CFA100 000 (US$158.71) a ton in March 2022. These surges led the State to officially set the price per ton of cement in the 12 municipalities of the country in June 2022. Cement is considered a social product.[21]

A building permit is needed for construction. It takes between 25 and 35 days to obtain this document. There are three types of building permits: category A building permits for low-risk buildings, category B building permits for medium-risk buildings, and category C building permits for high-risk buildings. Depending on the category, costs vary: Category A: CFA150 (US$0.24) per square metre excluding all floors; Category B and C: CFA250 (US$0.40).[22]

Property markets

The residential resale market in Benin is in its infancy and is mainly located around the capital Cotonou and its suburb Calavi. The purchasing power of most of the population explains this situation without forgetting a lack of diversified supply of affordable financing plans. The sale of raw land constitutes most transactions. According to the National Agency for Domain and Land (ANDF), between January and July 2022, the Cotonou Land Property and Mortgage Authority received and processed 214 files. The average processing time for files is three days. There is no segregation based on gender when issuing property titles. Women have equal access to land titles.[23] The costs associated with the transfer of ownership vary according to the value of the property. For a property with a value less than or equal to CFA10 000 000 (US$15 871.7) the fee is 3%, for a property worth CFA50 000 000 (US$79 358.5), the fee is 5% of the value.

The price of rental and real estate varies according to the zones. In the capital Cotonou, the rent for a five-bedroom villa in the Fifadji district can be negotiated between CFA600 000 (US$952.3), and CFA800 000 (US$1 269.7).

There is a strong pressure on urban areas in the purchase and resale of plots. This generates land insecurity due to double sales.

Policy and legislation

In Benin, the State intervenes mainly at the level of supply through the provision of social housing, such as the current project of 20 000 social housing units. Recent policy and legislative developments have concerned the taxation of property income. The General Tax Code fiscal year 2022 has set the tax on property income at a single rate of 12%. Prior to 2022, there were two rates, 10% for rental income not exceeding CFA3 000 000 (US$4 761.52) and 20% for income above this. This dual rate was subject to fraud as some owners concealed income to pay less tax.[24]

With the help of AFD (Agende française de développement) in particular, policies have been launched that take into account the impact of climate change on cities and the population. One such, PAVICC (Benin Cities Adaptation Project to Climate Change) has several components, grouped under two headings. One is urban planning, that is development of strategic urban planning tools to better deal with climate and socio-economic risks in land use planning; The other is resilient urban investment comprising: developing sustainable essential urban services, including drainage infrastructure, opening up neighbourhoods, securing material assets, and flood zones.[25] The Ministry of the Environment is responsible for climate change management.[26]

Opportunities

With the growth of its population and the strong pressure on large cities, the need for housing is increasingly important in Benin. Through its 20 000 housing project launched in 2020, the Beninese government is trying to provide the beginning of a solution. Recently the State has announced the construction of a clinker production plant with a capacity of 1 500 000 tons a year, a development that could favor the housing sector. Clinker is the main raw material that goes into the manufacture of cement, an essential building material.

The private sector participates little in the supply of housing, the method of financing this housing being inaccessible to most of the Beninese population. Lenders should explore more flexible ways to allow access to real estate loans. On an informal level, individuals construct their own housing.

Soaring cement prices could present opportunities for replacement with cheaper alternatives. For the moment housebuilders have few alternatives to cement or concrete. Those that exist remain in the embryonic stage. One alternative is to gradually replace cement and sand with coconut fibers or banana stalks to improve thermal conductivity.[27]

BENIN – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA70 000** per month	who earns **CFA100 000** per month
you could afford to purchase a **CFA3.157 million** house with a mortgage.	you could afford to purchase a **CFA4.511 million** house with a mortgage.

Mortgage assumptions – Benin

- 7.5% interest rate
- 10% deposit
- 25 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Websites

Online Building Permit Application www.permisdeconstruire.gouv.bj
National Agency for Spatial Planning www.anat.bj
Association of Communes of Benin www.ancb.bj
Urban Works Executing Agency www.agetur.bj
E-Notary Platform www.enotaire.andf.bj
Government of the Republic of Benin www.gouv.bj
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Agence Nationale du Domaine et du Foncier www.andf.bj
National Agency for the Supervision of Decentralised Financial Systems www.anssfd.org
Benin Government Action Programme Revealed www.revealingBénin.com
Real Estate and Urban Development Company www.simauBénin.com
Cadastre of Benin www.cadastre.bj
Online Building Permit Application www.permisdeconstruire.gouv.bj
National Agency for Spatial Planning www.anat.bj

Availability of data on housing finance

Some statistics on property transfers are regularly published on the website of the National Agency for Domain and Land (ANDF). Availability of data is generally limited, however, and assessments of the housing deficit are not regular.

The BCEAO does publish financial data compiled from banks, financial institutions and decentralised financial systems, but the shares of the real estate market are not disaggregated.

Updated information for 2021 or 2022 has not been published on the website of the National Agency for Decentralised Financial Systems (ANSFD), an institution under the supervision of the Ministry of Finance of Benin.

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

ARCEP's dependably regular annual report makes it possible to monitor the evolution of digital finance and to understand its impact on financial inclusion.

Green applications for affordable housing

There are no so-called "ecological" building standards in Benin. Decree No. 2014-205 of 13 March 2014 simply regulates the issuance of building permits. However, some initiatives in developing ecological building materials are to be noted, for instance, the company Nature Brique is the first ceramic plant established in Benin.[28] The terracotta brick manufacturing plant started operations in 2011. The bricks are made from vacuum-extruded clay, dried and baked between 850° and 950°. Terracotta bricks are one-third of the weight of cinder blocks. Terracotta brick has features such as good thermal and acoustic insulation. However, this technology struggles to convince people, who still prefer cement bricks.

The production of electrical energy in Benin is essentially of fossil fuel origin. According to the data of the report on Sustainable Development in Benin 2022, the sources of electric energy production are: natural gas 75.7%, oil 23.6% and solar 0.7%. The electrification rate in Benin was 41.4% according to World Bank data. This figure remains below the subregion's average of 48.3%.[29, 30] However, the Beninese government plans to reach, by 2025, a national rate of electricity coverage of 75% of the country, including 50% in rural areas and 90% in urban areas. In July 2022, the government approved a new electricity access policy that significantly reduces the costs of connecting to the electricity grid from CFA85 000 (US$134) to CFA25 000 (US$39). In addition, green energy is increasingly being developed by government initiatives through solar power plants.

For off-grid electrification, the Beninese authorities benefit from the support of the Millennium Challenge Account (MCA BENIN) to improve access to electricity in rural areas.

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Botswana

Professor Aloysius C. Mosha and Mr. Loyd Sungirirai

Overview

Botswana is a sparsely populated, landlocked country with an estimated population of 2 346 179 in 2022 compared to 2 024 904 enumerated in the 2011 Population and Housing Census.[1] While efforts have been made by the government through its various agencies, such as the Botswana Housing Corporation (BHC), to ensure housing can become affordable to most citizens, there are still those who fail to access existing housing because of financial and other constraints. Factors contributing to inadequate housing include a weak policy framework, unaffordability of housing and the shortage of serviced land. This means housing is expensive relative to the financial capacity of households. In addition, inadequate housing statistics constrain effective planning, targeting, and monitoring of the impact of housing programmes.[2]

The 1981 National Policy on Housing laid the foundation for the Department of Housing. This was revised in 1997 to form the basis for the National Policy on Housing of 2000, and may not adequately reflect the social and economic developments that have taken place over the past two decades. Approximately 24.5% of Batswana are unemployed and the poverty headcount is 16.3%.[3] In most urban areas, 49% of the households have only one income earner; 28% of households are two income earners; and 15% of the households have three or more income earners.[4] The percentage of households living in inadequate conditions has increased to 39.7%, up from 25% estimated by the 2011 Housing and Population Census. This means that the number of households with access to habitable basic shelter has decreased from 75% to 60.3%.[5] While the development of pronounced slums has been kept at bay, some households live in slum conditions within planned and serviced settlements. This is compounded by inadequacy of other housing prerequisites such as finance and serviced land.[6] Botswana's real gross domestic product (GDP) grew by 13% in the year to March 2022, compared to a contraction of 8.8% in the corresponding period in 2021.[7] According to the July 2022 World Economic Outlook Update, global output growth was 6.1% in 2021 and is forecast to decrease to 3.2% and 2.9% in 2022 and 2023, respectively. For Botswana, GDP growth is expected to moderate to 4.2% in 2022 and 4.1% in 2023, from 11.4% in 2021.[8] The annual headline inflation rate reached 7.2% in June 2022, its highest level since January 2009. This has been driven by an increase in global food and energy prices during the second quarter of 2022.[9] Rising inflation is leading central banks to tighten monetary policies through higher policy interest rates. The Bank of Botswana increased interest rates three times in 2022. The Monetary Policy Rate increased from 2.15% to 2.65% in August,[10] increasing the Prime Lending Rate to 6.26%.

Drought is a recurrent phenomenon as most rivers are seasonal thus making water a scarce resource, which is worsened by the effects of global warming as seen in rising temperatures and the arid climate.[11] The climate plays an important role in the productivity of the agricultural sector, which most Batswana are involved in to some degree and is threatening food security for Botswana. Statistics on land degradation in Botswana are complicated and hard to come by, however, evaluations show that 91 000km^2 of Botswana's total land area, which is equivalent to 15.5% of the country, is affected by land degradation or desertification.[12] Botswana could lose between 0.13% and 0.30% of its per capita income between 2030 and 2050 if the 2015 Paris Agreement on curbing global warming is not adhered to.[13] Botswana has achieved 61.9% of the 17 Sustainable Development Goals (SDGs), according to the 2021 SDG Index, and is rated 115 out of 165 nations. However, progress on SDG 13 on climate action has stalled. In response to this, the 2021 National Climate Change Response Policy focuses on climate change governance, technological change, and related investment. Botswana has strengthened climate finance resource mobilisation through mechanisms such as the 2021 Green Climate Fund programme on renewable energy, clean technology, and natural capital (stocks of natural assets which include geology, soil, air, water and all living things).[14] Solar energy contributes insignificantly to electricity generation despite the abundance of the resource. There is also wind and coal bed methane potential that has not been fully explored. The Botswana Climate Change Response Policy 2021 has set strategies for adoption that will enhance water and nutrient conservation technologies and create an enabling environment for investments in renewable energy for commercial activities.[15]

KEY FIGURES

Main urban centre	Gaborone, Francistown, Lobatse, Sowa Town, Selebi Phikwe
Exchange rate (1 July 2022): 1 USD = [a]	12.45 Botswana Pula (BWP)
1 PPP$ = (2021) [b]	4.62 Botswana Pula (BWP)
Total population [2021] [b] | Urban population [2021] [b]	2 397 240 | 1 715 465
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	1.92% | 2.88%
Percentage of urban population living in slums [d]	58.8%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	72.13%
Unemployment rate (% of total labour force, national estimate) (2020) [b]	21.0%
Percentage of women participating in the labour market formally (2021) [b]	56.0%
Gini coefficient (2017) [b]	61.0
HDI country ranking (2020) [d] | HDI country score (2021) [d]	110 | 0.69
GDP per capita (Current US$) [2021] [b]	US$7 347
GDP (Current US$) (2021) [b]	US$17 614 million
GDP growth rate (2021) [b]	3.80%
Inflation rate (2021) [b]	7.20%
Lending interest rate (2021) [b]	5.3%
Proportion of adult population that borrowed formally (2021) [b]	37.0%
Number of residential mortgages outstanding (2021) [e]	16 300
Value of residential mortgages outstanding (USD) (2021) [e]	US$1 108 million
Prevailing residential mortgage rate [f] | Term [g]	5.8 – 6.2% | 25 years
Maximum LTV on a residential mortgage [e]	105%
Ratio of mortgages to GDP (2021)	6.29%
Number of residential mortgage providers [e]	11
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) [e]	US$393 million
Number of microfinance providers [h]	78
Total number of residential properties with a title deed [i]	910 000
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [j]	385 000 BWP
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [j]	45m^2
Typical monthly rental for the cheapest, newly built house (2019) [j]	2 100 BWP
Cost of standard 50kg bag of cement in local currency units [k]	67 BWP (US$5.38)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	87
Time to register property (days) | Cost to register property (2020) [l]	27 days | 5.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	10.5

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Botswana Housing Corporation

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Bank of Botswana
[f] ABSA Botswana
[g] Botswana Building Society
[h] Non-Bank Financial Institutions Regulatory Authority (NBFIRA)
[i] Department of Lands
[j] Botswana Housing Corporation
[k] Cashbuilders
[l] World Bank Ease of Doing Business Indicators

Access to finance

Botswana has a relatively efficient and stable banking sector and capital market, and its central bank is functional and efficient. Botswana has 11 banks – eight commercial banks and three statutory banks[16]. Four of the banks are listed on the Botswana Stock Exchange.[17] Commercial banks are well capitalised and liquid. Non-performing loans have decreased, and provisioning has improved. In the residential real estate sector, primarily owner-occupied mortgage loans decreased slightly to P13.8 billion (US$1.109 billion) in March 2022 from P14.2 billion (US$11.4 billion) in March 2021.[18]

Residential property loans constituted 26.6% of total household credit and 18.1% of total credit in March 2022.[19] This implies that the level of housing finance shifted to unsecured personal loans. This is not in line with the necessary growth and development route to meet the perceived housing requirement and close the financing gap. However, challenges in obtaining mortgages, such as land ownership, relatively low average wages, and stringent funding criteria have transferred house finance to unsecured personal loans. The mortgages loan-to-value (LTV) for banks ranged between 45% and 105%.[20] The higher LTV ratios exposes banks to financial losses when the proceeds from the sale of repossessed property (foreclosures) are not adequate to expunge the outstanding loan balance from the books of the lender; particularly in the context of subdued economic activity.

The Government of Botswana also owns several development financial institutions, including the National Development Bank; Botswana Savings Bank; Botswana Development Corporation; Citizen Entrepreneurial Development Agency and the Botswana Building Society, which offer property loans. Corporate finance institutions are growing, including microlenders, pawnshops, and finance and leasing companies. At the end of 2020, there were 583 286 household borrowers, comprising 370 122 (63.5 %) males and 213 164 (36.5%) females, at banks and non-mortgage institutions including microfinance and Savings and Credit Cooperative Societies (SACCOS).[21] Banks have acknowledged they lack financing solutions aimed at increasing women's financial inclusion.[22] The Women's Finance House Botswana, a deposit-taking micro-finance institution, is not allowed to lend deposits.

Access to finance stands at 68%, with the lower income, rural and remote populations having broad access to financial services – 46% of adults use more than one product category (i.e. savings, credit, insurance and payments). However, access is still a challenge in certain segments, and 24% are completely excluded, mainly in the lower income, rural and remote populations. Men have a slightly higher level of formal access, at 71% compared to 65% for women.[23] Botswana has 315 registered cooperatives with more than 200 000 members. Out of these, 83 are Financial Cooperatives; SACCOS, registered under the Cooperative Societies Act of 1989. These cooperatives promote savings among members by pooling savings and creating a source of funds for lending with between 17% and 24% interest.[24] A key aspect of these finance instruments is that they are designed for short-term projects and are thus not ideal for housing finance because of their relatively high interest rates and limited repayment periods. These tend to be more expensive, and are not adequate for construction or purchase of good quality housing; however, they do play a role in incremental construction of housing and housing assets, such as fencing and home improvements.[25] Pension funds play a vital role in the financial system. The pension fund sector has an asset base estimated at 50% of the country's GDP.[26] However, these are mostly invested in offshore funds, with no third-party loans or housing loans to their members.

Capital markets have played a vital role in enhancing both financial inclusion and housing finance initiatives in Botswana. The BHC, the main affordable housing developer, has previously enlisted the help of capital markets by listing bonds to access cheaper finance instead of borrowing from commercial banks. This reduces the cost of housing provision and is therefore a supply-side subsidy. The securities issued by BHC bear interest at the Botswana bank lending rate plus 2.9% per annum and interest is paid quarterly. The corporation also finances its operations through rolling back sales proceeds. In 2017, another supply-side investor, the International Finance Corporation, a sister organisation of the World Bank and a member of the World Bank Group, made a P311 million (US$25 million) bond investment in the Botswana Building Society. This resulted in an average annual growth in residential mortgage loans of 14.2% in 2018 compared to 21.8 % for commercial banks.[27]

Affordability

Most Botswana households cannot afford to purchase the least expensive home, given the country's income levels. Average earnings were estimated at P6 219 (US$500) for citizens, P9 275 (US$745) for non-citizens and P6 299 (US$506) for all employees (citizens and non-citizens) in the fourth quarter of 2021.[28] A housing unit in an urban area of an average of 54m² on a 400m² plot sells for around P550 000 (US$44 183) from BHC, with a minimum monthly payment of P4 500 (US$361) a month. At a 30% affordability level, a household must earn more than P14 000 (US$1 125) a month to pay for such a house. Given low household incomes, most households would not afford the cost of a conventional mortgage. As a result, rather than obtaining a mortgage, a significant number of households construct their dwellings using personal resources and unsecured loans. While most households acquire their dwelling units through incremental construction using personal savings and other formal and informal sources of financing, these products are typically more expensive, have shorter repayment terms, and are not optimal for providing high-quality, affordable housing. Thus, there is a desire for housing finance instruments that are flexible, have longer periods and lower interest rates than traditional personal loans, and that will enable the rapid construction of high-quality dwellings.[29]

The Botswana government has specific programmes aimed at providing housing finance to low income groups, such as the Self Help Housing Agency (SHHA) Low Income Housing Programme, which was established to assist low and middle lower income households to access housing in urban areas. The SHHA Home Improvement scheme provides funding for extension or renovation of an existing house and/or completion of an existing house and/ or completion of an unfinished structure. The SHHA Turnkey Programme involves the design and construction of basic core houses for eligible low income households. The turnkey loan amount is P90 000 (US$7 230). Habitable basic shelter is provided to low income households and unemployed people through programmes such as the Integrated Poverty Alleviation and Housing Scheme and the President's Housing Appeal. The targeted households for these programmes are those with an annual income of between P4 400 (US$353) and P52 000 (US$4 177).[30]

The BHC is the government's Single Housing Authority (SiHA) and provides the supply-side subsidies in the form of SHHA turnkey projects., The Public Officers Housing Initiative is a project where the BHC builds housing units in different parts of the country at a capped cost of just under P153 000 US$12 290). The houses are bought by citizens and rented out to government to house civil servants. The rental amount serves as repayment or mortgage for the house in each case. The BHC initiated the Tsholofelo 372 and 264 Housing Development as part of the initial 750 housing project under the Instalment Purchase Scheme, a housing initiative for all citizens aged between 18 and 65 years with a monthly income between P5 325 (US$428) and P14 000 (US$1 125).[31]

The Government Employee Motor Vehicle Advance Scheme is available for government employees for the development and purchase of property and motor vehicles. Government assists all its employees to purchase/develop properties by guaranteeing 25% of loans secured through the Botswana Building Society for one loan.[32] Botswana's housing rental market has been on a road to stabilisation after the COVID-19 pandemic and housing stock challenges. In July 2022, the BHC indicated that it does not intend to increase rents again in response to the worsening global economic conditions. As of July 2022, a BHC medium sized house rental averaged P4 500 (US$361) in Gaborone with construction costs of a similar house around P6 000/m² (US$482). The absence of timely official house price statistics in Botswana makes it difficult to analyse the rental market.

Housing supply

New housing deliveries by the main housing developer, the BHC, serve as a proxy for new housing construction, and include houses that were built by private developers contracted by the corporation. The BHC delivered 1 026 housing units between 2020 and 2021.[33] The BHC's strategic plan set a target for the construction of 12 300 housing units from 2016 to 2023,and adopted alternative methods of construction to make housing more affordable. Since its establishment in 1970, the BHC has delivered almost 25 000 houses.[34]

In Botswana, the construction sector has played a significant role in economic growth. This sector is comprised of small, medium, large, and foreign construction companies. There are no market access restrictions in the construction sector. However, both local and foreign construction firms must register with the Registrar of Companies to operate in the country. Foreign firms are required to produce a certificate of registration when they apply for use of tribal or state land.[35] There were 1 000 operating construction firms in March 2021. Out of these, 211 companies were not registered with the Registrar of Companies as operating

BOTSWANA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **P10 900** per month	who earns **P12 500** per month
you could afford to purchase a **P507 526** house with a mortgage.	you could afford to purchase a **P582 026** house with a mortgage.

Mortgage assumptions – Botswana

- 6.0% interest rate
- 0% deposit
- 25 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

establishments but may have registered with other authorities such as local authorities and the Registrar of Societies.[36] The construction sector's share of GDP ranged from 10.7% in 2020 to 11.6% 2021.[37] These figures compare favourably with industrialised countries, whose share of construction as a share of total GDP ranges between 5% and 8%.

Acquisition of land is subject to approval by the Minister of Land Management, Water and Sanitation Services.[38] In view of the growing land shortage in Gaborone, delays in land allocation are experienced by both foreign and local firms. Both local and foreign firms are subject to planning and building requirements if they plan to put up physical developments (housing). Data collected in 2022 on private property developers showed that they are profit-motivated institutions and their housing prices are targeted at the upper middle and high income households with a two-bedroom of 45m^2 selling for P650 000 (US$52 216).[39]

Botswana is highly dependent on imported building material products from the neighbouring countries of South Africa, Namibia, Zimbabwe and Zambia and as far afield as China. The import bill for cement for April 2022 showed that the country imported between P52.6 million (US$4.2million) monthly.[40] The price of a 50kg of cement was an average of P67 (US$5).[41] The price of building materials coupled with exorbitant labour results in a cost of P25 000 (US$2 000) for a two-and-a-half room apartment.[42] This prohibits the construction of a typical SHHA core "2 and 1/2" house of two bedrooms, kitchen and bathroom. The development planning application process in Botswana is six to eight weeks depending on the town council. Most finance authorities require the approval of the planning authority before development, which curbs illegal developments.

Property markets

The Ministry of Land Management, Water and Sanitation Services has undertaken to register all land parcels, including customary land grants, at the Deeds Registry. This will enhance security of tenure and improve house ownership. Gaborone and Francistown are Botswana's real estate centre pieces and considered prime locations by both local and international businesses. Tribal land on the periphery of Gaborone is in high demand, with an increased demand for plots that are over 800m^2.[43] Women and men have equal rights to own land. Data from the BHC shows that between 2015 and 2019, the majority of urban dwellings, primarily in the cities of Gaborone and Francistown, were purchased by men (51.73%), followed by women at 48.67%.[44]

There was an increase in sale transactions of low to medium residential properties with a limited supply for medium to upper end houses in 2021. The average price of residential property in urban areas decreased by 2% to P771 000 (US$62 000) in the fourth quarter of 2021 from P788 000 (US$63 000) in the third quarter of 2021.[45] The Botswana real estate market was hard hit by the general economic slowdown during the COVID-19 pandemic, with most real estate investors struggling with unsold inventory.[46] Current land prices are unsustainable. In cities and towns, serviced land averages P1 320 (US$106) per m^2. Serviced land in rural villages within a 40-60km range of Gaborone is priced at P230 (US$18) per m^2 while serviced land in urban villages averages P260 (US$21) per m^2.[47] Rental for high value houses ranges between P7 500 (US$ 602) and P8 700 (US$ 699) a month. Rentals for one-bedroom, two-bedroom and three-bedroom flats are P3 000 (US$241), P3 700 (US$297) and P4 500 (US$362), respectively. The demand for residential accommodation to rent has increased in urban areas because of the increasing cost of living and the natural propensity for tenants to relocate to cheaper house when incomes stagnate and the cost of living increases, as it has over the past four years.[48]

To ensure the smooth implementation of property transactions, the law requires that all transactions be undertaken by registered property valuers and estate agents in terms of the Real Estate Professional Act, 2003. There are 286 registered property valuers and estate agents in Botswana.[49]

Policy and legislation

In April 2022 the Ministry of Land Management, Water and Sanitation Services operationalised the re-enacted Tribal Land Act, 2018, the Deeds Registry (Amendment) Act, 2017 and the issuance of secure land titles. The Tribal Land Act compels Land Boards to register tribal land grants (Customary Grants and Common Law Leases) at the Deeds Registry. Applicants may apply to a Land Board for registration of their customary land grants or leases. The re-enacted Tribal Land Act of 2018 brings major changes in the land delivery process, mainly digitisation and title issuance for tribal land. The Electronic Communication and Transaction (Amendment) Act, 2017 allows electronic conveyancing of immovable property and recognises electronic signatures. This boosts the conveyancing system which was usually paper based and taking longer than the prescribed period.

In 2018, the president of Botswana announced measures to economically empower citizens through the optimal use of land they possess. One of these measures proposes an amendment to the Botswana Land Policy, 2015, which would differentiate the permissible amounts of ancillary usages for ploughing fields. and Natural Agricultural Production Zones.[50] To manage the increased demand of housing, the government implemented the National Policy on Housing in 2000, to provide decent and affordable housing for all within a safe and sanitary environment. The policy addresses key elements of the housing sector including institutional capacity building, land, finance, subsidies, rentals, housing standards, building materials, housing legislation, and involvement of SHHA, BHC and the private sector in housing delivery, but there is currently no legal framework to direct such participation.[51]

Opportunities

Botswana real estate investment and lending has been stable over the years. Liquidity remains available as conservative financing continues, and private equities hold abundant unallocated capital for private investment firms. The growth of the property market is generally favoured by ratings. In the international property market, Botswana is ranked second to South Africa in Sub-Saharan Africa in the JLL Real Estate Transparency Index 2022. Out of the 94 most developed real estate markets in the world, Botswana is ranked 54th in Africa. Consequently, it is relatively easy for real estate investors to access the relevant information and property rights are well protected.[52] Despite the broader macroeconomic challenges, the real estate sector is projected to grow by 2.6%[53] if the government can improve the process of obtaining building permits, provide affordable land for housing mobilise affordable lines of credit to the construction industry and supporting infrastructure development in freehold land.[54] The Botswana Development Control Code of 2013 is a set of planning regulations devised to guide placement, construction, and size of buildings to achieve a healthy, safe,

socially harmonious, useable and pleasant environment for owners, occupiers and neighbours. It also ensures compliance with the provisions of the area's spatial development plan.[55] The code enhances the provision of affordable infrastructural services because of its flexibility and inclusivity and sustainable measures. The concept of green buildings in the Botswana built environment operations has not been fully recognised. The first Botswana Green Star-certified structure is in the office sector in the upcoming Gaborone central business district.

Websites

Government of Botswana portal www.gov.bw
Bank of Botswana www.bankofbotswana.bw
World Bank www.doingbusiness.org
Botswana Housing Corporation www.bhc.bw
Statistics Botswana www.statsbots.org.bw

Availability of data on housing finance

Real estate data is not readily available in Botswana. Most information comes from public organisations and government departments, but is either outdated, subjective, or it is incomplete. Private organisation data is usually available on subscription or by purchasing various reports, particularly as many tend to be secretive about their information, and who they choose to disclose it to. The Bank of Botswana provides financial information such as interest rates, mortgage uptake, exchange rates and inflation rates on a quarterly basis. Statistics Botswana collects demographic information and conducts multiple surveys on business, household incomes and expenditure. Very little information has been collected on the real estate sector. Botswana Housing Corporation keeps information on property listings, and developments in the sector. It is, however, not possible to find any price catalogues and property information from private developers.

Much of the information kept by most organisations is disaggregated by sex, even though the aim is not to highlight gender issues, but an administrative requirement. The concept of green buildings in Botswana has not been fully recognised, thus limiting available data sources.

Green applications for affordable housing

The Green Building Council South Africa is currently licensed by the Green Building Council of Australia to allow certification using the Green Star SA rating tools (Office v1.1, Retail Centre v1, Multi Unit Residential v1 and Public & Education Building v1) in Botswana. In 2016, the Botswana Green Building Council was launched as an industry association established for driving the development, growth, and facilitation of a green built environment, and which will also be responsible for producing localised building performance rating tools in Botswana. The green construction industry is managed by a number of Acts, including the Environmental Impact Assessment Act, 2010; the Atmospheric Pollution (Prevention) Act 38 of 1971; the Botswana Development Control Code and the Town and Country Planning Act.

The Ministry of Land Management, Water and Sanitation Services is responsible for management of land and related functions. It also coordinates the development and operational activities in the water and sanitation sector. Land, water and sanitation programmes and projects are carried out by the Ministry's departments (Lands, Town and Regional Planning and Survey and Mapping), a parastatal (Water Utilities Corporation), and an autonomous government agency (Land Boards). Various government departments and parastatal corporations have a responsibility to ensure that households have access to potable water, sanitation, refuse/garbage disposal, electricity, and refuse/garbage collection facilities. The mandate of the Ministry of Mineral Resources, Green Technology and Energy Security is to ensure sustainable distribution of energy sources such as solar power and electricity grid to households. Specific programmes and projects are carried out through the Ministry's departments and a parastatal, the Botswana Power Corporation. The main source of electrical power in Botswana is coal and thermal power. Ninety percent of the population in Botswana have access to clean, piped water and 77.2% have access to sanitation.

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Burkina Faso

Pêgdwendé Jacques Tiendrebeogo

Overview

Burkina Faso is a small, landlocked Sahelian country (274 200 km^2) with an estimated population of 21.51 million inhabitants and a population growth rate of 2.8% in 2021. The percentage of the population living in urban areas has increased from 12.7% in 1985, to 22.7% in 2006 and then 26.1% in 2019. By 2026, only 35% of Burkina Faso's population is expected to live in urban areas.[1] The country is therefore still predominantly rural with approximately 40% of its population living below the national poverty line.[2] The housing sector in Burkina Faso is characterised by high levels of informal production and land insecurity as a result of unplanned urbanisation. The need for urban housing is very high with an estimated demand of 20 000 dwellings/year.[3] It is in this context that the national programme for the construction of 40 000 housing units was launched in 2016, and is still in progress.[4]

However, since 2015, the country has faced terrorist attacks that have caused population displacement. There were more than 1.9 million internally displaced persons (IDPs) as of 31 May 2022 which has exacerbated the housing crisis in the country.[5] Then on 24 January 2022, the armed forces took power in Burkina Faso. The current president is Lieutenant-Colonel Paul-Henri Sandaogo DAMIBA, who was sworn in as President of the Transition on 2 March 2022, following the adoption of the Transition Charter. The 24-month transition includes a government of up to 25 ministers, including a civilian prime minister, a 71-member legislative assembly and a policy and monitoring council. Following the coup, Burkina Faso was suspended from the bodies of regional organizations such as the African Union (AU) and the Economic Council of West African States (ECOWAS) until a return to constitutional order.[6]

On the economic front, the country recorded a strong recovery in 2021 with growth estimated at 6.91%.[7] These good results can be explained by the rebound in services (+11.7%) and by the steady increase in gold exports.[8] Due to low rainfall, agricultural production, on the other hand, stagnated. While exports grew by 6.5% in 2021, imports of hydrocarbons and mining equipment increased by 15.5%, which contributed to the current account deficit estimated at 3.0% of GDP. Measures to combat COVID-19 and expenditure related to the security situation contributed to the maintenance of the budget deficit at 5.5% of GDP. This deficit resulted in an increase in public debt that reached 47.4% in 2021. In addition, strong growth combined with global supply problems led to inflation of 3.7% in 2021. Inflation worsened in the first half of 2022 with the 14.7% rise in food prices, which resulted in food insecurity for a large part of the population.[9]

The return to pre-pandemic growth continued in 2022 with a projected economic growth rate of 4.8% for 2022, in a context marked by both growing insecurity following the January 2022 coup. Going forward, economic growth is expected to be driven by the agricultural sector, services and gold exports, reaching approximately 5.3% in the medium term. Given the security, humanitarian, food, social, and health challenges, its estimated that the budget deficit could reach 6.6% of GDP in 2022. Its gradual return to the 3% norm of the West African Economic and Monetary Union (WAEMU) is not expected before 2025.[10]

KEY FIGURES

Main urban centres	Ouagadougou Bobo-Dioulasso
Exchange rate (1 July 2022): 1 USD = [a] 1 PPP$ = (2021) [b]	0630.05 CFA Franc (XOF) 209.84 CFA Franc (XOF)
Total population [2021] [b] | Urban population [2021] [b]	21 497 097 | 6 715 693
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	2.80% | 4.85%
Percentage of urban population living in slums [d]	57.1%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2017) [c]	Wood | Wood
Percentage of female-headed households (2018) [c]	8.8%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	12.80%
Unemployment rate (% of total labour force, national estimate) (2018) [b]	4.7%
Percentage of women participating in the labour market formally (2021) [b]	57.0%
Gini coefficient (2018) [b]	47.3
HDI country ranking (2020) [e] | HDI country score (2021) [e]	185 | 0.45
GDP per capita (Current US$) (2021) [b]	US$918
GDP (Current US$) (2021) [b]	US$19 738 million
GDP growth rate (2021) [b]	6.91%
Inflation rate (2021) [b]	3.7%
Lending interest rate (2021) [b]	6.3%
Proportion of adult population that borrowed formally (2021) [b]	48.0%
Number of residential mortgages outstanding (2021) [f]	3 359
Value of residential mortgages outstanding (2021) [f]	US$11 million
Prevailing residential mortgage rate | Term [g]	5 – 7% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2021)	0.06%
Number of residential mortgage providers [h]	60
Percentage of women who own a house alone and/or jointly (2018) [c]	31.2%
Number of microfinance loans outstanding	n/a
Value of microfinance loans [h]	US$381 million
Number of microfinance providers [h]	40
Total number of residential properties with a title deed [i]	5 192
Number of formal dwellings completed annually [i]	724
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [j]	8 800 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	56m^2
Typical monthly rental for the cheapest, newly built house [j]	35 000 XOF
Cost of standard 50kg bag of cement in local currency units [k]	5 600 XOF (US$8.89)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	151
Time to register property (days) | Cost to register property (2020) [l]	67 days | 11.9%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	12.5

NB: Figures are for 2022 unless stated otherwise.

Members of the African Union for Housing Finance (AUHF):
Pegdwende Jacques Tiendrebeogo

[a] Xe.com
[b] World Bank World Development Indicators
[c] Demographic and Health Surveys, USAID
[d] Johns Hopkins University Coronavirus Resource Center
[e] United Nations Human Settlements Programm (UN-HABITAT)
[f] Réseau des Caisses Populaires du Burkina (RCPB)
[g] IB Bank
[h] Central Bank of West African States (BCEAO)
[i] Ministry of Urban Planning, Housing and Land Affairs
[j] World Bank Ease of Doing Business Indicators

Due to its location, Burkina Faso has a dry tropical climate, with a short rainy season and a long dry season. The country also has scarce water resources and poor soil conditions. There are however significant variations in climatic zones in the country, with some areas receiving more rainfall than others, and thus being more prone to flash floods. In recent years, the eastern and southwestern parts of the country are experiencing increased high temperatures and drought. In these areas the government is assisting the rural population to dig wells and build small water reservoirs. The climate change risks are therefore severe droughts and water shortages linked to low agricultural yields. Higher temperatures and windstorms could also lead to forest and bush fires.[11] In order to address these concerns, Burkina Faso developed a National Adaptation Plan (NAP) for climate change in 2015. To address housing vulnerability, an adaptation action plan for the infrastructure and housing sector was proposed. In the construction subsector, two main actions were selected: the financing of green projects; and the construction of

housing that consumes less energy in air conditioning systems or does not require any air conditioning equipment.[12] Dealing with the country's water scarcity issues is also a priority.

Access to finance

The housing sector in Burkina Faso is characterised by high levels of informal production and land insecurity. Land ownership is a major constraint for the development of financing, including mortgage financing.

According to 2022 figures from the Central Bank of West African States (BCEAO), 16 commercial banks offer mortgages in the country.[13] The State created the Banque de l'Habitat du Burkina Faso (BHBF) in 2005 which was replaced by International Business Bank (IB Bank) in 2018. In order to continue the state's efforts, IB Bank offers better housing financing conditions with interest rates on residential mortgages ranging from 5% to 7%, for a maximum period of 20 years.[14]

There are 78 microfinance institutions operating in Burkina Faso. Microfinance is more active but there is very little microfinance aimed at housing finance specifically.[15]

While financial inclusion is one of the priorities on the development agenda in Burkina Faso, particularly through the development of the National Strategy for Inclusive Finance,[16] the rate of financial inclusion remained low until 2019 when it reached 70.9%, compared to 14% just five years earlier. Indeed, until 2017, only 51% of men compared to 34% of women had a bank account. With regard to formal saving and formal borrowing, there is little difference between men (respectively 12. 5% and 9. 26%) and women (12% and 9. 42%). However, there are differences in saving and borrowing from informal sources: 31% of women who save do so in the informal sector compared to just 24% for men, and 37% of women who borrow do so in the informal sector compared to 33% for men.[17]

The process of economic liberalisation has led the country to encourage the economic participation of women as entrepreneurs and managers. In 2018, 54.9% of businesses in the health sector were started and run by women, compared to only 1.1% for the construction and real estate industry.[18] Since 2021, the Professional Organization of Women in Construction and Real Estate (OPF/BTP-I) has served as the member body for women-owned businesses in the sector.[19]

Affordability

In Burkina Faso, the housing need is estimated at nearly 400,000 units, if calculated on the basis of the number of households and the estimated number of plots developed.[20] This situation is most evident in Ouagadougou and Bobo-Dioulasso where the needs are estimated at nearly 240 000 units and more than 60 000 units respectively.[21]

At the national level, 83.3% of dwelling occupants are owners, 10.2% are in operating rentals and rental sales represent only 0.7%. In urban areas, there are 63.3% of owners; 26.2% in single lease; 8.2% hosted for free; and 1.2% in hire-purchase. Housing affordability is impacted directly by household incomes: the unemployment rate is estimated at 7.1%[22] and more than 40% of the population lives below the poverty line. In addition, more than 70% of the urban labour force is employed in the informal sector and therefore does not have access to the formal housing finance system.[23]

The price of land developed in Ouagadougou by the Société Nationale d'Aménagement des Terrains Urbains (SONATUR) ranges from 25 000 to 45 000 FCFA per m^2 (US$39.6 and US$71.4).[24]

As part of the National Programme for the Construction of 40 000 Dwellings (PNCL), 724 dwellings, mainly of type F3 (2 bedrooms + living room + kitchen + internal toilets) were built in the first half of 2022. Between 2007 and 2017, the state produced only about 5 000 homes.[25] The lowest cost house was 7 500 000 FCFA (US$11 903.7) with a built area of 56 m^2 on a plot of land with a minimum size of 204 m^2.[26] Knowing that the average salary in Burkina Faso in 2021 is estimated at 95 000 FCFA (US$150.7) and since the maximum monthly loan/income ratio for residential home loans is around one-third of household income, it would take on average more than 20 years for the vast majority of the population with formal employment to repay this type of loan for the purchase of the cheapest home.[27] However, most loans offered by the country's banks would not extend to 20 years.

The average annual household consumption is estimated at nearly CFA 2.0 million (US$3 174). This consumption ranges from CFA 1.5 million (US$2 381) for households in the informal sector to CFA 2.8 million (US$4 444) for those employed in the formal private sector.[28] The three largest items in household consumption are in descending order: food, housing and transport, together accounting for 2/3 of household spending.[29]

Housing supply

Urbanisation and poverty have caused a large imbalance between housing supply and demand, followed by a rapid proliferation of informal neighborhoods. The "one household, one plot" policy implemented by the State between 1983 and 1990 and the provision of unserviced plots between 1995 and 2006 also led to the excessive sprawl of cities, without providing sufficient answers to the need for housing and basic service provision.[30]

Self-build has always been the main means of access to housing in Burkina Faso. Thus, the population largely finances and realises their housing needs themselves with craftsmen working in the construction sector.

Through the National Economic and Social Development Plan (PNDES) 2016-2020, the proportion of urban populations living in informal areas fell to 10% in 2020; the number of households with access to decent housing increased from 4 572 in 2015 to 35 000 in 2020; and the number of households assisted in self-build went from 100 in 2015 to 5 000 in 2020.[31] Thus, between 2015 and 2018, the number of households with access to decent housing increased by 8 650.[32] Housing units built under the PNCL generally varied between 56 m^2 and 68 m^2 on land with a minimum size of 204m^2 in accordance with the legislation.

In 2018, 140 housing units priced at CFA 7.5 million (US$11,903.7) per unit were produced in Bassinko by the Burkinabe Cooperative of Housing CBH, 52% of whose beneficiaries were women.[33]

With respect to building materials, banco[34] remains the main building material for walls, representing 53. 4% of housing nationally.[35] However, in urban areas, only 20% of the walls are made of banco; 21% are semi-hard and 57% are hard (cinder blocks). As for the roofs, 94% are made of sheet metal and 4% concrete. Approximately 74% of urban households have cement-covered floor while 18% are tile and approximately 6% in clay.[36] Imports of lime, cement and manufactured building materials increased by CFA 57.6 billion (US$91 420 974) in 2019 at CFA 103.7 billion (US$164 589 498) in 2020. Between the third quarter and the last quarter of 2020, these imports increased from 363. 5 to 380 tons.[37]

However, the use of local materials by the architect burkinabé Diébédo Francis KERE, winner of the 2022 Pritzker Prize, has contributed enormously to promoting the use of local materials to meet climatic conditions.[38]

Property markets

In Burkina Faso, the real estate sector is governed by Law No. 057-2008/AN of 20 November 2008 on real estate development. However, compliance is a major issue. In February 2021, the Ministry of Urban Planning suspended the processing of real estate projects submitted by real estate developers and set up an ad hoc committee.[39] From the report of this committee, delivered in January 2022, it appears that out of 406 real estate projects submitted by 99 real estate developers, 400 were analyzed by the ad hoc committee and 105 files of 44 real estate developers were deemed admissible. Only these 105 projects respect urban planning areas.[40]

Stakeholders in the real estate sector have grown and organised into industry groups. In 2013, the country's real estate developers created the National Union of Real Estate Developers of Burkina Faso (SYNAPIB). Subsequently, SYNAPIB and the Association of Real Estate Developers of Burkina Faso (APIB) were born. In 2019 Burkina Faso had about 268 approved real estate companies. The APIB, meanwhile, had 82 members in July 2020.[41] Increasingly, informal real estate companies are an emerging force in the sector.[42]

The processing time for preparing land for title is fourteen working days. The processing of an Urban Residence Permit (PUH) for the occupation of urban land intended for housing, takes six working days.[43] Generally the costs of obtaining land title depend on the use of the land, its location and its value. Thus, the flat-rate cost applicable to legal and natural persons in Ouagadougou and Bobo

BURKINA FASO – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA210 292** per month	who earns **CFA180 175** per month
you could afford to purchase a **CFA9.784 million** house with a mortgage.	you could afford to purchase a **CFA8.383 million** house with a mortgage.

Mortgage assumptions – Burkina Faso

- 6.0% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Dioulasso for residential land is CFA 300 000 (US$476). These compliance costs affect overall prices for land. The prices of land developed by SONATUR vary between CFA 25 000 (US$39.6) and CFA 45 000 (US$71. 4) per m^2.[44]

With respect to gender, the proportion of women employed in the construction sector and real estate (27%) is slightly higher than the national average (25 4%).[45] The Agrarian and Land Reform (RAF) stipulates that "urban and rural land in the national land domain shall be allocated to natural persons, without distinction of sex or marital status and to legal persons under the conditions laid down by the texts". However, access to property by women remains difficult, especially in rural areas.

Policy and legislation

In Burkina Faso, housing policies tend to favour the middle class, individual property owners and the formal sector. The housing sector benefits from multiple laws including the Constitution of June 1991, Law No. 017-2006/AN of 18 May 2006 on the Urban Planning and Construction Code in Burkina Faso, and Law No. 057-2008/AN of 20 November 2008 on real estate development in Burkina Faso. Additionally, Law No. 023-2010/AN of 11 May 2010 on the status of co-ownership of buildings built in Burkina Faso, Law 034-2012/AN of 02 July 2012 on agrarian and land reorganization, and Law No. 103-2015/CNT of December 2015 on the Private Housing Lease in Burkina Faso all impact on housing production. The National Housing and Urban Development Policy (PNHDU) implemented between 2009 and 2018 was replaced by the National Strategy for Housing and Urban Development (SNHDU) for the period 2021-2025.

The main stakeholders in the urban sector remains the State through the Ministry of Urban Planning, Land Affairs and Housing (MUAFH) which, in accordance with Decree 2019-0139/PRES/PM/SGG-CM of 18 February 2019, ensures the implementation and monitoring of the Government in terms of urban planning and housing. The implementation of MUAFH's programmes is driven by its central or mission structures, including the Directorate General of Architecture, Housing and Construction (DGAHC), the General Directorate of Urban Planning, Servicing and Topography (DGUVT), the General Directorate for the Control of Development and Construction Operations (DGC-OAC), and the Permanent Secretariat of the National Housing Policy (SP/PNL). Added to these are the decentralised structures, namely the 13 Regional Directorates of Urban Planning and Housing (DRUH), including the National Society for Urban Land Development (SONATUR), the City Management Center (CEGECI) and the Agency for Consulting and Delegated Project Management (ACOMOD-Burkina). To achieve its missions, other actors external to MUAFH are also involved: the Ministries in charge of Energy, Water and Sanitation, Infrastructure, Environment, Urban Mobility, Finance and Economy, Decentralization, as well as the local and regional authorities such as regions and municipalities.

The private sector is comprised of the professional orders of urban planners, surveyors, architects, civil engineers, real estate developers, real estate experts, and companies in the construction sector and financing institutions. In addition, there are civil society organisations, traditional authorities, custodians of customary law and electronic and financial institutions. Although there are many stakeholders, there is a lack of coordination of actions, weak technical and financial capacity of the private sector and difficulties related to compliance with legislation.

Faced with the persistence of the security and humanitarian crisis since 2016, MUAFH in partnership with the European Union and UN Habitat, has set up a project to strengthen the resilience of local authorities. As part of this process, 312 housing units are being built for the benefit of internally displaced persons, 100 of which are in Kaya, 100 in Tougouri, 50 in Dori and 57 in Kongoussi. These are semi-detached housing type F2[46] (one bedroom and one living room) of 18m^2 scalable, each extendable in F5 (four bedrooms and a living room) on plots of 150 m^2 each.[47]

Opportunities

In Burkina Faso, real estate is undoubtedly one of the emerging sectors. Between 2014 and 2019, the number of licensed real estate companies significantly increased from 42 to 268, with the entry into the sector of important businesses. The full growth and dynamism of this market can also be seen through the strong growth in imports of building materials and the appearance of a multitude of intermediaries (real estate agencies).[48]

With all the institutional support, the real estate sector remains an attractive sector for financial institutions, real estate companies, real estate agencies, brokers, suppliers of building materials and other real estate intermediaries.

Availability of data on housing finance

In Burkina Faso, many shortcomings have been identified in the system for producing and publishing data on housing finance. Data is produced inconsistently, not updated and not generally trustworthy. Existing datasets are very general and non-specific. These include the statistical yearbook produced annually by the Directorate General of Statistical and Sectoral Studies (DGESS) of MUAFH. In addition, the National Institute of Statistics and Demography (INSD) produces data essential to the analysis of the sector, mainly through its General Population and Housing Censuses (RGPH) and its surveys on the living conditions of households.

The World Bank's Doing Business and the BCEAO's annual reports also contain indicators on the real estate market. Also, some private promoters and some banking institutions and development partners produce useful data for the diagnosis of the sector.

Green applications for affordable housing

In 2020, the WAEMU Commission adopted Directives No. 0004/2020/CM/UEMOA and No. 0005/2020/CM/UEMOA through the Regional Energy Saving Programme (PREE), a key component of the Regional Initiative for Sustainable Energy (IRED). The first of these directives relates to the energy labelling of electric lamps and new household appliances, while the second sets energy efficiency measures in buildings in the sub-region.

Green applications for affordable housing cont

The Government of Burkina Faso and its development partners have recognized the need to prepare for and adapt to the impacts of climate change through the development of the Nationally Determined Contribution (NDC) and the National Adaptation Plan.

UN Habitat and Global Green Growth Institute (GGGI) are supporting the Government through two initiatives to accompany the implementation of the NDC. In order to transform buildings and the construction sector, in particular the housing sector, towards a resource-efficient, low-carbon and climate-resilient sector, the United Nations Environment Programme (UNEP), the United Nations Office for Project Services (UNOPS) and UN Habitat launched the Sustainable Development Goal 12 Programme for Resource-Efficient Housing with support from the One Planet Multi-Partner Trust Fund. To accelerate the transition to green growth, the GGGI, with the support of the Clean Cooling Collaborative, is active in the implementation of the Energy Efficiency and Refreshment of Social Housing project. The overall objective is to reduce energy demand and improve energy efficiency in the housing sector.[49]

In Burkina Faso, approximately 35% of households light up using solar panels. Less than one out of five households have access to electricity from the network of the Burkinabe National Electricity Company (SONABEL).[50] Approximately 35% of households make use of flashlights. The use of electricity from the SONABEL network is much higher in urban areas (47. 7%) than in rural areas (3. 9%).[51]

At the national level, approximately 70% of households have access to an improved source of drinking water. Well drilling is the most widely used water source both nationally and in rural areas.[52]
With respect to sanitation, nationally only 8.0% of households use improved sanitation facilities (flushing and ventilated latrine), while 40% use common latrines. With regard to waste management, approximately 35% of households dispose of their garbage mainly on the street while 28% deposit refuse on piles of garbage. Private collection as the main mode of disposal of household waste is widely used in large urban centers such as Ouagadougou (44%) and Bobo-Dioulasso (40.5%), but is almost non-existent in rural areas where only 3% of households use it. More than 2/3 of urban households (70. 9%) discharge their wastewater into the street or into nature, while 12% dispose of their wastewater in the yard and 9. 5% use septic tanks.[53]

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Burundi

Duncan Kayiira

Overview

Burundi's population density is estimated at 477/km^2,[1] making it one of the most densely populated countries in the Great Lakes region. After the contested elections and related violence in 2015, many Burundians fled to neighbouring countries. Since 2017, 200 000 refugees have returned, but about 250 000 Burundian refugees remain in Tanzania, Rwanda, the Democratic Republic of the Congo (DRC) and Uganda. Returnees require reintegration support, with many having lost their land and homes. In addition, there are about 116 000 people who have been internally displaced due to floods and landslides. The European Union (EU) allocated BIF 22 billion (US$10.7 million) in humanitarian assistance to Burundi, including cash based assistance for households in 2022. Returnees are helped to register for humanitarian assistance and to acquire essential documents like birth certificates which allow them to access basic social services in Burundi.[2] Years of socio-political unrest, violence, disease, economic crisis and the associated movement of people has had a serious impact on the population's access to basic services, and recurring floods, landslides and soil erosion have destroyed livelihoods and worsened poverty.[3]

The economy relies chiefly on the agricultural sector, which employs 80% of its 12.3 million population.[4] With a Gross Domestic Product (GDP) of BIF7.2 trillion (US$3.5 billion)[5] and limited options to grow economically, many Burundians struggle to meet their basic needs. Poverty levels have continued to rise as the population grows at an estimated rate of 3%.[6] Despite the crises, Burundi's economy has recorded some growth recently, at 1.8% in 2021, compared to 0.3% in 2020. This was largely due to a rebound in services, as well as steady improvement in the agriculture sector alongside the easing of COVID-19 restrictions. The country's growth outlook points towards a modest recovery in 2022 supported by a pickup in economic activity fuelled by the agriculture sector, which contributes 30% to the country's GDP. This will be complemented by export earnings on the back of a rise in global demand for coffee, tea, and cotton. Coffee accounted for 19% and tea 13% of total export earnings in 2020.[7] The mining sector remains constrained by the suspension of operations by the authorities and this continues to dampen future investment in the sector, despite its potential.

Further growth prospects were hampered by a rise in inflation to 8.4% in December 2021 from 7.5% in 2020. This was largely driven by food price increases and the monetisation of the country's fiscal deficit. The deficit has remained relatively high at 5.1% of GDP in 2021, although with a noted reduction from the 2020 position of 6.5% due to growth in public revenue that exceeded the increase in public expenditure. The deficit was financed by borrowing from local and external sources. Subsequently, public debt grew to 71.9% of GDP in 2021 from 67% in 2020. This is likely to cause further strain on the interest rate environment as the government seeks to borrow domestically, mopping up long-term commercial bank liquidity that would support the extension of credit to housing and other deserving sectors of the economy.

Inflationary pressures remain elevated with headline inflation rising to 12.8% in March 2022 compared to 7.3% in March 2021.[8] This increase was largely due to both food inflation (15.1% against 10.7% the previous year) and non-food inflation (10.4% against 3.7% the previous year), particularly following the global impact of the Russia-Ukraine conflict on fuel and commodity prices. Rising inflation has dealt a blow to the housing sector through escalations in prices of building materials and deterioration in the purchasing power of households living below the poverty line.

To boost incomes and reduce the poverty burden, the government suspended the operations of several international mining companies in July 2021. This was aimed at renegotiating mining agreements to deliver better mining benefits for the general population. The suspension affected seven companies of British, Chinese, and Russian origin and was mostly felt by the UK-listed company Rainbow Rare Earths. The Burundi government owns 10% of Rainbow, which operates Gakara, the only rare-earth mine in Africa. Other companies whose operations were suspended mine gold, and coltan, which are used in electronic devices.

KEY FIGURES

Main urban centres	Gitega, Ruyigi, Muyinga, Ngozi, Bubanza
Exchange rate (1 July 2022): 1 USD = [a]	2 058.56 Burundi Franc (BFI)
1 PPP$ = (2021) [b]	710.13 Burundi Franc (BFI)
Total population [2021] [b] | Urban population [2021] [b]	12 255 429 | 1 722 868
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	3.02% | 5.54%
Percentage of urban population living in slums (2018) [d]	47.7%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2016) [e]	Wood | Wood
Percentage of female-headed households (2020) [e]	28.7%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	0.16%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	1.8%
Percentage of women participating in the labour market formally (2021) [b]	79.0%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	187 | 0.43
GDP per capita (Current US$) (2021) [b]	US$237
GDP (Current US$) (2021) [b]	US$2 902 million
GDP growth rate (2021) [b]	1.80%
Inflation rate (2021) [b]	8.40%
Lending interest rate (2021) [b]	12.6%
Proportion of adult population that borrowed formally (2014) [b]	60.0%
Number of residential mortgages outstanding (2021) [f]	1 131
Value of residential mortgages outstanding (2021) [f]	US$103 million
Prevailing residential mortgage rate | Term [f]	13 – 19% | 20 years
Maximum LTV on a residential mortgage [f]	60%
Ratio of mortgages to GDP (2021)	3.55%
Number of residential mortgage providers [f]	5
Percentage of women who own a house alone and/or jointly (2020) [e]	56.4%
Number of microfinance loans outstanding	n/a
Value of microfinance loans [f]	US$223 million
Number of microfinance providers	n/a
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [g]	55 000 000 BFI
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]	72m^2
Typical monthly rental for the cheapest, newly built house [g]	350 000 BFI
Cost of standard 50kg bag of cement in local currency units [h]	32 000 BFI (US$15.54)
Type of deeds registry: digital, scanned or paper (2020) [i]	Paper
World Bank Ease of Doing Business index rank (2020) [i]	166
Time to register property (days) | Cost to register property (2020) [i]	23 days | 3.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [i]	4.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Central Bank of Burundi
[g] Bank del Habitat du Burundi
[h] Theeastafrican.co.ke
[i] World Bank Ease of Doing Business Indicators

Reopening the borders with neighbours DRC and Rwanda, which had closed as a containment measure for the COVID-19 pandemic, will most likely facilitate a growth in cross-border trade as well as the return of refugees. Burundi, however, remains highly exposed to a resurgence of the virus, due to the low levels of vaccination coverage, with only 0.1% of the population being fully vaccinated by December 2021. Even with the provision of a BIF125 billion (US$60 million) World Bank grant for supporting Burundi's COVID-19 response plan through vaccine purchase, deployment and equipment, the country had registered only around 10 000 fully vaccinated Burundians as at the end of March 2022.

For Burundi, climate change compounds pre-existing risks through rising rainfall and temperature variability, projected to worsen by 2030-50. Extreme weather conditions including heavy rains, high winds and landslides have destroyed homes and livelihoods. Landslides are a constant threat in the mountainous regions. By April 2021, 114 000 people had been relocated because of climate change-related disaster and are mostly in displacement camps.[9] About 30 000 people[10] were displaced by flooding in early 2022 in Cibitoke and Bubanza provinces following the rise of waters in Lake Tanganyika. The flooding is largely attributed to land degradation from persistent deforestation, caused by the growing energy needs of the population. Wood energy, used as charcoal, represents 95.3% of the overall energy consumption.[11] In addition, Burundi loses almost 38 million tons of soil each year and it is estimated that 4% of its gross domestic product (GDP) is lost to land degradation annually[12] because of the impact on coffee and tea production.

To counter the environmental threats, the government has identified the National Strategy and Action Plan on Climate Change (2012) as a key focus area. This includes climate risk adaptation and management, capacity-building, knowledge management, and communication. The programmes continue to be implemented with support from donor partners, including the United States Agency for International Development (USAID).

Access to finance

Access to financial services continues to pose a serious development challenge for Burundi as the economy takes firm strides towards full recovery from the effects of COVID-19. The financial sector has been resilient throughout the challenging times of 2020 and 2021 as indicated by the 12.6% improvement in portfolio quality as measured by a reduction in the Non-Performing Loans ratio to 4.1%.[13] However, income poverty rose to 87.1% in 2021 from 85% in 2020.[14]

To alleviate poverty then president of the Republic of Burundi inaugurated the Investment Bank for Young People (BIJE)[15] in April 2020. The bank's mission is to reduce youth unemployment, which makes up over 66% of citizens in Burundi. Moreover, the Investment and Development Bank for Women (Banque d'Investissement et de Développement pour les Femmes) was launched in February 2020 specifically to increase access to financial services for women.[16] Additionally, Burundi's Guarantee and Support Impulse Fund supports cooperatives for young people. The Fonds d'Impulsion de Garantie et d'Accompagnement (FIGA) was reinvigorated in 2019[17] to improve access to finance through guarantees. FIGA was established to promote access to financing for micro, small and medium-sized enterprises, cooperatives and industries. These initiatives are aimed at increasing the level of financial inclusion in Burundi by targeting segments that are unlikely to access formal finance. This will further lessen poverty levels in Burundi's largely agrarian population and support the acquisition of basic services, including housing.

The formal banking sector comprises 14 commercial banks, which have focused on specific lending segments for their business growth. Most offer deposit facilities but few offer long-term lending facilities suitable for housing. Despite the sharp decline in growth induced by COVID-19, the banking industry has remained strong. The capital ratios are relatively robust at 20% against a regulatory minimum of 14.5% to support lending operations.

With a strong capital base, the banking sector has improved, as indicated by the increase in total assets following the rise in loans to support economic recovery, as well as investment in Treasury securities. Total sector assets grew by 28.7% year-on-year at the end of March 2022 compared to March 2021, amounting to BIF5 224.6 billion (US$2.54 billion). Such an increase was mainly driven by a 49.1% increase in loans to the economy to reach BIF2 140.3 billion (US$1.04 billion). Overall, the proportion of loans to the economy in total assets rose by 5.7%, accounting for 41.0% of banking sector assets at the end of March 2022 from 35.3% at the end March 2021. This trend is supported by the rise in customer deposits and central bank refinancing to improve the liabilities' side of the industry balance sheet and support various forms of lending. Aggregate customer deposits increased by 23.8% year-on-year to BIF3 064.7 billion (US$1.49 billion) at the end of March 2022.

The growth in aggregate bank deposits enables commercial banks to increase their lending operations across several sectors. This is bolstered by the improvements made in loan recoveries amidst better economic prospects. Between March 2021 and March 2022, the amount of non-performing loans fell by 8.1% to BIF62.8 billion (US$30.5 million). The loan portfolio's overall default rate fell by 1.9% and stood at 2.9% from 4.8%. This was mainly attributed to drops in default rates of sector portfolios of construction (2.9% from 4.3%), trade (3.3% from 4.1%), agriculture (3.0% from 18.1%), tourism (10.0 from 12.6%), and equipment (2.6% from 5.3%).

Significant growth recorded by commercial banks in the advancement of credit was strongly associated with recovery initiatives implemented by the central bank, the Bank of the Republic of Burundi (BRB). To support economic recovery, BRB increased the provision of liquidity and long-term resources through providing favourable refinancing terms to commercial banks. Between January and August 2021 BRB supported the banking system through a marginal lending facility which increased by 164.9%. In addition, the BRB used the temporary advances on bills as collateral instruments to further support to commercial banks. To stimulate long-term credit to the private sector, the BRB launched a new instrument (named advance on bills), as collateral. This instrument provides longer maturity of up to five years, allowing banks to provide long-term loans to domestic investors. BRB has also been providing loans to priority sectors through conventions guaranteed by the government. These loans were largely for the promotion of agriculture and youth employment.

However, even with the noted interventions to boost access to credit for private sector investment, the housing sector remains underserved with only 17.6% of the aggregate credit portfolio as at December 2021.[18] The trade sector holds the largest share at 30.2%, while the main economic sector, agriculture, holds a paltry 7.1%. Despite the noted increase in credit, the share of short-term credit (less than 2 years) in total credit remains high at around 40%. This accentuates the difficulty of obtaining credit to finance long-term ventures, including housing sector developments.

Affordability

With a GDP per capita of BIF487 468 (US$236.80) in 2021,[19] living standards in Burundi are low compared to other member states of the East African Community. The proportion of the country's population living in rural areas is estimated at 87% and is largely reliant on subsistence agriculture. Access to adequate land for agriculture continues to rise in importance for both human settlements and local livelihoods as the population continues to increase at 3.1%, fuelled by a high fertility rate – which was 5.4 births per woman in 2020 and a high rate of refugee inflows, estimated at 3% in 2020.[20] The country is rated as one of the poorest countries in the world, with a poverty rate of 72.8 percent,[21] with rampant food insecurity and malnutrition, especially among children, as shrinking and overworked household farmland parcels continue to deteriorate in productivity and agricultural yields. This has largely contributed to the country's low Human Capital Index at 0.39 (on a scale of 0 to 1) and a high rate of stunted growth among children at 50.9%[22] of Burundi's children under five.

Whereas the economy is posting strong recovery signals supported by a revamp in trade, exports and infrastructure after the COVID-19 pandemic, housing affordability remains a challenge across larger parts of the country.

Many Burundians are peasants and can hardly afford decent housing and sanitation facilities. This is compounded by poor access to clean drinking water: in 2017, only 61 percent of the population had such access. The lower middle-income poverty rate based on BIF6 176 (US$3) is extreme at 89.3% while the upper middle-income poverty rate based on BIF11 322 (US$5.5) is even higher at 96.8%. It is no surprise then that the country's housing market suffers from low levels of demand for decent housing.

Policy directives to improve national household wages have not yielded much. In June 2021, the government implemented a new fair wage policy in the public

BURUNDI – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **BIF325 000** per month

you could afford to purchase a **BIF11.680 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **BIF451 000** per month

you could afford to purchase a **BIF16.208 million** house with a mortgage.

Mortgage assumptions – Burundi

- 16.0% interest rate
- 40% deposit
- 20 year loan tenor
- 60% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

sector, where salaries are standardised across the classification and rating of jobs, as opposed to the previous policy where similar categories of jobs could earn different salaries. To support this, an allocation of BIF34 billion (US$16.5 million) was set aside in the 2021/22 budget to pay for the wage policy. It is hoped that these reforms will help boost household incomes, spur effective demand for goods and services and drive an upsurge in economic activity, including the housing sector.

On the supply side, financing options for housing-related investments have remained unaffordable for both housing developer companies and individual consumers. The available formal providers of finance have maintained high interest rates, largely on account of a depressed long-term finance market as well as increased competition with government cash requirements for infrastructure projects. Whereas long-term loans to finance equipment purchase are charged an average interest rate of 10.9%, loans to the housing sector attract the highest rate of 19.36% in 2021, rising sharply from 15.94% the previous year,[23] making financing of housing developments the most expensive across all sectors. This is largely attributed to a wide fiscal deficit, which continues to be financed by domestic borrowing.

Public debt increased by 15.1% at the end of March 2022 compared to March 2021, settling at BIF4 529.8 billion (US$2.2 billion). This was largely driven by the increase of domestic debt by 11.5% and external debt by 25.0%, particularly after the lifting of sanctions by the United States and the European Union in 2021 and 2022 respectively. Domestic debt increased by BIF332.7 billion (US$161.6 million) at the end of March 2022 compared to March 2021, rising to BIF3 222.1 billion (US$1.6 billion, mainly due to an increase of government debt to the banking sector by BIF329.54 billion (US$160.1 million). The borrowing channel from the banking sector was implemented through several calls for Treasury securities that generally saw an increase in securities held by BIF184.4 billion (US$89.6 million). Overall, the government's debt to the banking sector through Treasury securities increased by 9.5% to BIF1 823.6 billion (US$885.9 million) in March 2022 from BIF1 665.1 billion (US$809.9 million) in March 2021.

To support increased domestic borrowing, interest rates on 2-to-10-year Treasury bonds are relatively high, averaging 11.34% between April 2021 and April 2022, compared to bank deposits which generally attract a lower rate of up to 6.12% over the same period. This effectively redirects both public and financial institutions' liquid funds toward high yielding government securities, making customer borrowing less affordable in formal financial institutions.

Housing supply

Burundi's supply of housing units is in dire need of improvement. The country has few providers of multiple housing units for large scale projects, especially in the urban centres of Bujumbura, Gitega (the new political capital city), and the traditional administrative centres of Muyinga, Ngozi and Cibitoke in the North and Bururi in the South. These areas have not been attractive for large scale property development due to low levels of affordability arising from suppressed economic activity and high levels of poverty.

To improve infrastructure, the government has undertaken several initiatives to improve the road network by establishing a road maintenance fund, particularly through the "Zero Potholes" initiative. The budget allocated to road maintenance increased to BIF28 billion (US$13.6 million) in the financial year 2021/22 from BIF8.2 billion (US$3.9 million) three years earlier. To limit the cost of rentals for the Burundi Road Agency as part of this campaign, new machinery and equipment were declared tax exempt.

Further infrastructure initiatives have been introduced to improve access to hydropower for rural areas. The FY 2021/22 budget aimed to accelerate the implementation of electrification projects in rural centres and hard-to-reach areas. This will improve living conditions and support economic activities and the establishment of decent settlements. Currently, only 13% of the Burundian population have access to electricity, compared to other member states of the East African Community at 42.1% for Uganda, 71.4% for Kenya, 46.6% for Rwanda and 39.9% for Tanzania.[24]

These initiatives are likely to provide foundational infrastructure to boost economic activity for housing, agriculture, and industry in the country. However, prospective housing sector developers still face challenges, including a lack of appropriately priced financing products for developer support, scarcity of foreign currency for import of non-domestic intermediate construction materials, and lack of support infrastructure for housing sector developments.

Property markets

The recent redesignation of Burundi's second largest city, Gitega, as the new capital city in 2019 has breathed new life into the district. Gitega is home to the Presidency of the Republic, the Senate, and other political offices. Overall, the rebound in economic activity brings renewed hope in the property market. Urbanisation is likely to be grow as more and more citizens take up jobs in the emerging service industry. Few new housing units are delivered in the property market annually. Most properties are usually secondary transactions. Given the absence of large-scale property developers, pricing of residential housing units is mostly unstandardised and influenced by buyer-seller negotiations. Little affordable housing is available, presenting opportunities for mass delivery of appropriate units for the segment.

Policy and legislation

The country's budget for the financial year 2021/2022 introduced new tax and non-tax measures to boost revenue. However, widening of the rental tax base to include land leases is likely to reduce attractiveness to an already struggling housing sector.

In 2008 Burundi developed a land policy letter followed by a Land Code which sought to introduce land certificates and a decentralised system of land administration. Article 411 of the Land Code recognises the right of land ownership exercised through land title, land certificate, an administrative title or a customary mode of acquisition. While the code legitimates land rights acquired under local land allocation systems, it still requires that all such rights must be registered. This is a challenge for customary land occupiers since this land carries no official document of title and is not easily accepted as collateral to support borrowing in the banking industry.

To deal with this problem, 93 municipalities out of a total of 119, now issue relatively affordable communal land certificates. This has been largely supported

by the World Bank and the Burundi Landscape Restoration and Resilience Project (PRRPB) 2021-2024 with initial funding of BIF62 billion (US$30 million), topped up by an additional BIF12 billion (US$6 million). The project led by the Burundian Ministry of Environment, Agriculture and Livestock, aims to clarify and secure land rights, resolve land tenure disputes, and restore land productivity in devastated landscapes. It is estimated that land disputes constitute more than 70% of the cases brought before the Burundian courts. Securing land tenure and reducing land conflict is therefore one of the most important factors that can support sustainable agricultural and rural development. Project results have included the planting of over 1 million forest and agroforestry seedlings in local communities and the issuing of land certificates to 466 beneficiaries; 355 of these have been registered in the name of both spouses and 33 in the wife's name only. Of the 466 certificates, 82.6% include the women's name. The project has also created jobs, which has enabled beneficiaries to build houses and buy plots of land with their income.[25]

The government passed a new law in February 2020 aimed at fixing land registration fees. The law also makes it compulsory for any buyer of a certified landed property to convert the land certificate into a land title within 60 working days of signing a deed of sale. The wide scale implementation of this law will likely support mortgage banking business in a country where validating ownership of landed properties used for collateral to support housing sector developments has been difficult.

Opportunities

The recent pick-up in economic activity on the back of a full reopening of the economy after Covid-19, provides a glimmer of hope for accelerated developments in the housing sector. Additionally, new budgetary allocations to the transport and energy sector can improve connectivity and open up new settlement areas – this will provide the necessary supporting infrastructure for the housing sector. A lot more is still needed to attract large scale developers to the affordable housing space where most of Burundi's prospective homeowners lie.

Websites

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Investment and Development Bank for Women (Banque d'investissement et de Developpement pour les Femmes) www.bidf.bi
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UNHCR www.unhcr.org

Availability of data on housing finance

Information on financing housing sector developments is available from the Bank of the Republic of Burundi publications on private sector credit. Interest rate movements and general changes in price levels are also tracked on a quarterly basis by the central bank. Access to information on the number of new properties developed within a period of time remains difficult. However, engagements with key sector players including mortgage banks offer insights into the state of the sector and prospects for growth.

Green applications for affordable housing

Approximately 13% of Burundians have access to electricity and most of the population still rely on kerosene for domestic lighting and wood fuel for their energy needs.

In October 2021, a pioneering 7.5MW commercial solar plant started to generate clean power for tens of thousands of households and businesses. The plant, near the village of Mubuga, supports international efforts to increase renewables and climate finance, especially for the world's most vulnerable communities.

The plant was built over six years and was developed by an independent power producer, Gigawatt Global, with financing from a consortium of pan-African private equity investors "Inspired Evolution", the UK government-funded Renewable Energy Performance Platform (REPP – managed by Camco Clean Energy), and Gigawatt Global. These initiatives are likely to foster improved living standards through development of decent affordable houses in areas that had earlier been marginalised because of limited access to clean energy.

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Cabo Verde (Cape Verde)

Kahoba Hermann Kevin Kouadio

Overview[1]

Cape Verde is a volcanic archipelago composed of 10 islands, nine of which are inhabited. It is located about 550 kilometers off the coast of Senegal and is 4 033km^2 in total land size. The capital is the city of Praia, but the country has other important cities, such as Mindelo and Assomada. Cape Verde had 561 901 inhabitants in 2021[2] with a population density of 129.2 inhabitants/km^2 nationally, with up to 300 inhabitants/km^2 in Santiago, the largest island.[3] The islands of this developing archipelago are characterised by their limitations: resources, remoteness, exposure to natural disasters, dry climate and severe and prolonged droughts.[4] Freshwater resources are scarce and arable land represents only 10% of the national territory.[5]

Because of its scarce local resources, Cape Verde's economy relies heavily on the outside world, which makes it particularly sensitive to the international context. Indeed, although leading in terms of development among other sub-Saharan countries, its human development index placed it in 127th place out of 189 countries in the overall United Nations Development Programme (UNDP) ranking in 2020.[6] The primary sector accounts for only 6% of GDP due to the scarcity of arable land, and industry accounts for only 18% of GDP, pushing the country to import 85% of its food needs.[7] Tourism (25% of GDP) and diaspora remittances (16%) accounted for a total of 41% of its GDP in 2021.[8] In 2020 the country was strongly destabilised by the pandemic, causing its GDP growth rate to fall to -27%. Despite this, the country retains the confidence of major financial institutions such as the IMF.[9]

This country's economy impacts directly on housing demand. With tourism being the most important sector of the archipelago's economy, young people move to the most popular islands to find jobs, which suddenly increases the demand for housing on these islands. For example, in 2019, 45.3% of the 233 271 tourists who came to Cape Verde stayed on the island of Sal.[10] In the same year, the island of Sal had the largest quantitative housing deficit; 20.2% of households on the island lived in makeshift shelters or overcrowded dwellings or coexisted with other households under the same roof.[11]

The impact of COVID-19 has not spared the real estate sector. The deficit (qualitative and quantitative) of 42 000 housing units (71% of which are in urban areas) in 2021 has not decreased in part because of the inability of middle- and low-income households to obtain loans to finance their housing, or to access formal rental housing. Unemployment jumped from 12.2% in 2019 to 15.4% in 2021[12] reducing households' ability to access formal housing. In addition, nearly 68 000 dwellings have a qualitative deficit (poorly built shelters which are inadequate in meeting household needs). More than half of the housing located in urban areas is of low quality or even dilapidated. This is partly due to the fact that, of the 140 000 units in the Cape Verdean residential housing stock in 2010, 80% were self-built.[13] Population pressure in urban centres and high construction costs, particularly due to the prices of imported materials, exacerbate the problems of access to adequate and affordable housing.[14]

In terms of basic services, impressive progress has been made by the country over the last decade, but gain must still be consolidated. While in 2010 only 54% of Cape Verdean households had access to drinking water, this figure rose to 70% in 2017.[15] However, half of the households with access to water received only untreated water.[16] Also, 79% of Cape Verdeans had access to basic sanitation in 2020.[17] Finally, the country is almost entirely electrified with 94.2% of the population benefiting from access to electricity.[18]

Resolutions on housing shortages for middle-income households have been taken by previous governments. The *Casa Para Todos* (A House for All) programme, designed to offer social housing for purchase to the less fortunate, has not delivered as expected. Of the 6 010 housing units planned, it has produced only 4 994 and only 2 774 have been

KEY FIGURES

Main urban centres	Praia
Exchange rate (1 July 2022): 1 USD = [a]	105.92 Cape Verdean Escudo (CVE)
1 PPP$ = (2021) [b]	45.70 Cape Verdean Escudo (CVE)
Total population [2021] [b] | Urban population [2021] [b]	561 901 | 377 047
Population growth rate [2021] [b] | Urbanisation rate [2021] [b]	1.06% | 1.73%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	5.6%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	64.09%
Unemployment rate (% of total labour force, national estimate) (2019) [b]	11.3%
Percentage of women participating in the labour market formally (2021) [b]	47%
Gini coefficient (2017) [b]	50.7
HDI country ranking (2020) [d] | HDI country score (2021) [d]	127 | 0.66
GDP per capita (Current US$) (2021) [b]	US$3 445
GDP (Current US$) (2021) [b]	US$1 936 million
GDP growth rate (2021) [b]	6.95%
Inflation rate (2021) [b]	1.90%
Lending interest rate (2021) [b]	7.6%
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) [2017] [e]	US$415 million
Prevailing residential mortgage rate | Term [f]	6 – 7% | 30 years
Maximum LTV on a residential mortgage [f]	100%
Ratio of mortgages to GDP (2017)	23.40%
Number of residential mortgage providers [e]	5
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2020) [f]	11 000
Value of microfinance loans (USD) (2020) [f]	US$662 million
Number of microfinance providers (2020) [f]	5
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [g]	3 088 079 CVE
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2020) [g]	80m^2
Typical monthly rental for the cheapest, newly built house (2020) [g]	40 000 CVE
Cost of standard 50kg bag of cement in local currency units [h]	640 CVE (US$6.04)
Type of deeds registry: digital, scanned or paper (2020) [i]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [i]	137
Time to register property (days) | Cost to register property (2020) [i]	19 days | 2.2%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [i]	12.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Central Bank of Cabo Verde
[f] Atlantico Commercial Bank
[g] Cap-vert-immo.com
[h] Mindelo info
[i] World Bank Ease of Doing Business Indicators

marketed.[19] The main pitfall of this programme is the housing prices: costing between CVE2.7 million (US$25 492) and CVE 5.4 million (US$50 984). At this price these social housing units remained inaccessible to the 80% of the Cape Verdean population who do not meet the requirements of credit agencies.[20]

Access to finance

Cape Verdean banks benefit from the refinancing of the Central Bank and customer deposits. The country's economy is highly dependent on foreign direct investment. The growth of foreign direct investment was initiated by privatization, followed by tourism growth spurred on by the real estate sector. Real estate is also developing thanks to the financing of mortgage loans by banks. The high rate of non-performing loans to gross loans (12%) increases risk and erodes the stability of the financial sector.[21]

In addition to mortgages, some banks offer other housing-related services such as renovation, restoration, painting and expansion. Banco Interatlântico (BI), for example, offers mortgage loans to finance the acquisition, construction and improvement of permanent residences or the acquisition of land for the construction of housing. The amount of these loans can go up to 90% of the value of the property, or even reach 100% within the framework of the protocols.[22]

However, these services only allow a small part of the Cape Verdean population to access financing. Although the Cape Verdean banking system is developed to such an extent that 79% of its population has a bank account,[23] access to housing finance remains very uneven. In 2015, only 10.2% of Cape Verdeans had access to formal credit to finance their housing, due to requirements that are not adapted to local realities, excessively high interest rates, and the lack of repayment capacity of the mostly low-income population.[24]

Low- and middle-income households have other financing levers, mostly informal and based more on social networks. Many microcreditors are contracted and used by households excluded from the bank loan system to cover the construction costs of their homes. If the income of a part of the population does not allow them to save enough to finance their housing, informal savings group schemes, housing cooperatives or money received from family members living abroad are all alternative sources of financing. In addition, private sector companies, being solicited only by the minority of the wealthiest populations, have a very limited reach into the real estate market.[25]

Finally, the subsidisation of housing through public institutions such as Imobiliária, Fundiária e Habitat (IFH) allows vulnerable parts of the population (young people, people with disabilities, and single women) to obtain financial support that they would not have received through the traditional banking system.

Affordability

In Cape Verde, access to housing differs greatly depending on social class, area of residence and gender. Culturally, Cape Verdeans prefer to own their homes. Indeed, 65% of households live in a dwelling which they own,[26] while 21% of the population rent their housing.[27] The policies put in place by the government do not promote renting, but encourage the construction of housing for purchase, as for the *Casa Para Todos* programme. Due to the large housing deficits in urban areas (30% of the quantitative and qualitative deficit is located in Praia), more than 25% (or 40 000) Cape Verdean households live in low-quality housing without access to basic services.[28]

Restricted by their limited financial means, many households are turning to more affordable rental or self-construction. Indeed, the prices charged on the Cape Verdean housing market do not allow the majority of the population to live in formal housing. In 2015, 35% of the population still lived below the poverty line.[29] Thus, among Cape Verdean households, 40% have a gross monthly income of CVE 45 000 (US$425) per month or less, making low cost housing the only available option.[30] In addition, the cheapest formal housing to buy, which costs about CVE 2.85 million (US$50 984), is only accessible to the 15% of Cape Verdeans who meet the requirements to obtain a bank loan.[31]

Although the scarcity of gender-disaggregated data limits a clear understanding of the sector, access to housing for women is difficult for many reasons. The COVID-19 pandemic reduced employment, especially for the more service-oriented female population. Women seem to be particularly affected by the pandemic because they are employed in services sector or do unpaid domestic work.[33] In addition, widows, elderly or divorced women with disabilities, female victims of gender-based violence, and women heads of household are subject to severe discrimination in access to housing. In 2017, an estimated 49% of Cape Verdean households were headed by women.[34]

Serving as the State's instrument to facilitate access to housing for the most vulnerable populations, the Single Social Register makes it possible to assess the social, economic and housing situation of families in order to standardize the monitoring and care of the most vulnerable among them. Thus, persons (young people under 35, and youth with disabilities) who are registered can apply for a subsidy to cover part of the purchase price of their home from Imobiliária, Fundiária e Habitat (IFH), a public real estate development company responsible for producing social housing. This subsidy remains limited because the beneficiaries must be able to obtain a bank loan or have savings covering the non-subsidized portion of the property price.[35]

Housing supply

The supply of housing in Cape Verde is characterised by a shortage of family residential housing and developed land for housing, but also by a lack of territorial management instruments.[36] The residential property market is characterised by economic inequality, with the low income population residing in self-housing, and while public or private real estate development is responsible for housing reserved for the wealthiest.[37]

As housing for all is a right enshrined in the Cape Verdean constitution, the government has put in place many policies to reduce the housing deficit. Aware of the difficulties in financing the construction of social housing, the government relies in part on bilateral cooperation with countries such as China. Indeed, in 2017 the country signed an agreement with China to build social housing in São Vicente for women-headed families. The seven-phase project managed by the China Urban Construction Research Institute delivered the first phase of housing in January 2022.[38] The CVE1.1 billion (US$10 million) project offers a total of 88 social housing units, divided into four-storey buildings each, with two two-bedroom apartments on each floor, for sale to the poorest families.[39]

Beyond external cooperation, in January 2022 the government launched its National Housing Plan (PLANAH) 2021-2030. Based on an in-depth diagnosis of housing in Cape Verde, the document provides an action plan for how government will reduce the country's housing deficit. Over 10 years, the State will mobilize CVE82.3 billion (US$777 million) through public funds, bilateral/multilateral cooperation, public-private partnerships, etc. The plan foresees the construction of 3 800 decent and affordable housing units per year between 2021 and 2030 for a total of CVE11.5 billion (US$108.6 million), as well as the rehabilitation of 8 000 housing units between 2021 and 2025 for CVE3.6 billion (US$34 million). To allow a response more adapted to the needs and financial capacities of the population, the plan supports managed self-construction and places particular emphasis on facilitating access to land, particularly through the development of microfinance products. Finally, PLANAH focuses on the materials used, and promotes "the protection of the environment by encouraging the use of building materials with less environmental impact and equipment with low consumption of water, energy and other natural resources."[40]

Finally, these government initiatives are timely, in a context where the purchase of building materials is barely recovering from the global crises including the pandemic and the Russian-Ukrainian war. Indeed, in the last quarter of 2021, the purchase of construction equipment fell by 8.9% year-on-year, reflecting a decline in civil construction activity.[41] Despite the predominance of self-construction, most households use conventional building materials 80% imported from abroad. As a result, over the past 10 years, construction costs have increased by 55%,[42] making even self-construction unaffordable for some households. Finally, the country's island geography creates inequalities in terms of access to a skilled workforce, including for self-construction.

Property markets

It is difficult to trace the ongoing trade in the Cape Verdean real estate market as there is currently no central system for land registration and property transfers.[43] There is, however, a growing real estate market in Cape Verde. Investments in the real estate market in Cape Verde, especially in large urban centers (Praia, Mindelo) or tourist sites, are often, de facto, reserved for the foreign market.[44]

CABO VERDE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **CVE217 000** per month

you could afford to purchase a **CVE10.299 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **CVE4 000** per month

you could afford to purchase a **CVE189 853** house with a mortgage.

Mortgage assumptions –Cabo Verde

- 6.5% interest rate
- 0% deposit
- 30 year loan tenor
- 100% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The predominance of tourism in the country's economy has an impact on the real estate market. Indeed, the development of seaside tourism is accompanied by a proliferation of hotels, and the transformation of residential housing into Airbnb or short-term rental, financially more profitable for developers and owners. Housing is thus a profitable source of investment suitable for those who wish to invest in an emerging economy, obtain an income, have the opportunity to enjoy their apartment several weeks a year and perhaps, late have a basis for retirement.[45]

The government, both national and local, also sees the real estate market as a sector with great potential for economic growth and job creation.[46] However, such a boom in the real estate market is not possible without rational land management. In a volcanic archipelago where land is clearly a scarce resource, there is little land reserved for social housing, and land may be underused in consolidated urban areas. This under-utilisation combined with the fact that in large cities such as Praia, at least half of the households occupy their land informally, causes municipalities to lose significant income, thus hindering them in their initiatives to strengthen access to affordable housing.[47]

With respect to land management, the municipality makes a certificate of parcel or cadastre available to third parties after the acquisition of land. It issues the title deed (certidão predial) of the land register within one week at a cost of CVE1 243 (US$12). When a third party wants to carry out a construction project, they must fill out a form to apply. The same form can be used for new construction or for an extension of an existing permit. The cost of the project is based on the size of the construction project, the projected impact on traffic, and the duration of the project (three, six or 12 months). The building permit is issued within two weeks at a cost of approximately CVE75 000 (US$708). The title deed must indicate the value of the property as well as information about the beneficiary. In addition, the lawyer must check with the land registry to ensure that the seller is the sole owner and has the exclusive legal rights to sell the property.[48]

Policy and legislation

2022 saw the culmination of extensive work to develop a National Housing Policy (HNP) by the Cape Verdean Government. The National Habitat Plan (PLANAH), an instrument for the implementation of the HNP, aims to achieve a "Cape Verde recognized regionally and internationally for having developed an inclusive, resilient, effective and sustainable housing framework, capable of fully ensuring respect for the right to adequate housing and contributing sustainably to the socio-economic development" of the country.[49]

The HNP and PLANAH were conceived out of the failure of the existing regulatory apparatus for affordable housing. Indeed, the disconnect between needs, local and operational realities, and the regulations in place has made the existing regulatory framework obsolete and inapplicable on the ground. PLANAH provides a budget of CVE7 billion (US$66 million) for the development of more than 190 urban plans at the local level, focusing on the issue of affordable housing in each municipality. Thus, PLANAH sets the framework for the formulation of future national programmes. This will include the construction of social housing, the development of housing areas, the regeneration of housing, the development and monitoring of urbanisation plans, and the strengthening of the institutional legal framework.[50]

To ensure the proper implementation of PLANAH, several initiatives have been taken by the government. Progress in the implementation of PLANAH will be assessed every five years.[51] This system will make it possible to ensure that the progress is made in reducing the housing deficit, and also to avoid possible pitfalls as experienced in the Casa Para Todos programme. PLANAH will also provide for the creation of a National Housing Fund. This fund must be able to mobilise financial resources exclusively for social housing programmes.[52]

The government's primary objective is to put in place strategic guidelines for a policy to promote the development of the housing sector in Cape Verde. Indeed, the fundamental concern lies in the identification of regional and local housing needs, through segmentation of housing demand, and the identification of the necessary decision to adequately address the situation.[53]

Opportunities

Since the 1990s, the country has embarked on a development policy which has enabled it to rise above other sub-Saharan countries, thus gaining significant trust from international financial institutions. Despite these great efforts, the reduction of inequality is still slow, putting the needs of the inhabitants below those of wealthier minorities and international private developers in the housing market. By 2030, 26 000 new homes will be needed to meet demand.[54]

The implementation of the PLANAH offers many opportunities to entities wishing to take advantage of the economic development of Cape Verde. Indeed, CVE16 billion (US$151 million) in investment, representing 25% of the state's annual revenues, is required in the next 10 years to support the Plan.[55] Actors in the housing chain, international financial institutions, bilateral and multilateral cooperation efforts, and many others are invited to take part in boosting the Cape Verdean real estate market by investing in affordable housing. Enabling the majority low-income population to live in decent housing contributes not only to the achievement of the Sustainable Development Goals (SDGs), but also to better access to services, better health, and thus to better social and economic development outcomes which are in turn, more favorable to future investment. The rehabilitation of the existing housing stock is a necessary measure to improve the urban environment and provide hotel real estate projects with an environment conducive to the realisation of their potential.

In order to support the low-income population, it will be essential to financially support self-construction and the rehabilitation of low-quality housing, but also the initiatives of housing cooperatives, informal savings groups and microcredit institutions which are the most accessible financing instruments for these populations. The development of lease-purchase products with very low monthly amortization costs could also make it possible to compensate for the lack of access by low income households to bank loan services.

Availability of data on housing finance

New government decisions to help improve access to affordable housing came into effect in 2022. The experience of the *Casa Para Todos* program provided many lessons learned and best practices, which can be taken into account in the new PLANAH. Not all official government websites are up to date, and some documents would benefit from also being published in English, so as to be easily accessible to any outside actor interested in the issue of housing in Cape Verde.

The data published by Banco Cabo Verde (BCV) is interesting in several respects, but should be further disaggregated to speak specifically to housing needs and supply, by income level and gender.

Websites

Banco Comercial do Atlântico (BCA) www.bca.cv
Banco Interaltântico www.bi.cv
Kaps Habitat www.kaps-habitat.com
Habitat WorldMap www.habitat-worldmap.org
Habitat-Cité www.habitatcite.wordpress.com
Fair Moov www.fairmoove.fr
Instituto Nacional de Estatística www.ine.cv/
Banco de Cabo Verde www.bcv.cv

Green applications for affordable housing

Currently, much remains to be done to integrate the environment into the issue of affordable housing. Indeed, 80% of the materials used, including in self-build, are imported materials. In addition to the pollution caused by their transport, these materials are not adapted to climatic conditions and local hazards. The construction techniques favoured by Cape Verdans take into account the natural hazards to which the archipelago is exposed. Indeed, often subject to floods, strong winds and volcanism among others, residents put in place ad hoc strategies to protect their homes (e.g., construction of elevated housing, etc.).[56]

PLANAH differs from previous planning documents because it pays particular attention to the role of the environment in the production of social housing. Strategic action n°6 under the specific objective of "significantly reducing quantitative housing shortages" insists on the use of local materials, with a lower environmental impact.

Similarly, the 2017/21 Government's Strategic Development Strategy aims to reduce inequalities and protect the environment. The solution may be to abandon the "All Inclusive" tourism model in favor of ethical and sustainable tourism that benefits the local economy and the country's ecosystem.

Starting from 2% renewable energy in 2009, the country aims for full energy autonomy by 2025. The village of Monte Trigo is an example of the country's current energy policy. Located in Santo Antão, the most isolated island had access to electricity through an oil-fired generator. In 2012, the village was equipped with 210 solar panels offering electricity to residents 24 hours a day.[57]

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38 Ibid. Footnote 15. Pgs. 18-20.
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Cameroon

Fabrice Nzepang, Saturnin Bertrand Nguenda Anya and Franck Michel Edjente Amougou

Overview

Cameroon is a middle income country with a population of more than 27.2 million in 2021. It shares its borders with the Central African Republic, Gabon, Equatorial Guinea, Nigeria and Chad.[1] The regions bordering Nigeria (northwest and southwest) are English-speaking and the rest of the country is French-speaking. Cameroon is endowed with natural resources (oil and gas, minerals and precious woods) and agricultural resources (coffee, cotton, cocoa, maize and cassava).[2] In recent years, it has been the target of attacks by the Boko Haram group in the far north. This area also saw violent attacks over natural resources between Arab herders and Musgum fishermen and farmers, leaving 19 villages torched and over 40 villages abandoned.[3] These attacks have had a devastating impact. More than 45 000 people have become refugees, an estimated 1.5 million are in need of humanitarian assistance and more than 3 000 people have been killed in the crises, including more than 1 000 civilians.[4] In addition, a separatist movement in the English-speaking regions has been threatening the unity of the country for the past five years.[5] Since September 2017, more than 500 000 people have been internally displaced, with nearly 400 civilian casualties, and more than 200 deaths among the security forces.[6]

All these conflicts have dire consequences for the housing sector: not only do these conflicts exacerbate poverty as livelihoods are impacted, they also cause mass destruction of housing located in these unstable areas. The resurgence of the crisis in the Central African Republic in 2021 also has significant social repercussions in Cameroon. More than 6 000 Central Africans have taken refuge in the Eastern region (60% of the refugees in Cameroon). According to the United Nations Refugee Agency, Cameroon hosted more than 460 000 refugees in 2022, mostly Central African (320 000) and Nigerian (120 000).

Politically, there have been modest improvements in political rights and civil liberties, but without a transition of power. This trend of autocratic state governance limits political, economic and social reforms aimed at improving people's living conditions and thereby access to affordable housing for all. Although the country has maintained positive economic growth and moderate macroeconomic conditions, it is facing significant problems given the slowdown in economic activity in the English-speaking regions and the suspension of production at the SONARA oil refinery.[7]

In addition, in 2020, COVID-19 led to a significant deterioration in the economic situation. These disruptions have also affected the housing sector as many ongoing construction works were put on hold due to the lockdown imposed by the government. However, the country is trying to recover after this difficult period: gross domestic product (GDP) growth accelerated in 2021 to 3.5% against 0.5% in 2020, following the revival of non-oil activity and continued investment. The fiscal deficit narrowed to 3.1% of GDP in 2021, from 3.3% in the previous two years, thanks to fiscal consolidation measures aimed at reducing spending and increasing non-oil fiscal revenues. In addition, inflation was contained and remained at 2.5% in 2021, compared to 2.4% in 2020, due to a system of price controls on basic necessities.[8]

KEY FIGURES

Main urban centres	Yaounde, Douala, Bafoussam, Garoua, Bamenda, Nkongsamba
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XAF)
1 PPP$ = (2021) [b]	226.71 CFA Franc (XAF)
Total population (2021) [b] | Urban population (20210 [b]	27 224 262 | 15 830 364
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.52% | 3.54%
Percentage of urban population living in slums (2018) [d]	33,7%
Population living less than 5m above sea level (2010) [b]	0.5%
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2020) [e]	22.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	6.05%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	4.3%
Percentage of women participating in the labour market formally (2021) [b]	70,0%
Gini coefficient (2017) [b]	46.5
HDI country ranking (2020) [d] | HDI country score (2021) [d]	150 | 0.58
GDP per capita (Current US$)([2021) [b]	US$1 662
GDP (Current US$) (2021) [b]	US$45 238 million
GDP growth rate (2021) [b]	3.49%
Inflation rate (2021) [b]	2.30%
Lending interest rate (2020) [b]	14.53%
Proportion of adult population that borrowed formally (2021) [b]	59.0%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term [f]	5 – 20% | 15 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers (2021) [g]	3
Percentage of women who own a house alone and/or jointly (2020) [e]	13.7%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers	n/a
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE [h]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [g]	19 587 750 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [g]	80m^2
Typical monthly rental for the cheapest, newly built house (2021) [g]	125 000 XAF
Cost of standard 50kg bag of cement in local currency units	4 900 XAF (US$7.78)
Type of deeds registry: digital, scanned or paper (2020) [i]	Paper
World Bank Ease of Doing Business index rank (2020) [i]	167
Time to register property (days) | Cost to register property (2020) [i]	87 days | 37.7%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [i]	7.0

NB: Figures are for 2022 unless stated otherwise.

Members of the African Union for Housing Finance (AUHF):
Kado Partners LLC

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
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[i] Researchgate.net
[i] World Bank Ease of Doing Business Indicators

More recently, the war in Ukraine has raised the threat of famine in the world with the conflict disrupting the global production and marketing of wheat and maize. These disruptions are leading to global inflation and supply limitations that have been observed in various ways, including in Cameroon. The industrial producer price index recorded an increase of 15% in the first quarter of 2022, compared to the same period in 2021: the prices of raw materials of agricultural origin, especially cereals, rose sharply, leading to an increase in production prices in the agri-food industry (+8.5%). This crisis also resulted in a surge in the prices of oil and natural gas, with producer prices rising by more than 30% in one year.[9]

Climate change is causing temperatures in the region to rise faster than the global average. The United Nations estimates that 80% of farmland is degraded and that the surface of Lake Chad has decreased by up to 95%.[10] As Cameroon is dependent on its natural resources, which also provide a livelihood for most of its population, climate change is fueling conflict in the country.[11] In the cities, increased rainwater, floods and sanitation have become a major public health concern, with Malaria and diarrheal diseases having a major impact on people living in informal areas.[12] To deal with the conflict in the rural north, Cameroon's Ministry of Transport, through its Department of National Meteorology, has partnered with the World Meteorological Organization and the Global Water Partnership, Central Africa to help farmers adapt to climate change as part of the country's National Climate Change Adaptation Plan. A primary strategy is to use a gender transformative approach to better involve women in the associated agriculture and climate training.[13]

Access to finance

The country has 15 commercial banks and more than 800 microfinance institutions, but the main source of housing finance is bank financing. However, there is a public financial structure responsible for financing social construction projects for individuals, called Crédit Foncier du Cameroun (CFC). The CFC is a financial institution set up to promote social housing throughout the Cameroonian national territory. In 2019, the CFC carried out a major financing activity for the housing sector through the agreement of more than 450 loans for an amount of CFA21.7 billion (US$34.5 million), intended for the financing of more than 1 223 housing units and 54 building lots for a provisional achievement rate of the objectives 105%.[14] In addition, the CFC also supports Cameroonians in the diaspora. Indeed, the diaspora benefited, between 1990 and 2021, from 286 loans valued at more than CFA19.3 billion (US$30.6 million).[15] The main recipients are Cameroonians living in Europe (58% of the total amount of loans), living in America (34%), or living elsewhere in Africa (18%).[16] According to Bank of Central African States (BEAC) data, the CFC ended the first quarter of 2020 with loans of CFA11.9 billion (US$18.9 million), an increase of 95% compared to the previous half-year.[17] Similarly, in the first six months of 2020, the CFC dominated the market for the supply of credit to financial institutions with 45% of the market share. The public bank is supported by Alios Finance Cameroon (29%) and the Société Camerounaise d'Equipement (16.9%), while the smaller PRP-PME represents 8.4% of the market share.[18]

For private residential financing, any individual can take out a mortgage in Cameroon, provided they pay a deposit of at least 5% of the value of the property and meet certain eligibility conditions defined by lenders. For banks, any individual who holds a checking account and has deposited his income in the bank in question is eligible. In addition, it is possible to benefit from a second mortgage. Given that only 28.3% of adults have a bank account in 2021,[19] workers in the informal sector and a large part of the medium and low income population obtain housing finance from microfinance institutions. To allow poor households to benefit from mortgage loans at lower interest rates, the government, through the Finance Law of 2018, has exempted mortgage registration fees for microfinance activity. Banking services are not readily available outside large urban areas. Less than 15% of the population had access to financial services in 2020.[20] Microfinance institutions and mobile money meet the need for small-scale savings and borrowing. To increase the financing of the economy, the government set up a Guarantee Fund dedicated to small and medium enterprises to facilitate access to the most common financing. This fund will make it possible to mobilise specific national, bilateral and multilateral financing to support young entrepreneurs.

Affordability

On the socio-economic level, the share of the poor population increased by 12% between 2007 and 2014 to 8.1 million people.[21] This can be explained by high population growth and limited efforts towards poverty reduction. In addition, the percentage of the population that is urbanised increased from 52.2% in 2011 to 58.2% in 2021.[22] Urbanisation is primarily due to the displacement of people for security reasons, but also to population growth and the attraction of cities for job opportunities. Due to civil insecurity and population displacement, around 2.4 million people were found to be severely food insecure in 2021.[23] Similarly, COVID-19 related economic shocks that disrupted trade flows and agricultural practices have increased poverty.[24] In this context, the price of built housing is high compared to the purchasing power of the majority of the poor population. In addition, the ever-increasing demand for housing means that housing prices continue to rise. The rental market is unregulated and open to abuse. Owners set the terms of the rental agreement and may increase the rental charged as they wish and without justification. Owners sometimes charge six to 12 months' rent as a deposit, which they never repay, while real estate agents charge the financial equivalent of one to two months' rent as a commission.

Although there are state social housing projects, the conditions of access to this housing generally exclude poor families. The cheapest housing is estimated at CFA17 million (US$28 745)[25] with long administrative procedures often marred by corruption as the information relating to the allocation process is not publicly substantiated and available for scrutiny. As many as one in eight households were potentially eligible for the acquisition of a state-built home by July 2020.[26] Only households with monthly incomes of more than, or equal to, CFA200 000 (US$318) are able to finance the acquisition of their home.[27] Construction costs in cities can reach CFA5 million (US$7 937) for a standard three-bedroom house.[28] This leaves many households without viable housing options in urban areas.

Housing supply

Despite the many efforts made in the public supply of social housing for the past few years, the housing deficit is estimated at 2.5 million in urban areas.[29] To supply social housing, in June 2022, the Cameroon Real Estate Company (SIC) officially received the first materials and other equipment to enable the construction of 10 000 units throughout the country by the Italian company Pizzarotti.[30] In the short term, SIC and Pizzarotti are planning to construct 1 224 dwellings, including 224 social housing units, provide basic public facilities and develop various buildings on an area of 16 hectares.[31] SIC works to provide poor households with affordable housing and currently has a rental stock of 5 329 units. This park consists of 4 598 housing units rented to families, 257 used by the Ministry of Domains, Cadastre and Land Affairs, 427 used by the Ministry of Defence, 28 are for the use of SIC and 15 are disaster victims. However, the company is dealing with unpaid rents to the point where it has initiated the termination of the lease agreement of 452 tenants (approximately 8% of tenants). In addition, the subletting of these dwellings has developed over the years, changing the population and accentuating the difficulties of recovery for SIC.[32]

Private real estate provided by private developers consists of industrial real estate for businesses and residential real estate for households. Financial institutions (banks, insurance companies and the National Social Security Fund) are involved in financing the real estate supply in large cities.

Property markets

Cameroon faces many urban development problems particularly in accessing land due to a number of reasons including use of customary land properties and ancestral burial sites. Only 2% of Cameroon's land is registered and concentrated in urban areas. In rural areas, land is mainly subject to specific land tenure, which has led to conflicts over informal land sales and illegal occupation.[33] Large-scale agricultural investments in rural areas have also led to conflicts with local communities.[34] In urban areas, the most important aspect of the land problem lies in the extremely high and increasing costs. In Cameroon, the price per square meter of land in urban areas generally varies between CFA600 000 (US$953) and CFA1 000 000 (US$1 587.3).[35] Due to the land scarcity and high costs there is significant land speculation in urban areas, which drives the prices up further. In addition, the National Agency for Financial Investigation reported that "the Cameroonian real estate market is conducive to money laundering because funds resulting from corruption or embezzlement of public funds are invested massively in real estate, without generally expecting any return on investment".[36]

Policy and legislation

The legal system is mixed and based on English common law, French civil law and customary law.[37] The land system was set up by the Ordinances of 1974 and 1977 as well as by Law No. 79/05 of 29 June 1979. In addition to the usual distinction between public and private ownership, there is the national domain, defined as a residual category composed of land that is not the subject of a property right.[38] Land tenure incorporates modern law and traditional customary management, which causes complications with land management, especially in peri-urban areas characterised by rapid growth. In these areas, land is governed by both customary and modern law, and competition for land is fierce. In addition, the land registration system further complicates the process as only 30% of Cameroonian territory has been the subject of official land documentation since the establishment of the land legal framework more than 40 years ago.[39] Thus,

CAMEROON – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **CFA113 000** per month

you could afford to purchase a **CFA3.056 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **CFA208 685** per month

you could afford to purchase a **CFA5.643 million** house with a mortgage.

Mortgage assumptions – Cameroon

- 12.5% interest rate
- 10% deposit
- 15 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

the authentication of land rights, which is based on registration, requires a long, expensive and complex procedure despite the relevant reforms undertaken in 2005.[40]

In practice, land registration rates in Cameroon are therefore extremely low and less than 1 000 permits are issued per year.[41] Cameroon ranks 175th out of 190 countries in 2020 in ease of property registration.[42] In Cameroon, individuals and businesses spend an average of 14% of property value during the registration process, compared to an average of 7% in sub-Saharan Africa and 4% in high-income countries.[43]

A number of other problems restrict property rights. The Cameroonian government may expropriate private land from any person or entity for reasons of public interest and this right is used to facilitate major infrastructure projects such as hydroelectric dams and roads.[44] In 2022 the government issued a decree that only regularly registered land can now be the subject of private real estate transfers.[45] This decree is aimed at eliminating double sales and scams, but also protects and enhances the public and private domains of the state and prevents illegal sales and illegal occupation of land under the private domain of the state.

Opportunities

The country has abundant natural resources resulting in high-value wood species, consumer agricultural products such as cocoa, coffee, maize, cotton, cassava, sugar and palm oil, and mining opportunities. In Central Africa, due to the diversification of its wealth and economy, Cameroon is classified as the leading economic power in this area.[46] In addition, the country has considerable tourism potential. If well managed, these elements are favourable for the growth of the real estate sector.

The real estate sector presents multiple investment opportunities due to the growing demand for housing, especially in urban areas. These opportunities seem more profitable in the cities of Douala and Yaoundé, but also in the southern, eastern and Adamawa regions where the future exploitation sites of the deep-water port of Kribi, the iron mines of Mbalam and Nkout, the cobalt,[47] nickel and manganese mines of Nkamouna, bauxite of Ngaoundal and many others are located. These opportunities represent several types of services to be provided, such as: establishing real estate agencies for the management of rental investment; real estate development companies for construction, sales and management, and the renovation of housing.

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Crédit Foncier du Cameroun www.creditfoncier.cm
Afriland First Group www.afrilandfirstgroup.com
Cameroon Real Estate Company (SIC) www.sic.cm
National Institute of Statistics www.ins-cameroun.cm
Ministry of Urban Development and Housing www.minhdu.gov.cm
Kado Partners LLC www.kadopartners.com
Mission d'Aménagement et d'Équipement des Terrains Urbains et Rurales www.maetur-cameroun.com

Availability of data on housing finance

The National Institute of Statistics, the Ministry of Agriculture and Rural Development and the Ministry of Housing and Urban Development are the main bodies for collecting and managing data respectively at the microeconomic and macroeconomic levels on land and housing in Cameroon.[48] While macroeconomic data is mainly up-to-date, microeconomic data is difficult to find. To promote rational and sustainable management of plots of land in the national, public and private domains in Cameroon, the government, through the Ministry of Domains, Cadastre and Land Affairs has been developing a unique database of digital data since 2016.[49] However, this data are not publically available and it is difficult to assess the evolution of this project. The most recent national household survey and demographic and health surveys were in 2018. The Ministry of Agriculture signed a partnership agreement with the National Observatory of Climate Change in May 2022, to set up a framework for collaboration in the collection, analysis and availability of meteorological and climate data in the agriculture sector in Cameroon.[50] The country has also set up a Quick-Results Initiatives system to improve the disclosure of corporate financial data.[51]

Green applications for affordable housing

Buildings are responsible for almost half of the energy consumption and a quarter of greenhouse gas emissions in Cameroon. Similarly, residential housing alone consumes 31% of energy and emits 10% of greenhouse gases.[52] The majority of newly constructed buildings in the country, where the climate is hot and humid, are modeled on constructions designed for Western countries with a cold and temperate climate, which requires the installation of indoor comfort equipment (air conditioning, heating, lighting) which all require large energy consumption.

Although it is difficult to quantify the production of green housing, the number of developers of green housing is constantly evolving. This increase is also due to the fact that the prices of renewable energy technologies have fallen sharply, by around 80% in the last six years. For example, the price of solar panels decreased from CFA3 500 000 (US$5 555.6) per kilowatt to approximately CFA400 000 (US$635).[53]

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Central African Republic

Christian-Lambert Nguena[1]

Overview

The Central African Republic (CAR) is a landlocked, resource-rich country in Central Africa with a small population of 5 017 604 in 2022. The population growth rate is 1.85%, with the urbanisation rate being 2.91%.[2] However, the percentage of the urban population that is urbanised has risen from 20.1% in 1960 to 40% in 2021, which has put increased pressure on the country's housing resources. In 2017, CAR was one of the poorest countries in the world, with an estimated poverty rate of 75%.[3] In 2018, the World Bank estimated that 95.8% of the urban population lived in slums,[4] linked to the high levels of poverty and insecurity due to the ongoing conflict in the region. Bangui, the capital city, is home to approximately 41% of the total urban population. Most citizens do not have access to rudimentary services as basic infrastructure is inadequate[5] for human settlement.

Gross domestic product (GDP) growth stabilised at 0.9% in 2021, while pre-COVID-19 projections had been for 3.3% growth.[6] The agriculture, hotel, and diamond sectors were hardest hit, while transport, trade, and finance remained at approximately 42% of GDP. Public debt fell slightly from 47% of GDP in 2020 to 46% in 2021. The security situation in the country and supply chain disruptions pushed inflation to 4.4% in 2021 from 2.3% in 2020.[7] Inflation is forecast to increase to 4.3% in 2022 and drop to 3.8% in 2023.[8] GDP growth is projected to rebound to 3.8% and 3.9% in 2022 and 2023 as a result of completion of structural projects in transport and energy[9] but falling commodity prices and deteriorating internal security, among other factors, could undercut growth.[10]

Economic development is limited by CAR's non-coastal geography, poor transportation systems and largely unskilled workforce. Subsistence agriculture, together with forestry and mining, make up most of the economy. Timber and diamonds account for most of CAR's export earnings, followed by cotton. Despite showing promising signs of growth, the country is directly affected by regional economic fluctuations, the capture and mismanagement of natural resources by the elite and persistent regional conflict.[11]

While the country signed a Political Agreement for Peace and Reconciliation (APPR-RCA) in early 2019, restoring lasting peace and security remains a challenge and weak institutions hinder the reform agenda.[12] As of 31 July 2022, the total number of internally displaced persons (IDPs) in CAR was estimated at 647 883, comprising 154 964 people in IDP sites and 492 919 in host families. This is an overall increase of 6.2% or 37 618 IDPs compared to June 2022.[13] More than half of the country's population (3.1 million people) needed humanitarian assistance in 2022. The UN Office for the Coordination of Humanitarian Affairs (OCHA) and the government have released a CFA290 643 million (US461.3 million) Humanitarian Response Plan which gave life-saving assistance to 1.2 million people in the first half of 2022, representing 60% of the 2022 Humanitarian Response Plan target.[14]

CAR is not exempt from climate change risks, including droughts, wildfires, floods and increased temperatures.[15] Floods continue to affect CAR and more than 22 450 people have lost their homes and have taken shelter with host families, schools and churches in Bangui, Ombella M'Poko, Lobaye, Nana-Gribizi, Ouham-Pendé and Ouham-Fafa Prefectures since July 2022.[16] The last major floods occurred in 2019 when 100 000 people lost their homes and access to clean water, and most were forced to move to temporary sites or host families. In September 2020, the NGO REACH published a study of flood susceptibility in populated areas and the study revealed higher impact risks of flooding in Ouham and Kémo Prefectures (more than 203 000 people at high risk), while Nana-Mambéré and Ouham-Pendé had low risk scores. The study also showed that most of CAR's settlements are next to rivers and their basins.[17] The lack of an adequate drainage system and channels often blocked with waste and garbage increase the risk of flooding in the cities.[18]

KEY FIGURES

Main urban centres	Bangui
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XAF)
1 PPP$ = (2021) [b]	277.92 CFA Franc (XAF)
Total population (2021) [b] | Urban population (2021) [b]	4 919 987 | 2 098 276
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.85% | 2.91%
Percentage of urban population living in slums (2018) [d]	95.4%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households (1994) [e]	21.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	30.50%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	6.0%
Percentage of women participating in the labour market formally (2021) [b]	63.0%
Gini coefficient (2017) [b]	56.2
HDI country ranking (2020) [d] | HDI country score (2021) [d]	188 | 0.40
GDP per capita (Current US$) (2021) [b]	US$511
GDP (Current US$) (2021) [b]	US$2 516 million
GDP growth rate (2021) [b]	0.90%
Inflation rate (2021) [b]	4.30%
Lending interest rate (2018) [b]	2.95%
Proportion of adult population that borrowed formally (2021) [b]	37%
Number of residential mortgages outstanding (2019) [f]	355 618
Value of residential mortgages outstanding (USD) (2021) [g]	US$27.11 million
Prevailing residential mortgage rate | Term (2021) [g]	9 – 12% | 15 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2021)	1.18%
Number of residential mortgage providers (2021)[g]	2
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2021) [h]	14 142
Value of microfinance loans (USD) (2021) [h]	US$6.90 million
Number of microfinance providers (2021) [f]	11
Total number of residential properties with a title deed (2012) [i]	9 000
Number of formal dwellings completed annually [j]	250
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [k]	13 445 760 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2020) [k]	50m^2
Typical monthly rental for the cheapest, newly built house (2020) [k]	100 000 XAF
Cost of standard 50kg bag of cement in local currency units [j]	13 500 XAF (US$21.43)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	184
Time to register property (days) | Cost to register property (2020) [l]	75 days | 11.0%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	3.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Central African States
[g] World Bank Publications: Housing finance in the Central African Republic
[h] Making Finance Work 4 Africa
[i] Rain Forest Foundation UK
[j] Ministry of Urbanism
[k] Ministry of Urban Development and Housing
[l] World Bank Ease of Doing Business Indicators

The government formally launched the country's first National Adaptation Plan (NAP), prepared with support of the United Nations Development Programme and United Nations Environment Programme (UNDP-UNEP) NAP Global Support Program. The NAP is part of a process to help restore critical sectors and build their resilience to the effects of climate change.[19] CAR also developed an analysis for integrating gender considerations in the NAP process under the framework of CAR's National Policy for the Promotion of Equality and Equity, as gender-based violence is a particular concern in the country. CAR ranks 151 out of 180 countries on the 2021 Global Climate Risk Index[20] with a Climate Risk Index (CRI) score of 138.83.[21] The environmental risks in CAR are land and watershed degradation and loss of biodiversity among ecosystems and species. The country has ratified international agreements to combat global warming, including one with the EU on forest regulation and the Programme des Nations Unies pour la Gestion du Bassin du Congo.[22] Despite its vast forests and significant agricultural potential, only 5% of the 15 million hectares of arable land are used[23] and agreements such as these are important to preserve forests and use land productively.

Access to finance

Compared to the other Economic and Monetary Community of Central Africa (CEMAC) countries, the CAR's financial market remains underdeveloped and plays a limited role in supporting economic growth. It is the smallest financial market in the CEMAC (only 17.8% of GDP), records a high level of non-performing loans (NPLs), and banks have high exposure to the public sector.[24]

In November 2021, the Bank of Central African States (BEAC) raised its Marginal Lending Facility Rate from 5% to 5.25% to replenish the region's foreign exchange reserves. The financial and banking sector is still embryonic, dominated by a few commercial banks and microfinance institutions based in Bangui.[25] The financial sector comprises four banks that own over 90% of assets, four insurance companies including a social security fund, two postal banks, and five microfinance institutions (MFIs). However, key financial institutions, including investment banks, brokerage firms, and savings and loans associations, are missing from the financial landscape because of the national market's weak legal framework and structure, and military instability in the country.[26]

Political and social instability has weakened the social fabric, reduced savings and investment among the population, and lessened the number of donors involved in the microfinance sector. The main players are Crédit Mutuel de Centrafrique (CMCA), the Central African Union of Caisses d'Epargne and Credit (UCACEC), the Société Finance Française de Crédit SA (SOFIA Crédit), Caisse d'Epargne et de Crédit de Bozoum (CEC Bozoum), Express Union SA, and the mutual fund of Cifadiennes de Centrafrique (CMCC). On the side lines are a number of microfinance NGOs such as the Danish Refugees Council (DRC), the Catholic Relief Service (CRS), and the International Partnership for Human Development (IPHD).

The United Nations Capital Development Fund (UNCDF) in March 2021 created a consultative panel on "women and digital financial services (DFS)" to facilitate regular dialogue between civil society representatives from each of the six CEMAC countries.[27] The panel developed action plans for regulators and public decision-makers focused on improving access to DFS by women, strengthening financial and digital education for women and protecting women as consumers of DFS. The panel also found that women's voices are often absent from the process of developing related public policies and regulations. Some of the key recommendations made by the panel are that low-amount capped mobile money accounts with no identification requirements should be in place, there should be a guarantee fund for women, the collection and analysis of data disaggregated by gender in the public and private sectors should be encouraged, and competition and fair access to DFS should be encouraged as well.

CAR is primed to establish a housing bank as there has been almost no housing finance instrument available in the country. The housing finance landscape remains underdeveloped, offering many opportunities. A few banks, such as Ecobank Centrafrique and the Sahelo-Saharan Bank for Investment and Commerce, offer housing credit (over a maximum fifteen-year term) and credit for equipment (for a maximum of three years) to individuals at between 8.5% and 17% a year. Additionally, according to the World Bank database on housing finance[28] the minimum income required for a prudent mortgage in CAR is CFA8 742 318 (US$13 876) and only 0.5% of the population can afford this. Most of the population cannot access the mortgage market.

Affordability

Affordability is of great concern in CAR'S housing sector. In 2019, unemployment was approximately 34.5% – 36% in urban areas and 30% in rural areas; unemployment was 42.5% among women and 28.5% among men.[29]

The high cost of building materials, low incomes, and the general political and economic volatility make owning a house difficult for the average citizen. In 2021, a simple one-bedroom housing unit with a modern toilet cost on average CFA13.9 million (US$22 062). Average monthly income is only CFA20 844 (US$33), so the cost of a one-bedroom house represents 667 times the monthly revenue. Many IDPs occupy rental units and the main challenge they face, having lost their livelihoods, has been paying the rent. In Carnot and Sibut the monthly rent varies between CFA2 895 to CFA5 790 (US$4.59 - US$9.18) while in Bangui this was between CFA52 110 to CFA579 000 (US$82.7 - US$918.97), depending on the size of the house and the main purpose of renting.

Despite the resumption of the movement of goods thanks to the reopening of the Béloko-Bangui corridor, and the increase in supplies of cement, cement prices have not fallen. A standard 50kg bag of cement which cost CFA10 000 (US$15.87) in 2017 is now CFA13 000 (US$20.63).[30] A standard iron bar costs between CFA2 000 (US$3.17) and CFA8 500 (US$13.49). A sheet of corrugated iron costs between and CFA5 000 (US$7.93) and CFA20 000 (US$31.74).

Housing supply

Ongoing political and security crises have damaged the prospects of and ambitions for improving 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 and 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 badly damaged or destroyed since December 2013. In Begoua, just north of Bangui, an estimated 800 houses have been badly damaged or destroyed. It is estimated that 100 houses were badly damaged or destroyed in Sibut town.

The causes of homelessness in CAR are poverty, a devastating civil war, and recent floods.[31] Some private investors remain hesitant about CAR's stability and cautious in their housing investment strategy.[32] The recurring crises have hampered CAR's Ministry of Housing's ability to initiate and implement several projects. The housing sector in CAR is the least developed in the CEMAC region and despite several attempts by the government to intervene in the housing sector, public and private sector programs are virtually non-existent.[33]

Climate change impacts propel communities' seasonal migration at the time of drought or flood events in CAR.[34] While the effects of climate change will be widespread, low income communities are at significantly greater risk. An over-dependence on agriculture and forest production, along with ignorance of climate change, a mostly unskilled workforce, and low capacity of local institutions to adopt climate-resilient agricultural practices will affect livelihoods and economic security. In rural CAR, a variety of community-based local adaptation strategies have been implemented, including installing wells near rivers, constructing gutters to drain floodwater, buying drinking water, and using borehole water to mitigate flood and drought.

Communities anticipate a need for more extensive watershed management strategies in upstream and forest areas due to the rapidly changing climate. CAR and the International Bamboo and Rattan Organization (INBAR) are collaborating to create opportunities for the bamboo and rattan industry in the country.[35] A project to make rural communities more resilient and able to adapt to climate change aims to reduce the direct effects of climate change on 20 000 direct and 119 000 indirect beneficiaries, of which 50% will be women and 30% youth in rural communities.[36]

Property markets

CAR's legal system is based on the French civil law system. Prior to the current crisis, several key legislative documents, such as the 1964 Land Code, were under revision but these review processes have not been concluded. 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

CENTRAL AFRICAN REPUBLIC – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA223 000** per month	who earns **CFA160 000** per month
you could afford to purchase a **CFA6.724 million** house with a mortgage.	you could afford to purchase a **CFA4.825 million** house with a mortgage.

Mortgage assumptions – Central African Republic

- 10.5% interest rate
- 10% deposit
- 15 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

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 2021 Doing Business Report, it takes 75 days and 5 procedures, and costs on average 11.1% of the property value to register a property, resulting in a ranking of 172 out of 190 countries for property registration.

In the absence of reliable land registry systems in the CEMAC region, most of the land is neither demarcated nor identified and is the object of numerous disputes. In CAR only 0.1% of the land has been registered. Between 1899, when the title deed system was introduced, and July 2012 only 8 579 title deeds had been issued, according to the land registry at the Ministry of Finance, most of which were for properties in Bangui and other urban areas. Homeowners in rural areas only entered into verbal agreements about their ownership, often with the involvement of a chief. Without access to a formal land title, households cannot obtain mortgage financing from banking institutions.[37] Without access to formal income or land title, most people use the microfinance sector to access credit. The inclusion of unregistered land in the private domain of the state is therefore a significant feature of CAR's land tenure system. Ownership of registered property can be transferred by way of purchase, inheritance, and lease.

The real estate market in CAR is almost non-existent and there are no real estate operators in the country. Most houses are self-built and when owners want to sell, they advertise in the newspapers or announce their intention informally within their social networks. Also, the country is in need of a housing bank.

Policy and legislation

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

CAR filed its Intended Nationally Determined Contributions (INDC) in 2015 and signed and ratified the Paris Agreement in 2016. The INDC details CAR's pledges to deal with climate change, including a target to cut greenhouse gas emissions by 5% by the year 2030. Additionally, it lists the top priority areas for adaptation, which are "land use planning, agriculture and food security, forestry, energy, public health, and water resources". Additionally, CAR's INDC identifies nine options for addressing climate change adaptation, including "adjustment of the policy framework; improved knowledge of resilience to climate change; sustainable management of the agricultural, forestry, and animal husbandry systems; land-use planning; improvement and development of basic infrastructures; assurance of energy security; improvement of public healthcare systems; improvement of waste management; and sustainable management of water resources".[38] CAR has signed a treaty that aims to harmonise regional policies on forestry and biodiversity conservation. The treaty is called Comité National de Pilotage de la Convention sur les Changements Climatiques and is being implemented by the Central African Forests Commission.[39]

Opportunities

Cost-effective housing is needed in all segments of the market and housing value chain due to the high price of building materials. Completion of a new cement plant is expected to lower the price of cement, increasing effective demand for housing over the coming years, as well as enhancing affordability. Additionally, it has been determined that reconstruction after years of conflict which devastated infrastructure is a key determinant of housing finance. The absence of large-scale public housing programmes for almost a decade reinforces the need for increased access to long-term finance and for large-scale developers in the country to assist public companies in supplying housing. However, planned structural support, such as a housing bank, are indicative of a market open for expansion and primed for the introduction of new finance and housing products.

Availability of data on housing finance

Cadastral and property transaction information is available from the Land Registry. The Central Bank (BEAC) releases annual reports and other financial document covering the banking and microfinance sector in the CEMAC. The Central African Institute of Statistics, Economic and Social Studies (ICASEES) is responsible for collecting, managing, and sharing national statistics. It collects macroeconomic data, produces the consumer price index, demographic and social statistics, the industrial production index and surveys.

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

Green applications for affordable housing

The residents of CAR are mostly dependent on groundwater. According to the Central African Institute of Statistics and Economics and Social Studies (ICASEES) (2018/19), 1.6% of urban households had access to clean water in their house, 24.6%, had public tap water, and 25.6% could get water from protected wells. According to the institute, 0.4% of urban households had access to a sewage system, 0.9% to latrines, and 29.3% pit latrines with slabs. Only 14.3% of the population has access to electricity, with rates in rural areas varying from roughly 0.4% to about 35% in Bangui.[40] Although the country has considerable renewable water resources, only 30% of the population has access to clean drinking water and rates range from 36.5% in Bangui to 27% in rural areas.[41]

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Chad

Dr. Sazoulang Douh and Djirabou Arnaud Silvere E Ahui

Overview

Chad faces a shortage of affordable housing to service a population estimated at 16 914 985 in 2021 and growing at 2.9% per year.[1] With an urban population that is growing faster than the general population (4% per year)[2] and which has reached 4 022 553 inhabitants in 2021 or 23.78% of the population,[3] (of which 1 471 115 people live in N'Djamena the capital),[4] affordable urban housing supply is critical. Out of a ten-year need estimated at 125 000 housing units since 2012,[5] no substantial production of social housing has been implemented for more than a decade. The result is a huge deficit, which has resulted in the informal occupation of vulnerable areas and the creation of informal neighborhoods mostly without basic infrastructure services including roads, water, sanitation and electricity. In addition, there are an estimated 450 000 refugees in Chad, escaping from ongoing conflict in Sudan, the Central African Republic and Nigeria,[6] who also need to be accommodated.

The difficult economic situation that the country has been experiencing since 2015 has led to negative growth (-1.2%) in gross national product (GNP) in 2021[7] and increased inflation (from -5.45% in 2020 to +7.2% at the end of 2021)[8] accentuated by Covid-19 and the war in Ukraine. Chad as a landlocked country is dependent on imported goods. Oil provides most of the export revenue for the country (60%) while cotton, cattle, livestock and Gum Arabic also provide considerable revenue for the country.[9]

Chad had been affected by climate change, with the drying up of Lake Chad, increased desertification and land degradation.[10] In response Chad has developed a risk management and response plan for natural disasters at both the national and provincial levels to mitigate climate change risks. However, its practical implementation is not evident. The country has experienced torrential rains since mid-July 2022, which have led to widespread flooding in 11 out of the 23 provinces. Several cities without adequate drainage networks have been flooded. As of August 2022, 341 056 people have been adversely affected by the floods and have been registered for relief assistance. In addition, 18 deaths have been recorded as a result of the collapse of houses associated with the floods.[11]

The country is under military transition and faces acute financial difficulties. The problem of financing social housing is summed up in the statement of a former Secretary General of the Ministry of Land Affairs as follows: "We went in 2012 to the BEAC to negotiate financing for the Land and Real Estate Development Company (SOPROFIM). The BEAC was granted 10 billion francs and SOPROFIM should bring in 12 billion with the objective of building 125 000 social housing units by 2025. But the main difficulty lies in companies that sign contracts with the government before seeking financing with the banks, hence the delay."[12] Curiously, this situation persists because all the agreements negotiated and signed with national and foreign investors since 2012 to the present day have not been successful, despite the building of the "samples" on reserved plots in the city center of N'Djamena.[13]

KEY FIGURES

Main urban centres	Ndjamena, Moundou, Abeche et Sarh
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XAF)
1 PPP$ = (2021) [b]	220.58 CFA Franc (XAF)
Total population (2021) [b] | Urban population (2021) [b]	16 914 985 | 4 022 553
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.93% | 4.04%
Percentage of urban population living in slums (2018) [d]	86.9%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2015) [e]	Wood | Wood
Percentage of female-headed households (2015) [e]	22.1%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	22.76%
Unemployment rate (% of total labour force, national estimate) (2018) [b]	1.1%
Percentage of women participating in the labour market formally (2021) [b]	47.0%
Gini coefficient (2017) [b]	42.1
HDI country ranking (2020) [d] | HDI country score (2021) [d]	190 | 0.39
GDP per capita (Current US$) (2021) [b]	US$696
GDP (Current US$) (2021) [b]	US$11 780 million
GDP growth rate (2021) [b]	-1.20%
Inflation rate (2021) [b]	-0.80%
Lending interest rate (2018) [b]	18.0%
Proportion of adult population that borrowed formally (2021) [b]	38%
Number of residential mortgages outstanding (2020) [f]	2 060
Value of residential mortgages outstanding (USD) (2019) [f]	US$32.67 million
Prevailing residential mortgage rate | Term [g]	11 – 16% | 15 years
Maximum LTV on a residential mortgage [g]	30%
Ratio of mortgages to GDP (2019)	0.29%
Number of residential mortgage providers (2021) [f]	3
Percentage of women who own a house alone and/or jointly (2015) [e]	36.1%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers (2019) [h]	255
Total number of residential properties with a title deed [i]	9 454
Number of formal dwellings completed annually [g]	24
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [j]	27 750 000 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2020) [j]	110m^2
Typical monthly rental for the cheapest, newly built house (2020) [j]	231 250 XAF
Cost of standard 50kg bag of cement in local currency units [k]	8 500 XAF (US$13.49)
Type of deeds registry: digital, scanned or paper (2020) [l]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [l]	182
Time to register property (days) | Cost to register property (2020) [l]	29 days | 8.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	8.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Central African States
[g] Société de Promotion Foncière et Immobilière SA (SOPROFIM)
[h] Association of Microfinance Institutions of Chad
[i] Chad Domain Service
[j] Société de Promotion Foncière et Immobilière SA (SOPROFIM)
[k] Bara Hardware
[l] World Bank Ease of Doing Business Indicators

Access to finance

Chad has had an environment theoretically conducive to the financing of social housing since the development and adoption of the national housing strategy in 2012, which led to the creation of SOPROFIM (in 2014) and the Banque de l'habitat du Tchad (BHT) in 2017.[14] Unfortunately, these two key institutions are not fully operational, mainly because of the failure by the state to set up a guarantee fund. So, access to formal home loans from BHT is simply impossible.

There is no operational mortgage refinancing company in Chad. The three main banks (ECOBANK, CBT, ORABANK) which grant depreciable loans, apply interest rates ranging from 7% to 11.5%; which is high. This is why, only a 7% increase in the number of lenders has been recorded while the need for property loans is immense.[15] Similarly, mortgage rates are not falling, limiting the possibilities of mortgage loans to the point that individuals

represent only 12.41% of all depreciable loans granted by all local banks in 2018. Even if there is no formal discrimination between men and women to access loans without prior authorization for women, their percentage for being able to access formal loans remains very low compared to that of men.[16]

COVID-19 has negatively impacted the pace of individual property construction because of decreasing household purchasing power or simply the loss of income of city dwellers. Apart from the three banks main banks and the BHT, there are no new institutions that offer individual housing finance opportunities. Therefore, self-financing is essential with all its limitations and implications at the level of the family economy. Women, more familiar to microfinance institutions than to formal banks, benefit from modest loans CFA1 000 000 (US$1 587)[17] for the purchase of undeveloped land with maximum repayment periods of 12 months and high interest rates (2% per month or 24% per year).[18]

In the absence of a standardised national pricing system, each institution negotiates interest with customers on a case-by-case basis. Nevertheless, it is observed that women operating in the construction industry are rare because their companies do not enjoy preference over those of men. Technical assistance offices for applicants for credit do not exist. The availability of construction financing in Chad is difficult to assess, as the market is very limited and the institution dedicated to this activity, the BHT is not operational because of the lack of guarantee fund. Indeed, the State has not fulfilled its obligations to set up the guarantee fund for several years despite the formal announcement made in 2017 at the official opening of the BHT.[19]

Affordability

The demand for housing, estimated at 12 500 per year, with a target of 125 000 housing units by 2025, is growing in proportion to the growth of the urban population. However, housing remains largely unaffordable in Chad because of the number of households living below the national poverty line (42% of the population in 2018).[20] With a national unemployment rate of 1.13% in 2018 compared to that of graduates which is 14.2%, the supply of jobs is limited. Despite a Minimum Guaranteed Salary (SMIG) Decree in 2010 of CFA60 000 (US$95) per month for state contract agents, housewives and security guards working in private homes earn an average of CFA40 000 (US$63) net per month.[21] Junior military and police officers have salaries that have been upgraded in early 2022 to nearly CFA98 000 (US$155) per month. Of course, this income is not enough to claim decent housing that would cost more than CFA12 500 000 (US$19 841) for a building of 75m^2.[22]

Because of the great demand for plots of land in urban centers and land speculation maintained by brokers and land managers, access to a serviced plot is only achievable by purchase from SOPROFIM at CFA8 000 (US$12) per m^2. The high cost of serviced plots forces low-income residents to buy undeveloped plots and they are subject to the risk of eviction.

A monthly income of between CFA300 000 (US$476) and CFA500 000 (US$793) is required to be eligible for real estate or mortgage loan. This income requirement automatically limits access to a large segment of the population. The minimum rental for a mud house on the outskirts of N'Djamena costs CFA30 000 (US$47) excluding services. For services, the average monthly household cost for water is CFA3 000 (US$4.76) and subsidized gas is CFA2 000 (US$3.2) per bottle. Thus, without substantial government subsidies, access to decent housing remains a permanent challenge for the majority of Chadians.

Housing supply

In urban centres, property owners are in the minority because the majority of inhabitants are informal tenants (without a written contract). The dominant type of construction consists of fired brick walls bonded to the earth mortar while for the foundation a cement mortar is used as protection. The design of housing in Chad is characterised by the cohabitation of several households in a concession where they share the courtyard, latrines, water and electricity. It can be deduced that the majority of urban dwellers rent, including female-headed households, which already accounted for 22.1% of the urban population in 2015.[23] Among these rental tenants, there is a high proportion of single women with children, who cannot buy a plot and build on it, in the current context.

Three plots sizes were urgently subdivided and allocated to the victims of the floods of 2010 and 2012, who were relocated to the Toukra district, in the 9th Arrondissement of N'Djamena. These are: 225m^2, 360m^2 and 450m^2. In fact, several government programmes for the rapid provision of land to those evicted and from flood victims from 2008 to 2015 were started by the Commune of N'Djamena. The only programme that has achieved tangible results is that of sites A and B of the Toukra district, where serviced plots have Orders of Transfer by mutual agreement and have been paid for by the State. Thus, more than 5 000 households have benefited from plots whose sizes are equivalent to those lost in the floods. In addition, the programme initially provided a monetary subsidy for the construction of modest housing on these plots, but this step has not been implemented.[24]

The social housing construction projects launched by the President of the Republic in Gassi (2015) and Toukra (2016) have not been implemented. A total of 132 housing units[25] (70 in the Crow's Foot plot funded by UN Habitat and 62 in the Toukra-Mousgoun plot financed by Shelter Africa) have been provided to date. The private sector is totally absent from housing investment, because of the current unfavorable environment (generalized insecurity, persistent economic crisis, widespread corruption, administrative burden, lack of fair justice, etc.). These factors make it unfavorable to do business in Chad, and as such relegated Chad to the 182nd/190 with a score of 36.90 in the Doing Business Index.[26]

Basic infrastructure is inadequate, incomplete and poorly distributed between urban and rural areas. 74.19% of the population in urban areas had access to drinking water in 2020 in urban areas, compared to only 37.57% of the population having access in rural areas. 34.54% of the population have access to sanitation in cities compared to 12.06% of the population in rural areas.[27] Regarding electricity, a connection to a power line requires six stages that take approximately 67 days. This process reduces the rate of access to electricity at the national level to 9.6%. Not only is access difficult, electricity availability is unreliable even when connected, to the point that Chad is ranked 180th/190 with a score of 32.2/100 for electricity supply.[28]

The high cost of housing is mainly attributable to the total absence of the production of building materials, yet the natural resources to support the production locally is abundant including limestone, clay, quarry sand, stones, etc. Locally manufactured cement costs CFA8 500 (US$13.5) delivered to the construction site, which is higher than cement prices (CFA5 000 (US$7.94)) in neighbouring countries (Sudan, Cameroon and Nigeria). For imported materials, for example, the price of 6mm concrete iron has risen from CFA1 750 (US$2.78) to CFA2 850 (US$4.52) and a kilogram of bricks has risen from CFA1 000 (US$1.59) to CFA1 250 (US$1.98). As the nearest seaport is Douala in Cameroon 2 000km away, imported materials are very expensive. The value of all materials used in the construction of a building represents CFA225 000 (US$357) or 75% out of CFA300 000 (US$476) per m^2 built. In this proportion, the cost of all imported materials namely concrete irons, tiles, metal profiles, plumbing and electrical equipment and appliances, paints, formwork and structural wood, windows, locks, etc. may exceed 60% of the total building cost.[29]

The average cost of labor is estimated by construction professionals at 25% of the total construction cost, all expenses included, or CFA75 000 (US$119) per m^2 built. The average number of employees (all categories combined) on a housing construction site of CFA30 000 000 (US$47 619) is 15 people, for a working time of four months.

The regulation of standards and rules in construction is implemented by the Urban Planning Department of the municipalities. They also provide approval of real estate developers and issue building permits. Despite the latest reform introduced in 2019, which does not yet apply in full in all municipalities, the duration of obtaining a building permit is 226 days and the charges inherent in its issuance are estimated at 18.8% of the total cost of the work. This explains a very low rate of registration of land titles, estimated at barely 11.44% per year.[30]

Property markets

The residential real estate market is not active in Chad. 9 454 land titles were issued in 2022, compared to 8 368 in 2021, bringing about a 11.44% increase. These titles are granted indiscriminately to both women and men. In fact, land tenure is supposed to be managed by the Single Window for fast and secure processing of files to reduce the delivery time, but the performance of this institution is poor in terms of results. Worse, the machines in the office that broke down in2021, have not be repaired yet.

CHAD – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **CFA90 000** per month

you could afford to purchase a **CFA6.932 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **CFA125 000** per month

you could afford to purchase a **CFA9.628 million** house with a mortgage.

Mortgage assumptions – Chad

- 13.5% interest rate
- 70% deposit
- 15 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The mechanism for registering land and real estate transactions is monitored by the Domains Service of the Ministry of Finance. However, the precise number of transactions carried out during a given period is not available. The land market in Chad is subject to uncontrollable speculation, urban and rural land grabbing by the wealthiest and a proliferation of stakeholders. The result is countless land disputes, registered in the courts.

The type of housing available that is accessible to modest incomes, is known as "bedroom-living room" with an average monthly rental of CFA30 000(US$47.62) while the rental of a modern apartment (type F3) is in the order of CFA300 000 (US$476.20) per month. However, there is a stabilisation of rents, probably due to the increase in supply, due to the acceleration of self-construction in the increasingly dense peripheral districts. Finally, the number of properties registered for payment of property taxes is only 9 454 as of July 2022. This poor performance is explained by the long administrative procedures and the high inherent costs.[31]

Policy and legislation

The government only acts in the provision of housing through SOPROFIM, which is supposed to promote the sale of plots and social housing to qualified applicants. The State's contribution was limited to creating an environment conducive to developers, as well as the free allocation of sites for the construction of the first series of social housing. No official subsidy is given to any housing service. Taking advantage of this state weakness, private individuals are very active in real estate and have built apartments managed by their own informal real estate agencies in N'Djamena.

The legislative and regulatory environment for affordable housing has not changed. The same is true of government policy and the legal framework, which have remained the same since 2020. However, the standards and technical requirements for green building are at the extension stage. However, landscaping (planting trees and landscaping) is now required before the issuance of the building permit. Finally, in addition to the Single Window, it is the Domains and the Cadastre that manage, each as far as it is concerned, land tenure and property rights as well as their conservation. There is not yet a digital portal accessible directly to the public.[32]

Opportunities

The ongoing military transition does not offer opportunities for the development of the housing sector. Even the 62 homes produced by SOPROFIM do not all sell, because investors are suspicious or reluctant to invest in such a risky environment. This lack of supply of affordable housing has fostered massive self-construction in slums.

The walls of most dwellings are built with fired bricks. However, the massive firing of bricks has a negative impact on the environment, marked in recent years by climate change, that could increasingly jeopardise the future if the precautionary protective measures taken are not rigorously applied. Also, in the absence of an innovative technological alternative to support the improvement of housing, self-built housing remains inadequate. The improvement and popularisation of Stabilized Earth Bricks (BTS) could be considered as a sustainable alternative in the production of decent housing in Chad like other countries.[33]

Although the role of the private sector in the construction of affordable housing is not negligible, the current socio-economic environment, characterised by widespread insecurity, ongoing bloody conflicts between farmers and herders, extreme poverty, very high financial risks, a weak judicial system, a fragile banking network, etc., is not conducive to domestic and foreign private investment. Certainly, opportunities exist but as long as this unfavorable environment does not change, and as long as Chadian entrepreneurs do not themselves take the lead in the social housing industry, it would be difficult to convince foreign lenders to invest in the sector.

The main challenges to be addressed urgently are above all the improvement of the quality and promotion of local materials, the extension or creation of drinking water networks, urban roads, sanitation and electricity in peripheral districts to promote the self-building of homes in these areas in a planned way.

Availability of data on housing finance

The data sought for the directory exist but are scattered in different following services: Banks, Cadastre, Domains, Department roads of municipalities, Urban planning, Notaries. No organization is specifically dedicated to collecting specific data on housing finance, even if the Single Window were to play this role. INSEED, which is supposed to periodically collect the country's socio-economic data, does not have the means to do so. Therefore, the challenges of access and data collection remain real-time availability, reliability, quality and completeness to which must be added the lack of full collaboration of public officials who are reluctant to provide this data despite the letters of introduction of the CAHF. Most often, the data are incomplete and scattered requiring processing before dissemination. Under the gender policy imposed in appointments to official posts, data collected by targeted surveys or national censuses are disaggregated by gender and by targets (youth and women).

For this profile, the data collected by the author have been collected thanks to the personal relationships established since 2019 including the Director of Operations of SOPROFIM, the General Secretariat of the Ministry, the Domain Advisor, the Head of ORABANK Agency. Finally, it is noted that the BEAC data, has not been updated in the last two years.

Green applications for affordable housing

Green building standards are defined by the construction, housing and urban planning laws promulgated in 2010. The major constraint is the implementation of the implementing texts and their popularization to the public. The prerogatives to enforce these environmental standards lie with the responsible Ministry, which has not created the dedicated supervisory body in this area.

The EDGE certification system, which designates "Excellence in Design for Greater Efficiencies", whose objective is to reduce greenhouse gas production by at least 20%, is not well known in Chad. Therefore, no particular product is available to enable households to achieve a good standard of ecological living in their homes. In short, "green" housing, including any modern product to improve the living environment, is unknown to ordinary citizens. Thus, no official supplier of green building products operates on site, nor does any local bank offer such services to customers. However, all issues related to the promotion and development of green and energy-efficient buildings are dealt with at the level of decision-makers as no developer or private company is already operational on the ground.[34]

Even though the country has other renewable energy sources (solar, wind and hydro), the source of electrical energy is exclusively thermal and therefore emits a lot of carbon. Also, the current capacity covers only 9.6% of the population. The supply of electricity is disrupted by a drop in voltage and untimely load shedding, with electricity only available three days a week. Apart from privileged households that have access to water and electricity, the majority of the population (90%) have no access to electricity at all in Chad.[35]

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Comoros

Joseph Tembe

Overview

The Union of Comoros (Comoros) is an archipelago of three main islands and several islets located in the Western Indian Ocean. Each island has autonomous status with independent administration and management autonomy.[1] The estimated population of Comoros as of 2021 was 888,456, a slight increase from the 2020 figure of 869 595.[2] The United Nations estimated that approximately 30% of the population lived in urban areas in 2021.[3] Comoros is densely populated, with approximately 465 inhabitants per km^2.[4] High population density, linked to limited land space, places intense pressure on natural resources, the environment and the demand for adequate housing.

Comoros' economy is undiversified and largely dependent on foreign aid, remittances and tourism. It is also amongst the most food-import dependent in the world. Thirty percent of economic activity in Comoros is generated by agriculture produced on small family owned farms and destined mainly for home-consumption but the country meets most of its food needs through imports.[5] Weak connectivity between the three islands translates into high transport costs, coupled with lack of other supporting infrastructure (like warehousing, cold storage etc.) this limits the ability of higher agricultural productivity.[6] Economic activity more generally rebounded in 2021 with gross domestic product (GDP) growth of 2.35%, up from 0.2% in 2020.[7] The country is projected to reach 2.8 % in 2022 on the back of an expansionary fiscal policy. The slow recovery reflects difficulties in the service sector as well as economic consequences of the pandemic and the Russian invasion. By the first quarter of 2022 trade increased by 37% compared to the first quarter of 2021.[9] Transfers from the diaspora increased by 18.3% in the first 9 months of 2021 and foreign exchange reserves are estimated at 9 months of imports.[10] Moreover, the inflation rate is projected to increase significantly in 2022, while the poverty rate is expected to decrease only moderately over the next two years and return to its pre-COVID levels at 39.5% in 2023.[11] In the second quarter of 2022, prices to consumption recorded an increase of 3.4% compared to first trimester, mainly due to the increase of the prices of accommodation, water, gas, electricity and others fuels, following the decision made by the government to increase product prices tankers on May 31, 2022.[12] The increase in price of housing services is mainly attributable to the increase electricity bill and kerosene compared to the same period of the year 2021.[13]

The World Bank's 2020 Doing Business report ranks Comoros at 160 out of 190 countries surveyed for ease of doing business compared to 164 in 2019. Comoros' Human Development Index (HDI) value for 2021 was 0.558, which puts the country in the medium human development category, positioning it at 156 out of 191 countries and territories.[14] Low and medium HDI countries have seen increases in autonomy and strength of feminist movements.[15]

Comoros is 97 out of 180 countries on the 2021 Global Climate Risk Index[16] with a Climate Risk Index (CRI) score of 90. The CRI indicates a level of exposure and vulnerability to extreme events, which countries should understand as warnings in order to be prepared for more frequent and/or more severe events in the future.[17] In Comoros, climate change is seen in increased frequency and intensity of cyclones, longer dry seasons, and rising sea levels, with the agriculture and biodiversity sectors the most vulnerable.[18] The Comorian coastline, where 88% of the population lives, is expected to experience a 20cm rise in sea level by 2050.[19] The sea level rise and coastal erosion are further aggravated by unregulated urban expansion and rapid environmental degradation.[20] Shortcomings in spatial planning and prevailing inadequacies in construction standards for the built environment increase the country's vulnerability to natural disasters, especially for poor urban dwellers.[21] The residential sector alone is estimated to absorb 80% of the combined losses from earthquakes, floods, and tropical cyclones.[22]

KEY FIGURES

Main urban centres	Moroni, Mutsamudu, Fomboni
Exchange rate (1 July 2022): 1 USD = [a]	472.54 Comorian Franc (KMF)
1 PPP$ = (2021) [b]	189.30 Comorian Franc (KMF)
Total population (2021) [b] | Urban population (2021) [b]	888 456 | 263 098
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.15% | 2.94%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	0.70%
Most common fuels used by households | by B40 households (2012) [e]	Wood | Wood
Percentage of female-headed households (2012) [e]	39.3%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	6.05%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	4.3%
Percentage of women participating in the labour market formally (2021) [b]	32%
Gini coefficient (2014) [b]	42.3
HDI country ranking (2020) [d] | HDI country score (2021) [d]	156 | 0.56
GDP per capita (Current US$) (2021) [b]	US$1 495
GDP (Current US$) (2021) [b]	US$1 328 million
GDP growth rate (2021) [b]	2.35%
Inflation rate (2021) [b]	2.0%
Lending interest rate (2021) [b]	7.1%
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term [f]	13% | 10 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2019)	n/a
Number of residential mortgage providers (2020) [g]	7
Percentage of women who own a house alone and/or jointly (2012) [e]	66.3%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers (2020) [g]	3
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [h]	30 000 000 KMF
Size of cheapest, newly built house by a formal developer or contractor in an urban areas (2021) [h]	150m^2
Typical monthly rental for the cheapest, newly built house [h]	250 000 KMF
Cost of standard 50kg bag of cement in local currency units [i]	5 000 KMF (US$10.58)
Type of deeds registry: digital, scanned or paper (2020) [j]	Paper
World Bank Ease of Doing Business index rank (2020) [j]	160
Time to register property (days) | Cost to register property (2020) [j]	30 days | 7.6%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [j]	7.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Banque Federale de Commerce
[g] Central Bank of Comoro
[h] 2a Immobilier SARL
[i] Cementis
[j] World Bank Ease of Doing Business Indicators

Access to finance

Comoros has a relatively small and underdeveloped financial sector. The Central Bank of Comoros has exclusive jurisdiction for the approval of banks and financial institutions. In June 2022 the banking and finance sector of Comoros comprised of thirteen financial institutions and electronic money institutions, as approved by the Central Bank of Comoros. In terms of market share, the Union des Meck remains the most requested

institution both for the demand for credit and for the collection of the eparch of the Comorian banking system with 29% of the market share.[23]

The deposits made at the system level amounted to KMF159 billion (US$336 927 573) in December 2021 after KMF130.7 billion (US$276 958 703.09) in December 2020, thus recording an increase of 21.6%.[24] After falling in the last quarter of 2021, deposits made at the level of the banking system recorded an increase of 2.3% to reach KMF162.7 billion (US$344 768 026) at the end of March 2022 after KMF159 billion (US$336 927 573) three months earlier. This improvement comes from private companies and individuals whose filings to the system increased compared to the previous quarter.[25] The public debt ratio as a percentage of GDP was 26.8% at 30 June 2021, (divided between external debt for 23.4% and domestic debt at 2.8%) against 26.12% at 31 December 2020.[26] By maturity, the increase in loans was driven by those in the short, medium and long term which increased from KMF37.1 billion (US$78 616 434) in December 2020 to KMF42.6 billion (US$90 271 161) a year later. Medium and long term loans increased by 46.2% to KMF35.9 billion (US$76 073 584) in December 2021 against KMF24.6 billion (US$52 128 417). Outstanding debts decreased by 6.1% between 2020 and 2021, from KMF19.8 billion (US$41 957 019) in 2020 to KMF18.6 billion (US$39 414 169) a year later, with the rate of bad loans falling to stand at 16.8% after 22% a year earlier. Provisioned at a high level of 73.5%, the net bad loan rate increased from 8% to 5% between 2020 and 2021.[27]

With regard to the banking sector, the consolidated balance sheet of banks increased from KMF189.4 billion (US$401 346 430) at the end of December 2021 to KMF193.9 billion (US$410 882 116) at the end of March 2022, an increase of 2.4% in line with the increase in loans to the customers (+4.8%).[28] Loans granted by the banking system amounted to KMF97.2 billion (US$205 970 818) in December 2021 after KMF81.5 billion (US$1 717 483 006) in December 2020. The rate of nonperforming loans in the banking system remained high, at 20.3% in 2021 and the risk of debt distress remained high mainly because of the large volume of non-concessional loans.[29] Among the economic measures established to deal with the coronavirus pandemic, the Central Bank of Comoros decided in 2020 to increase the reserve requirement ratio from 15% to 10%. However, it was only during the year 2021 that domestic credit began to improve.[30] The Central Bank of Comoros continued its expansionary monetary policy in 2021 by maintaining the reserve requirement rate.[31]

The main challenges faced in the financial services sector include insufficient financial infrastructure and distribution channels the costs and fees applied by financial institutions and a low level of financial education. Financial inclusion in Comoros is therefore characterised by limited access and low use of financial products by households. The number of borrowers per 1 000 adults was only 11 in 2019.[32] The rate of banking is very high in big cities such as Mutsamudu, Bambao and Fomboni as it is much more profitable for institutions to serve customers in urban areas. However, the high costs and fees charged by formal institutions have led to the exclusion of many in the urban areas, with deposit fees varying between 3% and 1.75% per annum, and loan rates often exceed the ceiling 14% set by the Ministry of Finance since 2009.[33]

Weaknesses in the banking system and its environment continue to hinder the provision of credit to the economy and undermine asset quality. Banks in Comoros suffer from weak underwriting and risk management processes, often significant credit risk concentration, recurring government arrears, and shortcomings in the judicial system that inhibit attaching collateral.[34] Further, a lack of financial infrastructure inhibits interbank lending. Banks cannot borrow from, or lend to, other banks and the Central Bank of Comoros as there is no organised market, no lending instrument, and no collateral (the government does not yet issue any bills or bonds).[35]

However, there are currently plans underway to improve the operating environment for banks, including by lowering the frequency of government arrears to suppliers and further strengthening the judicial system to ensure that banks can realise pledged collateral. In this context, a commission on Non-Performing Loans (NPLs), comprising of the Ministry of Finance, the Ministry of Justice and the Central Bank of Comoros, have recently issued recommendations on accelerating the drafting of court decisions.[36] Separately, there is a planned restructuring of SNPSF following the issuing of a decree splitting SNPSF into postal and banking activities, which recapitalisation and restructuring is estimated would require KMF12 694 419 640 (US$26.9 million) (2.1% of GDP).

The World Bank's 2020 Doing Business report ranks Comoros at 132 for accessing credit (up from 124 in 2019 and 122 in 2018). Comoros is currently ranked 168 in respect of resolving insolvency. This position has been the same in 2018 and 2019. There is no stock exchange 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.

In Comoros, access to bank credit is very limited for women. To overcome this, microfinance institutions offer specific financial products for women and adopt more flexible measures in granting loans. Microfinance institutions in Comoros include Savings and Credit Mutuals ya Komor (MECK). The MECKs are made up of a network of 14 basic funds: 9 funds in Grande Comore, 4 in Anjouan and 1 in Moheli. The share capital is held entirely by its members and in 2018, more than 100,000 members used the services of the MECK network, which is approximately 13% of the population.[37] The Mutuelle d'Epargne et de Crédit Ya komor-Moroni (MECK-Moroni) is a cooperative with a democratic mode of operation, whose main objectives are to work for sustainable economic development by ensuring the financial inclusion of all segments of the population, more particularly the women and young people. Women represent 55% of loan recipients at MECK-Moroni. Different types of loans granted by MECK-Moroni include the social loan which takes into account the constraints of the family economy and can be used in particular for housing or equipment.[38] Despite these improvements, the cost of borrowing represents the main challenge for low-income women and the disadvantaged and women in urban and rural Comoros face almost similar barriers to financial access and there is in general a lower rate of borrowing from the financial institutions.[39]

Affordability

The poverty rate was estimated at 39.8% in 2021, little changed from the 40.4% estimated in 2020.[40] Nearly one fourth of the population is extremely poor and one-fourth of Comoros' population lives just below the national poverty line, with 10% of the population at risk of falling below the national poverty line in the event of unexpected economic shocks.[41]

At present, housing loans are mostly accessible to private sector employees and senior civil servants. However, financial institutions are aiming to offer housing loans at lower costs. To this effect, it was recommended that mechanisms of financing be put in place to partly make up for the insufficiency of public resources, and also to mobilise all the partnerships likely to facilitate access to housing for more people, for example by creating a solidarity fund. Most of the country's building stock – 56%– is located in rural areas and Comoros requires higher levels of investment to catch up with building backlogs in urban areas.[42]

The BFC provides long term credit with a maximum duration of 120 months or more depending on the case and by committee opinion and a maximum rate of 13% plus a commission of 3/1000 on the highest debit of the quarter.[43] For mortgages a warranty through a bare or built land, belonging to the borrower, or mortgage surety, belonging to another person, is required.[44]

Remittances play a vital role in household budgets but customary practices are estimated to absorb between 50 and 70% of amounts transferred to the country.[45] Over one year, transfers of money issued and received experienced respectively a growth rate of 12.6% and 26.4%.[46] However, remittances contribute to increasing disparities and disincentivise the central government to transfer funding to the local level, as remittances are often invested towards building social infrastructure such as mosques, community centres, clinics or schools, bypassing government structures.[47]

Housing supply

Comoros lacks sufficient land administration and the government does not have sufficient access to land for development projects.[48] A large proportion of residential buildings are made of corrugated or galvanized metal sheets. The quality of construction materials varies significantly between islands with only ten percent of housing units built to code, however, unit construction costs and structural typologies at the island level are assessed to be comparable in urban and rural areas.[49] Construction waste is often reused for embankments or for new construction and the introduction of regulatory parameters is needed to reduce the uncontrolled reuse of construction materials, which, when recycled, often

COMOROS – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **CFI70 000** per month

you could afford to purchase a **CFI1.563 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **CFI125 000** per month

you could afford to purchase a **CFI2.791 million** house with a mortgage.

Mortgage assumptions – Comoros

- 13.0% interest rate
- 10% deposit
- 10 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

decreases the structural integrity of buildings, thereby reducing their resilience.[50] Comoros has weak capacity for spatial planning and poor building construction standards and this has been displayed in its vulnerability to the effects of natural disasters, which have seen strategic infrastructure, internal and inter island means of transportation destroyed in the past by tropical cyclones.[51]

On 11 August 2022, the Development Bank of Southern Africa (DBSA) welcomed a ministerial delegating from Comoros to explore cooperation in infrastructure development. The delegation from the Union of Comoros was led by the island nation's Minister of Agriculture, Fisheries, Environmental Affairs and Tourism. Whilst the cooperation is still in its early stages of deliberation, the DBSA has expressed interest to support Comoros in delivering impactful bilateral development finance solutions. These interventions will see to the rehabilitation and overall economic development of the island nation's infrastructure, including but not limited to road construction, water, sanitation, tourism, and energy.[52]

Property markets

In 2022, the price of the cheapest, newly built house by a formal developer or contractor in an urban area with a size of 150m² is KMF30 000 000 (US$61 455).[53] The typical monthly rental price for the cheapest, newly built house by a formal developer or contractor in an urban area is KMF250 000 (US$512).[54] The minimum size of a residential plot in urban areas is 300 m².[55] The typical land costs per square meter in urban areas is KMF35 000 (US$71.70).[56] The Construction labour costs per square meter in local currency units for the cheapest, newly built house is KMF75 000 (US$153.64)[57] and the total construction costs per square meter in local currency units for the cheapest, newly built house is KMF200 000 (US$409.70).[58]

Foreigners who make substantial investments in the country are eligible to apply for Comorian nationality under the Economic Citizenship Act, passed in 2008. The World Bank's 2020 Doing Business report ranks Comoros at 113 for registering property compared to 114 in 2019. The process entails four procedures and takes approximately 30 business days to complete. The process will cost approximately 7.6% of the property value. With regards to dealing with construction permits Comoros is ranked at 101 and the process takes 11 procedures but entails a waiting period of approximately 107 days.

An overlap of three land regimes prevents land from being sold and rented out and limits farmers ability to collateralize their land to obtain access to financing. The absence of a land registry coupled with an inefficient court system leave many land conflicts at stalemate.[59] The lack of land tenure security binds poor families to the land they cultivate and limits their abilities to complement their on-farm with off farm earnings. A clear land tenure system would support the environment for investment and private sector development more generally.[60]

Policy and legislation

Disagreements over land rights, particularly in urban areas, have constrained municipalities' ability to identify public land and regulate its use. Poor land use management and a lack of safe waste disposal or recycling solutions at the local level and at a wider regional level negatively affects Comoros' environment and landscape.[51] Environmental issues in Comoros are governed by the framework law on the environment (No. 94-018 of June 22, 1994 modified by No. 95-007 on 19 June 1995), which purports that every Comorian citizen has the fundamental right to live in a healthy environment.[62] Cities in Comoros are not equipped with sufficient infrastructure to supply water to the growing population and access to water is generally higher in urban areas[63] and the Comoros' water supply also suffers from excessive fragmentation.

At the country level, Cyclone Kenneth demonstrated that disaster risk management is the responsibility of all sectors in Comoros. Reconstruction efforts need to consider resilient construction practices, building code adoption and enforcement. Comoros faces a threat from climate and seismic risks, including volcanic activity. There is a need for strengthening disaster risk management and better spatial planning.[64] Rigid minimum housing standards, such as minimum room sizes of 9m² for residential, and 12m² for shops, or minimum plot sizes of 200m², make a lot of the existing building stock illegal, and formalisation of construction less affordable.[65] Building codes need to be significantly updated while accounting for the effects of climate change, in particular, flooding.[66] This is critical for the housing sector.

The rules governing land in Comoros are a concurrent system of colonial, Islamic and customary rules. These comprise the law derived from colonial French law (Code civil), the rules rooted in Islamic jurisprudence that mostly apply to communal spaces of public and/or religious use and the rules emanating from customary rights, which exclusively govern family land ownership.[67] Comoros has a matrilineal society and it allows women to enjoy informal power within communities. Matrilinearity determines inheritance of property, house and land, however, women generally need the consent of their family, husbands' uncles or brothers to exert their usufruct rights and the possibility to mortgage their house.[68] Despite gender equality being enshrined in the Constitution, women are under-represented in the civil service, where a gender-biased patronage system works against them and although, women generally inherit land and houses according to custom, they do not always have usufruct rights, which tend to go to their husbands, maternal uncles, or brothers.[69]

In recent years, the government has 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 establishing a National Agency for Investment Promotion. The government has, in collaboration with the Central Bank of Tanzania, the Central African Banking Commission, the French Prudential supervisory authority and the International Monetary Fund, strengthened regulatory and supervisory frameworks to expand the scope of prudential regulations and increase the effectiveness of control procedures. In line with the credit risk management, old doubtful or contentious debts with a maturity of more than three years will have to be fully provisioned.

Opportunities

Comoros remains vulnerable to natural disasters and the housing sector in Comoros, particularly on the coastline, is highly exposed to natural and climate related disaster risks. This is a result of shortcomings in spatial planning construction standards in the country. The country is in need of more resilient construction practices, better building code adoption and enforcement. There is a need for the upgrading of the

existing building stock in the country and the formalisation of construction. The country faces challenges of access to financial services, insufficient financial infrastructure and distribution channels which in term result in high costs and fees being applied by financial institutions. This has resulted in limited access and low use of financial products by households and the rate of banking being lower in smaller cities and less urban areas. The unemployed in the country often turn to the informal sector for work and this has had the effect of increasing the percentage of the unbanked population and those without access to credit.

The authorities in the country hope to transform Comoros into a dynamic emerging market over the next decade by strengthening human capital, infrastructure and governance. To this end, the country has been seeking aid and foreign direct investment in support of their strategy.[70] The country is in particular need of aid and foreign direct investment due to severe constraints on domestic resources, weak fiscal revenue and a high public wage bill.

Availability of data on housing finance

Information on the financial sector is published on an annual basis and in quarterly bulletins by the Central Bank of Comoros. The Comoros Ministry of Agriculture, Fisheries, Environment, Territory Planning and Urban has the responsibility of overall administration of housing and related issues and is meant to publish information on housing but its website has been under construction and cannot presently be accessed. Lack of data related to the environmental sector is significant and where data is available it is either outdated or suffers from inconsistencies. To inform policymaking, the country's natural capital values (especially water, fisheries and coastal resources, forestry and protected areas) need to be thoroughly assessed so that the continuous loss in forests, soil fertility, water, biodiversity, fisheries are no longer economically invisible but are fully considered to inform policy development.

Given the limited access to information on housing in the country, the few real estate agencies that operate in the country can be a source of information on the state of the housing sector in the country.

Green applications for affordable housing

There is no explicit policy in place in Comoros to encourage the development of renewable energy sources. The government has rallied energy stakeholders around Comoro's Horizon 2030, a medium-term strategic objective. The Ministry of Energy is currently in charge of the electricity delivery. The energy sector, however, is not governed by any laws or regulations. Comoros faces challenges with the high cost of carbon-based power and more than 65% of electricity generation is financed by the government.[71] Fossil fuels and hydropower are currently the main energy suppliers in Comoros and as a result Comoros is sensitive to the consequences of climate change global energy price volatility.[72]

Due to the small size and dispersed nature of Comorian cities, the costs of service infrastructure, such as piped water and electricity, are higher than elsewhere in East Africa. According to the African Development Bank, access to electricity remains relatively limited in Comoros, with only 8% of the population being serviced in the three islands of Grande Comore, Moheli and Anjouan. When compared to urban households, access to electricity drops by 8% in informal settlements and access to drinking water drops by half from 67% to 31%, and is the lowest in Moroni, where only 22% of households have access to safe water.

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Republic of Congo (Congo-Brazzaville)

Issa Sikiti da Silva

Overview

The population of the Republic of Congo is growing at a rate of nearly 2.5% a year, posing a challenge for the country's economy.[1] The housing crisis is intensified by high rates of urbanisation (3.15%)[2] and hence is felt much more in urban areas. Adding to the predicament, are uncontrolled development of cities, non-compliance with building regulations and development plans by the population, and high costs of building materials. Above all, the root of this continued crisis is the failure of the state to provide adequate and decent housing.[3] Moreover, the dominance of informal housing at 90% of the housing stock is an obstacle to planning formal, quality or sustainable construction.

In May 2022, Brazzaville and Pointe-Noire inaugurated local urban plans that will allow them to manage their sustainable urban development. These plans are expected to facilitate the localisation of all public areas, define precisely the growth of the city, and set the building rules according to a zoning method. Furthermore, they will offer a new legislative framework that will encourage the two agglomerations to draw up, modify or revise their urban planning documents by better integrating aspects related to climate change and urban intelligence.[4]

Congo, with a human capital index of 0.57, has made little progress in health and education.[5] Water interruption is frequent in Brazzaville and Pointe-Noire due to dilapidated equipment dating from 1950 and lack of substantial investment.[6] Frequent power outages are common in Brazzaville and Pointe Noire due to overloading of transformers and lack of investment.[7]

Congo is a large oil and gas producing nation;[8] the oil sector provides more than half of the Gross Domestic Product (GDP) and over 80% of the country's exports due to poor economic diversification. The sustained contraction of oil prices since 2014 and the historically poor economic management of the country have starved the state of necessary revenues and limited social expenditures over the past five years.[9] Improved oil revenues, dynamism of the agricultural sector and mining should help the Gross Domestic Product (GDP) reach 4.3% in 2022.[10] Inflation may be pushed up by higher world food prices, due to the war in Ukraine, but as a member of the Communauté Financière Africaine (CFA) Franc zone, Congo has a stable monetary policy. Stable inflation together with low treasury bill rates can benefit the housing market, as mortgages can be issued at reasonable rates.[11]

The Programme National de Développement (PND) 2022-2026, a five-year economic plan undertaken to build a "strong, diversified and resilient economy," is divided into six priority areas, namely agriculture, digital technology, tourism, property (real estate), industry and special economic zones. Its overall budget is estimated at over CFA8.987 trillion (US$14.264 billion), with a gap of approximately CFA6.5 trillion (US$10.317 billion) to be sought from donors. The African Development Bank (AfDB), the European Union (EU) and the United Nations (UN) have all agreed to support the PND to reach its goals.[12]

Access to finance

As of 31 December 2021, the total of outstanding bank loans stood at CFA13.817 trillion (approximately US$22 billion), most of which was allocated to the private sector,[13] by the 11 institutions operating in the country. Less than a quarter of households have access to banking services, and only 2.8% of them have a mortgage loan, while housing loans only represent 1.5% of the total loans granted by lenders, and the total outstanding mortgage loans represent less than CFA15 billion (approximately US$23.8 million) annually.[14] Developing a regional mortgage refinance facility in the Central African Economic and Monetary Community (CEMAC) region – similar to Caisse Regionale de Refinancement Hypothecaire (CRRH-UEMOA) in West Africa – would enable banks to access long-term financing and develop their mortgage portfolios. This, in turn, could also stimulate supply by minimising offtake risk for developers. However, for that regional mortgage refinancing facility to have a real impact, programmes such as public-private partnerships would at the same time have to be put in place to stimulate the construction of houses, increasing production but at lower prices.[15]

KEY FIGURES

Main urban centres	Brazzaville, Pointe-Noire
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XAF)
1 PPP$ = (2021) [b]	339.43 CFA Franc (XAF)
Total population (2021) [b] | Urban population (2021) [b]	5 657 017 | 3 862 781
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.49% | 3.15%
Percentage of urban population living in slums (2018) [d]	77.5%
Population living less than 5m above sea level (2010) [b]	0.5%
Most common fuels used by households | by B40 households (2012) [e]	Wood | Charcoal
Percentage of female-headed households (2012) [e]	22.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	12.60%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	11.0%
Percentage of women participating in the labour market formally (2021) [b]	65%
Gini coefficient (2017) [b]	48.9
HDI country ranking (2020) [d] | HDI country score (2021) [d]	153 | 0.57
GDP per capita (Current US$) (2021) [b]	US$2 214
GDP (Current US$) (2021) [b]	US$12 524 million
GDP growth rate (2021) [b]	-3.50%
Inflation rate (2020) [b]	1.70%
Lending interest rate (2017) [b]	20.60%
Proportion of adult population that borrowed formally (2021) [b]	42%
Number of residential mortgages outstanding (2020) [f]	150 564
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term [g]	7 – 9% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers (2020) [f]	6
Percentage of women who own a house alone and/or jointly (2012) [e]	16.3%
Number of microfinance loans outstanding (2020) [h]	755
Value of microfinance loans (USD) (2020) [i]	US$0.75 million
Number of microfinance providers [i]	24
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [j]	35 000 000 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [j]	400m^2
Typical monthly rental for the cheapest, newly built house (2021) [k]	120 000 XAF
Cost of standard 50kg bag of cement in local currency units [l]	3 500 XAF (US$5.56)
Type of deeds registry: digital, scanned or paper (2020) [m]	Paper
World Bank Ease of Doing Business index rank (2020) [m]	180
Time to register property (days) | Cost to register property (2020) [m]	54 days | 13.6%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [m]	3.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] World Bank Publication: Housing Financing in the CEMAC Zone, 2020
[g] Banque Congolaise de l'Habitat
[h] Central African Banking Commission (COBAC)
[i] Ministry of Finance
[j] Congo Immobilier
[k] Nbyimmo.com
[l] Ministry of Commerce, Supply and Consumption
[m] World Bank Ease of Doing Business Indicators

Participants who attended a housing and urban planning summit in February 2022 in Kintélé (north of Brazzaville) urged the state to reactivate the Fonds National de l'Habitat (FNH) and strengthen the financial capacity of the Banque Congolaise de l'Habitat (BCH), two financial instruments experts said were critical to boosting the housing sector.[16] Launched more than a decade ago, the FNH is allegedly in possession of important, unexploited capital meant to fund the state-controlled BCH not only to finance affordable housing but also to revive the dormant mortgage sector. Microfinance institutions' contribution to housing finance is limited because of their lack of both access to long-term resources and the capacity to develop these products. Most households work in the informal sector and do not have access to banking services, and therefore cannot access mortgages. It is important to develop housing microfinance products to support informal and/or disadvantaged households. Setting up a housing savings account would make it possible to assess their long-term payment capacity.[17] Mutuelles Congolaises d'Épargne et de Crédit (MUCODEC), a successful microfinance giant that holds 92% of the market and claims to have 377 000 members, made a net profit of CFA6 billion (approximately US$9.5 million) through savings and loans granted to their members.[18] The Association Professionnelle des Établissements de Microfinance (APEMF)-Congo has 24 official registered members operating legally nationwide, with a customer base of 500 000. As of 31 December 2021, a total of CFA215 billion (approximately US$341 million) of savings were collected, while outstanding loans stood at CFA131 billion (approximately US$208 million).[19] Due to cultural norms that exclusively reserve all households' major decisions to men, including the right to own property and manage savings, most married women or female partners conceal the existence of bank or microfinance accounts.

Affordability

Access to housing for families constitutes a real socio-economic development challenge. With approximately 70% of the national population living in Brazzaville and Pointe-Noire, most families find it difficult to acquire developed land, due to high land prices and costly property registration fees.[20] Extreme poverty rose from 51.9% in 2020 to 53.9% in 2021,[21] leading to many self-built housing projects put on hold because income became scarce and people prioritised needs such as food, children's school fees and medical bills. The pandemic has decreased the purchasing power of many households. Nearly 52% of households have been unable to pay rent, 39.1% to pay for electricity and water, while 40.7% have not been able to afford to buy food and 26.8% to cover their healthcare expenses.[22] Inequality is high. Congo ranks 90th out of 105 countries on the GINI index.[23] Unemployment, which affected 10.3% of the total labour force in 2020 compared to 9.6% in 2019, is increasingly affecting young, first-time job seekers. It is higher in urban areas (11.1%) than in rural areas (1.1%).[24] A significant gap exists between the purchasing power of Congolese households and the homes for sale available in the market. To effectively promote affordable housing, state resources should primarily target low-income households.[25] Most newly built houses are expensive for average Congolese households and benefit wealthier people employed in the private sector.[26] The most affordable housing price on the Congo housing market in the urban areas is CFA22 million (approximately US$35 000). Only 2.4% of urban households can afford the least expensive built house.[27] Housing prices in the formal market remain inaccessible to those earning between CFA50 000 and CFA200 000 (between US$79 and US$317). To expand access to housing, mortgage conditions must be improved and housing prices must fall.[28]

Housing supply

The housing backlog in Congo stands at 15 000 units a year.[29] The state acts as both developer and financier, as the private sector contributes neither to property development (housing supply) nor to housing finance through commercial banks (housing demand). The Congolese State has implemented a tripartite system, which relies on the collaboration of its actors (a public land developer, a public developer, and a public housing bank). The aim is to tackle the housing problem from several angles. The Agence Foncière pour l'Aménagement des Terrains (AFAT) services and develops land intended for construction, the Société Nationale de Promotion Immobilière (SOPRIM) acts as a public real estate developer and builds homes, and the BCH finances both building operations and mortgage loans for buyers. However, it has been reported that these three agencies find it difficult to work together effectively, with each one developing projects independently, thus operating in silos.[30]

The government's ambition to build 10 000 units a year in the main cities is being hampered by the unavailability of land, a process that requires expropriation, which is a costly exercise.[31] Other challenges facing the housing supply chain include lack of private sector investment and the risks of unsold housing units. To fill the housing gap in urban areas, the state is considering opting for prefabricated houses through a partnership with the Chinese company FORSPAK.[32]

State-owned SOPRIM, in addition to its ongoing housing projects, has delivered 588 housing units throughout the country, more specifically in Brazzaville (301 units), Pointe-Noire (165 units), Kinkala (67 units) and Oyo (55 units).[33] Unfortunately, as is the case elsewhere in the country, most of the new housing units are standing vacant due to exorbitant selling and rental prices – out of reach of average citizens' pockets – and the complicated process of acquiring them. Besides, potential tenants often deplore the unavailability of information related to the rental of these houses.[34]

Congo can act to strengthen its housing sector by reviewing the Bill for the development of the FNH; ending the obligation to re-register a mortgage every year at the land registry; and allocating the houses built at the Mpila (Brazzaville) site.[35]

The state is progressively delivering small-scale housing projects in the country, though it faces many obstacles. The newly built housing units popularly known as "Logements de Mpila", which have been standing vacant for several years, will soon be allocated but it is already expected to be unaffordable for the most disadvantaged Congo Republic citizens. Ten years after the gigantic explosions of an ammunition depot in a military barracks devastated the township of Mpila, killing more than 200 people and injuring 1 000, most of the 17 000 victims are still looking for decent housing.[36] Furthermore, few formal housing units are built in rural areas. Indeed, in October 2021, the Prime Minister handed over the keys for 60 new housing units to the population of Yanga, a rural area located 45km away from Pointe-Noire.[37] The houses built after the demolition of wooden huts were allocated through the BCH.[38] In July, the government launched a housing project to build a modern administrative city comprising 100 low-cost units for civil servants in Madingo-Kayes.[39]

Inconsistent cement production hinders the building sector. Indeed, the production capacity of cement fell from 3 500 000 tons in 2019 to 2 400 000 tons as of 31 December 2021. It plunged to 400 000 tons by February 2022, after the Dangote and SONOCC factories stopped production in Yamba and Loutété, respectively, leading to the scarcity and rising prices.[40] Between 2017 and 2021, the price of a ton of cement rose from CFA60 000 (approximately US$95) to CFA75 000 (approximately US$119), and then again to CFA90 000 (approximately US$143) in the last quarter of 2021.[41] The price increased to CFA120 000 (approximately $190) in January 2022. SONOCC eventually restarted cement production on January 31.[42]

Due to widespread discriminatory gender policies and attitudes, women landlords – who either own properties in the urban areas or manage real estates inherited from deceased husbands or parents – sometimes face challenges recovering rent from defaulting male tenants.

Property markets

The PND 2022-2026 should allocate 23.71% of its funding to the property sector for the next five years (23.30% in 2022, 23.99% in 2023, 23.55% in 2024, 24.06% in 2025 and 23.38% in 2026). This translates to an amount of CFA2 130 965 000 000 (US$3 382 203 084).[43] The country's property market, which was severely affected during the pandemic, is still struggling to recover. Prices of upmarket properties, which are usually rented or bought by foreigners, have fallen steeply. In the suburb of Plateau des 15 ans, a modern villa that was rented out for CFA3 million (approximately US$4 762) monthly in 2016 went down to CFA1 million (approximately US$1 587) in 2021.[44] In informal neighbourhoods, renters pay up to CFA60 000 (approximately $95) monthly to live in a house with two bedrooms, a living room and a kitchen. In the past, houses such as these used to be rented out for between CFA25 000 and CFA30 000 (approximately US$40 and US$48) monthly. Many of these houses lack basic amenities, such as decent toilets and bathrooms, running tap water and stable power supply.[45] In high-density, populated areas, house sales have picked up and prices have risen.

Those who cannot afford to buy a fully-built house can acquire a piece of land and start building from scratch in underdeveloped and remote areas such as Ngamakosso, Kombe, Nganga-Lingolo and Kintelé.[46] This is risky: several impoverished, precarious areas of the capital are under constant threat from floods, silting and landslides that can turn deadly. Rapid urbanisation in the coastal city of

CONGO – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA464 000** per month	who earns **CFA575 000** per month
you could afford to purchase a **CFA18.491 million** house with a mortgage.	you could afford to purchase a **CFA22.914 million** house with a mortgage.

Mortgage assumptions – Congo

- 8.0% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Pointe-Noire is marked by the proliferation of precarious neighbourhoods called "Mabodo", self-built in total disregard of public standards on marshy surfaces. With rising ocean waters and more frequent heavy rains, these neighbourhoods are increasingly exposed to flooding.[47] In April 2017, the World Bank began co-funding a project up to CFA44.304 billion (approximately US$70.3 million), meant to improve access to infrastructure and basic services for residents living in selected impoverished townships of Brazzaville and Pointe-Noire. The Urban Development and Poor Neighbourhood Upgrading Project (DURQUAP) which was due to end in June 2022 was expected to be renewed.[48]

Policy and legislation

The index of quality of land administration is 3.5, which is low compared to the Sub-Saharan Africa average of 9.0 and the levels of OECD high-income countries.[49] In March 2022, the period of registering property was cut down by the Ministry of Land Affairs to 55 days from 60 days previously, thus improving the long and expensive procedure to obtain a land title.[50] Moreover, the land registry and tax administrations, in particular the conservation of mortgages and land ownership, have been brought together under one agency, the "One-Stop Land Office" or "Guichet Unique Foncier" (GUF). Each provincial capital is expected to have its own GUF office, which will also help solve land disputes.[51] Land disputes are rife as the same land tenure often has several land titles. Henceforth, judges will have 30 days to attend to litigation and deliver a verdict. If dissatisfied, the opposing party will no longer appeal to the Court of Appeal but will instead go directly to the Supreme Court, which will have 60 days to deliver judgement.[52]

Article 19 of Law n° 21-2018 of 13 June, setting the rules for the occupation and acquisition of land in Congo-Brazzaville,[53] deems null and void customs and traditions tending to suppress or restrict the right of women to occupy customary land or land in urban or peri-urban areas. The reality on the ground is different. Women's associations advocate greater attention be paid to the legal weaknesses of women's land rights. They have urged the state to insert a provision in the current legislation for the benefit of rural women.[54]

Opportunities

Potential investors can take advantage of a series of measures put in place in special economic zones. These regulations include, among others, zero corporate tax for 10 years, zero value-added tax (VAT), zero tax on the importation of equipment, raw materials, and spare parts, zero taxes of expatriate staff, and zero tax for exporting to the CEMAC zone.[55]

The real estate sector is an important vector for diversifying the economy due to its ability to help people have access to decent housing, create jobs and wealth, foster growth, and boost the banking rate and public revenue through taxation. Therefore, it is necessary to strengthen collaboration with partners, in particular Shelter Afrique, to benefit from support in the construction of housing accessible to different social classes.[56] The construction of social and office housing in the big cities is an important asset for potential investors. Despite underperforming in 2021 due to the fall in public investments, and after contracting by 31.2% over the period of 2015-2019, the building and public works sector (Bâtiments et Travaux Publics, BTP) is expected to grow on average by 12.7% between 2022 and 2026, as per the PND's forecasts. Annually, the BTP sector is expected to grow by 1.9%, 10.0%, 15.3%, 20.9% and 15.3% in 2022, 2023, 2024, 2025 and 2026, respectively[57].

Prefabricated (or modular) houses may be the short-term solution both in technology and supply. Companies such as FORSPAK International Congo, a subsidiary of Hong Kong-based Western Cement Company, which supplies modular, eco-friendly houses, must be encouraged to invest in Congo. As modular homes are built in factories according to specific measurements, excess material is avoided, reducing building waste significantly. The prefabrication of trusses, frames and other parts can reduce waste by 52%.[58]

Availability of data on housing finance

Ministry of Construction, Urban Planning and Housing: Legislation and regulations pertaining to urban planning and construction, real estate brokers and agents, land rights in urban areas, residential rental, general principles for land tenure and state-owned property, and much more. Publicly available on the website.

Société de Promotion Immobilière (SOPRIM): Information on completed, ongoing and abandoned housing projects, information on how to acquire a new house (purchase, rental or sale in future state of completion). Publicly available on the website.

Ministre de l'Aménagement, de l'Équipement du Territoire et des Grands Travaux: Government tenders on housing, construction of public infrastructure and public works (online).

Direction de la gestion foncière urbaine: Urban land management, issuing of building permits and occupancy permits for public areas to users, monitoring and handling urban land disputes (online).

Banque des Etats de l'Afrique Centrale: Interest rates on mortgages (not publicly available).

Département des Affaires Foncières, Cadastre et Topographie : Property: Registration (lands and buildings).

Notaire: Drafting and signature of sale agreements.

Green Applications for Affordable Housing

The World Bank says: "The building techniques used in Congo are not sustainable and consume a lot of energy. However, the use of the simulation tool 'Excellence Design for Greater Efficiencies' (EDGE), allows us to observe that investments of around CFA2 655 861 (US$1 300) per apartment could improve the whole of the construction and could also meet the objectives and criteria set for obtaining EDGE certification for sustainable and efficient constructions.

According to reports by the World Bank, the EDGE simulation tool provides a means to address the unsustainable building techniques and high energy consumption in the Republic of Congo. It is estimated that investments of approximately CFA 2 655 861 (US$1 300) per

Green Applications for Affordable Housing cont

apartment would be sufficient for obtaining EDGE certification for sustainable and efficient constructions. These investments include, for example: the installation of solar panels and sanitary appliances that conserve water, which would save households approximately CFA49 031 (US$24) per month on their water and electricity consumption costs.

In a country where green building standards are still a myth, where building rules are not respected by most of the population, and where green building is not mentioned in the national building code, the government's attempt to experiment with modular houses through a partnership with FORSPAK should be encouraged as it will create a nationwide awareness around "the future of building is green".

Nearly 50% of the population have access to electricity, while only 4% of households have access to a clean water source, of which 46% are in rural areas, and 27% of the urban population has access to sanitation.

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Côte d'Ivoire

Jean Philippe Ado

Overview

Located in west Africa, Côte d'Ivoire (CIV) is the leading economy of the West African Monetary Union (WAMU) and is experiencing rapid industrialisation and urbanisation. The total population is under 30 million (27 053 629), with men representing approximately 51%. More than half of the population live in urban areas as the percentage of the population that is urbanised is 52.5% (2021 census). The most populated city is Abidjan, with over five million, followed by Bouaké (723 549) and Korhogo (384 150). Like many African countries, CIV's population is quite young, with less than 3% older than 65, while more than 50% are between the ages of 15-64.[1] The influx of a young working population means that the demand for formal housing in urban areas is growing rapidly, but because of a lack of supply and inability of households to access credit, there is a housing deficit, leaving many Ivorians living in informal housing.[2]

The economy remains stable amid COVID-19. The country recorded GDP growth of 7.02% in 2021, led on the supply side by crucial industries,[3] including Building and Public Works (BTP), and on the demand side by investment and consumption. CIV also recorded improved tax collection and non-tax revenues, thus leading to a budget deficit of 5% of GDP in 2021, marginally lower than in 2020. However, inflation almost doubled, reaching 4.2% in 2021 vs. 2.4% in 2020 due to weak local production and an increase in the prices of food products. In addition, the poverty rate climbed in 2021, due to COVID-19, to 20.2% of the population living on less than US$1.90/day from 18.3% in 2020.[4] The (BTP) or construction industry has been crucial in stimulating national economic growth since 2012 and continues to perform well. From 2012 to 2018, the sector recorded 26% annual growth, and is the third major employer.[5] Also, its relevance is stressed through government's large-scale public works policies and project. For example, massive investments were a made in building new roads and maintaining existing ones, erecting stadiums to host the African Cup of Nation (AfCON), putting up industrial areas, and modernising airports.

Housing is another critical sub-sector of construction that receives large investments and particular interest. The government is re-designing the presidential social and economic housing program (PPLSE). With the new Agence Nationale de l'Habitat (ANHA), which will benefit over CFA15 billion (US$23.8 million) of public funds to support access to mortgages for modest-income households, housing becomes a significant recipient of public spending. Such financial and political commitment is expected to generate employment and reinforce the critical role of housing in the current national development strategy until 2025.

CIV is one of the countries worldwide most affected by climate-related extreme weather events such as heavy and inconsistent rainfall, floods, hotter temperatures and rising sea levels. It ranked 130/180 on the 2021 Global Climate Risk Index (GCRI), thus stressing the need to improve climate change response mechanisms. This is largely because CIV is heavily dependent on agriculture (cocoa, coffee, palm oil and cashew nuts) and its natural sources both in terms of revenue and for household income (over 26 million people are engaged in the sector). Environmental degradation and deforestation also contribute to the country's vulnerability to climate change.[6] Also, according to the World Bank, the losses to GDP associated with climate change are estimated between CFA429.07 billion (US$681 million) to CFA882.07 billion (US$1.4 billion) between 2022 and 2040. To mitigate this threat to climate-sensitive sectors, such as the primary and energy sector, the government has taken several initiatives. Among them, it has committed to reducing its greenhouse gases by 30% by 2030 (COP 26) and to increasing contributions to renewable energy in the energy mix from 39.5% to 42% by 2025.[7] In addition, the government has indicated it will strengthen energy efficiency in the building sub-sectors.[8] However, green housing is still undeveloped, and to date, find no expression in regulations, policies, or laws.[9]

KEY FIGURES

Main urban centres	Abidjan, Yamoussoukro, Korhogo
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XOF)
1 PPP$ = (2021) [b]	240.75 CFA Franc (XOF)
Total population (2021) [b] | Urban population (2021) [b]	27 053 629 | 14 116 584
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.52% | 3.44%
Percentage of urban population living in slums (2018) [d]	60.1%
Population living less than 5m above sea level (2010) [b]	3.8%
Most common fuels used by households | by B40 households (2012) [e]	Charcoal | Charcoal
Percentage of female-headed households (2012) [e]	18.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	40.64%
Unemployment rate (% of total labour force, national estimate) (2019) [b]	2.4%
Percentage of women participating in the labour market formally (2021) [b]	46%
Gini coefficient (2017) [b]	41.5
HDI country ranking (2020) [d] | HDI country score (2021) [d]	159 | 0.55
GDP per capita (Current US$) (2021) [b]	US$2 579
GDP (Current US$) (2021) [b]	US$69 765 million
GDP growth rate (2021) [b]	7.02%
Inflation rate (2021) [b]	4.1%
Lending interest rate (2020) [b]	2.43%
Proportion of adult population that borrowed formally (2021) [b]	46%
Number of residential mortgages outstanding (2019) [f]	696
Value of residential mortgages outstanding (USD) (2019) [f]	US$65.70 million
Prevailing residential mortgage rate | Term [g]	8 – 10% | 20 years
Maximum LTV on a residential mortgage [g]	90%
Ratio of mortgages to GDP (2019)	0.11%
Number of residential mortgage providers [h]	19
Percentage of women who own a house alone and/or jointly (2012)[e]	29.3%
Number of microfinance loans outstanding [i]	292 560
Value of microfinance loans (USD) [i]	US$693.6 million
Number of microfinance providers [i]	46
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE [j]	2
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	10 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [k]	120m^2
Typical monthly rental for the cheapest, newly built house [k]	60 000 XOF
Cost of standard 50kg bag of cement in local currency units [l]	4 500 XAF (US$7.14)
Type of deeds registry: digital, scanned or paper (2020) [m]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [m]	180
Time to register property (days) | Cost to register property (2020) [m]	39 days | 7.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [m]	10.0

NB: Figures are for 2022 unless stated otherwise.

Members of the African Union for Housing Finance (AUHF): Property KRO

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of West African States
[g] Societe Generale de Cote d'Ivoire (SGCI)
[h] World Bank-IFC
[i] Direction de la Reglementation et de la Surveillance des Systemes Financiers Decentralises (DRSSFD)
[j] Edgebuildings.com
[k] Property KRO
[l] Ismail Building Supplies
[m] World Bank Ease of Doing Business Indicators

Access to finance

Year-on-year, the bank rate increased by a little more than one percentage point from 19.08% in 2019 to 20.45% in 2020.[10] Overall, financial inclusion has improved over the

last 10 years, but is still low According to the 2021 Global Findex report, 51% of adults (over the age of 15) have an account compared to 34% in 2014.[11] Of that 51%, 21% have an account with a financial institution, a six-percentage point increase from 2014. However, the gender gap in account ownership worsened. From an 11-percentage-point gap between men and women in 2014, it has risen to 27 percentage points. Savings trends considerably declined, falling from over 60% (2014) to below 45% (2021). More adults prefer saving their money using mobile money (16%) than financial institutions (6%).[12]

Four times as many adults own at least a debit card than own a credit card (2%). Women are still less likely to own any of these cards than men. Access to credit remains barely available to half of those financially included (46%). Borrowing trends suggest that men (51%) borrow more than women (41%).

Mobile money continues to record a better penetration rate than financial institutions with the number of accounts increasing from 24% (2014) to 40% among adults in 2021. Its penetration rate among women at 30% remains lower than among men at 51%.[13] In August 2022, there were 11 mobile money operators (MNOs), including one MFI[14] and four partnerships between banks and network companies or technical service providers.[15]

Financial services keep striving to improve proximity with their customers. In 2020, there were 118 service points vs. 115 in 2019 per 10 000 adults.[16] But the rate of adults having no account remains high due to "lack of funds" (70%), "costliness of financial services" (31%), "lack of necessary documentation" (27%), and "financial institutions are too far away" (24%).[17] The financial sector comprises 29 banks, seven financial companies, 47 microfinance institutions (MFIs), and two financial institutions. Borrowing is relatively affordable, but a mortgage remains inaccessible to modest-income households. The overall average gross interest rate was 5.81% in June 2022. Disaggregating further, credit to individuals is one of the most expensive at 8.45%, while credit to a state-owned-entity is the cheapest at 5.21%.[18]

Housing finance is available and offered irrespective of gender by most commercial banks. The average housing interest rate was recorded at 5.21% in June, making it the most affordable type of credit after cash credit (5.30%).[19] Société Générale de Côte d'Ivoire (SGCI) is the top-rated commercial bank offering mortgage products. As of July 2022, its lowest interest rate was 8.35%, and its maximum interest rate was 9.80% for three to 20 years maximum. Applicants must make a 10% down payment, and the loan-to-value ratio (LTV) is 90%.[20] In early August 2022, Banque Nationale d'Investissement (BNI) launched a 2-week real estate event to facilitate property acquisition and promote access to affordable housing finance for their clients and prospective clients. Housing loans are available for end-users, private developers, and individual developers.[21] The LTV is 70% with a 30% down payment and a 5.99% preferential rate for eight to 20 years maximum.[22] Alongside SGCI and BNI, there are approximately 19 mortgage originators as of 2022, all headquartered in Abidjan.

The informal sector plays a critical role in the economy, with over 70% employed informally[23] and excluded from formal access to banking. Those formally excluded turn to microfinance, thus making it a strong driver of financial inclusion in the country. As of 31 March 2022, the microfinance sector had forty-six accredited social funds for development (SFD), one less than in 2021. Nevertheless, the sector continues recording positive year-on-year growth. The total number of outstanding microfinance loans was 292 650 worth over CFA437 billion (US$693.5 million). Based on the satisfactory performance of microfinance and its proximity with modest-income earners, the CRRH-UEMOA is exploring a mortgage refinance facility for SFDs. This facility is expected to boost access to housing microfinance among low income households.

Affordability

COVID-19 hit household economic welfare hard. Approximately 40% of adults indicated turning to their families or friends as the main source of emergency funds, with only 3% choosing banks. Unemployment also worsened despite the government efforts to create a resilient economic environment. Before 2020, it was estimated at 3.3% (2017-2019). In 2020-2021, it increased by 0.2 percentage points to reach 3.5%.[25] This was due to the loss of employment recorded (approximately 1.5 million) from January to February 2020, including the loss of approximately 900 jobs in the informal sector. Compared to rural areas, Abidjan recorded the highest job losses of approximately 500 000.[26]

Despite housing finance being available, access to mortgages remains prohibitive because most households have either low or irregular income as most Ivorians (over 80% of the population) derive their income from the informal sector.[27] In 2021, it was suggested that the average income in the informal non-agricultural industry was CFA41 137 (US$65).[28] In the formal sector, the average salary recorded is significantly higher than in the informal sector, though the informal sector employs most people (approximately 90%). For example, the average salary of a police officer is CFA210 000 (US$333) and that of a security guard CFA80 000 (US$127).[29]

Comparing these average salaries[30] to affordable housing shows the financial constraints to accessing housing finance. For example, the minimum instalment for a CFA12.5 million (US$19 839) loan at 5.99% (the cheapest housing under the presidential social and economic housing programme) at BNI for up to 20 years would require an average payment of CFA89 481.78/month (US$142). Including insurance and other extra costs, the monthly repayment might amount to roughly CFA96 837.35 (US$153).[31] Based on the average salary in the informal sector, it is impossible for a household, even with two breadwinners, to access the BNI housing loans. In addition, such a monthly instalment remains relatively costly for a minimum salaried police officer (and completely inaccessible to a security guard), given the borrower's ratio of monthly bond cost to salary is almost 50%. Another prohibiting factor is the 30% down payment required from any mortgage borrower. Unless a borrower has an additional source of income or is a household with two salaried individuals, most banks will be reluctant to grant a mortgage loan to a modest-income borrower where the income ratio is beyond 30-35%.

Therefore, in early 2022, to mitigate the affordability gap, the government dissolved the Compte de Mobilisation pour l'Habitat (CDMH) (Housing Mobilisation Account)and Housing Support Fund (FSH) and replaced them with the Fonds de Garantie pour le Logement Social (FGLS). Additionally, the government created the National housing Agency (ANHA) in 2021 to replace the newly deregistered public developer company, the Ivorian Construction and Property Management Company (SICOGI). ANHA is tasked with promoting access to affordable housing (for ownership and rental) as well as improving and maintaining the urban environment.

Housing supply

The housing backlog is estimated at more than 500 000 units, increasing by 10% yearly. Given the demographic pressure in Abidjan, for example, most households (approximately 70%) rent.[32] From 2012 to 2020, the government delivered around 20 000 social and economic units under the PPLSE 'phase 1'. This was in line with the forward-thinking policy to improve access to decent housing for modest-income earners and reduce the housing deficit pressure nationwide. In 2022, housing remains at the heart of the government development policy. The re-launch and re-design of the PPLSE is one piece of evidence, among many others, of the importance of this sector in the National Development Plan (PND) 2021-2025. Thus, the PPLSE 'phase 2' aims at delivering 150 000 social and economic units by 2025.

Bonus Expertises, a local private developer, recently committed (August 2022) to build 5 000 units for the Ministry of Agriculture's public servants. Beneficiaries of this project will be afforded 100% financial support over a maximum of 14 years. Unit prices will range from CFA17 million (US$26 982) to CFA36 900 000 (US$58 566). Each beneficiary will make a 15% down payment at the program inception and will have to subscribe to mandatory insurance to cover them in case of death, default payment, and accidents.[33]

In April 2022, the Ministry of Housing, Construction, and Urbanism (MCLU) signed a memorandum of understanding with the Ivorian-British group of companies consisting of OPES Holding, a local private developer, and Strong Form, a British developer, to build 20 000 social and economic units.[34] The MCLU has invited international developers to support the PPLSE phase 2. For instance, Minister Bruno Koné (MCLU) met with Maison Adorable, a large-scale French private developer, in December 2021 to explore the company's role in delivering affordable units in CIV.[35] NHOOD, another French private developer, also indicated its interest in participating in the PPLSE phase 2 to provide decent affordable units.[36]

Alongside the PPLSE, the real estate sector shows some encouraging trends. Local private developers are dynamic and innovative. The project Cité Général Mathias Doué – El Kana (CGMD) is an example. It is a green and environmentally friendly large-scale housing project that includes amenities such as schools, stadiums, shops, a health centre, green spaces, playgrounds, gas supply by integrated installation,

COTE D'IVOIRE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA210 000** per month	who earns **CFA390 000** per month
you could afford to purchase a **CFA7.780 million** house with a mortgage.	you could afford to purchase a **CFA14.449 million** house with a mortgage.

Mortgage assumptions – Cote d'Ivoire

- 9.0% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

and a household waste recycling centre. CGMD started in October 2021 and is currently under the land development and land servicing phase. The project site covers a few hectares and is 7km away from Abidjan, in the village of Ahoué, on the road to Alépé. CGMD targets both locals and the Ivorian diaspora. The first phase is expected to deliver 133 townhouses of three to four bedrooms of between 200m^2 – 250m^2,[37] and the long-term objective is to produce more units.[38]

Moreover, OPES Holding's rent-to-own housing first phase aims to deliver 2 000 units by the end of 2022. The scheme aims to deliver 40 000 housing units developed on 128ha. Tenants will have a maximum of 25 years to achieve their ownership rights. OPES is partnering with international companies to provide the necessary collateral and with the government to share the cost of land servicing to ensure the project's full completion. Overall, the scheme is divided into three phases, with delivery objectives of the second and third phases being 15 000 and 23 000 units, respectively.[39]

Furthermore, the government has implemented remedial measures to improve the current housing stock. For example, in January 2022, it committed to supporting slum dwellers by restructuring slums and precarious neighbourhoods. This restructuring intends to improve the quality of life of slum dwellers by raising the level of basic urban services such as roads, sanitation, electricity, drinking water supply, and socio-educational services. Part of the project cost is estimated at CFA32 billion (US$50.8 million) and will be financed by Agence Française de Développement (AFD). The first phase will target crowded popular areas like Yopougon (Gesco), Abobo (Agoueto PK 18), and Koumassi (grand campement, Akromiabla, and Divo 1&2).[40]

Property markets

National data shows a dynamic property market with significant variation around key indicators. In 2021, the total number of conventional mortgages decreased compared to 2020, from 2 030 to 1 795, with over 70% recorded in Abidjan. In contrast, the total number of notarised sales increased over the last year from 5 258 (2020) to 6 967 (2021), with 4 774 transactions recorded in Abidjan. In addition, over 20 000 title deeds were delivered in 2022 nationwide (approximately 10 000 in Abidjan). To improve issuing construction permits and the key land-related indicators of the business climate, the government launched the urban land digitisation project to create an Integrated Urban Land Management System (SIGFU).

The real estate market in Abidjan is one of the most dynamic in the WAEMU, with 18% annual growth recorded since 2011. It is also among the most attractive in the subregion, especially in the residential rental segment. Rental yields vary from 9% for offices, 8% for retail, 12% for industrial real estate, and 6% for prime rental residential in neighbourhoods such as Marcory, Cocody, and Riviera. With fewer COVID-19 cases being recorded and the return of expatriates, residential activities are booming further east of Abidjan, recording a rising number of sale transactions. According to the Frank Knight Africa report 2022/23, "rents too are rising and have increased by 10% in the last 12 months, which have prevented yield compression." For example, a four-bedroom apartment rented for US$5 000/month in 2021 is US$5 500/month in 2022.[42]

However, uncertainties abound. For instance, there is no real discipline in the property valuation system. Many properties have increased in value over the years, even amid the pandemic. Such an uncontrolled speculative environment shatters many households' dream of property ownership. The land price ranges from CFA2 000/m^2 (US$3.17) on the outskirts of Abidjan to CFA1.5 million/m^2 (US$2 380) in the prime areas of Plateau, Marcory and Cocody. The cost of the transaction (rental and sale) is also highly speculative. Some homeowners unilaterally decide the rental value of their property and conditions. There is also no real discipline here since the price gap may vary highly from owner to owner despite the property being in the same neighbourhood.[43]

By mid-2022 the price of the cheapest newly built house by a private developer was approximately CFA10 million (US$15 871),[44] 20% costlier than a year ago. Though pricier, this house is larger, built on 120m^2 (vs. 45m^2 in 2021). According to local experts, rent for the same house is estimated at CFA60 000 – CFA100 000 (US$95 – US$158).[45] But in 2022, despite the current high inflationary environment, the government reaffirms its commitment to offer the cheapest newly-built social unit at CFA12.5 million (US$19 839). The cost of labour per m^2 is CFA25 000 (US$39).

Policy and legislation

CIV has a comprehensive set of regulations, policies, and laws targeting each specific component of the housing value chain. The Ministry of Construction, housing and Urban Planning (MCLU) manages the implementation of government policy, oversees developers and improves access to housing. The Construction and Housing Code was introduced in 2019 to better regulate the real estate sector, improve building safety and curb unauthorised construction (with an estimated 80% of construction being built without the necessary permits). In 2022 a brigade was introduced to reduce illegal construction, supported by the Directorate of Urban Sanitation and Drainage.[46]

The government adopted the Programme National d'Éducation Financière (PNEF) in 2020 to give financial education to those with low income and prepare them to access financial services.[47] This programme might be beneficial to democratising information around housing finance among those in need. In addition, it might improve the financial acumen of households so that they understand and adopt productive behaviour to access housing finance.

Men and women are afforded the same rights to access land and private property. Statutory laws do not differentiate based on gender. Since law 2013-33 of 25 January 2013 amended by law 2019-570 of 26 June 2019, men and women are considered "head of the family."[48] Married women are not subject to their husband's approval when exercising their fundamental rights, save that they freely agree to do so. However, assessing the impact of such a gender-parity-based policy is challenging when gender-based data are not readily available. On rural land, the coexistence of statutory and customary laws might threaten women's access to land in a specific area. Culturally, gender parity does not exist.

Opportunities

Most households derive their income from the informal sector. Thus, the economic performance of this sector remains critical to many households and to ensure social welfare, especially in times of crisis. Aware of this, the government adopted

a series of innovative changes in both the institutional and, legal and regulatory frameworks. These changes aim to include the diversity of social classes in designing and implementing public housing policies while promoting a good investment environment for key stakeholders operating, or interested, in affordable housing.

In addition, the re-launch and re-design of the PPLSE with the same goal of delivering 150 000 social and economic units over the next few years reinforces the current government commitment to make access to affordable units a reality soon. And the program implementation strategy is open and seeks international collaboration with international private developers. The diversity of developers is an opportunity for foreign companies and investors to look at the local market capacity and meet their societal and financial corporate goals.

Availability of data on housing finance

The National Institute for Statistics is responsible for ensuring the technical coordination of the national statistical system and for producing and disseminating statistical data for the government, the public administration, and the private sector and development partners.

With the support of the African Development Bank, the government of Cte d'Ivoire has put an open-data platform in place which provides relatively updated information on the country's housing sector.

The National Fiscal Direction provides information on private property tax, the application and tracking process, conventional mortgages, and notarised sales of land and property.

The central bank and international organisations such as the World Bank provide updated information on the financial sector and some aspects of the housing finance sector. Obtaining updated information on housing loans remains difficult.

Furthermore, the latest social and demographic figures in the 2021 census also show some positive trends for the future of housing. Over 90% of the Ivorian population is below the age of 65. Coupled with the fast population growth, this indicates a continuing need for decent and affordable housing for young and mature adults now and in the next generation.

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Green applications for affordable housing

The government is actively involved in the fight against climate change. As part of its current commitment (among many others) to protect the environment and mitigate the adverse impact of climate change on its economy, it recently participated in COP 26 in Glasgow, Ecosse. But despite the government's climate change engagement, green housing is not yet developed, and there are no express regulations, policies, or laws on the matter.

However, the IFC is scrutinising the construction sector to identify private developers who might meet some of its EDGE certification requirements. The objective will be to equip them with the right tools to become pioneers in the local green housing sector. The IFC EDGE certification provides extensive training in green building methods and access to green finance.

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Democratic Republic of Congo (DRC)

Badienzele Isaiah Mutombo

Overview

The Democratic Republic of Congo (DRC) has an area of 2 435 410 km^2 with an estimated population of 92 377 986 of which 52% are women.[1] Population density is 40.84/km^2 , and the population growth rate is estimated at 3.1%. Seventy one percent of the population live in rural areas, and nearly three in every four people live on less than FC3 903 (US$1.90) a day.[2] Population growth has led to considerable problems, including inadequate housing, increased air pollution, and lack of access to basic services and infrastructure. Investments in formal affordable housing have not kept pace with the concentration and growth of the population in urban areas.[3] The country has five economic regions that are urbanising at different rates including Kinshasa (80%), the East (17%), and the South (42%).[4] Unplanned growth has led to the proliferation of uninhabitable and impractical neighbourhoods, suffering from poor services and various environmental and disaster risks.[5]

Mining helped economic growth as measured by real Gross Domestic Product bounce back from its 2020 low of 1.7% to 5.7% in 2021,[6] well above the 4.5 % rate in sub-Saharan Africa.[7] Growth prospects for 2022 are favourable and poverty is expected to decline slightly. Inflation was projected to be around 11% in 2021 and 7.5% in 2022. The central bank, Banque Centrale du Congo (BCC), kept its key interest rate at 7.5% in April 2022,[8] while it set the official exchange rate at US$1 = FC1 995. BCC cut its main interest rate from 18.5% to 8.5% in 2021, and then again in January 2022 by another 100 basis points to 7.5%, promising to maintain that rate for the year.[9] Government and the central bank provide finance lenders with preferential terms, conditional on meeting specific sustainability targets.

The key climate change risks for the country reveal a strong link between poverty and climate change. On 6 May 2022 heavy rains and strong winds in the Lubero region in the north of North Kivu province affected a number of families, destroying more than 40 houses, more than 10 schools, and some religious buildings. These families were unable to rebuild and secure their property.[10] The poor and vulnerable will be more exposed to these impacts, with an increased risk that more people fall into poverty. The government recognises the importance of climate resilience for sustainable development but does not have a strategic climate change plan in place.[11]

Access to finance

The financial sector comprises 16 active licensed banks; a public insurance company (Société Nationale d'Assurances – SONAS) ; the National Institute of Social Security (INSS) ; four private insurance companies and two insurance brokers; six specialised institutions; 143 microfinance institutions and cooperatives; 59 money transfer institutions; four electronic money institutions; and 16 foreign exchange offices.[12] There is no stock market, capital market, or debt capital market. Bank funding consists mainly of demand deposits from the private sector, with corporations accounting for 37% and households 54% of total deposits.[13]

The DRC's banking system has made some progress toward financial inclusion following the policy of "bancarisation" initiated in 2011. Still, at approximately 6%, the financial inclusion rate is well below the average for sub-Saharan Africa of approximately 25%, and is one of the lowest levels in the world.[14] According to World Bank Findex data, bank account penetration in the DRC increased from 19% in 2014 to 26% in 2017.[15] Approximately 12% of DRC adults have a bank account; 24% have a financial service with another formal supplier.[16]

According to the DRC Gender Landscape (2022), 4.4% of women have borrowed for a business compared to 6.6% of men and 20 women out of 31 (95%) do not have land, alone or in common, registered in their name.[17] In principle, the DRC law prohibits discrimination against access to credit based on gender and it also gives men and women equal ownership rights to immovable property.[18] However, the market report (target)

KEY FIGURES

Main urban centres	Kinshasa, Lubumbashi Boma, Goma
Exchange rate (1 July 2022): 1 USD = [a] 1 PPP$ = (2021) [b]	1 995.61 Congolese Franc (CDF) 953.44 Congolese Franc (CDF)
Total population (2021) [b] | Urban population (2021) [b] Population growth rate (2021) [b] | Urbanisation rate (2021) [b] Percentage of urban population living in slums (2018) [d] Population living less than 5m above sea level (2010) [b] Most common fuels used by households | by B40 households (2014) [e] Percentage of female-headed households (2014) [e] Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c] Unemployment rate (% of total labour force, national estimate) (2017) [b] Percentage of women participating in the labour market formally (2021) [b] Gini coefficient (2017) [b] HDI country ranking (2020) [d] | HDI country score (2021) [d]	92 377 986 | 42 710 962 3.10% | 4.40% 77.5% 0.04% Wood | Wood 24.9% 67.11% 65.0% 61% 61.0 180 | 0.50
GDP per capita (Current US$) (2021) [b] GDP (Current US$) (2021) [b] GDP growth rate (2021) [b] Inflation rate (2020) [b] Lending interest rate (2018) [b] Proportion of adult population that borrowed formally (2021) [b]	US$584 US$53 986 million 5.71% 8.40% 18.0% 35%
Number of residential mortgages outstanding Value of residential mortgages outstanding (USD) (2019) [f] Prevailing residential mortgage rate | Term [g] Maximum LTV on a residential mortgage Ratio of mortgages to GDP (2019) Number of residential mortgage providers [h] Percentage of women who own a house alone and/or jointly (2014) [e] Number of microfinance loans outstanding (2021) [i] Value of microfinance loans (USD) (2021) [i] Number of microfinance providers [h]	n/a US$106.1 million 12 – 25% | 20 years n/a 0.21% 6 37.2% 569 240 US$104.7 million 19
Total number of residential properties with a title deed Number of formal dwellings completed annually [j] Number of residential projects certified by EDGE Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k] Size of cheapest, newly built house by a formal developer or contractor in an urban area [l] Typical monthly rental for the cheapest, newly built house (2020) [l] Cost of standard 50kg bag of cement in local currency units [l] Type of deeds registry: digital, scanned or paper (2020) [m] World Bank Ease of Doing Business index rank (2020) [m] Time to register property (days) | Cost to register property (2020) [m] World Bank DBI Quality of Land Administration index score (0-30) (2020) [m]	n/a 330 n/a 73 815 000 CDF 100m^2 107 497 CDF 21 951 CDF (US$11.00) Paper 183 38 days | 10.1% 9.0

NB: Figures are for 2022 unless stated otherwise.

Members of the African Union for Housing Finance (AUHF): Miyamoto

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Rawbank
[g] Numbeo
[h] Central Bank of Congo
[i] International Monetary Fund
[j] 7sur7.cd
[k] Objectif habitat Asbl
[l] Congo Original Coaching and Consulting
[m] World Bank Ease of Doing Business Indicators

of the DRC shows that in urban areas, more men (15 %) had bank accounts than women (8%) in 2022.[19]

DRC's overall housing financial sector is underdeveloped. The country has two housing institutions, the National Housing Fund and the Congolese Real Estate Agency, but they are not fully operational.[20] According to Numbeo, in Kinshasa, mortgage interest rates vary from 12% to 25% yearly, for 20 Years at a fixed rate.[21] The cost of borrowing is high at 20.6% in 2017. Business loans are therefore mainly used to finance short-term business needs and export/import activities. Except for microfinance, credit is mainly reserved for larger companies or loans that are collateralised by cash or benefit from offshore guarantees.[22]

The top 10 banks in the DRC accounted for nearly FC9 181.29 billion (US$4.60 billion) in assets as at end of December 2020.[23] Among these banks, only Rawbank offers mortgage products to clients and provides housing loans of up to 10 years. Medium and long term loans are hard to find. The five largest banks hold almost 65% of bank deposits and more than 60% of total bank assets.[24]

Banking operations consist mainly of collecting demand deposits and providing short-term loans. The number of mortgages increased from 549 316 to 569 240[25] in 2021. The DRC's financial sector is small, with total assets of US$5.3 billion (11% of GDP at end-2018), and a private credit-to-GDP ratio of 4 .9% in November 2018.[26] Non-performing loans reached 13.2% in October 2019 compared to 7% in 2014, and stood at 8.8% of gross loans in August 2021, but may be underreported given the ongoing suspension on loan reclassification.[27] Lower profitability, growing non-performing loans, and the low level of provisions (37%) are likely to reduce the capital below the required 8% maximum risk-weighted assets.[28]

The banking sector in the DRC remains underdeveloped and there is no domestic stock market. Moreover, access to financial services such as credit is confined to a small share of the population due to cumbersome procedures and the high level of collateral required.[29] Banks report that generally the same credit processes, underwriting standards, and bank/product access requirements apply for both men and women.[30] The World Bank expected International Development Association (IDA) financing to boost its active loan portfolio to approximately FC13 965 billion (US$7 billion) at the end of June 2022.[31] The DRC's financial sector is small, with assets totalling FC10 573.5 billion (US$5.3 billion), approximately 11% of GDP at the end of 2018, and a private credit to GDP ratio of 4.9% in November 2018.

The DRC's financial sector has a key role to play in making growth more inclusive and less dependent on commodity prices.[32] To this end, the BCC has also deferred the adoption of new minimum capital requirements, encouraged the restructuring of non-performing loans, and promoted the use of e-payments.[33]

As well as maintaining its key interest rate at 7.5% in order to reduce the cost of credit and stimulate private sector growth,[34] the central bank has taken other steps such as allowing financial institutions to suspend penalties on overdue claims during the crisis. Banks have been allowed to be refinanced for 24 months to increase their resources to enable them to provide new credit for among others, imports and food production.[35]

Affordability

DRC has an overall deficit in housing estimated at 3 945 555 or 263 039 housing units to be built a year.[36] The needs of the city of Kinshasa are estimated at 54.4% of the overall deficit, or 143 092 housing units a year. The latest DRC National Institute of statistic (INS) survey report shows seven out of 10 households (69.9%) own their home (regardless of quality).[37]

Most Congolese make their living in micro-enterprises and small informal enterprises, earning little in low-value-added activities.[38] This means the average Congolese has not much chance of being able to afford a formal house. Furthermore, 83% of people in urban settings are regarded as being in formal unemployment.[39] Informal employment accounts for 88.6% of total employment with the balance of 11.4% being formal.[40] The DRC's Gini index (where 0% is perfect equality and 100% complete inequality) is 42.1%.[41] The DRC has experienced sustained economic growth allowing the country to invest massively in rebuilding its public infrastructure.[42]

In Kinshasa, monthly rent for a one-bedroom apartment in the city centre is estimated to be FC5 486 250 (US$2 749) while a one-bedroom apartment outside the city centre is FC1 845 375 (US$925).[43] Rental for a three-bedroom apartment in the city centre is approximately FC8 977 500 (US$4 499) while a three-bedroom apartment outside the city centre is FC3 491 250 (US$1 749).[44] The purchase price for an apartment in the city centre is FC14 637 893.55/m^2 (US$7 335/m^2) while outside the city centre it costs FC1 529 506.65/m^2 (US$766.67/m^2).[45] Few Congolese can afford these prices.

The shortage of formal jobs mean many concentrate on informal economic activities that are characterised by low wages. Salaries in the DRC Congo range from FC120 000 (US$60) (lowest average) to FC2 120 000 (US$1 062) a month (maximum average salary).[46] This average monthly salary includes housing, transport, and other benefits. Salaries vary greatly between different careers. With a gross national income per capita of US$1 131 in international dollars (PPP) in 2020, DRC is a low-income country.[47]

Household expenditure on basic service provision in DRC in 2020 was 69.1%, compared to the world average in 2020 based on 151 countries at 63.45%.[48] The average monthly net salary is FC831 256.65 (US$416.54). Further, the country's mortgage interest rates vary from 12.0% to 25.0% yearly, for an average term of 20 years.[49] The level of credit indebtedness represents barely 14% of GDP and limits the risk of debt distress.[50] Housing-related subsidies are lacking. The new government prioritises building basic facilities such as roads, bridges, and water and electricity infrastructure as a foundation for development.

Housing supply

In urban centres according to the latest research report of the National Institute of statistics (INS), almost one out of 10 (7.5%) households have at least one rented house, mostly in urban areas (15.9% against 2.7% in rural areas).[51] Furthermore, 85% of housing in rural areas and 44% in urban areas is owned. In Kinshasa, the capital city, 81%, as opposed to 51% on average in provinces, live in good-quality housing that is with the floor, roof and external walls made with sophisticated materials. Across the country, 23% of households live in good-quality housing.[52] However, approximately half of the population (52%) have access to basic water and 29% to sanitation.[53]

According to Congolese developers and builders, the smallest residential plot sizes in urban areas are 80m^2, 100m^2, and 150m^2.[54] The Ministry of Housing and Habitat aims to provide low income housing, to implement housing policies and programmes, and to develop standards, policies, and technology to improve housing through public private partnerships. As a result, IIB-DG Africa has signed a memorandum of understanding with the DRC government to build 50 000 social housing units that will go on sale when they are completed for as little as FC29 925 000 (approximately US$15 000) to FC49 875 000 (approximately US$25 000).

Most residential construction materials are locally produced. The total cost per square meter for a newly built house including materials is FC1 995 (US$100/m^2).[55] Building materials supply chains were mostly not affected by COVID-19, with the exception of imported materials such as polished wood, concrete, and tile, and areas where COVID-19 was highest.

The overall housing deficit is estimated at 240 000 homes to be built a year. The World Bank ranks DRC at 144 out of 165 economies for general "ease of dealing with construction permits" in 2020. It requires 13 procedures and takes 122 days to obtain a construction permit, a process costing approximately 13.8% of the warehouse value.[56] High-value projects are usually awarded to large foreign construction companies through their well-established Congolese subsidiaries. The number of people employed in the industry sector including construction was 9.84% of the total employment in 2019.[57]

Property markets

The real estate sector in DR Congo is characterised by: a shortage of developers, a lack of institutions specialising in the financing of real estate, and a mismatch between urban development and related services. INS 2021 reports that 36.5% of residential property owners of Kinshasa hold a title deed. The figure for the country is 65.7%, while many owners still have to update their properties.[58]

There is early progress toward digitalisation through the deed registry system. The e-Foncier project will establish land security for both investors and individuals, electronically store all the data collected in a database accessible to all public

DEMOCRATIC REPUBLIC OF CONGO – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **FC268 000** per month

you could afford to purchase a **FC5.647 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **FC503 000** per month

you could afford to purchase a **FC10.599 million** house with a mortgage.

Mortgage assumptions – Democratic Republic of Congo

- 18.5% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

authorities, resolve land disputes and create jobs.[59] Currently, on property registration the DRC is ranked 159 out of 190 economies and registration can be completed in 38 days through eight steps.[60] Land and natural resources remain vested in the state or are allocated informally through customary law.[61] However, customary leaders manipulate land allocations for their personal benefit, or for patronage.[62]

Rapid population changes impact on land uses and land rights. The new "e-Foncier project" aims to bring up-to-date transparency on land activities, capture revenue, secure land as well as modernising land services.[63]

Property market incomes are as follows[64]: retail rent can generate a yield of 10% or FC59 850 ($29) a square meter in 2022 compared to FC59 480 ($29) a month in 2021. The residential property market earned an 8% rental yield of FC19 952 000 ($9 997) a month in 2022, compared to FC19 827 000 ($9 935) per month in 2021 for a four-bedroom executive house.

DRC has more informal than formal estate agents. Its large cities have real estate agencies that most often operate informally, due to a lack of resources.[65]

Policy and legislation

The DRC shows early signs of a new social contract between the government and citizens. Meanwhile, the DRC has embarked on a land reform process, supported by a range of stakeholders. A draft law on institutions supporting housing subsidies has been drafted. The DRC has also undertaken the "e-Foncier" project for digital transformation of the management of the national land cadastre to improve issuing and securing title deeds.[66] This will greatly aid housing development.

The National Land Policy of the DRC was approved by the Council of Ministers on 15 April 2022.[67] The new policy is expected to lead to substantial improvements in several respects. It will ease recognition of tenure security of customary lands in both urban and rural areas, along with subsequent land transactions. It will enhance the recognition of land rights of marginalised groups, particularly women, who are denied access to property rights to land due to patriarchal norms and customary rights. The law will significantly modernise land tenure, improve transparency and delivery of land tenure services, and decentralise land tenure functions.

The Family Code provides that daughters and sons have the same rights to inherit land (Art. 758-761, 1987).[68] Likewise, the law ensures that surviving spouses, female and male, equally have the right to inheritance. Moreover, the Code prohibits disinheritance and fines those who perpetrate it (Law 016-008, Art. 545). Building safety in the DRC is the responsibility of the Ministry of Infrastructure and Public Works. Building codes supporting green building appear undeveloped.

Opportunities

The opportunities for new housing presented by the overall deficits are estimated at 3 945 555 or 263 039 housing units to be built a year.[69] The city of Kinshasa is estimated to account for 54.4% of the overall deficit, or 143 092 housing units a year.

In order for housing opportunities to be realised the following linked actions are urgently required.

- Improved urban planning, especially in Kinshasa;
- Mobilising resources for housing;
- Emergency action to reduce areas of urban poverty;
- Rational use of land in land management practices;
- Developing national municipal policies and local building capacity;
- Ensuring lenders provide services of both lender and mortgage agent;
- Supporting incremental housing development by good planning and design; and
- Housing micro-finance initiatives to help households build their homes step by step.

Key trends to be observed in the year ahead are: urbanisation growth due to pull and push factors, and urban population increases. The opportunity (and the challenge) is to increase the level and productivity of private investment in key urban sectors such as housing construction. Therefore, investors could plan residential development around the six industrial development zones of the DRC.

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UN Habitat www.unhabitat.org
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Availability of data on housing finance

Central Bank of Congo produces economic and financial statistics. However, data are not regularly available (it should be produced annually), but it is published online.

National Institute of Statistics (NIS) undertakes periodic census data, but this is also done irregularly. It is however published online. The NIS disaggregates data by gender.

Institute of Economic and Social Research (IESR) produces price statistics. These are produced irregularly on a weekly, monthly or annual basis and are available online.

Minister of Finance prepares Periodic Financial Soundness Indicators. This are also produced irregularly, but are available online.
There are data gaps for housing finance information as the information produced is not consistently collected and updated.
There are no local sources of data to measure climate change impact or to identify adaptations to climate change for affordable housing.

Green applications for affordable housing

In the DRC, there are no green building standards for the country or a regulator to enforce green standards in the building industry.

Based on the information available, neither affordable housing projects with EDGE (green) certification nor banks offering green mortgages have been identified. No names and website addresses in the DRC of green housing financial service providers/green microfinance providers, nor green enterprises in the MSME sector, could be found.

Hydropower is the main source of electricity. Approximately 19% of Congolese have access to electricity, just over half have access to clean water, and improved sanitation systems are available to only 29% of the population. However, approximately 95% of the country's energy demand is currently met by biomass sources. Solar energy is another off-grid alternative service.

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Djibouti

Dr. Moses M. Muthinja

Overview

Djibouti is a small, arid country in the Horn of Africa with an estimated population of 1 002 197.[1] The country is an island of peace in a conflict-plagued region and has become a haven for refugees escaping wars in Somalia, Yemen, Eritrea, and Ethiopia. An estimated 78% of the population lived in urban areas in 2021,[2] making it one of the most urbanised countries in the world. Despite its overall positive outlook, Djibouti also has a high poverty rate. Although more recent poverty figures are not available, the 2017 data shows that the national extreme rate of poverty stood at 21.1% with rural areas at 45%.[3] While the country's economic performance has been on an upward trajectory, Djibouti continues to grapple with housing issues and the expansion of informal settlements or slums. Recently, this has been exacerbated by migrants becoming stranded in the country's informal settlements, as Djibouti is situated along the migration corridor between Somalia, Ethiopia and Eritrea.[4]

Djibouti is strategically located on the Red Sea, and its economy is driven by its port complex serving the shipping trade routes between Europe and Asia, as well as serving as a military base for France, the United States, Japan, China, and the North Atlantic Treaty Organisation (NATO) and for anti-piracy stations for other countries.[5] The Djiboutian Franc is one of the most stable currencies in the region having benefited from the country's calm political and macroeconomic environment. As at September 2022, US$1 was worth Fdj177.5 (US$1) compared with Fdj180 recorded in 2021. Djibouti's economy is showing signs of recovery, with the resumption in activities at the port largely driven by the international trade revival following the Covid-19 pandemic.[6] Economic growth in Djibouti as measured by Gross Domestic Product (GDP) was 7.02% in 2021.[7] The June 2022 annual inflation rate stood at 11.6% compared to the May inflation rate of 5.3%, while the June food inflation rate was 25.7% compared to 11.1% recorded in May 2022.[8] These inflation rates suggest that the effects of the Russia-Ukraine war have continued to put upward pressure on food and oil prices, driving up overall inflation.

Djibouti is susceptible to multiple natural hazards such as regular flash floods, frequent earthquakes, multi-year droughts, and drought-fueled fires.[9] With only 0.04% of its land arable, and an average annual rainfall of only 130mm, Djibouti cannot produce sufficient food to meet its needs, and therefore depends on imported goods.[10] Djibouti city, where 70% of the population live, is exposed to the risks associated with the rise in sea level and that climate change will harm the country's marine and terrestrial ecosystems.[11] Floods have been observed to devastate infrastructure such as houses and roads thus aggravating the country's high poverty rates.[12] The World Bank, UN-Habitat and other UN agencies have helped Djibouti develop the housing and settlement sector by identifying the damage caused by climate change, outlining recovery strategies, and in meeting short, middle and long-term housing needs.[13] Djibouti has also benefited from the United Nations Environment Programme (UNEP) Global Environment Facility for Least Developed Countries, enabling the country to build dikes that have saved many houses from destruction by floods.[14] Importantly, although the perennial destruction of homes and infrastructure in Djibouti has been documented, there is no evidence to suggest that victims receive any form of compensation. Climate change has reduced the availability and access to clean drinking water. In rural areas, nearly 65% of the population reportedly is without safe drinking water and therefore risks catching waterborne diseases.[15] Housing developers will therefore need to factor in the source and reliability of clean drinking water in the houses they build.

KEY FIGURES

Main urban centres	Djibouti City
Exchange rate (1 July 2022): 1 USD = [a]	177.77 Djiboutian Franc (DJF)
1 PPP$ = (2021) [b]	100.88 Djiboutian Franc (DJF)
Total population (2021) [b] | Urban population (2021) [b]	1 002 197 | 783 888
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.43% | 1.62%
Percentage of urban population living in slums (2018) [d]	64.5%
Population living less than 5m above sea level (2010) [b]	12.4%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	23.54%
Unemployment rate (% of total labour force, national estimate) (2019) [b]	26.1%
Percentage of women participating in the labour market formally (2021) [b]	17%
Gini coefficient (2017) [b]	41.6
HDI country ranking (2020) [d] | HDI country score (2021) [d]	171 | 0.51
GDP per capita (Current US$) (2021) [b]	US$3 364
GDP (Current US$) (2021) [b]	US$3 371 million
GDP growth rate (2021) [b]	7.02%
Inflation rate (2020) [b]	1.8%
Lending interest rate	n/a
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2019) [f]	US$84.56 million
Prevailing residential mortgage rate | Term (2020) [f]	7% | 22 years
Maximum LTV on a residential mortgage [g]	70%
Ratio of mortgages to GDP (2019)	2.49%
Number of residential mortgage providers [h]	13
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers [h]	4
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [i]	5 400 000 DJF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [i]	30m^2
Typical monthly rental for the cheapest, newly built house (2019) [i]	57 597 DJF
Cost of standard 50kg bag of cement in local currency units [j]	1 777 DJF (US$10.00)
Type of deeds registry: digital, scanned or paper (2020) [k]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [k]	112
Time to register property (days) | Cost to register property (2020) [k]	24 days | 5.6%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	7.0

NB: Figures are for 2022 unless stated otherwise.

Members of the African Union for Housing Finance (AUHF): Miyamoto

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] National Institute of Statistics of Djibouti
[g] Salaam African Bank
[h] Central Bank of Djibouti
[i] Expatistan.com
[j] Ahmed Basha Building Supplies
[k] World Bank Ease of Doing Business Indicators

Access to finance

Djibouti has a small but well-developed financial system, largely dominated by the banking sector. According to the Central Bank of Djibouti (Banque Centrale de Djibouti), the country has 10 conventional commercial banks, three Islamic banks, 18 forex bureaus,

four microfinance institutions and two specialised financial institutions.[16] Commercial banking in Djibouti is regulated by the Central Bank of Djibouti which is also the country's monetary authority. The high poverty and unemployment rates coupled with high vulnerability to economic and climate shocks in Djibouti could impede widespread access to finance.[17]

Djibouti has one of the lowest lending rates in the Horn of Africa and Sub-Saharan Africa regions, thus providing excellent real estate financing opportunities. For instance, while lending rates in Kenya, the region's biggest economy, average 12%,[18] lending rates in Djibouti average 7%.[19] Djibouti has no comprehensive and operational electronic database that could be used for checking mortgages.[20] Thus lending practices tend to favour large businesses and rarely start-ups or small businesses. That loan default rates in the country are low by international standards may be due to selective credit practices that are biased against the poor. For instance, whereas in 2020 Djibouti had 2.12% non-performing loans as a percentage of all bank loans, the world average based on 121 countries was 6.6%.[21]

Commercial banks represent over 94% of financial assets in Djibouti's financial sector.[22] Notably, the banking sector is dominated by Islamic banks[23] in the predominantly Muslim country. Of these Islamic banks, the East Africa Bank (EAB) and Salaam Africa Bank are the main actors, with EAB, a fully compliant sharia bank, having seven branches in Djibouti.[24] Most recently, the financial sector has attracted the support of international organisations interested in building capacity of the sector. So, EAB recently received support from the International Finance Corporation (IFC) to develop risk and credit management systems to curtail losses, raise capital and gain the confidence of investors and regulators.[25] Islamic banking is at the core of Djibouti's banking sector given that Islam is the dominant religion in the country, practised by 94% of the population.

The gender gap in bank accounts is pronounced. Only 8.8 % of women have an account in a bank or any other financial institution, compared to 16.6% of men.[26] According to the World Bank, the percentage of women having a bank account in Djibouti is lower than in the lower middle-income group of countries and in the Middle East and North Africa region. The gender gap in bank account access in Djibouti is explained by the high poverty, illiteracy and unemployment rates of Djibouti women. For instance, the United States Agency for International Development (USAID) observes that 65.5% of Djibouti women are illiterate while 19% are employed compared to 81% of men.[27] It is expected that as the financial sector continues to expand due to rapid growth in Islamic banking in Djibouti, financial access in general and account ownership by women in the country will increase.[28]

Affordability

Decent housing in Djibouti is beyond the reach of much of the population due to the high poverty and unemployment rates. Decent housing, whether owner occupied or rented, is not realistic for most Djibouti dwellers. The cost of renting a one-bedroom apartment in Djibouti's city centre ranges between Fdj89 737 (US$505) and Fdj390 000 (US$2 194) while a three-bedroom house at the same location rents for between Fdj130 000 (US$731) and Fdj600 000 (US$3 375).[29] Outside the city centre, renting a one-bedroom house will cost between Fdj50 000 (US$281) and Fdj177 935 (US$1 001) while a three- bedroom house will cost between Fdj65 000 (US$366) and Fdj215 371 (US$1 212). The cost of a plot of land largely depends on its location. Djibouti city is zoned into zones 1 to 5 with 1 located at the central business district (CBD) and zone 5 located in the outermost city suburbs. Thus, the price of land falls as one moves from zone 1 to 5, with the price of land per square metre varying as follows: Zone 1: Old Djibouti Station Fdj25 000/m^2 (US$141/m^2); Zone 2: PK 20 to PK 23 south of RN 1 Fdj2 000/m^2 to Fdj3 000/m^2 (US$11/m^2 to US$17/m^2): Zone 3: Douda – Nagad housing estates and their vicinity Fdj5 000/m^2 (US$28/m^2); Zone 4: Balbala Sud housing estates – Nassib and their neighbourhood Fdj2 000/m^2 (US$11.25/m^2); and lastly Zone 5: Balbala housing estates – PK 12 and their environs Fdj3 000/m^2 (US$17/m^2).[30] While there is no data regarding average earnings in the informal sector, earnings from formal employment in Djibouti would range between Fdj56 500 (US$318) and Fdj997 000 (US$5 608) with an average of Fdj223 000 (US$1 254) per month.[31] These earnings may suggest that most Djibouti dwellers would find housing (whether buying or renting) to be quite pricey, especially in zone 1. While land in zone 5 may be cheaper, the zone is home to the biggest slum in Djibouti-Balbala.[32]

The government is making efforts to partner with the private sector to develop housing units under public private partnership (PPP) arrangements and the government recently floated a tender for a PPP aimed at developing affordable housing.[33] The local availability of cement is a big problem owing to high energy costs that discourage would be cement producers from setting up production plants in the country.[34] The absence of local cement producers means that the cost of cement and building costs are high. There is no evidence of associations involving home developers or other actors in the construction industry. Whereas the country is not known to possess sufficient skilled construction labour, high unemployment supplies sufficient unskilled labour.[35]

Housing supply

Housing supply in Djibouti, especially of decent housing, remains a challenge. In the recent past the country has grappled with rapid uncontrolled expansion of slums in urban areas, mostly aggravated by refugees and foreigners escaping war-torn neighbouring countries.[36] The proliferation of slums has had negative implications for service delivery of basic amenities and for progress in the Sustainable Development Goal (SDG) index.[37] Over 20% of Djibouti dwellers live in fast-growing slums with poor quality housing and with minimal or no access to basic services.[38] Thus, rapid growth in Djibouti population is a result of natural demographic expansion coupled with influx of people from rural areas as well as from neighboring war-torn countries. It appears meeting the demand for low-cost housing will remain a mirage considering real estate construction in the country is dominated by foreign companies such as the large companies awarded tenders for Chinese-funded projects.[39] The Saudi Fund for Development (SFD) is funding three projects in water and housing. This entails construction of close to 105km of piped water as well as water tanks at a cost of Fdj1.7 billion (US$9.5 million) benefiting 45 000 people in the coast province; a second project amounting to Fdj1.2 billion (US$6.8 million) involving the construction of 120 housing units; and construction of the 60km Djibouti-Galafi road linking Djibouti with neighboring countries, at a cost of Fdj21 billion (US$118 million).[40]

Other funded projects include Fdj5.3 billion (US$30 million) World Bank funding aimed at improving the living conditions of 114 000 slum dwellers residing in Ali-Addeh and Hol-Hol slums.[41] In the year 2018, the government launched a project dubbed Plan Zéro Bidonville (Zero Slums Plan) aimed at eradicating all slums in the city by building at least 20 000 low-cost housing units.[42] Nonetheless, while 20 000 units is a giant step towards solving the housing problem, the units are insufficient to deal with the 30 000 housing shortfall and estimated annual demand of 3 000 units.[43] According to the plan, beneficiaries will pay a monthly rent of between Fdj15 110 (US$85) and Fdj40 887 (US$230) for the units, and total investment will entail annual investment of Fdj8.9 billion (US$50 million) over 10 years.[44] Most of Djiobouti's building materials are imported, owing to high local production costs driven up by high energy costs.[45] The government has given tax breaks of 8%-20% on the cost of imported construction materials to ameliorate the expense of construction for citizens.[46]

Property markets

Djibouti has an active property market, largely driven by the private sector and immigrants.[47] The country has accessible processes for registering properties, involving six procedures over 24 days on average and at a cost of 5.6% of the property value. This has led Djibouti to be ranked 117 for registering property out of 190 countries globally in the now discontinued World Bank Doing Business Index.[48] Buying an apartment will cost Fdj120 000/m^2 (US$675/m^2) to Fdj450 000/m^2 (US$2 531/m^2) in the city centre and between Fdj90 000/m^2 (US$506/m^2) and Fdj280 000/m^2 (US$1 575/m^2) outside the city centre.[49] Fixed fees are payable for real estate transaction taxes and land conservation.[50] Land conservation and tax filing processing takes 72 hours (3 days). For plots of land in the old quarters with an area of 150m^2, the government normally issues a simplified building permit.[51]

In support of the market, Djibouti has many real estate companies and estate agents. Banks such as Salaam African Bank are willing to finance up to 70% of the value of residential properties with the financing payable over five years.[52] Both men and women have equal rights when it comes to ownership of land. There is no evidence of digitisation of title deeds.

Property markets in Djibouti were hit by COVID-19-related supply chain disruptions of construction materials as well as restrictions on free movement of construction workers. Given that the country lies along the migratory route used

DJIBOUTI – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **Fdj160 000** per month	who earns **Fdj292 000** per month
you could afford to purchase a **Fdj9.224 million** house with a mortgage.	you could afford to purchase a **Fdj6.833 million** house with a mortgage.

Mortgage assumptions – Djibouti

- 7.0% interest rate
- 30% deposit
- 22 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

by refugees, many of the migrants were left stranded by the COVID-19 movement restrictions and had to find a place to settle.[53] Migrants built slums around existing housing units and this has had the effect of lowering the values of the affected properties.

Policy and legislation

The "Vision Djibouti 2035" development strategy is aimed at transforming the country into a middle-income country as well as a logistics and trade hub for East Africa.[54]

Djibouti's building regulations are published online and in the official gazette and are available for free.[55] The responsibility for formulating and implementing housing policies in the country lies with the Ministry of Habitat, Urban Planning and Environment (Ministère Délégué auprès du Ministère de l'Habitat, de l'Urbanisme et de l'Environnement chargé du Logement, MDMHUEL). Article 55-1 sets out the procedure for enabling creditors to obtain their mortgage guarantees within a reasonable time. Thus, this provision enables both the creditor and debtor to agree on the modalities for private sale of mortgaged property subject to judicial control.[56] Importantly, Law No. 177/AN/91 2nd L of 10 October 1991 on the organisation of land is an important reform that facilitates the ownership of land for Djiboutians and foreigners, especially foreign investors.[57] Djibouti's legal and policy framework enables men or women, whether citizens or foreigners, to own land in the country.[58]

The introduction of the Fdj35 000 (US$197) per month minimum wage in the country is likely to put upward pressure on the cost of real estate development in the long run.[59]

The country has been praised by the United Nations High Commission for refugees (UNHCR) for protecting refugees through legislative reforms and adopting the Comprehensive Refugee Response Framework (CRRF).[60] Further, Djibouti passed Refugee Law No 159/AN/16/7ème (the 2017 Refugee Law) which gives refugees many rights such as social economic rights for both asylum seekers and refugees.[61]

Opportunities

Djibouti is one of the most stable and peaceful countries in the Horn of Africa and has played host to wealthy immigrants especially from Yemen and Somalia.[62] The country's stability is an outstanding investment opportunity, especially in the context of the turmoil in the region. Sustained economic growth, triggered by expansion in port activities in addition to U.S. dollar-pegged currency that has remained stable over the years, creates a favourable investment environment for home developers.[63]

Major economic activities in infrastructure in the country will not only spur economic activities, create jobs, and increase disposable incomes, but also provide critical shared infrastructure which will benefit investors. Djibouti has undersea telecommunications cables which could support new digital and service industries.[64]

Lastly, investors may tap into opportunities afforded by the UN Habitat and other UN agencies as well as the World Bank through the Djibouti government in support of housing and settlement.[65] By partnering with the government and the participating development partners, investors could reap rewards from interventions which seek to help meet short-, medium- and long-term housing needs. The potential for significant growth in the energy sector in Djibouti is high and investors may consider this an attractive prospect.[66]

Availability of data on housing finance

Data availability in Djibouti presents significant challenges. What is available is generally outdated. No government institutions collect data specifically focused on housing or affordable housing. The data on commercial banks, forex bureaus and microfinance operating in the country was obtained from the Central Bank of Djibouti. There is no evidence of a grouping of real estate actors collecting affordable housing data.

Green applications for affordable housing

Djibouti has a good energy mix comprising geothermal, wind and solar and is assessed to have the capacity to produce 300MW of electricity from clean renewable energy sources.[67] The country has slightly over 100MW of installed generation capacity but only 57MW is reliably available. Potential for renewable energy growth in Djibouti through geothermal and solar energy is substantial. Energy costs are prohibitive, blocking establishment of critical industries such as cement factories, with implications for the construction industry. Approximately 84.14% of Djiboutians at least use basic drinking water services.[68] Approximately 67% of the population has access to basic sanitation services.[69]

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Egypt

Zeinab Sayed

Overview

Egypt is the most populous country in the Arab world with 104 258 327 million people.[1] The childbearing rate is 2.9 children per woman, which is estimated will increase the population to 132 million by 2032 and 190 million by 2050.[2] This will increase the housing gap in Egypt, due to the association between population growth and the need for housing units (500 000 units yearly). President Abdel Fattah el-Sisi has commented that the increasing population growth rate has been an added burden to the nation's development projects.[3] With this rapid population increase, the housing sector in Egypt is suffering from high demand for and a shortage of affordable housing units for low-income people.

The National Programme for Economic Structural Reforms that Egypt started in 2016 had a positive effect on the economic indicators. The first phase included floating the national currency, removing subsidies and raising the price of fuel and electricity, and imposing a value added tax. The second phase of the programme started in April 2021 and targets structural reforms in the manufacturing, agriculture, telecommunications and information technology sectors.[4] The International Monetary Fund (IMF) maintained its forecast of gross domestic product (GDP) growth in Egypt at 5.9%[5] for 2022 despite decreasing its forecast of world growth from 6.1% last year to 3.2% in 2022.[6] Egypt's GDP grew by 3.3% during the fiscal year 2020/2021.[7] The headline inflation rate was 13.6% in July 2022 compared to 13.2% in June 2022, with an increase in the price of building materials.[8]

In March 2022, the Central Bank of Egypt (CBE) devalued the Egyptian pound by nearly 14% against the US dollar to reach E£18.54 to a dollar.[9] During 2022, the CBE increased its key interest rates by 1% in March and 2% in May. Accordingly, the overnight deposit rate, overnight lending rate, and the rate of the main operation reached 11.25%, 12.25%, and 11.75%, respectively.[10]

Egypt is highly vulnerable to climate change due to its geographic characteristics. It is hot and arid as it is mostly desert, with a large population concentrated along one main river, and a coastline as its Northern border.[11] Egypt is also susceptible to water scarcity and rising sea levels, which impacts many sectors including agriculture and tourism, and endangers coastal cities.[12] Repercussions of climate change will include an increase in unemployment and migration between governorates. This internal migration will lead to unplanned urbanisation and urban sprawl into rural areas. In an attempt to combat this, the government has launched the National Climate Change Strategy 2050, which aims to improve the quality of life, promote sustainable economic growth, and preserve Egypt's natural resources. The strategy's first goal is "achieving sustainable economic growth and low-emission development in various sectors". The second goal targets "enhancing adaptive capacity and resilience to climate change and alleviating the associated negative impacts".[13] This goal's focus is "protecting citizens from any negative health effects caused by climate change, and preserving the country's ecosystems and green spaces".[14] This goal will be achieved through providing good health care for people, Improving the health sector's ability to handle diseases caused by climate change, and having skilled health teams.[15]

KEY FIGURES

Main urban centres	Cairo, Alexandria, Giza
Exchange rate (1 July 2022): 1 USD = [a]	18.80 Egyptian Pound (EGP)
1 PPP$ = (2021) [b]	4.57 Egyptian Pound (EGP)
Total population (2021) [b] | Urban population (2021) [b]	104 258 327 | 44 687 204
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.86% | 2.05%
Percentage of urban population living in slums (2018) [d]	5.2%
Population living less than 5m above sea level (2010) [b]	21.5%
Most common fuels used by households | by B40 households (2005) [e]	LPG/natural gas/biogas | LPG/natural gas/biogas
Percentage of female-headed households (2014) [e]	12.9%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	51.48%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	7.9%
Percentage of women participating in the labour market formally (2021) [b]	15%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	97 | 0.73
GDP per capita (Current US$) (2021) [b]	US$3 876
GDP (Current US$) (2021) [b]	US$404 143 million
GDP growth rate (2021) [b]	3.33%
Inflation rate (2020) [b]	5.5%
Lending interest rate (2021)[b]	9.4%
Proportion of adult population that borrowed formally (2021) [b]	46%
Number of residential mortgages outstanding (2021) [f]	437 631
Value of residential mortgages outstanding (USD) (2021) [f]	US$3 514 million
Prevailing residential mortgage rate | Term [g]	3 – 8% | 30 years
Maximum LTV on a residential mortgage [g]	85%
Ratio of mortgages to GDP (2021)	0.93%
Number of residential mortgage providers [h]	16
Percentage of women who own a house alone and/or jointly (2014) [e]	4.7%
Number of microfinance loans outstanding [h]	3 800 000
Value of microfinance loans (USD) [h]	US$1 752 million
Number of microfinance providers [i]	957
Total number of residential properties with a title deed (2020) [j]	3 450 000
Number of formal dwellings completed annually (2021) [k]	194 200
Number of residential projects certified by EDGE [l]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [m]	450 000 EGP
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2021) [m]	68m^2
Typical monthly rental for the cheapest, newly built house (2021) [m]	4 500 EGP
Cost of standard 50kg bag of cement in local currency units	70 EGP (US$3.73)
Type of deeds registry: digital, scanned or paper (2020) [n]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [n]	114
Time to register property (days) | Cost to register property (2020) [n]	76 days | 1.1%
World Bank DBI Quality of Land Administration index score (0-30)(2020) [n]	9.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Social Housing and Mortgage Finance Fund

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Social Housing and Mortgage Finance Fund
[g] Commercial International Bank (CIB)
[h] Financial Regulatory Authority
[i] Egyptian Microfinance Federation (EMFF)
[j] Almal Newspaper
[k] Central Agency for Public Mobilization and Statistics (CAPMAS)
[l] Edgebuildings.com
[m] Adwar Company
[n] World Bank Ease of Doing Business Indicators

Currently, due to sea level rise, up to one million housing units are at risk. It is expected that the annual loss in property value would be between E£7billion to E£16 billion (US$372.302 million to US$850.977 million) by 2060, not accounting for commercial properties.[16]

Access to finance

Access to housing finance in Egypt is considered a major problem for many reasons including low incomes and a low financial inclusion rate. Only 36.8 million Egyptians hold bank accounts, including 16 million women.[17] The CBE provides facilities including mortgage finance initiatives and regularly revises its regulations to support different income levels. For example, to facilitate financing to "middle income" people, on 31 May

2022, the CBE added a new item to the mortgage finance initiative issued in December 2019. The initiative allocated E£50 billion (US$2.7 billion) for mortgage finance for single people with a maximum monthly income of E£40 000 (US$2 127) and families with a maximum monthly income of E£50 000 (US$2 659), with an interest rate of 8%. The amendment indicates that "the finance under this initiative will include the maintenance deposit with a maximum of 10% of the unit price".[18]

In October 2021, the CBE modified the initiative's conditions to be more inclusive. The modifications included increasing the maximum price for units to E£2.5 million (US$132 978) instead of E£2.25 million (US$119 669) and canceled the condition that limits the maximum net size of the unit to 150 square meters. It also increased the maximum finance term to 25 years rather than 20 years. In addition, it amended what was needed to fulfil the conditions, guarantees and documents to complete the mortgage procedures before allowing the financing to be used; now the financier may accept whatever other guarantees he deems appropriate, subject to the controls set by the Financial Supervisory Authority.[19]

The number of mortgage finance institutions in Egypt reached 28 in 2022, of which 18 are banks.[20] During the first half of 2022 the Mortgage Finance Fund signed 5 540 mortgage finance contracts with a total value of E£7.3 billion (US$388 million) compared to E£3.1 billion (US$165 million) over the same period the previous year. During the same period, the mortgage refinance value decreased by 23.6% to E£745.5 million (US$39.7 million). In June 2022, the number of signed mortgage finance contracts increased by 53.7% to 1 377 contracts, with a total value of E£2 billion (US$106.4 million), compared to E£754 million (US$40.1 million) signed in June 2021. During the same period, the amount of mortgage finance provided to households with a maximum monthly income of E£2 5oo (US$133) decreased by 35.4% to E£46.6 billion (US$2.5 billion) for 273 contracts compared to 432 contracts over the same period in the previous year. In contrast, the number of contracts signed by those with a monthly income range of E£2,500-E£3 500 (US$133-US$186) dramatically increased by 73.3% to 480 contracts with a total value of E£85.7 million (US$4.6 million), compared to E£44.4 million (US$2.4 million).[21] By the end of March 2022, the number of companies participating in microfinancing activity increased to 1 026 with 2 418 branches. By the end of June 2022, microfinance companies had granted E£32.95 billion (US$1.8 billion) to 3.8 million customers.[22]

Affordability

Finding affordable housing units is a problem for low and middle income people in Egypt. To address this, the government has introduced different mortgage finance initiatives and facilities and continues to provide social housing units for low and middle income people at lower prices with an installment term of up to 30 years.

The unemployment rate decreased to 7.2% during the first quarter of 2022 compared to 7.9% over the same period last year. In the urban areas it decreased to 10.5% from 11.1% last year. Within the rural areas it was 4.5% during the first quarter of 2022 compared to 4.4% last year. However, unemployment among male youth rose to 11.3% compared to 9.5% last year, and among female youth it increased from 32.5% to 40.4%.[23]

There have been some efforts to improve affordability for Egyptians. In January 2022, a presidential directive was issued to increase the public-sector minimum wage to E£2 700 (US$143) a month. This is the third time since January 2020 that minimum wage has increased. Initially it increased from E£1 200 (US$63) to E£2 000 (US$106) a month, then again in March 2021 it increased to E£2 400 (US$127).[24]

To increase the number of beneficiaries of mortgage finance initiatives, the Council of Ministers announced new adjustments to the maximum prices for housing. It also approved increases in the maximum monthly income categories that allow people to reserve housing units in a housing programme. For low income people, the maximum income became E£6 000 (US$ 319) for singles instead of E£4 500 (US$239) and E£8 000 (US$425) for married couples instead of E£6 000 (US$319). For middle income people, it became E£13 000 (US$691) instead of E£10 000 (US$532) for singles and E£18 000 (US$957) instead of E£14 000 (US$744) for married couples. These changes apply to the 3% interest rate initiative, which is an initiative available to low and middle income citizens for fully-finished and ready-to-move-in housing units across Egypt, including the new cities and new urban communities. The value of the financing reaches 85% of the property value for middle income, and 90% for low income citizens, for up to 30 years.[25] The maximum unit price for low income housing ranges between E£400 000 (US$21 274) and E£450 000 (US$23 936) instead of E£350 000 (US$18 615). For the fully finished units, the maximum price is E£1.7 million (US$90 416) and this applied for the 3% initiative.[26]

Furthermore, there is an 8% interest rate initiative by the CBE which is also available to middle income citizens for fully-finished and ready-to-move-in housing units across Egypt. It sets the value of financing up to 80% for up to 25 years, for people with a maximum income of E£40 000 (US$2 128) for singles and E£50,000 (US$2 660) for married couples.[27] For middle income, the maximum unit price is E£1.1 million (US$58 505) and the maximum unit price for the fully finished unit is E£2.5 million (US$132 978).[28]

To facilitate affordable finance opportunities to lower income people, Habitat for Humanity Egypt created a microfinance model for housing finance purposes in cooperation with national non-governmental organisations. Since its beginning in 1989, the programme has provided access to affordable housing finance to more than 45 000 low-income citizens across Egypt.[29]

Housing supply

The housing market in Egypt suffers from a shortage of low income housing units. To address this, the government has responded in several ways including upgrading slum areas, developing the capitals of the governorates, and launching the Haya Karima[30] project to develop the neediest villages in Egypt. The government has especially been focused on developing and eliminating slum areas. Some slums and shanty towns are being removed or rebuilt, and residents are being rehoused in new units.[31] The government is also working on access to basic facilities in unplanned urban areas, such as electricity, potable water and sanitation, as well as paving the roads.[32] So far, it has developed 322 slum areas (unsafe[33] and unplanned) out of 357 with a total cost of E£63 billion (US$3.4 billion).[34]

The total number of housing units provided by the public and private sector during 2020/2021 increased sharply by 73.1% to 336 300 units for a total cost of E£150 billion (US$8 billion) compared to 194 200 units in 2019/2020 for a total cost of E£79 billion (US$4.2 billion). These were economic housing units that target young people and low income people (have an area of 90m^2 with three rooms) and comprised 169 100 units (50.3% of the total built units), followed by average housing which targets middle income citizens (areas between 100m^2 and 150m^2 with of three rooms) with 123 700 units (36.8% of the total), then the above-average housing with 17 100 units and luxurious housing with 26 300 units.

The private sector built 169 800 units representing 50.5% of the total built units. The government, public and public sector have provided 166 500 units, which represents 49.5% of the total, compared to 85 000 units in 2019/2020.[35]

For social housing projects, 453 600 units were constructed under the One Million units project, of which 78 400 units were released in 2020/2021. With the Dar Masr Housing project (average housing), 37 700 units were built of which 9 000 were released in 2020/2021. Also, 37 900 units were provided under the Skn Masr project with 32 700 units in 2020/2021. In the New Administrative Capital, New Mansoura, and New Alamein, 3 921 units were provided with a total cost of E£25 million (US$1.33 million).[36]

The real estate sector is facing a challenge due to the increase in the price of building materials and inflation. The average sale price of iron reached E£20 200 (US$1 100) per ton in June 2022 with an increase of 35% compared to June 2021. The average sale price of packed cement (per 50kg) reached E£73.6 (US$3.9) in June 2022, an increase of 54.4% compared to June 2021.[37] Contractors had to raise the price of their units, which led to a decrease in their sales by 20% over two months in the first quarter of 2022.[38]

Property markets

The real estate sector in Egypt is suffering from various challenges including the shortage of some imported products due to importation barriers and the increasing prices of building materials.

Investment spending directed to the housing sector has increased substantially over the past eight years by 508% to E£614 billion (US$32.66 billion) compared to the period 2006/2007 and 2013/2014. In 2021/22, the annual public investment to the sector has increased by 847% to E£180 billion (US$9.6 billion) from

EGYPT, ARAB REP. – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **E£5 430** per month	who earns **E£1 200** per month
you could afford to purchase a **E£303 206** house with a mortgage.	you could afford to purchase a **E£67 007** house with a mortgage.

Mortgage assumptions – Egypt

- 6.5% interest rate
- 15% deposit
- 30 year loan tenor
- 85% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

E£19 billion (US$1 billion) in 2013/14. Furthermore, in the 2022/23 budget, the government plans to invest E£294 billion (US$15.6 billion) to implement various initiatives, of which E£33 billion (US$ 1.8 billion) is dedicated to the housing and construction sector, E£26 billion (US$ 1.4 billion) to the water sector and E£77 billion (US$ 4.1 billion) for sanitation services.[39]

The implemented investments in the housing sector include the national housing programme, for which 593 000 units were completed at a cost of E£120 billion (US$6.4 billion) and benefited more than two million citizens. In addition, they include the development of slums and unsafe areas,[40] where 322 out of 357 unsafe areas in 25 governorates were developed, benefiting approximately 1.2 million citizens. Also, 58 unplanned areas have been developed serving approximately 460 000 families, and 90 areas are being developed at present. The development of "fourth-generation cities",[41] has reached 30 new cities with a total area of 580 000 acres, and a target population of approximately 30 million people. In 2020, for a business to register property in Egypt required 76 days and nine procedures, with a cost of 1.1% of the value of the property.[42]

Policy and legislation

In June 2022, the cabinet issued a decision to regulate selling units in the real-estate market to protect consumers and decrease market risks. According to these regulations, developers should not start marketing for their projects until they get approval from the housing ministry. It also sets how much of their own capital they must put up for a project.[43]

In March 2022, amendments were applied to the real-estate registration law. The law facilitated the registration of properties by decreasing the number of required documents to three or four, instead of what was required in the past, which was more than 10 documents.[44] In addition, in March, President Abdel Fattah Al-Sisi increased regulation of real-estate brokerage by issuing a law that defines this profession and sets controls for its work.[45]

Egypt's Financial Regulatory Authority has made recommendations for approval to consider the housing unit as collateral for the mortgage payments, and canceling the 40% installment limit of income.[46]

Opportunities

The real-estate sector is suffering from a lack of financial liquidity in addition to the increased cost of building. The sector needs a different model to deal with the sector's problems, such as having partnerships between banks and developers, as well as facilitating the payment process for customers to make it easier for them to buy and pay.

The cabinet has set new regulations to protect the buyers. This requires the developers to provide semi and annual reports on their projects. It also requires the companies to have separate bank accounts for each project and made it a legal requirement for auditors to monitor each developer.[47] According to the president of the Beta Egypt company, providing guarantees to buyers will enhance the sector's growth and the strength of the market. The CEO of Saudi Egyptian Developers is optimistic about the real-estate market in Egypt due to its weight in the Arab region.[48]

Despite the different initiatives launched by the state, both sides of the market did not benefit as much as was intended due to banks' restrictions on companies and citizens.[49]

Availability of data on housing finance

In Egypt, the main source for macroeconomic data is the Central Bank of Egypt, which provides data related to GDP, balance of payments, investments, and monetary sector data. The Ministry of Finance is responsible for budget sector data and releases a monthly bulletin.

With statistical data, some can be found on the Central Agency for Public Mobilization and Statistics (CAPMAS) website related to the census report, a monthly information bulletin, and the annual Housing Report. The Housing Report includes data on the number of housing units built yearly and the kind of housing – government-funded or through private investments. CAPMAS also publishes a monthly bulletin with information on building material prices.

Data related to mortgage and microfinance can be found on the Financial Regulatory Authority website. There is a shortage of data on loans for construction and building purposes. There is no data published on housing resale or building costs.

Green applications for affordable housing

In August 2022, a national plan was established to diversify the sources of energy required for development programmes, including the use of green hydrogen. The strategy targets increasing the country's electricity generation capacity from renewable energy to 42% of the country's electricity by 2035. President Sisi also directed to prioritise green hydrogen projects and stressed the importance of adding it to the integrated energy system in partnership with the private sector.[50] On 25 August 2022, the prime minister signed seven memorandums of understanding (MoUs) to establish industrial complexes in the Ain Sokhna Industrial Zone for producing green hydrogen.[51]

In fourth generation cities, the government aims to make them green cities by applying sustainability standards and waste recycling, as well as making them smart cities. In these cities, each citizen's share of green and open areas will supposedly exceed 15m^2.[52] The Talaat Mostafa Group has started building Egypt's first green city – Noor City – across from the New Administrative Capital.

In 2022, thermal power plants produced 80% of total electricity in Egypt, while renewable energy generated 20%, of which wind's share is 12%, hydro's share is 6%, and solar's share is 2%.[53] Since 2016, 100% of Egyptians have access to electricity.[54] In 2014, approximately 91% of Egyptians had access to water in their homes,[55] and by 2020, 100% of Egypt's urban population had access to basic sanitation services.[56]

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Equatorial Guinea

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Overview

The housing sector of Equatorial Guinea (EQG) has experienced much activity over the last twenty years, particularly because of the growing economy and increase in population, urbanisation and industrialisation in key sectors and the desire of the population to improve their living conditions. The population in EQG was estimated at approximately 1.7 million in 2022 distributed across the two regions of the country, one within the continent of Africa and the other being made up of numerous islands in the Atlantic ocean.[1] Approximately 74% of the population is urban and the urbanisation rate in the country is estimated at 3.62% between 2020 and 2025.[2] Only two large cities have more than 30,000 inhabitants (Bata and Malabo).[3] Historically, the country is the only former Spanish colony in sub-Saharan Africa (SSA). The country is experiencing ongoing violent border clashes with Cameroon. A cross-border pact was signed with Cameroon in 2020 to help resolve the issue, but the border can still close without notice.[4] Housing investment in this part of the country is therefore not advised.

EQG has had one of the fastest growing economies in Africa after the discovery of large oil reserves in the 1990s. More recently large natural gas reserves have also been discovered.[5] The International Monetary Fund (IMF) programme estimates that hydrocarbons account for 97% of total exports (crude oil accounting for about 69%), 80% of government revenues, and 43% of GDP.[6] In terms of economic performance, gross domestic product (GDP) growth rebounded to 1.4% after a contraction of 4.9% in 2020, helped on the supply side by growth of 3.3% in the oil sector and 1.3% in the non-oil sector. There have also been positive developments in the tertiary sector, where private education (4.1%), private health (3.4%), business (2.3%) and restaurants and hotels (1.7%) all grew.[7] The second phase of the National Development Plan: Horison 2020 moves away from infrastructure development and is aimed at developing new economic sectors to address the over dependency on oil.[8] Thus, economic diversification, which is slow to materialize, remains an important objective for the country's growth and economic stability in the medium and long term. EQG became a member of the Organisation of Petroleum Exporting Countries (OPEC) in 2017 to increase foreign investment and technology transfers to the country.[9] EQG has a few state-owned enterprises (SOEs), GEPetrol and Sonagas, which currently dominate the economy with extremely limited spillovers to sectors other than hydrocarbons. However, the COVID-19 pandemic has exacerbated administrative failures and exposed the country's insufficient capacity to manage the crises.[10]

Geographically, the country is bordered to the north by Cameroon, to the east and south by Gabon, and to the west by the Gulf of Guinea. The climate of the mainland region and islands is typically equatorial, with high temperatures, heavy rainfall and heavy cloud cover most of the year. The country is endowed with arable land and mineral resources ranging from gold, oil, uranium, diamonds colombo-tantalite and gas. EQG is therefore vulnerable to climate change because of its dependence on natural resources and because of its location. Rising sea levels, increased temperatures, less rainfall and extreme weather all impact on its key sectors.[11]

KEY FIGURES

Main urban centres	Malabo
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XAF)
1 PPP$ = (2021) [b]	258.87 CFA Franc (XAF)
Total population (2021) [b] | Urban population (2021) [b]	1 449 891 | 1 066 554
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	3.29% | 3.92%
Percentage of urban population living in slums (2018) [d]	64.90%
Population living less than 5m above sea level (2010) [b]	0.9%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	19.35%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	6.9%
Percentage of women participating in the labour market formally (2021) [b]	50%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	147 | 0.60
GDP per capita (Current US$) (2021) [b]	US$8 462
GDP (Current US$) (2021) [b]	US$12 269 million
GDP growth rate (2021) [b]	-0.95%
Inflation rate (2020) [b]	4.8%
Lending interest rate (2021)[b]	9.4%
Proportion of adult population that borrowed formally (2018) [b]	15%
Number of residential mortgages outstanding (2014) [e]	500
Value of residential mortgages outstanding (USD) (2014) [e]	US$34.03 million
Prevailing residential mortgage rate | Term (2021)[f]	3 – 12% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2014)	0.34%
Number of residential mortgage providers [g]	14
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2020) [h]	10
Value of microfinance loans (USD) (2021) [e]	US$0.16 million
Number of microfinance providers [f]	3
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually (2020) [e]	9 445
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [e]	40 000 000 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021)[e]	120m^2
Typical monthly rental for the cheapest, newly built house (2020)[h]	90 000 XAF
Cost of standard 50kg bag of cement in local currency units	6 500 XAF (US$10.31)
Type of deeds registry: digital, scanned or paper (2020) [i]	Paper
World Bank Ease of Doing Business index rank (2020) [i]	178
Time to register property (days) | Cost to register property (2020) [i]	23 days | 12.5%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [i]	10.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] World Bank publication: Housing Finance in Equatorial Guinea - Towards Affordable Housing for All
[f] Banco Nacional De Guinea Ecuatorial
[g] Banksaround.com
[h] CCEI Bank Guinee Equatoriale
[i] World Bank Ease of Doing Business Indicators

On the mainland, there are two rainy seasons: (from April to May and from October to December) while on the islands, the rainy season extends from July to January. Seasonal flooding affects overland travel and the provision of essential services, when roads become impassable and bridges damaged. With the focus on infrastructure development as the first phase of the National Development Plan, roads are generally in good condition across the country. However, increased urban flooding is likely to cause damage and threaten lives. In addition, decisions on project planning, design and building construction techniques must all consider the risk of urban flooding.

Access to finance

Obtaining a mortgage loan is possible for households and businesses in EQG although as far as households are concerned, employees remain the most privileged because of the repayment guarantee offered by their salary. When an employee obtains a mortgage loan in EQG, the payment is automatically deducted from their monthly salary. To take out a mortgage in EQG, you must meet certain conditions. If you are a business owner, it is possible to apply for a quick money loan, depending on your eligibility. Some requirements, such as providing an explanation of why you want to apply for a mortgage are required by some entities but not by others.[12]

At the financial level in general, the banking sector is weakened due to the accumulation of bad loans in a context of gloom and arrears of payments. Despite the liberalisation of the banking sector, the cost of financing remains high, reflecting the low degree of competition in the sector.[13]

In relation to the government, the latter claims two microfinance institutions operating in the country, with a government-backed microcredit program for small and medium-sized enterprises (SMEs). The country does not have its own stock exchange and according to investors, capital markets are non-existent.[14] Credit is available but interest rates are high, ranging from 12% to 18% for mortgages and about 15% for personal loans.[15] Business loans typically require significant collateral, limiting opportunities for entrepreneurs, and can have rates of 20% or more.[16] It is not clear whether foreigners could obtain credit in the local market. The one-stop shop assumes that investors have already secured all the financing.[17]

EQG is a member of the Central African Economic and Monetary Community (CEMAC), which has a stock market common to all member states. The Central African Banking Commission (COBAC) regulates the region's banking system. The Bank of Central African States (BEAC) and COBAC regulate transfer limits.[18] To attract investment and promote economic diversification, the Government offers loan facilities, including through the National Institute for Promotion and Development (INPYDE), which has an investment fund for entrepreneurs. EQG's National Bank (BANGE), in which the government holds a 51% stake, plans to launch the country's first brokerage activity to facilitate foreign investment, negotiate equity and even debt for large companies operating in EQG. In addition, BANGE inaugurated the BANGE Business School in 2020 to train students to work in the banking sector and facilitate underwriting, syndication and financing. In November 2020, BANGE announced its first capital increase through a first public allocation directly through its offices. In April 2021, the institution announced the second capital increase of CFA50.5 billion (US$75 million), which was open to individual investors (nationals and foreigners).[19]

The government's failure to repay loans has raised interest rates and reduced access to credit for the private sector, especially households. EQG banks have the lowest loan-to-savings ratio in the sub-region. During the economic expansion (2009-2014), the government developed a line of credit with CCEI Bank to finance infrastructure development projects with construction companies. Defaults increased rapidly as the government failed to meet its legal obligations to CCEI Bank, prompting the government to nationalise the bank in January 2021 by acquiring the shares of Afriland First Group.[20]

In recent years, the banking sector has been affected by relatively lengthy bureaucratic procedures and a lack of computerised record keeping. Clients have reported that currency is not always available on request, and delays in transferring or exchanging local currency into foreign currencies have increased since the BEAC instituted new banking and exchange regulations in 2019. The National Economic and Financial Committee publishes a half-yearly report on the development of banks in the country. CEMAC establishes requirements for any bank wishing to operate in a member country, which COBAC may grant. COBAC also publishes information on the banking system of each member country. There are no restrictions, but there are requirements that applicants must meet to open an account, whether they are residents or not. The country is currently starting to use mobile banking; financial services are mainly limited to banking and microfinance.

Finally, the country's economy is almost entirely based on cash, with credit cards available but little used by the general population, reserved for foreigners or wealthy citizens using international hotels, international airlines and large supermarkets. In April 2020, in part in response to social distancing measures from the COVID-19 pandemic, the government encouraged banks to multiply electronic payment mechanisms. The Ministry of Finance, Economy and Planning has also continued to develop electronic payments for state employees. The development of digital payments is likely to encourage remittances which in turn could have a substantial impact on the housing sector by increasing household budgets.[21]

Affordability

Since 2010, 8,611 social housing units have been built in EQG according to government figures.[22] Even though several thousand people have benefited from a homeownership programme subsidised by the authorities, the conditions of resources required exclude the poorest because a person with an income of less than CFA300 000 (US$476) cannot afford one of these homes.[23] The construction of social housing has been suspended, which has increased the imbalance between housing supply and demand. In this context, only rich people buy these homes to rent them out at sometimes very high prices. With the crisis, many beneficiaries have also found themselves unable to honour their monthly payments. Thus, the government has reviewed the conditions of access to these social housing by extending the duration of credits to reduce the amount of monthly payments by about 33%.[24] However, social housing seems to be only within the reach of the middle and upper classes. Poor households turn to the informal and, for the poorest, to self-construction of their homes usually based on wood, earth and bamboo. Indeed, demand for formal housing is tempered by low and erratic household incomes when we know that the mortgage sector is underdeveloped and concentrated in a small segment of the market for high-income households.

Housing supply

According to the World Bank in 2015, there is no official estimate of the housing deficit or the demand for EQG and the findings of the 2015 population and housing census on housing are not yet available. However, many sources report that housing conditions are very precarious in Equatorial Guinea, especially in urban centres. In both rural and urban areas, informal housing predominates and houses are built from local natural materials such as mud bricks and wood. These informally built dwellings are most often devoid of water and electricity. 75% of the population has access to sanitation, which is very high by regional standards and less than half of the population has access to fresh water.[25] Outside the main population centers of Malabo and Bata, people remain poor and do not have access to the most basic public services, such as water and reliable electricity generally and due to corruption, incompetence, inefficiency and lack of political will, few services work when there is no incentive, such as the preparations for the Africa Cup of Nations, the Summits in Malabo or prestigious projects, such as plans for a new continental capital in Djibloho.[26]

According to the demographic and national health survey conducted in 2011, only 54% of homes in Equatorial Guinea had cement floors, 26% had earthen floors and 14% ceramic tiles.[27] In addition, in September 2019, the Agence France Presse (AFP) reported that the city of Bata had remained without running water for three weeks, while the British analysis company Cable claimed that the country had the slowest internet in the world.[28]

However, there are a few privately built residential buildings in Malabo. However, this stock of good quality apartments is intended for employees of various oil companies and some high-income households, for very high rents, ranging from CFA1 260 000 to CFA3 780 000 (US$2 000 to US$6 000). In addition, there are very few private developers in EQG and, apart from the public housing programme, the housing sector is still largely dominated by the informal economy and self-construction. Indeed, many poor households that do not have the means to pay for even informal external labor, often resort to the labor force of household or neighborhood members to build their house provided that some members say they have sufficient knowledge of masonry. As in the majority of developing countries, this case is frequently observed in rural areas as well as in urban areas.[29]

In addition, the majority of professional real estate developers present in EQG are foreign developers (Chinese, Egyptian, Maghreb and Lebanese) and they focus on commercial real estate development and construction work since there is no public body for the construction of social housing in the country.[30] Indeed, the public body called *Ente Público de Gestión Inmobiliaria de Guinea Ecuatorial* (ENPIGE) is not in charge of allocating land to builders or seeking financing or

EQUATORIAL GUINEA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA284 000** per month	who earns **CFA375 000** per month
you could afford to purchase a **CFA11.571 million** house with a mortgage.	you could afford to purchase a **CFA15.516 million** house with a mortgage.

Mortgage assumptions – Equatorial Guinea

- 7.5% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

developing projects; but only performs the administrative management functions of the state housing program. Some Spanish groups have also invested in the country, such as the Spanish company, Safadi Group Promotora, which has built several commercial properties in the country. Most of these companies (Arab Constructors, China Dalian, CEMEC, ABBA, etc.) are still present in EQG but their projects, especially state-sponsored public housing projects, are paralyzed pending funding from the state. In addition, with the aim of increasing the production of affordable housing, ABAYAK proposed in 2021 to build an integrated cement complex comprising the construction and operation of a clinker production plant and a cement plant with a total capacity of 1 060 000 tons per year expandable.[31] This project is part of the country's high-impact economic programs, the implementation of which aims to achieve the ambition of the highest authorities to diversify the economic fabric and responds to the constant concern of the Equatoguinean authorities, companies and households to have cement in sufficient quantity and at a lower cost. This project should therefore stimulate[32] local consumption and the country's activities.

Property markets

The acquisition, profits, use and sale of land are difficult to achieve and poorly regulated. According to the World Bank's Doing Business 2020, six procedures were required to register private property in Malabo in 2019 (the regional average).[33] This procedure took about 23 days and the country was ranked 164th out of 190. In addition, the registration fee for a property amounts to 12.5% of the value of the property.[34] Compared to other Central African countries, land management poses few problems in EQG.[35] But it should be remembered that the status and mode of management of land assets is inappropriate, especially with regard to women since they are often sidelined by customary law that coexists with civil law.[36]

In addition, the slowness of the administration and the country's predatory bureaucracy means that 4% to 5% of the fees are for registration alone, while 3% of the value of the property is charged for simple notarial services.[37] According to the Doing Business Land Administration Quality Index, the EQG scored four out of 30, well below the regional average (nine out of 30).[38] No electronic database is maintained to track congestion or record maps with specifically defined plots. Where this information is available, only interested parties and intermediaries can consult it, and they are likely to find that not all properties are officially registered or even mapped. In addition, there is no independent agency to verify identity documents, which means that litigation remains very costly and inefficient. In addition, no dispute settlement mechanism exists for those who engage in land deals in good faith on the basis of erroneous information (which is highly likely). Foreign investors are not allowed to own land in the country, only to lease it to the government. Another problem in EQG directly concerns married women since they generally face significant obstacles in the exercise of the right to land ownership.[39]

Policy and legislation

In EQG, the government has laws regarding the rights of landowners, the government can seize land in the interest of the country with very little or no due process through the judicial system. In 2019, the United Nations Human Rights Committee (CCPR) found that certain provisions of customary law prevailed over domestic law while remaining incompatible.[40] Regardless, the country's business climate still faces strong headwinds such as corruption (the country is ranked 172 out of 180 in Transparency International's 2021 Corruption Perception Index)[41], administrative burden, high compliance costs, slow licensing, weak court system.[42] Moreover, although legal provisions were in place to protect all persons in Equatorial Guinea, structural discrimination was common in the country, particularly the unequal rights of women to land ownership.[43]

According to the Doing Business report (2020), in 2019, a total of 16 procedures were still required to register a company, among the highest number in the world.[44] In addition, minority investors are not well protected and owners are not obliged to disclose their purchases to shareholders; this discourages private investment and capital formation. In 2019, the government announced a new seven-day administrative process to start a business. Nevertheless, the country only improved to 178th place in the business creation sub-index.[45] On the social front, the country's social protection system is ineffective.[46] Housing insurance is almost absent in favour of old-age and disability insurance, insurance against accidents at work, sick and maternity leave, and even family allowances, which are provided through a system of distribution and mechanisms of taxation and redistribution of the State.[47]

Opportunities

The important work undertaken since the oil boom has contributed to the major modernization of the country in the areas of infrastructure, energy, housing and water and sanitation. This modernization generally consisted of the construction of social housing whose marketing is managed by ENPIGE, the construction of power plants and the development of roads throughout the country although concentrated in urban areas. Although limited, these efforts on the part of the government have increased accessibility to many lands and villages that can be exploited in real estate projects by both households and businesses as we know that the problem of access to unexploited land is widespread in SSA countries.[48] Port infrastructure developments are also an important opportunity for real estate projects such as the construction of shops, rental housing for arriving staff, hotels and hostels for the less fortunate.[49] However, a large part of the population lives from fishing and livestock activities. Indeed, the EQG's fisheries area includes 314 00km^2 of exclusive economic zone (EEZ), 644 km of coastline and numerous bays, rivers and mangroves.[50] The exploitable fishery resources are estimated at about 74 000 tons of fish and 600 tons of crustaceans, on which about 5 000 are caught annually, including 350 tons for industrial fishing. Similarly, the EQG has only 750 000 hectares of land intended mainly for food crops, but with a very low rate of occupation of agricultural land.[51] Thus, real estate developers would benefit from taking more and more into account the height component of buildings, making it possible to reduce the speed of occupation of agricultural land of fishing waters. Finally, the possibilities of regional integration constitute an important opportunity since in October 2017, the CEMAC member states finally lifted the visa requirement for CEMAC citizens for movement in this region, which includes Chad, the Central African Republic, Cameroon, the EQG, Gabon and the Republic of Congo. The hospitality opportunities to be gained from this process of opening borders are immense in this part of the world, which remains one of the least integrated.[52]

Availability of data on housing finance

The statistical capacity of the EQG is extremely low. Equatorial Guinea's statistical capacity index score was 36.7 in 2019, well below the average of upper-middle-income countries (70.6) and the average of low-income countries (56.7), placing the country 9th in the world among the last. Macroeconomic data are very outdated or not reported by the government, as well as socio-economic indicators.[53] Similarly, access to housing finance data in EQG is a challenge and little information is publicly available. In addition, the country also lacks multilateral actors and donors, whose activities are often accompanied by data collection and analysis. The few indicators currently published in a national database are not[54] provided. In addition, the real estate and land sectors are among the areas for which technical assistance for classification is required even if the number of uses of earth observation data is less than 20%.[55] Nevertheless, the government's openness to information has improved, with the adoption in 2019 of the IMF's Enhanced General Data Dissemination System, which publishes key macroeconomic data.[56]

Green applications for affordable housing

According to the World Bank the construction techniques used in EQG are not sustainable and consume a lot of energy. It is estimated that investments of around CFA882 000 (US$1 400) per apartment could improve the entire construction process and could also meet the objectives and criteria set to obtain the Excellence Design For Greater Efficiencies (EDGE) certification for sustainable and efficient construction. These investments include, for example: the installation of solar panels and sanitary appliances that conserve water and would save households about CFA15 200 (US$24) per month on their water and electricity consumption costs.

In addition, the lack of data on the housing sector, in particular on the soil, water, energy, sanitation, etc. does not facilitate the estimation of the number of sustainable housing. In addition, more than 81% of the urban population, compared to only 32% in rural areas, have access to an improved source of drinking water. Outside the main population centers of Malabo and Bata, people remain poor and do not have access to even the most basic public services, such as water and reliable electricity.

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Eritrea

Dr. Moses M. Muthinja

Overview

Eritrea is a Horn-of-Africa country with an extensive coastline along the Red Sea, bordering Djibouti to the south-east, Sudan to the west, and Ethiopia to the south. Most of its famous Italian colonial architecture has largely been preserved, especially in the capital city of Asmara, despite the many years of war with Ethiopia. The country has a population of approximately 3.2 million, an annual population growth rate of 1.3% and unemployment rate of 7.9%, based on 2019 figures.[1] Eritrea has never conducted a population census and therefore when diaspora population of approximately two million[2] is considered, the total population of the country is estimated at more than 6 million.[3] Eritrea has a ranking on the Human Development Index, a summary of human development, of 180 out of 190 countries.[4] The country is governed by a totalitarian, one-party dictatorship and the president has held office since 1993. At the time of writing this profile, Eritrea was forcibly mobilising army reserves to fight Ethiopian Tigray rebels in support of the Ethiopian government.[5] Given the enforced mandatory military service up to age 55, many Eritreans have been thrown into war without notice, leading to wide national outcry.

Eritrea has one of the lowest levels of urbanisationin the world, with most of the population involved in subsistence rural agriculture because of a lack of employment and housing opportunities in urban areas. The percentage of the population that is urbanised as of 2011 as of 2011 stood at 36%.[6] Thus, the main economic activity entails crop production and mixed farming, mostly rain-fed.[7] The reliance on rain-fed farming has exposed the country to climate change risks such as famines and droughts. Nonetheless, Eritrea's economy has rebounded from numerous shocks in the recent past, such as COVID-19 and locust invasion.

The Africa Development Bank (AfDB) observes that the economy registered a growth rate in Gross Domestic Product (GDP) of 2.9% in 2022, a sharp recovery from the 0.6% contraction documented in 2020.[8] According to the AfDB, economic growth was driven by a surge in private consumption as well as industry and services. The AfDB 2022 economic outlook for the country projects GDP growth of 4.7% in 2022 and 3.6% in 2023, largely driven by world-wide surges in the price of metals. This is because 98% of Eritrea's exports constitute zinc and copper ores or concentrates.[9] Despite the growth projections, the AfDB predicts that the Russia-Ukraine war will trigger an increase in food and oil prices, causing the inflation rate to rise to 6.2% in 2022 before easing to 3.5% in 2023.

Eritrea has endured more than three decades of conflict with neighbouring Ethiopia, leading to significant damage to most of the country's urban centres.[10] Consequently, the Habitat World Map links the acute shortage of housing to the conflict inducing migration of people from urban to rural areas. The urbanisation is observed to span the agricultural belt and along the major roads leading towards Sudan and Ethiopia.[11]

The development of urban centres along the agricultural belt is consistent with Eritrea's known reliance on rain-fed agriculture which led to an increase in deforestation, degradation of land, and smallholder farmers' vulnerability.

KEY FIGURES

Main urban centres	Asmara
Exchange rate (1 July 2022): 1 USD = [a]	15.00 Nakfa (ERN)
1 PPP$ = (2020) [b]	5.93 Nakfa (ERN)
Total population (2018) [b] | Urban population	3 213 972 | n/a
Population growth rate | Urbanisation rate (2018) [b]	n/a | 3.0%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	0.8%
Most common fuels used by households | by B40 households (2002) [c]	Wood | Kerosene
Percentage of female-headed households (2002) [c]	46.7%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October	n/a
Unemployment rate (% of total labour force, national estimate) (2021) [b]	8.0%
Percentage of women participating in the labour market formally (2021) [b]	70%
Gini coefficient	n/a
HDI country ranking (2020) [c] | HDI country score (2021) [c]	176 | 0.49
GDP per capita (Current US$) (2017) [b]	US$514
GDP (Current US$) (2017) [b]	US$3 860 million
GDP growth rate (2017) [b]	8.70%
Inflation rate (2019) [b]	9.0%
Lending interest rate	n/a
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate (2021) [d] | Term (2021) [e]	10% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2021)	n/a
Number of residential mortgage providers (2020) [d]	1
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2016) [g]	36 428
Value of microfinance loans (USD)	n/a
Number of microfinance providers (2016) [g]	2
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [d]	296 296 ERN
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2021) [d]	30m^2
Typical monthly rental for the cheapest, newly built house (2019) [f]	2 125 ERN
Cost of standard 50kg bag of cement in local currency units	489 ERN (US$32.60)
Type of deeds registry: digital, scanned or paper (2020) [h]	Paper
World Bank Ease of Doing Business index rank (2020) [h]	189
Time to register property (days) | Cost to register property (2020) [h]	78 days | 9.0%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [h]	6.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] United Nations Human Settlements Programme (UN-HABITAT)
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This vulnerability is aggravated by the country's susceptibility to climate change issues such as El Niño which is a climate pattern that describes the unusual warming of surface water and is not predictable in pattern but affects ocean currents and the health of coastal fisheries.[12] Eritrea experienced El Niño from 2008 to 2021, with five major droughts which has recently affected more than 3.3 million residents.[13] Eritrea is one of the four (including Djibouti, Ethiopia, and Somalia) countries located in the Horn of Africa, a region of the world considered highly susceptible to climate change.[14] Sudden heavy or intense rains often afflict the region, stifling farming and livestock production as well as fishing ecosystems, effectively aggravating already existing civil conflicts.[15] According to the World Meteorological Organization (WMO), the Horn of Africa is projected to suffer its fifth consecutive failed rainy season, which will worsen the impact of the close to 40 years of ongoing drought in the region.[16]

Access to finance

Reliance on subsistence farming makes access to finance difficult, increasing the risk of default because of a lack of appropriate collateral to secure loans. Previous studies suggest that the country's credit markets are marked by significantly high loan collateral requirements, mutual mistrust and rigid credit policies that broadly hinder access to finance.[17]

The financial services sector in Eritrea is small and continues to be dominated by three commercial banks (Commercial Bank of Eritrea, Eritrean Investment and Development Bank and Housing, and Commercial Bank of Eritrea). The banking sector is regulated by Bank of Eritrea, the country's central bank.[18] Notably, two of the three commercial banks are state owned while the third is owned by the ruling political party. While neighbouring countries such as Kenya and Djibouti have vibrant private commercial banking sectors, in Eritrea banking is fully state controlled with little or no access to digital banking. In the absence of liberalisation of the banking sector, access to credit is greatly curtailed and funding alternatives are scarce. With only two main microfinance organisations (the Southern Zone Saving and Credit Scheme and the Saving and Micro Credit Program), Eritrea's micro finance sector is largely underdeveloped, taking the form of rotating credit groups which mostly charge high interest rates.[19] On top of having only three commercial banks, having four microfinance institutions in total severely limits women entrepreneurs' access to credit.[20] Moreover, women (especially married women) are sometimes denied credit due to religious and cultural practices.[21]

Mortgage interest rates in Eritrea average 10% a year.[22] While this rate may appear to be affordable by African or regional standards, the high rates of poverty coupled with need for loan collateral are a major barrier to obtaining home loans.[23] The banking sector has been assessed as being weak with regard to the Basel III international regulatory framework and this creates greater vulnerability to global external shocks such as COVID-19.[24] Additionally, the financial services sector has minimal digital presence, which means that most of the information about the sector has to be gleaned from third-party sources. In contrast to many countries, Eritrea appears to have no credit reference bureaus, underwriting services, or bond markets.

Affordability

High poverty and unemployment likely greatly impair home affordability in Eritrea, though the absence of credible data sources in the country makes it difficult to determine an accurate poverty rate.[25] The World Bank estimates a poverty rate of 70%. The official unemployment rate in 2021 rose to 8% from 7.44 % in 2020.[26,27] Of the employed population, 31.5% works in the informal sector. The Eritrean population mostly comprises rural subsistence farmers with low disposable incomes. The agriculture sector accounts for 80% of employment opportunities.[28] While agriculture is a major provider of employment opportunities , there is no evidence of large-scale commercial farming. This suggests that such employment is in the informal subsistence farming away from the major urban centres.

Given the estimated average monthly after-tax salaries of Nkf11 595 (US$773)[29] in Eritrea, renting or buying a house can be difficult for citizens. It costs Nkf5 625 (US$375) to rent a one-bedroom apartment in Asmara's city centre and Nkf4 995 (US$333) for a similar house located away from the city centre. Moreover, the data obtained from Numbeo shows that renting a 3-bedroom house in the Central Business District of Asmara would cost Nkf7 365 (US$491) and Nkf11 250 (US$750) outside the city centre.[30] These figures are close to, or over 50% of the average income and therefore commercial renting is unattainable for most Eritreans. According to Numbeo, the price per square meter when buying an apartment in the city centre is Nkf15 750 (US$1 050) compared to Nkf15 450 (US$1 030) outside the city centre. It is difficult to estimate the cost of buying land in Eritrea because all land is state owned.

It is estimated that 60% of the Eritrean population is within working age and therefore the country has a labour supply capacity of 77.5%.[31] According to Eritrea's labour laws, a contract of employment may be entered into by any person aged 14 years and older.[32] With a sizeable segment of the population young and also working in the informal sector, incomes are uncertain, and mortgage commitments cannot be guaranteed.

Housing supply

According to Eritrea's Ministry of Information, over 80% of the country's population makes a living from agricultural activities such as farming and animal herding.[33] While in most African countries migration from the country to the cities is the norm, in Eritrea the opposite happens, due to a shortage of employment opportunities in Eritrean cities. The government appears to be making efforts to develop affordable housing, but there is no evidence to confirm online media reports. In 2019 there were reports that Eritrea was building 50 000 units to be delivered within three years. but there is no indication that this has been delivered or even that construction has been initiated.[34] According to the United Nations Habitat, urbanisation rates in Eritrea are quite low and most towns are small with limited services compared to other African countries where "urbanisation of poverty" is high.[35] Thus, it is not clear whether the 50 000 units would be fully occupied upon completion. Nonetheless, given the large number of diaspora population, the diaspora may return or invest in a house at a much faster rate once the units are available.

Eritrea has been referred to as a "diaspora nation" as it is estimated that 2 000 000 Eritreans (more than 50% of the population) live abroad either as asylum seekers, and political or economic refugees.[36] The lack of employment opportunities in urban areas coupled with the dispersion of the majority of the population to the diaspora have contributed to low demand and supply for housing . In effect, with most of the population living in rural areas, the housing is largely traditional, constructed using locally available materials such as mud, wood, and grass. This aggravates the risk of deforestation, further worsening environmental problems. Low urbanisation means fewer informal settlements in the urban areas. Nonetheless, the few slums in urban areas are known for overcrowding, lack of basic social amenities, and high poverty rates.[37] Labour construction costs are modest, with construction workers earning on average Nkf1 730 – Nkf11 700 (US$115 – US$780).[38]

The State of Eritrea has, for years, imposed restrictive rights and obligations on diaspora Eritreans looking to obtain permission to build houses.[39] Broadly speaking, for many, having a house in one's home country is culturally valued and holds memories of home, citizenship, and a sense of belonging.[40] Thus, the systems in place to restrict diasporans from building houses are being used to thwart progress in growing households and housing infrastructure. The thinking is that Eritrea and similar governments use housing as a tool to make housing difficult to obtain for non-residents and thus to discourage emigration.[41] Regardless of these restrictions, many houses in Eritrea are bought by diasporans who do not live permanently in the country.

Property markets

Eritrea uses the Cadastre system to register the rights of individuals to own plots of land and buildings; it is used to guarantee the security of ownership of property by the citizens. The Cadastre system was inherited from Italian structures set up under colonial rule of Eritrea between 1890 and 1941.[42] According to the latest World Bank Doing Business report, the registration of property in Eritrea entails 11 procedures over a period of 78 days at a cost of 9% of the property value.

Eritrea is one of the poorest countries in the world, with 53% of the population living below the poverty line.[43] Poverty rates are especially high for women who have to confront systemic gendered poverty structures. The high poverty rates have negative implications for property markets as people have low disposable incomes and impaired purchasing power. Because Eritreans who have emigrated have more diverse access to employment opportunities outside of the country, they account for most home buyers and owners. Nonetheless, all land in Eritrea is state owned[44] and can be confiscated at any time by the State for political reasons or by corrupt state actors. There are several real estate agents in the country, most of them foreigners making the process of buying and selling property easier. However, there is evidence of government (and the ruling party) interference in property markets by unilaterally determining rent payable through corrupt and opaque approaches. Therefore, the rental prices that property owners can charge are being determined by the government and largely not at market rates.[45] With government and political interference as well as state ownership of land in property and rental markets, real estate developers are not highly incentivised to invest in the Eritrean property market.

Policy and legislation

Legal Notice No. 31/1997 provides for a regulation procedure to be applied in land allocation and administration.[46] Further, Article 3 of the Land proclamation No. 58/1994 states that Eritrean land is state owned,[47] while Proclamation No. 95/1997 provides for the registration of land and other immovable properties.[48]

ERITREA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Nkf4 070** per month

you could afford to purchase a **Nkf140 584** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Nkf193** per month

you could afford to purchase a **Nkf6 667** house with a mortgage.

Mortgage assumptions – Eritrea

- 10.0% interest rate
- 0% deposit
- 20 year loan tenor
- 0% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Proclamation no. 58/1994 seeks to:

> "…reform the system of land tenure in Eritrea, to determine the manner of expropriating land for purposes of development and national reconstruction, and to determine the powers and duties of the land commission". [49]

Eritrea has formulated a range of legal and policy frameworks that enhance gender equality and empowerment of women to own property and do business. For instance, National Gender Framework and Action Plan 2015-2019; Gender Policy 2000; Land Proclamation 58/1994 as well as Nationality Proclamation No.112/1992 guarantee equal citizenship and nationality rights between men and women.[50] To guarantee equal employment rights, equal pay for equal work of similar value, Labour Proclamation No. 118/2001 was enacted; and lastly, Proclamation No.128/2002 gives women the right to carry out any business and hold any license without the need to seek the consent of the husband or the father. These laws provide for equal status at marriage and equal access to land including the capacity to own the land as well as removal of discriminatory practices upon death or divorce.[51] Hence, save for Muslim women (guided by sharia law) the wife is entitled to half of the marital property upon the death of the husband irrespective of her contribution to the acquisition of such property.[52] These legal provisions imply significant effort at addressing the cultural bottlenecks that hinder women from owning and/or inheriting property in Eritrea. Conversely, there is no evidence to suggest that the laws are followed in dealing with the apparently entrenched cultural practices.

Opportunities

Eritrea does not appear to present substantial opportunities for active foreign investor participation given the nature of the ruling elite government's control over private businesses and real estate. The United States of America (USA) considers Eritrea not conducive to US investments because even where opportunity exists in the extractive/mining industries, the state fully controls the private sector.[53] According to the US State Department, Eritrea is plagued by a myriad of issues which deter trade and investment, such as unreliable power supply, complex and variable import regulations, restricted transportation links (both road and air), insufficient port facilities, controls on profit repatriation, restrictions on in-country movements, and the near impossibility of securing construction permits save for government-sanctioned projects.[54]

Eritrea is a party to the Paris Agreement of 2015 on climate change. Thus, the country's Nationally Determined Contribution (NDC) focuses on mitigating the effects of climate change through renewable energy sources.[55] Eritrea's energy sector is putting emphasis on the use of clean energy solutions including solar and geothermal power.[56] Investors may consider investment in renewable energy given the energy problems documented in this profile and the country's commitments to the Paris agreement. Renewable energy could be more sustainable for the country given its locality, with available land space favouring solar energy. This sector could attract better investment from foreign private sector funders or through government-to-government partnerships.

While much development opportunity exists, the government does not court potential investors – rather the opposite. Restrictions also increase the risk of low investment returns. Investment may take the form of public-private partnerships in real estate infrastructure development, in the opening of new markets through mining activity, exports and imports, and energy supply. Risks could be mitigated through government-to-government pacts offering investment protection guarantees.

The size of the Eritrean diaspora presents further opportunity for investors to tap into because this segment of the population has relatively higher disposable incomes and a cultural incentive to have a house in their home country. Residential properties could be developed specifically targeting the diaspora.

Availability of data on housing finance

Eritrea presents significant data challenges given the country has minimal digital presence. Even the central bank and the country's only three commercial banks have no websites. The country is governed by a totalitarian dictatorship and the public is generally hesitant about sharing any information or exercising free speech for fear of retaliation by the state. Consequently, the available data is largely outdated and may be inaccurate. Government control over the financial sector makes it difficult to obtain the most up-to-date data on housing finance in Eritrea. There is no evidence any government institutions or associations in the country collect housing data .

Green applications for affordable housing

Electricity is available mainly in larger cities. Most rural dwellers use firewood and diesel generators as well as other traditional sources of energy.[57] Based on 2020 estimates, 80.7% of Eritreans[58] have no access to basic water services or clean water.[59] The Eritrean Electricity Authority supplies 90% of the power from two diesel power plants using old distribution networks which frequently fail.[60] According to the United States Agency for International Development (USAID), the country's national electrification rate is 32%, with 17% located in rural areas and 83% in urban areas.[61] Eritrea has made substantial efforts in providing hygienic and affordable sanitation facilities as well as notable progress in Water, Sanitation and Hygiene (WASH): the United Nations Development Programme (UNDP) observed a reduction in open defecation from 90% documented in 2010 to 40% in 2019.[62]

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Eswatini

Lesley Takunda Mashiri

Overview

Eswatini is a small, landlocked Southern African country with a population of 1.2 million;[1] approximately 76% of which reside in rural areas[2] and 24%[3] in the two main urban areas of Mbabane and Manzini.[4] Approximately 58.9% of the rural population lives below the national poverty line,[5] and with a Gini coefficient of 51.5 (the 10th highest in the world) means that Eswatini has high levels of poverty and inequality.[6] Due to the state owning 54% of the land, access to land in urban areas remains an issue in Eswatini. Eswatini's affordable housing situation is influenced by high levels of poverty and inequality, a predominantly rural population and a lack of access to serviced land for housing.[7]

Eswatini is a developing economy and is dependent on developments both regionally and internationally. The economy of Eswatini is particularly closely tied to that of South Africa, which accounts for about 85% of its imports and 60% of its exports, and as such provides substantial revenue for the country in terms of the South African Customs Union (SACU) agreements. Revenues from SACU are derived from external trade and excise duties on imported goods, as well as from excise taxes for development. Fluctuating SACU revenues have caused significant variation in public spending and pose challenges to the management of fiscal operations and future growth potential.[8] Eswatini with Lesotho, Namibia, and South Africa makes up the Common Monetary Area (CMA)which pegs the Eswatini lilangeni (the local currency) to the South African rand, and also makes it the country's legal tender.[9] Eswatini is therefore exposed to the rising inflation and increase in fuel prices currently happening in South Africa. The year-on-year inflation rate has therefore increased from 3.9% in 2021 to 5.6% in 2022.[10]

In 2022 gross domestic product (GDP) growth was projected at 2% and is expected to drop to 1.8% in 2023.[11] The World Bank recorded Eswatini's GDP for 2021 at E81.072 billion (US$4.94 billion).[12] The annual GDP per capita in 2021 was E69 172 (US$4 214).[13] The ratio of debt to GDP has been below 50% between the years 2010 to 2022 which, according to the African Development Bank, is considered to be in a sustainable debt range. However, public debt to GDP ratio is growing and needs to be managed.

In the context of climate change, agricultural sectors in Eswatini are particularly vulnerable to hydrometeorological disasters such as seasonal floods and severe droughts. It is predicted that these events could leave 25% of the country's population exposed to food and water insecurity.[14] Many households already rely on welfare and social safety nets for survival[15] and this situation could be exacerbated. In addition to its Disaster Management Act of 2006 and its National Disaster Preparedness and Response Plan, the Eswatini government released its National Progress Report on the implementation of the Hyogo Framework for Action (2013-2015). In response to changing weather patterns and long-term climate change, Eswatini's disaster risk management aims to better identify the country's changing disaster profile.

Access to finance

In 2021, 12% of the population had borrowed from formal financial institutions – banks, Savings and Credit Co-Operative Societies (SACCOs) and micro-finance institutions (MFIs) – while 14% borrowed from informal sources, including savings groups, shop credit, and moneylenders.[16] Women entrepreneurs borrowing money from banks made up 1% of the population, with most borrowing from MFIs and savings groups. As for alternative ways to access finance, about 71% of population use a mobile money account.[17] Looking again through the gender lens at this alternative access, 95% of women in Eswatini have access to a mobile phone. This allows for a form of alternative access to finance in the form of mobile money, which has allowed people on low incomes and in rural areas to be included. The mobile money agents are found within a 30-minute walk of 84% of people in Eswatini, allowing them to transact conveniently.[18]

KEY FIGURES

Main urban centres	Mbabane, Manzini
Exchange rate (1 July 2022): 1 USD = [a]	16.41 Lilangeni (SZL)
1 PPP$ = (2021) [b]	6.35 Lilangeni (SZL)
Total population (2021) [b] | Urban population (2021) [b]	1 172 369 | 285 695
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.04% | 1.86%
Percentage of urban population living in slums (2018) [d]	27.1%
Population living less than 5m above sea level (2010) [b]	n/a
Most common fuels used by households | by B40 households (2006) [e]	Wood | Wood
Percentage of female-headed households (2006) [e]	47.9%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	42.42%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	22.7%
Percentage of women participating in the labour market formally (2021) [b]	46%
Gini coefficient (2017) [b]	51.5
HDI country ranking (2020) [d] | HDI country score (2021) [d]	141 | 0.58
GDP per capita (Current US$) (2021) [b]	US$4 215
GDP (Current US$) (2021) [b]	US$4 941 million
GDP growth rate (2021) [b]	7.43%
Inflation rate (2019) [b]	5.6%
Lending interest rate (2021) [b]	7.3%
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2019) [f]	US$208.82 million
Prevailing residential mortgage rate | Term [g]	8-9% | 30 years
Maximum LTV on a residential mortgage [g]	90%
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers [f]	5
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2020) [h]	20 261
Value of microfinance loans (USD) (2020) [i]	US$5.31 million
Number of microfinance providers (2020) [h]	117
Total number of residential properties with a title deed (2021) [j]	315
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	707 630 SZL
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [l]	80m^2
Typical monthly rental for the cheapest, newly built house [l]	7 250 SLZ
Cost of standard 50kg bag of cement in local currency units [m]	66 SLZ (US$4.01)
Type of deeds registry: digital, scanned or paper (2020) [n]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [n]	121
Time to register property (days) | Cost to register property (2020) [n]	21 days | 7.3%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	20.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Central Bank of eSwatini
[g] Standard Bank eSwatini
[h] Financial Services Regulatory Authority (FSRA)
[i] Finscope Consumer Survey
[j] Eswatini Property Review
[k] Pam Golding Properties
[l] Remax Properties
[m] Mathata Hardware
[n] World Bank Ease of Doing Business Indicators

Five banking institutions offer mortgages to the public, of which First National Bank (FNB) and Standard Bank are the only ones offering a refinancing option. The only catch is that a letter confirming employment or a contract of employment is required to refinance an existing home.[19]

The maximum mortgage term given by the banks is 25 years. The minimum mortgage rate given to households is 7.65% while the maximum is 8.65%.[20] The maximum Loan-to-Value ratio for urban housing loans given by the commercial banks is 90%,[21] with non-performing loans at 9.5%,[22] a 1.3% growth from 2020. There is a limited interest in financial inclusion of women with few tailored products for women from formal financial institutions. The only financial institution that offers specific financial products and services for women is Imbita Swaziland Women's Trust.

The formal non-banking sector in Eswatini is dynamic, with 117 MFIs, 51 SACCOS, two credit bureaus and one building society registered with the Eswatini Financial Services Regulatory Authority (EFSRA).[23] This number has not changed despite the pandemic. The number of microfinance loans available is 12 000 with a value of E790 000 000 (US$48 137 269).[24] One of the key microfinance financial programmes is MTN Mobile Money, MoMo, which targets low income earners in rural and urban areas. The loans are small amounts, usually up to E200 and must be cleared in 30 days at 8% interest for the loan period.[25]

The two registered credit bureaus are Digimage Investments (Pty) Ltd and TransUnion ITC Swaziland (Pty) Ltd.[26] Credit provided is predominantly mortgage loans, which make up 46% of total household credit, and vehicle loans.[27] The general steps of underwriting a mortgage by formal banks involve requesting a credit report from a credit bureau. The bank then requests the applicants' banking statements, proof of address and identification. The main challenge in the underwriting process is the increased legal costs as the population of is small and pooling sizes are therefore limited. In a bid to increase financial inclusion of low income citizens, the Eswatini Housing Board (EHB) partnered with MTN to provide digital services that enable citizens to use mobile money to transact. In order to mitigate the financial exclusion of people in the informal economy, policymakers need to integrate financial services with more credit providers through the use of agents and mobile money platforms.[28]

Affordability

Eswatini's key affordability issues are linked to inequality, poverty and limited financial and gender inclusion. The estimated backlog of 20 000 housing units in Eswatini is due to the country not developing an appropriate integrated strategy specifically for housing or urban development, and insufficient investment in housing and associated basic service provision.[29] Affordability remains a key issue as the country had an unemployment rate of 25.76% at the end of 2021, a slight increase from 25.51% in 2020.[30] High unemployment rates have resulted in locals seeking income opportunities in the informal sector which makes up a significant portion of GDP 40.9%). However, incomes in the informal sector are 45% lower than in the formal sector. In the formal civil society sector the average salary for a cleaner is E1 200 (US$73) before tax; for a teacher, E2 500 (US$152) before tax and for a policeman it is E9 500 (US$578) before tax.[31] This is concerning from an affordable housing access perspective as formal banks require applicants to have a minimum salary of E5 000 (US$304) to qualify for a mortgage.[32] This detracts from housing affordability as most employed civil servants, except policemen, earn below this minimum salary figure needed to qualify for a mortgage.

The maximum instalment to household income ratio is 33%, meaning it is fairly affordable.[33] People living in Eswatini spend a minimum of 20% to 30 % of their income on non-food needs such as health, clothing, sanitation, energy and transport.[34] The national debt of the country was projected to be E33.972 billion (US$2.07 billion) in 2022 and to reach E35.285 billion (US$2.15 billion) in 2023.[35] The high level of public debt and the increase in non-performing loans makes accessing credit difficult for people who work in the informal economy (40.9% of the GDP). This negatively affects the affordability of housing finance, and the economic inclusion of citizens who have no access to formal credit.

In terms of property registration there are only 315 residential properties that have a title deed in urban centres.[36] There has been a decline in property registrations due to factors such as the COVID-19 pandemic, low economic growth, and non-registration of property to foreigners.[37] Land in urban areas such as Mbabane and Manzini costs E500 000/m^2 (US$30 466),[38] while the minimum regulated size of a residential plot in urban areas is 2 000m^2.[39] A newly built cheap house of 80m^2 in Mbabane costs E700 000 (US$42 653),[40] while renting the same house costs E7 250 (US$441).[41] The Eswatini Housing Board (EHB) considers a plot of housing between E250 000 (US$15 233) and E450 000 (US$27 420) to be affordable because most low income earners can afford this price range.[42] The EHB envisions reducing this figure considerably if adequate government funding is made available to reduce the costs of infrastructure for services such as electricity, water, roads and sewer systems, which would make affordability a reality.

Housing supply

Urban centres in Eswatini offer a variety of property types and prices for different housing typologies. There are rental units, informal housing and standalone houses (mostly on rural urban fringes where land is cheaper or given by chiefs). The rental market is comprised of high-end developments, and low and middle income rentals, which are in high demand from foreigners. Some 32% of the population still live in informal housing and backyard rooms in urban centres.

The Ministry of Housing and Urban Development is responsible for providing housing throughout the country. It does this through its state entity, the EHB, which is a member of the African Union for Housing Finance (AUHF). The EHB provides housing through residential loans aimed at assisting low and middle income citizens. Applicants are required to submit city council-approved building plans; written consent from the Ministry of Housing; a copy of the supervising architect's professional fee; approval from the Eswatini Environmental Authority and proof of income.

The EHB manages low income rental units that are more than 26 years old, handed over by the state. The units are outdated and due for refurbishments, especially plumbing and electrical works. The lack of serviceable plots has become apparent and, consequently, decent housing for the ever-growing urban population. In Mbabane the smallest residential plot is 2 000m^2.[43] As far as affordable housing is concerned, this is of importance, since the cheapest house newly built by a formal developer or contractor in Mbabane is 80m^2 in size.[44] There is enough space for approximately 25 households on a 2000m^2 plot. With a growing population of 1.2 million, town-planning and land-use schemes must continually be revised to accommodate more affordable housing.

Informal settlements in Eswatini are made of building materials such as steel, which are used in window frames in almost all houses (96%) and corrugated iron for roofing (66%).[45] Concrete is used in large quantities in informal settlements (65% for walls and 96% for floors).[46] Environmentally friendly earth blocks and mud with wooden sticks are used in small quantities (12% and 21% respectively) and are found locally.[47] They are valuable as they do not emit large amounts of carbon dioxide, and are recyclable. However, urban dwellers perceive the use of sustainable materials as a sign of poverty.[48] The overuse of concrete blocks by urban dwellers is a consequence of this.[49] A high percentage of residents living in informal settlements are unemployed, and cannot therefore afford basic services. In addition, the total construction costs per square meter for a newly built house is E6 614/m^2 (US$403.01),[50] which is high even for anyone earning a minimum wage.

Developers and building contractors are regulated by the Construction Industry Council. As for labour costs, the median salary for a construction worker is E2 810 (US$171) a month.[51] Building permits take 116 days to get approved. It is interesting to note that, despite this, building permits in Eswatini increased from 178 412 in the in the first quarter of 2021 to 340 018 in the second quarter of 2021.[52] This is due land policy reforms such as the now passed The Sectional Titles Act (Amendment) Act, 2018, and Regulations 2020 which is stimulating demand for housing.[53]

Over the last few decades, women have become increasingly independent and have slowly joined the workforce in the developer space.[54] Women are playing larger roles in leading various sectors of real estate, from developers and realtors to brokers and buyers.

Property markets

The Eswatini Deeds Registry falls under the Ministry of Natural Resources and Energy and was established under Section 3 of the Deeds Registry Act No. 37 of 1968. As of 2020, Eswatini's Registrar of Deeds records 20 000 registered title deeds land parcels, with 7 300 of them registered in the names of women.[55] There are a total of 1 772 properties registered for property rate payments in the main

ESWATINI – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **E9 500** per month

you could afford to purchase a **E411 837** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **E2 500** per month

you could afford to purchase a **E108 378** house with a mortgage.

Mortgage assumptions – Eswatini

- 8.5% interest rate
- 10% deposit
- 30 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

urban centres,[56] however only 315 properties have deeds, with the majority of properties being rented out in Mbabane.[57] This is because non-citizens cannot own land and can only obtain long-term leases (10-99 years). With property transfers, 1 004 deeds of transfers were concluded successfully in 2021/2022,[58] down from 1127 properties registered in 2020/2021. Registering property in the Eswatini takes 21 days, which is substantially less than the Sub-Saharan Africa average of 53.6 days. Nine procedures are required and the overall process is estimated to cost approximately 7.3% of the property value.[59]

In terms of the residential property market, Ezulwini, a town along the MR3 highway between Mbabane and Manzini, remains a hotbed of activity. There has been a spike in land prices over recent months due to large corporations buying up the remaining tracts of land available along the highway, particularly with road frontage. There is also a high demand for rental properties, but the availability of well-priced, high-quality rental units continues to be a problem. Due to a lack of options in the market, landlords continue to charge relatively high rentals for poor quality stock.

In terms of specific legislation regulating the property sector, the government has drafted the Estate Agents Registration, Licensing and Professional Indemnity Regulation Act of 2017, which are not yet operational. There is also no registered regulatory body for real estate agents.[60] As a result of the formation of the Eswatini Realtors Association (ESWARA) in 2018, realtors are able to represent themselves. ESWARA collaborates with other organisations supporting estate agents' work, such as banks, surveyors, valuers, conveyancers, human settlement authorities, municipalities, and the land registry.[61]

Policy and legislation

In 2021 the Ministry of Housing drafted a new Bill to regulate landlords and tenants. The Residential Tenancies Bill of 2021 aims to address some of the challenges landlords and tenants face in rental housing. According to the Bill, landowners are required to maintain rented properties. A tenant may report a landowner to a tribunal if he or she fails to carry out repairs on time, and rent will not be paid. In April 2022, the Sectional Titles Act (Amendment) Act, 2018 and Regulations 2020 came into effect.[62]

The issues around property rights and gender have been contested in Eswatini for several years because previously women could not register property in their names in the Deed's Registry. Women's rights activists challenged the Deeds Office to amend Section 16(3) of the Deeds Registry Act.[63] In 2019 the High Court ruled that the doctrine of "marital power'" was unconstitutional, and granted married women various rights including full rights to buy and sell property in their names, sign contracts, and conduct legal proceedings without the consent of their husbands.[64] Although there are limited laws to protect widows, the Constitution under Section 34 does allow widows to inherit their deceased spouse's estate.

Opportunities

There are rental housing opportunities for developers nationwide, but especially along the Mbabane Manzini corridor.[66] A renewable energy opportunity has been presented to EHB as a result of the Strategy for Sustainable Development and Inclusive Growth (SSDIG) 2030, developed in 2017. This strategy involves a switch from non-renewable to renewable energy sources. As a result, the waste segregation project that will be piloted at Mobeni Matsapha Estate is intended to encourage green lifestyles within residents' properties. The goals of the SSDIG, as envisioned by the EHB, are to reduce waste sent to landfills and incinerators by encouraging waste reduction, waste reuse, and waste recycling within EHB communities. The EHB also intends to use solar energy extensively in future developments for powering its residential properties in townships and homes. As part of this process, existing rental units will be converted from electric geysers to solar geysers.[66] In recognition of its environmentally conscious efforts, the EHB was awarded the Green Parastatal award at the Temvelo Climate and Tourism Awards 2020.[67]

The Ministry of Housing and Urban Development anticipates that the Sectional Title Act will stimulate the property market in Eswatini such as the Liqhaga flats development in Manzini.[68] Property prices are expected to decrease for sectional title units as building, land and service provision costs will be reduced. Sectional title schemes will also be insured, which will benefit the insurance industry immensely. Municipalities also receive money from sectional title units as owners pay monthly levies.[69]

Eswatini has 60% of its population living in informal settlements which require upgrading to provide basic services to its citizens.[70] These upgrades can be done in a more environmentally sustainable way.

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Availability of data on housing finance

Data is accessible from government departments, although it is mainly outdated and consists mostly of laws and policies related to housing. There is limited current information on housing finance in Eswatini. This could be a result of limited resources and human capital in government departments. It must be noted that the country faces major economic challenges and national surveys are costly and often require external financial support to undertake them.

There is a strong need for secondary data collection from international bodies such as the World Bank, International Monetary Fund (IMF) and United Nations, and from regional bodies such as the African Development Bank. The Central Bank of Eswatini disseminates financial statistics such as those relating to interest and lending rates.

Green applications for affordable housing

The Eswatini Independent Power Producer policy was introduced in 2015 to allow for a smooth transition from coal-based electricity to sustainable energy (including wind and solar), while allowing private sector participation in a regulated way. It has allowed Independent Power Producers to tap into the energy potential, with a 100kW grid operating near Siteki in eastern Eswatini.[71] Energy development is guided by the National Energy Policy of 2018.[72] Electricity is still mainly generated from coal and hydroelectric sources, with 60% coming from South Africa, Mozambique and the Southern African Power Pool (SAPP) Day-Ahead Market.[73]

It is estimated that the country has approximately 1 700 -1,800 kWh of solar energy per square metre with the best yield being located south of the country.[74]

In 2020 roughly 79.73% of the population had access to electricity.[75] Approximately 69% of the urban population have access to clean water and 58% have access to sanitation services.[76] To address this the government is implementing the Manzini Region Water Supply and Sanitation Project in Manzini.[77] Banks do not offer green mortgages in Eswatini.

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Ethiopia

Johnson Denge

KEY FIGURES

Main urban centres	Addis Ababa
Exchange rate (1 July 2022): 1 USD = [a]	52.15 Ethiopian Birr (ETB)
1 PPP$ = (2021) [b]	14.17 Ethiopian Birr (ETB)
Total population (2021) [b] | Urban population (2021) [b]	117 876 226 | 26 137 874
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.50% | 4.69%
Percentage of urban population living in slums (2018) [d]	64.3%
Population living less than 5m above sea level (2010) [b]	n/a
Most common fuels used by households | by B40 households (2019) [e]	Wood | Wood
Percentage of female-headed households (2019) [e]	22.1%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	37.49%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	5.2%
Percentage of women participating in the labour market formally (2021) [b]	46%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	175 | 0.50
GDP per capita (Current US$) (2021) [b]	US$945
GDP (Current US$) (2021) [b]	US$111 271 million
GDP growth rate (2021) [b]	5.64%
Inflation rate (2021) [b]	26.8%
Lending interest rate (2008) [b]	8.0%
Proportion of adult population that borrowed formally (2021) [b]	41%
Number of residential mortgages outstanding (2021) [f]	247 000
Value of residential mortgages outstanding (USD) (2021) [g]	US$420 million
Prevailing residential mortgage rate | Term [g]	7 – 22% | 30 years
Maximum LTV on a residential mortgage [f]	80%
Ratio of mortgages to GDP (2021)	2.6%
Number of residential mortgage providers (2021) [g]	7
Percentage of women who own a house alone and/or jointly (2019) [e]	49.6%
Number of microfinance loans outstanding (2020) [h]	500 000
Value of microfinance loans (USD) [g]	US$1 249 million
Number of microfinance providers (2021) [g]	41
Total number of residential properties with a title deed (2019) [i]	2 800 000
Number of formal dwellings completed annually [j]	100 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	903 200 ETB
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	20m^2
Typical monthly rental for the cheapest, newly built house [m]	8 000 ETB
Cost of standard 50kg bag of cement in local currency units [n]	650 ETB (US$12.46)
Type of deeds registry: digital, scanned or paper (2020) [o]	Paper
World Bank Ease of Doing Business index rank (2020) [o]	159
Time to register property (days) | Cost to register property (2020) [o]	52 days | 7.3%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [o]	5.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Commercial Bank of Ethiopia
[g] National Bank of Ethiopia
[h] World Bank Report: How to Escape the Micro Finance Squeeze: Evidence from Ethiopia
[i] World Bank report:Unlocking Ethiopia's Urban Land and Housing Market 2019
[j] Ethiopianbusinessreview.net
[k] Condoaddis.com
[l] Urban Transition Global
[m] Et.loozap.com
[n] Con.2merkato.com
[o] World Bank Ease of Doing Business Indicators

Overview

Based on 2015 estimates,[1] Ethiopia will have approximately four million new urban households by 2027 and approximately 9.7 million by 2037. Demand for urban houses is estimated at 471 000 per year from 2015 to 2025, and 486 000 houses a year from the year 2025 to 2035.[2] Poor land management practices, lack of diversified housing delivery systems, the absence of a robust and affordable housing construction industry and the absence of a diversified housing financing system are some of the factors that continually shape the housing stock supply in Ethiopia.[3]

On a macro level, Ethiopia recorded an average real gross domestic product (GDP) growth rate of 9.5% a year in the last decade and a half, making it one of the fastest growing economies in the world.[4] This has largely been driven by capital accumulation through public infrastructure investments.[5] In 2020 and 2021, Ethiopia's GDP growth decelerated to an average of 5.9%. This dip was due to effects of the Covid-19 pandemic and exacerbated by debt vulnerabilities, the Northern Ethiopia civil conflict and increased inflation because of the effect of the Russia-Ukraine conflict on food and oil prices. Inflation is expected to reach 32.6% in 2022 and reduce to 24.9% in 2023 on the back of fiscal consolidation strategies and increased tax revenue mobilisation.[6] Still, the African Development Bank (AfDB) projects growth in GDP of 4.8% in 2022 and 5.7% in 2023.[7] Despite the country's rapid economic expansion, however, it remains one of Africa's low income countries, with a GDP per capita of Br49 229 (US$944) in 2021.[8] Ethiopia aims to become a low middle-income country by 2025.

Ethiopia has diverse landscapes and climates, ranging from rainforests to deserts. This, and its high population growth rate, makes it one of the most vulnerable countries to climate variability and climate change. With its high dependence on rain-fed agriculture, Ethiopia has not developed water resources and road infrastructure to support drought-prone areas.[9] Ethiopia ranked 72 on the Global Climate Resilience Index (GCRI) in 2021 due to effects of climate change such as flooding, desertification, water scarcity, soil erosion, deforestation, drought, land degradation, and loss of biodiversity and wildlife.[10] In a national 10-year plan, the Ethiopian government committed to reducing emissions by 68.8%, which is equivalent to 126.8 metric tons of carbon equivalent (MtCO2) by 2030. Of this, 14% is an unconditional reduction, and 54.8% is dependent on international support.[11] Ethiopia established a National Disaster Management policy in 2013. The policy is aimed at building capacity to deal with disasters over a 10-year period, until 2023.[12] In 2016 Ethiopia submitted its Nationally Determined Contribution to the United Nations Framework Convention on Climate Change (UNFCCC). The contributions are aligned to the development goals in the Growth and Transformation Plan II (GTP II) and the Climate Resilient Green Economy (CRGE) Strategy. As a priority Ethiopia is committed to building green cities, dealing with waste and expanding its physical infrastructure through public investment.[13]

Access to finance

Ethiopia has an underdeveloped system of housing finance. More than half of the housing markets is financed informally through relatives, friends, and savings groups, and only 23% through mortgages.[14] The low mortgage uptake is linked to high interest rates, regulatory controls, low incomes, credit risk, inadequate supply of affordable housing, and low financial literacy.[15] Other factors too contribute to the weak financial sector, particularly the housing sector. The sector is largely controlled by government, affecting markets and pricing[16]. For example, while banks granted loans in Q3 worth Br7.7 billion (US$147 652 447),[17] the proportion of loans allotted to housing is small, partly due to inadequate clarity on ownership rights. The proportion of loans directed to housing and construction of total loans disbursed was 11%[18] and 7.1%[19] in Q2 and Q3 2022, respectively.

To solve affordability and access to financing specifically on the demand side of the market, the government launched the Housing Development Programme Office (HDPO) in 2006.[20] An agreement was reached with the Commercial Bank of Ethiopia (CBE) to provide low-interest mortgage loans.[21] It established payment plans with down payments of 10%, 20% or 40% of the total housing cost prior to property transfer.[22] This has failed to enlarge access to finance as envisaged. Households suffer from low disposable income and available finance is costly.[23] The programme assumed households could raise up to 40% of the property price as down payment and afford mortgage payments, which is not the case, especially for most lower income earners.[24] Further, the programme has faced serious challenges of leadership and financing, such as threats of insolvency, and cannot build sufficient urban houses to meet demand.[25] Most (59.8%) formal houses are rented in major cities.[26] On the supply side, the programme was subsidised to deliver housing units to the market, mainly in major cities in the country. The subsidy comes in the form of land, bulk infrastructure and cost of material used in the development of the units.[27]

The Addis Ababa City Administration is planning to build 1.4 million units in the next 10 years under the Addis Ababa Structure Plan 2017-2027, at an approximate cost of Br174 billion (US$3.5 million).[28] The development will include other social amenities and infrastructure, and aims at high quality and green compact development.[29] The formal private developers' supply of units is low at 0.3% across the country and up to 1.3% in Addis Ababa, and mainly targeted at the upper income segment.[30]

Affordability

Ethiopia faces the challenge of not being able to supply sufficient new affordable housing and upgrade existing stock to meet the demand of the required 471 000 units annually, particularly for households in the lower income brackets.[31] Cooperatives, individuals and private developers cater mainly for the high end of the market,[32] albeit in low quantities.[33] Government is left to fill the deficit. The Government Integrated Housing Development Programme (IHDP) has supplied 280 000 subsidised condominium units between 2004 and 2016.[34] However, because of the high demand for these units, prices have surged between 200% and 300% since the programme launch.[35] Moreover, the programme has only managed to supply 2% of the demand in the market.[36] This all points to a long waiting list for affordable housing in Ethiopia. Terms of financial intermediation and low disposable incomes are to blame for the unaffordability on the demand side, with high cost of development, land, and infrastructure hindering the supply of affordable housing units.[37] The IHDP has had some positive impact, with 53% of IHDP houses being allocated to female-headed households.[38] Effective spatial planning for this programme has reduced environmental degradation, thus improving the quality of life of inhabitants and promoting social and economic activities.[39]

Affordable financing to buy housing is inadequate, due to the high interest rates on mortgages, the low number of mortgage providers and the high collateral requirements to secure financing.[40] Private banks keen to offer mortgages are needed. Salem Bank and Goh Botoch Bank S.C. recently started operations in 2021,[41] and their inclusion could begin to make an impact. However, the affordability gap in the housing market means the low income bracket end up in informal settlements, with government-subsidised housing benefiting only the upper and high end of the market.[42]

To tackle the affordability gap in Ethiopia, policies should target reforms to the IHDP to align to market expectation by providing basic unit options that allow the poor to upgrade with income growth and over time.

Housing supply

The Ethiopian government planned to build condominium houses in Addis Ababa and major regional cities to reduce the existing housing shortage, based on the saving capacities of the beneficiaries.[43] Accordingly, it planned to construct 750 000 new residential housing units in urban centers of the country by improving the quality and standard of the units by 30% by 2020.[44] The plan also involved improving existing housing for 25% of the rural community. After identifying the extent of existing slum areas in 2016, huge efforts were made to reduce their coverage by 20%.[45] This has not been achieved. The process was marred by the lack of compensation especially to the untitled, inner city informal dwellers (landlords and sub tenants), who were displaced.[46]

The condominium housing supply initiative launched by the government is not sustainable and has not been able to cope with the demand. The initiative has further caused distortion in the land and housing market.[47] There is a large unmet demand both in numbers and quality, which also has a direct influence on prices.[48] The IHDP's lottery registration system has been closed to newcomers since 2013, as the waiting list is estimated at 800 000 and some projects have been put on hold.[49]

Limited access to decent and affordable housing has exacerbated growth of informal and squatter settlements in the main city, particularly among the urban poor.[50]

Property markets

The real-estate sector has contributed 12.5% to GDP growth in the past 10 years.[51] The growth was largely attributed to an 8.9% expansion in real estate and construction (renting and business activities, construction of roads, railways, dams, and residential houses).[52]

On the demand side, demand for formal housing is high, with the government IHDP units fetching up to five times more than the original auction offer. The houses are then put into the rental market by the acquirers.[53] The IHDP is creating market distortion. Intended to cater for the low income bracket, the programme is attracting those with higher level incomes.[54] The rental market is dominant, with owner-occupied units at only 32.6%.[55] There is evidence of up to 19% subletting.[56] Inadequate foreign currency in recent years has prevented much-needed growth, not only in the real estate market but also other sectors of the economy. Nonetheless, pockets of the market like Addis Ababa are thriving, with IHDP developments, mid-market developments by cooperatives, and high end homes built by formal developers.[57]

On the supply side, adequate developer financing is lacking.[58] The private sector is neglected, with all efforts devoted to the government housing programme.[59]

Key reforms are needed to help the Ethiopian property market prosper. This includes a market-segment focused policy to cater to all market needs, streamlining housing finance, making property market data available, and developing a new property and housing policy through effective management and a collaboration of stakeholders.[60]

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Policy and legislation

Real estate is one of the under-regulated sectors in Ethiopia.[61] For example, disputes often arise when delivery of units to buyers is delayed. To solve this, a law dubbed the "Real Estate Home Developers Proclamation" was initiated to define the rights and obligations of the parties in transactions. However, this law has yet to be approved.[62]

The principal laws that currently govern land and real-estate matters in Ethiopia are: The 1960 Civil Code of Ethiopia; Investment Proclamation No. 769/2012 and its amendment; Ethiopian Building Proclamation No. 624/2009; Building Regulation No. 243/2011 and the Building Directive; Urban Land Lease Holding Proclamation No. 721/2011; Urban Land Lease Holding Regulation No. 49/2012; and the Urban Landholding Registration Proclamation No. 818/2014.[63]

Other laws that relate to urban land administration, regulations, and policies, both at the federal level and local government level, include Proclamation No. 80/1993, related to the urban land lease system, and proclamations No. 271/2002 and No. 721/2011.[64] These proclamations have had a significant positive impact on the sector.

Some of the causes of development problems in urban Ethiopia are land management, governance, and land taxation.[65]

Ethiopia needs to create an enabling environment that fosters private sector delivery of housing.[66] In addition to supportive policy, amenities such as infrastructure have to be provided and proper land pricing ensured as well as development land being made available, supported on the demand side by making sure that buyers have access to finance and general financial inclusion is improved.[67]

ETHIOPIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **Br6 165** per month	who earns **Br10 130** per month
you could afford to purchase a **Br188 793** house with a mortgage.	you could afford to purchase a **Br310 214** house with a mortgage.

Mortgage assumptions – Ethiopia

- 14.5% interest rate
- 20% deposit
- 30 year loan tenor
- 80% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Opportunities

The opportunities in Ethiopia's housing sector lie in its demographic profile. Ethiopia has a population of 117.8 million, and an annual population growth rate of 2.5%. The percentage of the population under 15 years old in 2021 was 40.6%, compared to the global average of 25.8%,[68] and the urbanisation rate was 4.69%.[69] These statistics suggest a continued rise in demand for housing, which translates to opportunities for housing investment and related infrastructure.

Rapid economic growth generally leads to more housing and real estate investment growth in the country. Ethiopia's average annual GDP growth rate was 10.4% between 2004 and 2018.[70] While urban inequality (measured by the Gini coefficient) is high, it has declined in recent years, from 0.44 in 2005 to 0.37 in 2011. There are marked differences between the livelihoods of people in rural areas, of whom 25.6% live in poverty, and urban areas, of whom 14.8% live in poverty.[71] This urban advantage and rapid urbanisation can be a catalyst for economic growth through job creation if well managed.[72]

Changing working patterns and a growing labour force also provide Ethiopia with an opportunity for urban growth. It is estimated that Ethiopian cities contribute 38% of Ethiopia's GDP, through employment of only 15% of the country's total workforce. Of all new jobs created between 2005 and 2011, 60% were in urban centres,[73] and, as of 2012, rural–urban migration accounted for 24% of urban population growth.[74] It is estimated the labour force will be 82 million by 2030[75] pointing to opportunity for economic development.

Availability of data on housing finance

Housing finance data in Ethiopia is outdated and untimely publication renders it less useful.

Primary sources of data for housing in Ethiopia are the National Bank of Ethiopia (NEB), Central Statistical Agency (CSA), Ethiopian Economic Association (EEA), Ministry of Urban Development and Construction, Addis Ababa City Administration, World Bank Group, and developers such as Flintstone Homes, Gift Real Estate and Noah Real Estate.

On the supply side, data is published periodically and includes cement consumption[76] and sector credit advancement.[77] On the demand side, performance and trends, land and housing supply auction prices by city administration and other regional local governments, household surveys and social economic characteristics, sector reforms and trends and demand and credit trends.[78]

Challenges for data collection include inability to access mortgage loan data from commercial banks and alternative lenders who play an important role in financing the sector.[79] Data is outdated and may not be representative of the time of publication. Data on effective demand is not published and the limited data on the informal sector is not updated regularly. The last population and housing census was done in 2007.[80]

Green Applications for Affordable Housing

According to Climate Watch in 2016, Ethiopia's construction industry was responsible for approximately 2% of carbon emissions.[81] This is likely to increase with the country's accelerated growth and the goal of attaining middle-income status by 2025, with construction as a key part of this growth. Sustainable methods and materials are needed to enable carbon reductions on a large scale.

In Implementing Addis Ababa's Structure Plan the Ababa City Block Project is one of the pilots in achieving green and sustainable development. The concept of the Addis Ababa City Block entails a vertical stack of narrow frontage housing units and horizontally stacked apartments. The development is modelled on Ildefons Cerda's Barcelona Perimeter Block but adapted to Addis Ababa's culture and the principles and objectives of the Addis Ababa City Structure Plan (2017-2027).[82] The design aim to "respond to high density requirements and to enhance urbanity through a mix of income groups, social and green spaces."[83]

Densification and the growing population also result in air pollution. Air pollution increased 62% between 1974 to 2018 mainly due to clearance of vegetation in and around Addis Ababa city.[84] The transport sector also produces hydrocarbons and carbon monoxide.[85] Thus, calling for rethinking green spaces and transport systems in affordable housing projects, Addis City Structure Plan (2017 -2027) proposes to have 2 739ha of green spaces, which will cut air pollution.[86]

Ethiopia has yet to fully embrace green building practices due to other social and economic challenges hindering the provision of affordable housing. However, green building practices that should be considered include building design that is compact and allows for natural lighting and air circulation; use of local materials; and minimisation of imports (e.g. straw in walling, rice husks reinforcing cement).[87]

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Gabon

Feutsa Sostella A.Tchouala[1]

Overview

Despite having a small population of less than 2.3 million inhabitants,[2] Gabon is considered the most urbanised country on the African continent, as approximately 90% of its population lives in urban areas.[3] Nearly two-thirds (59%) of the total population live in the country's two largest cities, the capital, Libreville, and the economic capital, Port-Gentil.[4] Although the annual growth of the urban population has declined over the past few years, it is still growing, and was 2.7% in 2021.[5] Even though Gabon had the fourth highest gross domestic product (GDP) per capita on the continent, approximately CFA5 million (US$8 017) in 2021,[6] the poverty rate remains high at 32.4%.[7] High GDP per capita income levels have yet to translate into meaningful human capital development, and Gabon ranked 107 out of 130 countries in the 2017 Human Capital Index.[8] In 2018, 37% of the urban population lived in slums.[9] The underperformance of the country is reflected in a number of areas, including education, access to electricity, drinking water and basic sanitation, as well as health indicators, such as life expectancy and immunisation. The unplanned nature of these slum settlements, coupled with tenure insecurity, has often led to land conflicts.[10]

Considered one of the most developed economies in Sub-Saharan Africa, Gabon's economy is centered around the production and export of oil. Between 2016 to 2021, the oil industry accounted, on average, for 80% of exports, 45% of GDP, and 60% of fiscal revenue.[11] Although this sector has been the main driving force behind the economy's strong economic growth over the past decade, heavy reliance on the production of oil renders Gabon vulnerable to oil price volatility.[12] Gabon's GDP growth contracted to -1.9% in 2020, largely driven by a -2.4% contraction in oil GDP growth.[13]

In 2021, the budget deficit widened to 3.4% from 2.1% in 2020, mainly due to a decline in government revenues and an increase in spending during the pandemic.[14] Inflation, as measured by the Consumer Price Index (CPI), increased from 1.1% in 2021 to 2.9% in March 2022,[15] as a result of higher energy and food prices, particularly since the start of the Russia-Ukraine war. Gabon is extremely vulnerable to climate change impacts. Libreville and Port-Gentil are located on the western coastal border, which stretches along the Atlantic Ocean. This is where most the population live and the country's economic activities take place. Port-Gentil is only four meters above sea level. Rising temperatures, sea-levels, and changing precipitation patterns could have a devastating impact on vulnerable population groups, urban infrastructure, and the economy in general and could further limit the amount of available land for affordable housing programmes in urban areas.

Gabon ranks 117 out of 181 countries on the 2020 Notre Dame Global Adaptation Initiative (ND-Gain) index, which measures a country's vulnerability to climate change and its readiness to improve resilience. Although Gabon's current vulnerabilities are manageable, it ranks low in readiness to adapt to climate change threats.[16] Risk analyses (such as partial flood risk assessments) and strategic plans for risk adaptation to climate change are non-existent. This is compounded by the absence of a central database that enables the systemic collection and analysis of disaster loss data. Gabon has recently taken steps to increase its resilience to natural hazards and climate change impacts by developing scientific and technical expertise within the Disaster Management Agencies, along with the necessary financial support and increased regional engagement.[17] The authorities have also tried to transform the forest industry and has plans to develop tourism and ecotourism to better benefit from the forest heritage.

KEY FIGURES

Main urban centres	Libreville, Port-Gentile, Franceville
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XAF)
1 PPP$ = (2021) [b]	285.02 CFA Franc (XAF)
Total population (2021) [b] | Urban population (2021) [b]	2 278 829 | 2 060 586
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.34% | 2.72%
Percentage of urban population living in slums (2018) [d]	36.6%
Population living less than 5m above sea level (2010) [b]	4.9%
Most common fuels used by households | by B40 households (2012) [e]	LPG/natural gas/biogas | LPG/natural gas/biogas
Percentage of female-headed households (2012) [e]	30.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	13.93%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	19.6%
Percentage of women participating in the labour market formally (2021) [b]	39%
Gini coefficient (2017) [b]	38.0
HDI country ranking (2020) [d] | HDI country score (2021) [d]	113 | 0.71
GDP per capita (Current US$) (2021) [b]	US$8 017
GDP (Current US$) (2021) [b]	US$18 269 million
GDP growth rate (2021) [b]	1.51%
Inflation rate (2021) [b]	1.5%
Lending interest rate (2017) [b]	15.0%
Proportion of adult population that borrowed formally (2021) [b]	57%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2021) [f]	US$20 million
Prevailing residential mortgage rate | Term (2021) [g]	8 – 13% | 30 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2021)	0.13%
Number of residential mortgage providers (2021) [g]	7
Percentage of women who own a house alone and/or jointly (2012) [e]	22.3%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers (2021) [f]	5
Total number of residential properties with a title deed (2020) [h]	23 307
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [i]	35 000 000 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [i]	100m^2
Typical monthly rental for the cheapest, newly built house (2021) [i]	350 000 XAF
Cost of standard 50kg bag of cement in local currency units [i]	8 000 XAF (US$12.70)
Type of deeds registry: digital, scanned or paper (2020) [j]	Paper
World Bank Ease of Doing Business index rank (2020) [j]	169
Time to register property (days) | Cost to register property (2020) [j]	72 days | 11.5%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [j]	9.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] World Bank publication: Housing Finance in Gabon - Towards Affordable Housing for All
[g] ORABANK
[h] Conservation of Land Ownership and Mortgages (CFPH) Gabon
[i] National Society of Social Housing
[j] World Bank Ease of Doing Business Indicators

Access to finance

Gabon forms part of the Central African Economic and Monetary Community (CEMAC), along with Cameroon, Chad, Central African Republic, Republic of Congo, and Equatorial Guinea. The region has a common currency, the CFA franc, which is pegged to the euro, along with a set of institutions to promote economic and regional integration.[18] The banking industry is supervised at a regional level, through the Bank of Central African States (Banque des Etats d'Afrique Centrale/BEAC) and the Commission Bancaire de l'Afrique Centrale (COBAC). These institutions, together with the national Ministries of Finance, are responsible for licensing new banks and regulating microfinance institutions.[19]

In recent years, CEMAC countries have made significant progress towards financial inclusion. To promote gender equality, Gabon has passed several reforms to its civil and penal code to give women more rights at home and at work.[20] These reforms have made it easier for women to open a bank account, obtain credit, and be granted equal rights to immovable property and administrative authority over assets in a marriage.[21] As such, Gabon's score on the Women, Business, and the Law 2022 index rose from 57.5 in 2020 to 82.5 in 2022.[22]

Banking penetration and the availability of financial services in Gabon are higher than the CEMAC states average.[23] Gabon has the highest number of automated teller machines (ATMs) per 100 00 adults at 4.953, and the second highest number of bank accounts per 1 000 adults at 97.17, following Equatorial Guinea.[24] Mobile money account ownership increased from 7% in 2014 to 57% in 2021.[25] The percentage of the population over the age of 15 that borrowed from a financial institution was 5% in 2017, below upper middle income countries and Sub-Saharan Africa at 7%.[26] These relatively low levels of financial services use can partly be explained by the high cost of borrowing. In the final quarter of 2021, the borrowing rate practiced by banks in Gabon averaged around 14.88%, the highest in the CEMAC region.[27] Gabon also had the second largest share (17.7%) of new loans granted in the CEMAC region during this period.[28] However, the largest beneficiaries of these loan agreements were private companies involved in the productive sector, which accounted for 65.09% of the overall budget.[29] Loans to individuals represented only 18.69% of the total value of new loans.

Gabon's banking sector is made up of a few dominant players. Key players include Banque Gabonaise et Française Internationale (BGFI Bank), Banque Internationale pour le Commerce et l'Industrie du Gabon (BICIG), Ecobank, Orabank, Citibank Gabon, United Bank for Africa Gabon, Union Gabonaise de Banque (UGB), Finatra (a subsidiary of BGFI), Alios Finance and BICIG-Bail (a subsidiary of BICIG).[30] In the last quarter of 2021, lending activity was dominated by two banks, which controlled 78.8% of the market share, namely BGFI Bank (45.4%) and BICIG (33.4%). Most of these credit agreements were short-term loans (24 months maturity), which accounted for 68.85% in the region, followed by medium-term loans (duration between 24 and 60 months), representing 15.31%, and long-term loans (maturity greater than 60 months) at 2.81%.[31] To replenish regional exchange reserves, the BEAC raised its interest rate on tenders from 3.5% to 4% and its Marginal Lending Facility Rate from 5.25% to 5.75% in March 2022.

Housing finance is available, and the number of mortgage lenders is estimated at 10. Nevertheless, there is little or no access to the mortgage market for most local households. In 2020, mortgage loans as a share of GDP were 0.132%, 22.1% less than the previous year.[32] As a measure of mortgage depth, this is the second-lowest among CEMAC member states, and among the lowest on the continent. This decline in mortgage market activity has been taking place since 2014 when the oil crisis diminished government revenues and halted major housing programmes in the country.[33] This also led to mortgage subsidies provided to improve access to housing finance by the Housing Bank of Gabon (BHG) and the National Real Estate Corporation being discontinued. Although housing programmes have been developed by private and public developers since then, the units delivered do not come close to meeting their objectives.

Other non-mortgage subsidies provided by the Government of Gabon to mitigate the problem of access to housing finance for low income households include specific affordable housing programmes run by state agencies. Despite these programmes, mortgage expansion has faced difficulties, notably weak mortgage foreclosure rules and regulations.[34] The microfinance sector is gradually developing with the registration of regulated microfinance institutions (MFIs), but coverage is limited to a segment of the population. With nearly CFA10 billion (US$15.9 million) of recorded loans, the microfinance sector grew from 14 institutions to 20 in 2022 and is the fourth largest in CEMAC behind Cameroon (with 412 MFIs), Chad (122), and the Republic of Congo (57). A significant number of unregulated MFIs are also reported to be operating in the country.

In Gabon, only a few of the many MFIs offer products specific to housing finance. Only LOXIA offers micro-loans for housing with its Crédit Express product, which finances self-construction projects for up to CFA10 million(US$15 871) over 48 months.[35] The most important institution is African Micro-Projects Financial (FINAM), which now has more than 70 000 clients in six of Gabon's provinces.[36] Although FINAM does not offer housing microfinance, it offers all other traditional microfinance products.

Affordability

Rapid urbanisation coupled with a lack of sustainable urban planning has resulted in a significant housing deficit of between 260 000 and 300 000 units,[37] mostly concentrated in the middle income and low income segments.[38] The rise in demand for housing, especially in Gabon's major cities like Libreville and Port-Gentil, has mostly been met in the high income segment. Despite high vacancy rates, high-end properties remain expensive, especially in Libreville, which is often ranked among the most expensive cities on the African continent.[39] The cheapest house purchased on the formal market in Gabon costs approximately CAF35 million (US$55 550.93), the highest among CEMAC member countries.[40] Despite Gabon's relatively high GDP per capita income, only 12% of urban households can afford to buy a property on these terms. In urban areas, nearly two-thirds (62%) of households rent their dwellings, while 35% are owners.[41] This is reversed in rural areas, where 80% of households own their dwellings. However, in a large number of cases, especially among poor households, ownership is not accompanied by property titles, which means that these households cannot use their owned dwellings as an asset base to alleviate poverty.[42]

Housing affordability is undermined by high unemployment rates and poverty. In 2021, the unemployment rate increased to 22.3% from 22% in 2020.[43] Unemployment disproportionately affects women with female unemployment (30.5%) nearly twice the rate of male unemployment (16.9%). Furthermore, nearly a third (33.4%) of the population live below the national basic needs poverty line, set at CFA840 000 (US$1 333.22) per capita per year in 2017. Given the socio-economic impact of COVID-19, this number has potentially increased in recent years. Another aspect that limits access to affordable housing is that a significant proportion of Gabon's population is engaged in the informal economy, which creates difficulties in accessing formal mortgage financing. The informal sector represents between 40% and 50% of the country's GDP and, in 2011, it was estimated that approximately 200 000 people are employed in the informal economy.[44]

Government attempts to increase affordable housing have had minimal success. Numerous programmes remain incomplete, while private sector programmes have either stalled or the delivered units were not scaled up. To date, 3 800 units have been under construction and none have been completed. The bankruptcy of the BHG in 2017 further undermined the development of subsidised housing programmes.

In addition, difficulties in accessing long-term financing resources significantly reduce the availability of long-term financing for households. Gabonese banks are constrained by the liquidity ratio requirements of COBAC and international regulatory regulations, such as the Basel Accords, which oblige them to have a minimum threshold in anticipation of any economic or financial, or even health, shock, as with COVID-19. Most banks respect this ratio.

To overcome the problem of housing affordability, the Government of Gabon levies a 2% tax on the wages of private-sector workers to finance the National Housing Fund. Part of this fund is also donated to the Caisse des Dépôts et Consignations (CDC) to finance high-quality housing projects. While commendable, this measure does not include informal sector households or the social housing segment, which make up a large part of the housing demand of local households.

Housing supply

The Gabonese government is the major player in the housing sector, although a few housing projects have also been carried out by the private sector. In 2017, a Chinese consortium sought to launch a large-scale housing project in Gabon with 200 000 planned units, but this project has stalled.[45] Foreign and private developers often encounter difficulties in registering their properties and obtaining electricity and construction permits. Although the government has initiated reforms to ease the process of doing business in the country, significant problems persist.

Institutions responsible for the delivery of housing include the National Real Estate Company (SNI), the CDC, the Agence Nationale des Grands Travaux, and the Caisse Nationale de Sécurité Sociale (CNSS). Ongoing projects include CDC Bougainvillier and Magnolia projects. The Bougainviller project is a 15-year rent-to-own programme with repayment rents between CFA350 000 (US$555.5) and CFA615 000 (US$976) a month. The Magnolia project consists of 173 villas built on an area of 400m^2, of which 167m^2 is habitable, and 27 apartments ranging in

GABON – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA308 000** per month	who earns **CFA194 000** per month
you could afford to purchase a **CFA6.530 million** house with a mortgage.	you could afford to purchase a **CFA10.367 million** house with a mortgage.

Mortgage assumptions – Gabon

- 11.5% interest rate
- 10% deposit
- 30 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

size from 90m^2 to 156m^2. CDC has also set up a home savings plan called OYES, which offers a rate of 0.5% over two years. This allows interested households to make up the 20% contribution required by banks for mortgage financing. In 2019, the CNSS received CFA45 billion (US$71.4 million) in funding from BEAC for a programme to build 1 000 social housing units.[46]

More than two-thirds (69%) of homeowners in urban areas obtained their houses through self-construction. The government has created a Directorate of Self-Construction Assistance to support households and offer technical assistance, given the importance of this form of homeownership. The most common types of housing are bungalow houses and semi-detached houses, with approximately 1.2 rooms per person.[47] The quality of building materials used for these dwellings varies. While roof materials typically entail relatively high-quality materials like concrete, tiles, and aluminum sheets (100% in urban areas), only 54% of wall materials for dwellings in Libreville and Port-Gentil are built from blocks of cement, metal sheets, sun-dried or baked bricks.[48]

Urban areas are also well connected to the power grid, and approximately 97% of households have access to electricity, compared to only 18% of rural households. An estimated 43% of households in the main urban areas have access to a traditional/unimproved latrine, and 57% have access to protected water on their premises.[49] The African Development Bank granted Gabon a CFA (US$96.95 million) fund in 2018 to address Libreville's water deficit by expanding drinking water infrastructure into the greater Libreville area and other municipalities.

Property markets

The state is the major land owner in Gabon, controlling 90% of its area, mainly defined as "private development land".[50] This has exacerbated tenure insecurity for most the population, as land laws deny customary and other longstanding rights to land as legal claims to own a piece of land.[51] The only way to legally own land is by acquiring it from the state, after which title deeds can be issued. As a result, a significant proportion of the population is vulnerable to dispossession, especially when the state allocates land to global enterprises for mining, logging, and agribusiness.[52]

Acquiring and registering property is expensive and the process protracted. According to the 2020 World Bank Doing Business report, the country ranked 169 of 190 countries. It takes approximately 72 days to register a property, 275 days to obtain a construction permit, and 148 to get electricity.[53] On average, these processes could cost up to 11.5% of the property's value.

Before establishing the National Agency for Urbanism, Topographical Works and Cadastre in 2011, only 23 000 property titles had been issued since 1964.[54] As a one-stop shop, it produces an average of 700 to 800 land titles annually as opposed to the aim of 5 000, and currently sits with a backlog of 25 000 titles. Nevertheless, it has succeeded in reducing the time required to obtain a title deed from five years to 180 days. Only 20% of title retention or recording systems are thought to be digital. However, the Gabonese government is engaged in nationwide digitalisation initiatives. These include a project to regularise land for owners and a project to establish a central land sector file that would enable the identification and listing of occupied or vacant land and its owners.

Policy and legislation

Twenty task groups were established by a decree, signed by Prime Minister Rose Christiane Ossouka Raponda on 17 February 2021, to carry out the most important reforms in its Transformation Acceleration Plan (PAT, 2021-2023). In April 2021, the Minister of Investment Promotion established a task force for the business environment as part of the execution of the PAT. The PAT's six major actions are designed to increase the regulatory and fiscal framework's ability to assist the growth of the private and export sectors, including facilitating access to land.

The Gabonese Constitution recognises the right to housing for every Gabonese citizen. The government's Vision 2025 and Strategic Orientations 2011-2016 aims to reorganise the institutional framework of the housing sector, develop an urban planning code to define new rules for land development and construction, strengthen the legal framework for construction and housing, and revise property taxation, among other measures aimed at achieving the goals set for 2025.

Opportunities

Gabon's high urbanisation rate provides an opportunity for investment in the development of cities and the national housing stock. The existence of a law governing the cost of rent reflects the interest of the national legislator in regulating the sector and avoiding speculation that would have a disruptive effect on the growth of the national rental market and the purchasing power of households. The difficulties encountered in the sector are potential hidden opportunities for investors able to offer rental stock to meet market demand for the majority of households.[55]

The government's reform programme aims to restore macroeconomic stability by increasing the productivity of export goods, which includes petroleum mining products, agricultural products (palm oil) and forestry. In so doing, the country seeks to revive its agricultural sector, investing approximately CFA327.9 billion (US$520.4 million) in this sector in 2020. This sector has strong growth potential, thanks to the country's 22 000 000ha of forests, 1 000 000ha of arable land, and more than 800 000km of maritime coast.

The absence of private sector actors in housing programmes remains an advantage for national and international developers wishing to expand their product market. The Emerging Gabon Strategic Plan (PSGE) Vision 2025 highlights the government's ambition to boost the housing sector and construction, and set up urban planning. Property tax revisions could attract many public-private partnerships for large-scale economic and social housing projects, provided they are beneficial to all stakeholders.

After Suriname, Gabon is the most forested nation. Due to its small population and the fact that 90% of the country is covered in rainforests, it is described as a "carbon sink", as it absorbs more carbon than it emits.[56] To this end, the government passed a climate law that provides a foundation for selling carbon credits on global capital markets, which could be worth CFA300 billion (US$476 million).[57] In the same way that the government has mobilised tax revenues to finance housing, these carbon capital funds could be channeled for similar purposes. However, planned reforms will have to be realised to create an enabling environment for private capital and capitalise on the carbon credit market.

Availability of data on housing finance

The primary institutions involved in the collection of data on housing and housing finance: the National Agency for Urban Planning, Topographic Works and Cadastre; the Ministry of Habitat and Urban Planning; the Gabonese Development Bank; the National Agency for Major Works; La Société Nationale Immobilière et Fonds National de l'Habitat; the Directorate-General for Statistics (National Statistical Office); BEAC; and the World Bank. Data produced by Development Finance Institutions also offer relevant information. Nevertheless, direct engagement with key stakeholders in the sector remains challenging, especially in the context of COVID-19, where online interaction is preferred.

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Ministry of Habitat and Urban Planning www.habitat.gouv.ga
Conservation of Land Ownership and Mortgages www.conservationfonciere.ga
Bank of Central African States (BEAC) www.beac.int/

Green applications for affordable housing

The promotion of a Green Gabon constitutes one of the primary pillars of the 2025 PSGE vision. PSGE has led to the adoption of various climate plans, councils, and committees at the national level.[58] These governmental bodies are tasked with establishing sustainable management frameworks, standards, and certifications for all economic sectors. In 2019, the government required that all domestic and foreign listed companies conform to the International Financial Reporting Standards (IFRS) foundations.[59] Green certification is also required for companies in the logging industry by 2022.

Although similar certification and sustainable regulatory guidelines have yet to be made available for the housing sector, several international organisations, such as the Prince's Foundation and Opticos, have recently collaborated to design a sustainable urban development plan. This project, which emulates the growing trend of smart cities on the continent, is planned for Akanda, north of Libreville.[60] It is unclear whether affordable residential accommodation will be provided through this project. However, it could initiate the development of green building standards in the country and stimulate and other sustainable solutions for affordable housing projects.

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Gambia, The

Hassan Jatta

Overview

The Gambia is one of the smallest and least populated countries in West Africa. It is bordered by the Atlantic Ocean and the Republic of Senegal, with a land mass of 10 689 km^2 and a population of just less than 2.5 million.[1] The Gambia is densely populated with 63% of the population living in its major urban centre, the Greater Banjul Area.[2] The persistent increase in migration from rural to urban areas puts pressure on housing demand, which has resulted in both informal and less than adequate housing developments in the Greater Banjul Area. As of 2021, the housing deficit was over 128 874 housing units.[3]

The Gambian government does not directly invest in housing development and finance but rather facilitates this through institutions such as the Social Security and Housing Finance Corporation (SSHFC) and the private sector. The government facilitates private sector participation by relaxing requirements to set up real estate businesses and by removing barriers to the ownership and development of land for domestic and commercial use. The SSHFC has not made any significant housing development in recent years and the only private mortgage lender, Home Finance Company of The Gambia Limited, went into voluntary liquidation in November 2021, due to the lack of sustained profitability of the company for a good part of its business life.[4]

The Gambia is strengthening its democratic process by successfully organizing free, fair, peaceful and transparent elections. In December 2021, President Adama Barrow was reelected for a second five-year term in office. His National People's Party (NPP) and its coalition partners hold half of the parliamentary seats following an election in April 2022.[5]

The economy continues to recover from the pandemic-induced slowdown in 2020. Data from The Gambia Bureau of Statistics (GBoS) estimated real GDP growth of 4.3% in 2021 compared to 0.6% in 2020.[6] This growth supported an increase in economic activities relating to fishing and aquaculture, construction, and a moderate recovery in services. The Central Bank of The Gambia (CBG) forecasts a higher real GDP growth of 4.7% in 2022 and predicts strong fiscal activities related to ongoing public infrastructure projects and continued recovery in tourism and private construction. There are considerable risks to this outlook, including the protracted conflict in Ukraine, the impact of COVID-19, and the impact of weather conditions on agriculture. In addition, global economic uncertainties and the lingering effects of the pandemic have somewhat dampened business confidence, as reflected in the Central Bank's latest Businesses Sentiment Survey.[7]

In April 2022, the dalasi depreciated against the US dollar by 4.6% but appreciated against both the euro and pound sterling by 3.9% and 1.8% respectively. Inflation persisted with headline inflation increasing from 8.2% in March 2022 to 11.7% in April 2022. This significant rise in inflation is driven primarily by the increase in food inflation, which accelerated from 9.2% in March 2022 to 11.6% in April 2022. Inflation is expected to remain high in the short-term premised on the rising global food and energy prices, and structural challenges at The Gambia port, such as congestion, delays and so on which add to the overall cost of clearing the goods.[8]

According to the CBG, the financial sector remains stable and sound with robust liquidity and capital adequacy ratios. Non-performing loans (NPLs) were 4.6% of gross loans in March 2022, compared to 7.7% in December 2021. Banks have continued to make adequate provisions for the NPLs. Furthermore, the Central Bank continues to maintain interest rates at MPC plus 5% (15%)[9] from last year until May 2022, which has made borrowing much less expensive for all customers including the real estate companies. This enhances their ability to borrow the needed funds for affordable housing development.

A fourth wave of the COVID-19 pandemic hit the country between late 2021 and early 2022. However, by February 2022, new infection cases had dropped to almost zero. The vaccination rate currently stands at about 21% of the adult population.[10]

KEY FIGURES

Main urban centres	Banjul, Brikama, Kanifing
Exchange rate (1 July 2022): 1 USD = [a]	54.03 Dalasi (GMD)
1 PPP$ = (2021) [b]	17.68 Dalasi (GMD)
Total population (2021) [b] | Urban population (2021) [b]	2 486 937 | 1 572 291
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.87% | 3.88%
Percentage of urban population living in slums (2018) [d]	27.1%
Population living less than 5m above sea level (2010) [b]	23.5%
Most common fuels used by households | by B40 households (2019) [e]	Charcoal | Charcoal
Percentage of female-headed households (2019) [e]	22.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	18.72%
Unemployment rate (% of total labour force, national estimate) (2018) [b]	4.1%
Percentage of women participating in the labour market formally (2021) [b]	49%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	173 | 0.50
GDP per capita (Current US$) (2021) [b]	US$836
GDP (Current US$) (2021) [b]	US$2 078 million
GDP growth rate (2021) [b]	5.63%
Inflation rate (2021) [b]	7.4%
Lending interest rate (2021) [b]	19.5%
Proportion of adult population that borrowed formally (2021) [b]	34%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2021) [f]	US$0.76 million
Prevailing residential mortgage rate | Term (2021) [f]	17 – 20% | 15 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2021)	0.04%
Number of residential mortgage providers [f]	2
Percentage of women who own a house alone and/or jointly (2012) [e]	16.80%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) [g]	US$108 million
Number of microfinance providers [g]	62
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [h]	1 776 000 GMD
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	70m^2
Typical monthly rental for the cheapest, newly built house) [h]	6 660 GMD
Cost of standard 50kg bag of cement in local currency units [h]	350 GMD (US$6.48)
Type of deeds registry: digital, scanned or paper (2020) [i]	Paper
World Bank Ease of Doing Business index rank (2020) [i]	155
Time to register property (days) | Cost to register property (2020) [i]	73 days | 7.8%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [i]	9.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Home Finance Company of The Gambia Limited
[g] Central Bank of The Gambia
[h] Blue Ocean Properties Limited
[i] World Bank Ease of Doing Business Indicators

With above average rainfalls, flash floods, windstorms and even hotter temperatures, the effects of climate change can be felt in most part of the Greater Banjul Area. With three quarters of the population reliant on farming (mainly rice and groundnuts) for their livelihood, changing rainfall patterns could have a huge impact. Deforestation (due to urbanisation and population growth) has contributed to reduced rainfall, with storms and flash floods washing away fertile topsoil, leading to increased desertification of the country.[11] Coastal Erosion is limiting prospects for sand mining which in turn drives up the cost of sand and impacts on the cost of construction. The recent floods in July/August 2022 impacted households in the Greater Banjul Area resulting in displacement and damage to private property and public infrastructure including roads and bridges.[12] The government had to forcefully demolish some houses to make way for the water to recede. In response to these events, the government set some climate change related targets, which with the help of the international community, is working hard to meet.

Access to finance

Financial inclusion in the country is at 31% of the adult population, with 35% and 25% in the urban and rural areas respectively.[13] The female adult population with access to finance is 34% compared to 26% of males, which is mainly due to the informal approach to accessing finance called "Osusu". However, 23% of males and 15% of females respectively have access to formal finance (bank and non-bank).[14] Nonetheless, there is no correlation between these percentages to investment in affordable housing finance by women. To increase financial inclusion and penetration, major banks continue to leverage on technology to reach the remotest parts of the country, through payment platforms, mobile money transfers and money transfer organisations.[15]

There are currently 12 commercial banks including one Islamic bank, coupled with 62 non-bank financial institutions in the country. The four major banks in the country continue to dominate the financial services sector, providing the needed finances for housing development even though they are not called mortgages. The impact of microfinance institutions in the financial services sector is significant, through their offering of finance for incremental housing development throughout the country but mainly in the Greater Banjul Area. Of the 62 non-bank financial institutions in the country, six are finance companies (microfinance), 54 credit unions and two mobile money operations. Their combined assets at end June 2022 were D5 558 330 (US$102 873). Total assets of the finance companies were D2 896 210 (US$53 603) of which 26% was gross loans, with non-performing loans (NPLs) at 7%.[16]

There is no curated data that shows deliberate efforts by banks to target women for housing finance products. Women are not in any way restricted in their capacity to borrow, by the legal framework or customs, however if they wish to use family properties as collateral, consent from the relevant family members is required.[17]

The only private mortgage lending institution in the country, Home Finance Company of The Gambia, was voluntarily liquidated on 3 November 2021 due to unprofitability.[18] The loan tenor of the mortgages was between 4 and 15 years, with a minimum down payment of around 20%, depending on the location of the property. The total amount of its outstanding mortgages as at the end of 2020 was D175 million (US$3 238 870), with over 7 000 borrowers as customers. The level of bad debts is about 20% of the outstanding mortgage portfolio.[19] With the closure of this institution, it is now very difficult to get long term housing loans since commercial bank do not offer that service.

The SSHFC is the only government institution mandated to provide affordable housing to middle income earners. However, the SSHFC has not embarked on any new housing developments since 2019, which has adversely affected the stock of affordable housing in the country.[20]

Finally, there is a credit reference bureau at the CBG, which banks are mandated to access before extending credit to any customer. However, this facility is not yet available to non-bank financial institutions.[21]

Affordability

The high cost of building materials (basalt, cement, steel, timber), land and borrowing from the financial institutions has made buying a comfortable new house from developers or building one unaffordable to most hardworking middle class Gambians.[22] This is compounded by an unemployment rate of 11.2% as at the end of 2021, in addition to 10.3% of the population living below the poverty line (as of 2021).[23] Mortgage providers and developers normally require a down payment of between 20% and 35%.[24] One of the major property developers, Global Properties Gambia, indicated that it would cost around D9 990 (US$185) a square meter to buy a new two- or three-bedroom house in the urban areas, which comes to approximately D2.41 million (US$44 636) and D4.34 million (US$79 271), respectively.[25] According to the prices offered by SSHFC, a two-bedroom house in an urban area is D2.66 million (US$49 305), while a three-bedroom house (220m^2) is approximately D5.11 million (US$94 501).[26]

There is no source of centralized data to track and report on the rental and purchase prices of houses in both urban and rural areas. These are generally published in the websites of individual developers and real estate agents, which does not facilitate price comparisons. Since the real estate sector is largely unregulated, agents also charge a premium for no extra service. Furthermore, the central and regional governments do not provide any meaningful financial assistance to procure land or build on existing land. There are no allocated public funds for this purpose, thus it is largely left to the private sector. It costs between D5 550 (US$103) and D7 770 (US$144) a month to rent a one- or three-bedroom apartment in the urban areas of The Gambia. The high cost of rent in the Greater Banjul Area is due to high population density, as demand for housing far exceeds supply.[27]

Housing supply

The Gambian Government does not provide any low-cost financing for affordable housing development, and private developers often lack the resources to build sufficient low-cost houses. This creates a shortage in the market and drives up the cost of even the most basic of houses. This shortage forces low-income households to resort to building houses in locations which are not accessible during the rainy seasons or not suitable for habitation. This situation is exacerbated by the high cost of building materials most of which are imported, such as cement, basalt, iron rods, timber, paint and so on. In addition to poor infrastructure, developers must contend with the lack of subsidies, direct financing, and access to low-cost land in prime locations.[28]

There is currently no comprehensive town planning framework to guide the development of major settlements. The government and the three major municipalities are largely failing to reserve land for future housing development. Furthermore, the growing number of real estate developers presents challenges to access to land, and when land is available, it is very expensive and susceptible to legal issues.[29]

Given the poor transportation system in the country, there is significant road congestion which does not support sustainable housing development. Public transportation is largely dominated by the private sector which provides buses, vans, and local taxis.[30]

The waste management system in the country is very poor, due to limited and unreliable companies collecting and disposing solid wastes in the urban areas. Solid waste materials are usually dumped in densely populated areas, which affects the quality of life in those areas. There is currently a proliferation of donkey-driven carts that transport solid waste in the Kanifing Municipality, the main municipality in the country. As a result, these areas are no longer attractive to developers and the residents live in less-than-ideal conditions and in constant fear of relocation from the authorities.[31]

There is no industry body in the country that regulates developers and building contractors. Building inspections are done by the Department of Physical Planning under the Ministry of Lands, which also issues building permits.[32] There is no shortage of skills for the affordable housing sectors, even though wages are largely unregulated and payments to these workers is not standardised.[33] It takes on average of 173 days to obtain a permit and start a building project.[34] There is currently little to no presence of women developers/owners in the real estate industry, but women do occupy senior positions in many companies in other sectors.[35]

Property markets

Following the COVID-19 pandemic period, the property market has experienced some buoyancy. However, major banks and some microfinance companies are still cautious about lending to the sector, especially on new business.[36]

GAMBIA, THE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **DI6 000** per month	who earns **DI13 000** per month
you could afford to purchase a **DI139 968** house with a mortgage.	you could afford to purchase a **DI303 263** house with a mortgage.

Mortgage assumptions – Gambia

- 16.5% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Coupled with macroeconomic issues, this has greatly affected the supply side of the property market, and eventually leads to increases in the prices of these houses. Higher prices have made the property market more attractive to other foreigners and Gambians in the diaspora.[37]

The country has a Deeds Registry at the Ministry of Justice in Banjul. The first phase of the digitisation of the Deeds Registry was completed two years ago, but further funding is required to complete the second phase. As a result, it is very difficult to know the actual number of residential properties which are mortgaged. However, title deeds are issued in the name of the owner, be it male or female.[38]

Land ownership in the country is mainly communal especially in the rural areas, which makes land tenure problematic. This is aggravated by the number of procedures and time (at least three years to secure a title deed) it takes to register a property (at least three years to secure a title deed) with the associated costs (D4 440 (US$82) in transfer tax to the municipality and D44 440 (US$822) in capital gains tax per transaction).[39] These costs have largely been maintained by the government.[40]

There is currently no curated data on the number of households owning and renting properties anywhere in the country, either by the government, the municipalities or real estate agents. This is exacerbated by the fact that the property market in The Gambia is highly unregulated with lots of players, both formal and informal. Notwithstanding, properties are freely transferable if all the various tax obligations are paid to the state and councils, whether the parties are locals or foreigners.[41]

Policy and legislation

The Department of Lands, under the Ministry of Lands and Regional Government, issues title deeds, which are duly registered. Property rights and secured interests in property are protected by the Constitution. Interests in both moveable and real properties are recognised and enforced.[42] The concept of a mortgage exists, as provided by The Mortgages Act 1992 (Cap 97:02),[43] although the mortgage market is still very small. There is however a recognised and reliable system of recording security interests.[44]

The legal system protects property rights and facilitates the acquisition and disposal of land, buildings and mortgages. However, most of the land is held through customary tenure or controlled by farmers and traditional rulers. Such land can, however, be easily expropriated by government or declared reserved land to be used for social amenities in the future.[45]

The existing laws and policies that govern the housing sector were developed in the 1980s and 1990s, the most recent Act being the Rent Act of 2014. The current administration has not introduced any new housing specific legislations/regulations or designed any policies informing the urbanisation process.[46]

Instead of playing a direct role in housing development through policy and legislation, the government rather facilitates the housing development process by making the acquisition and development of land easier for private developers and individuals. The only direct government involvement in the real estate sector is through the SSHFC, which has not made any substantial housing development in the past decade. There is currently no legislation which regulates the real estate sector.[47]

The Central Bank has made some policy changes through its Monetary Policy Committee (MPC) by relaxing certain prudential policies to allow financial institutions to hold more cash and lend to the public.[48] However, the lending rate is fixed at 15% effective from 17 December 2020 and has not been revised even though inflation has risen significantly over this period.[49]

Opportunities

The current housing deficit, which is estimated to be over 128 8 units,[50] represents an opportunity for potential investors in the sector to fill the housing gap, coupled with liberal macroeconomic policies (lower interest rates, reduced tax rates and reduced levels of bureaucracy). This will encourage banks and other lenders to support housing finance.

Most developers are buying and banking land for future development due to the difficulties of acquiring low-cost land for affordable housing development in prime locations. For example, the SSHFC has banked 25 sites in all the regions of the country. The Global Properties Gambia has also banked and is prospecting land between Gunjur and Tujereng, where land is available for future development.

Although microfinance companies are not yet allowed to directly fund long term housing projects, the increase in the number of microfinance companies (62 at end June 2022) and the size of the existing major microfinance institutions presents opportunities for housing finance to support the informal sector and self-built houses.[51]

The number of Real Estate Agents and the strengthening of their Association, means that most of the members have now regularised their legal and financial status.[52] This will improve access to finance and also enhance their lobbying power with the government in terms of access to affordable and reliable power supply, road networks, water, sewage, low-cost finance and land for commercial development.[53]

Finally, lack of trust is one major problem with the real estate sector, which hampers demand especially those in the diaspora. In 2020, the Gambia Competition and Consumer Protection Commission (GCCPC) had to launch an investigation into the sector after receiving 13 complaints from customers alleging fraud.[54]

Websites

The Gambia Bureau of Statistics www.gbosdata.org
Central Bank of The Gambia www.cbg.gm/
Ministry of Finance and Economic Affairs of The Gambia www.mofea.gm
Ministry of Health of The Gambia www.moh.gov.gm
Social Security and Housing Finance Corporation www.sshfc.gm
Ministry of Local Government and Lands The Gambia www.molgl.gov.gm
AllAfrica www.allafrica.com/stories/201406031295.htm

Availability of data on housing finance

In The Gambia, there is no government institution or association specifically tasked with gathering, collating and publishing data on housing finance. Data is available from a variety of different sources which impacts the reliability and timeliness of the data. There is currently no data on the number of newly built houses in the country or the major metropolises.

It is time-consuming and very difficult to gather relevant and reliable information or to seek clarification from some government entities since public officials are either not available, not helpful or are only able to provide limited information.

The major mortgage lenders do not publish information on the number, value of and nonperforming portion of the mortgages in their portfolio, making trend analysis very difficult The financial reporting framework for large microfinance companies changed in 2019 from local Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Framework (IFRS). IFRS has very different provisioning/ impairment guidelines, which makes comparability of non-performing loans misleading.

The first phase of the digitisation of the title deeds at the Deeds Registry was completed in 2020, with the second phase yet to start due to funding not yet being secured.

Available data on climate change is generally not up to date and, where available, relate mostly to agriculture, erosion and flooding. Similarly for gender issues, data is not widely available. Some data points are segregated based on gender but there is little emphasis on gender analysis, especially with respect to affordable housing.

Green applications for affordable housing

The real estate sector is still unregulated and largely informal. Green issues are not yet mainstreamed into the activities of the housing and real estate sectors.

The government, banks and the microfinance companies do not provide any incentives to finance green related housing projects, nor are there green related finance products offered by banks or microfinance companies.

Data on these issues is also scare. There is currently no curated data on green related businesses either at state or municipal levels.

The main source of energy in the country is currently electricity (91%), followed by solar (9%). Nationally, 63% of the adult population has access to the national electricity grid, maintained by the National Water and Electricity Company (NAWEC). In addition, 88% and 95% of the adult population have access to water and sanitation respectively.

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Ghana

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Overview

Solutions for more affordable housing options for urban dwellers continues to be on the top of the development agenda for the Ghanaian government. Ghana's housing deficit witnessed a 33% reduction from 2.8 million (2010) to 1.8 million (2021), partly attributable to the real estate boom and a 72.8% increase in residential structures within the period.[1] The country's annual population growth rate has declined since 2010, and reached an average of 2.1% in 2021, the lowest since the country gained independence in 1957.[2] Within the last decade, the percentage of the population that is urbanised has increased from 50.9% to 56.7%, particularly in the Greater Accra and Ashanti Regions, two of the most populated regions in the country. Out of a total of 16 regions, seven have the majority of their population residing in urban areas, with the remaining nine regions being predominantly rural.

At the end of 2021, real GDP growth rate was 5.4% compared to 2020's rate of 0.5%.[3] The growth was driven by the expansion in the service (9.4%) and agriculture (8.4%) sectors, which contributed 49% and 21% to GDP growth respectively. Industry however, contracted by 0.8% in 2021, contributing 20%. The Ghanaian cedi also depreciated against the USD dollar by 4.1%,[4] and by the end of the third quarter of 2022 the cedi had depreciated by over 40%, leading to sharp increases in cost of goods and services as well as building materials. Headline inflation was 12.6% at the end of 2021, but by August 2022, stood at 31.7%.[5] These losses informed an emergency monetary policy on interest rates which will likely erode the gains made by the housing sector, particularly as increases in interest rates will heighten mortgage prices and interest payments.[6]

Climate change and inadequate planning has rendered many Ghanaian cities prone to flooding, while coastal settlements face the risk of coastal erosion, rising sea levels and flooding. In 2021, heavy rainfalls led to cities such as Accra, Kumasi, Sunyani, Cape Coast, Takoradi and Tamale being flooded and homes damaged, which temporarily rendered people homeless. Although flooding affects both rich and poor, low-income households were particularly vulnerable to loss as they had a protracted time of recovery after these calamitous events. The National Plan for Disaster Risk Reduction and Climate Change Adaptation was formulated in 2010 and was specifically directed to those households who lost housing during the 2007 floods.[7] In the capital city Accra, a number of initiatives are currently underway to increase overall resilience and reduce riverine flooding of houses. Despite these measures, local governments have been slow in implementing District Management Plans (DDMP) for risk management.

Access to finance

The financial sector in Ghana is made up of banking[8] and non-banking[9] finance systems, all regulated by the Bank of Ghana.[10] There are 23 universal banks in Ghana[11] including a number of mortgage providers[12] that offer financial products related to home or land purchase, home improvement and refinancing and construction mortgages.[13]

Bond Financial Services and Dalex Financing are non-bank institutions that offer general loans with flexible applications, including construction or improvement.[14] Additionally, microfinance institutions, rural and community banks primarily service the credit needs[15] of low- and middle-income households and (small) businesses in Ghana. State-led institutions include the Microfinance and Small Loans Centre (MASLOC), which provides micro and small loans on a retail and wholesale level. However, most micro-credit facilities are not specifically designed for housing finance purposes and focus more on incremental building and development.

Banks mainly fund mortgages through deposits,[16] issuing of bonds and refinancing facilities, which are also provided by other housing development institutions.[17] In Ghana, mortgage rates vary significantly and are escalating due to high inflation. The Ghana Reference Rate (GRR), including margins, has moved from 14% to 26.5% currently.[18] COVID-19 propelled a significant rise in Non-Performing Loans (NPLs),[19] while the recovery period has

KEY FIGURES

Main urban centres	Accra, Kumasi, Sekondi-Takoradi, Tamale
Exchange rate (1 July 2022): 1 USD = [a]	8.05 Ghanaian Cedi (GHS)
1 PPP$ = (2021) [b]	2.34 Ghanaian Cedi (GHS)
Total population (2021) [b] | Urban population (2021) [b]	31 732 128 | 18 399 874
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.10% | 3.20%
Percentage of urban population living in slums (2018) [d]	64.90%
Population living less than 5m above sea level (2010) [b]	2.6%
Most common fuels used by households | by B40 households (2019) [e]	Wood | Charcoal
Percentage of female-headed households (2014) [e]	18.90%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	36.86%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	2.4%
Percentage of women participating in the labour market formally (2021) [b]	65%
Gini coefficient (2017) [b]	43.5
HDI country ranking (2020) [d] | HDI country score (2021) [d]	135 | 0.63
GDP per capita (Current US$) (2021) [b]	US$2 445
GDP (Current US$) (2021) [b]	US$77 594 million
GDP growth rate (2021) [b]	5.36%
Inflation rate (2021) [b]	10.0%
Lending interest rate	n/a
Proportion of adult population that borrowed formally (2021) [b]	52%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2020) [f]	US$566.85 million
Prevailing residential mortgage rate | Term [g]	19 – 32% | 20 years
Maximum LTV on a residential mortgage [h]	90%
Ratio of mortgages to GDP (2020)	0.78%
Number of residential mortgage providers [f]	12
Percentage of women who own a house alone and/or jointly (2012) [e]	18.90%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) (2021) [f]	US$36.66 million
Number of microfinance providers (2021) [f]	137
Total number of residential properties with a title deed (2017) [i]	2 625 411
Number of formal dwellings completed annually (2019) [j]	71 167
Number of residential projects certified by EDGE [k]	13
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [l]	230 000 GHS
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	200m^2
Typical monthly rental for the cheapest, newly built house [m]	1 000 GHS
Cost of standard 50kg bag of cement in local currency units [n]	56 GHS (US$6.96)
Type of deeds registry: digital, scanned or paper (2020) [o]	Paper
World Bank Ease of Doing Business index rank (2020) [o]	118
Time to register property (days) | Cost to register property (2020) [o]	33 days | 6.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [o]	10.5+B19:C45

NB: Figures are for 2022 unless stated

Member organisations of the African Union for Housing Finance (AUHF):
First National Bank Ghana

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Ghana
[g] First National Bank
[h] ABSA
[i] Ghana Statistical Services
[j] Lands Commission Ghana
[k] Edgebuildings.com
[l] Adom City Estate
[m] Meqasa.com
[n] Benith Co. Ltd
[0] World Bank Ease of Doing Business Indicators

witnessed a steady decline of NPLs to 14.40% as of May 2022.[20] This is expected to influence a stabilised level of lending by banks.

The Ghana Fixed Income Market (GFIM) is the existing national bond market, where the Government of Ghana, other quasi-government and corporate money market instruments are listed and traded. Although securitisation is not a common phenomenon in Ghana, a number of studies affirm a generally receptive financial sector for the adoption of securitisation as a potential financing instrument. Credit reference bureaus maintain a directly relevant role in the financial sector, as suggested by a 7% increase in the use of credit bureau services during 2019.[21]

With respect to gender, women mainly drive the micro, small and medium enterprises (MSMEs) sector in Ghana, and are targeted by lenders for entrepreneurship and small business development. Contrarily, the land tenure system in Ghana is mainly regulated by customary law, under which property ownership and control is dominated by men, particularly in the northern part of the country. These socio-cultural practices limit women's access to land and other productive resources.[22] However, Ghana has seen a significant improvement in mainstreaming gender equality, including access to property, through commitment to several international guidelines and local policy reforms.[23] Yet mortgage products are still generally not gender-specific. Ghana is at the nascent stage of collecting and utilising supply-side gender-disaggregated data, since the central bank only began to formally request collection and submission from financial services providers in April 2018. Indicators for data collection, the estimation of baselines and verification of data collected are yet to be finalised.[24]

Affordability

The remarkable increase in the national housing stock is partly attributable to a concerted effort to address the affordable housing challenge by a variety of groups. This has seen government commitment to complete existing housing schemes and undertake new projects across the country.[25] However, there have been public concerns raised over the high prices of some housing units, which range between GH¢99 000 (US$12 290)[26] and GH¢136 920 (US$17 000) for one-bedroom apartment; GH¢182 500 (GH¢22 660) and GH¢225 520 (US$28 000) for a two-bedroom apartment; and about GH¢335 000 (US$41 600) for a three-bedroom apartment.[27] Although these prices are within the range offered by average banking loan amounts, the key concern rests with the level of unaffordability for the majority of indigent households.

The average loan amount offered by lenders ranges from GH¢80 000 (US$9 930) to GH¢1 600 000 (US$198 650) for cedi mortgages and US$15 000 (GH¢120 815) to US$35 000 (GH¢281 900) for dollar mortgages.[28] In relation to a mean national household income of GH¢2 828 (US$350) per month and a monthly household expenditure of GH¢1 071 (US$133) as of 2019,[29] the affordability of mortgage and housing in general, remains far-fetched. The average Ghanaian employee would have to earn a minimum of about GH¢5 000 (US$620) in order to meet the maximum 40-45% debt burden required by lenders. It is worth noting that approximately half of the labour force is employed in various sectors including government, private, non-governmental organisations, religious and international organisations. The majority (77%) are employed in the private informal sector, while the unemployment rate is estimated at 7.8%.[30]

The unaffordability of housing finance is exacerbated by weakened consumer sentiments resulting from the persistent increases in fuel prices, increases in transportation fares and rising inflation,[31] which all undoubtedly contribute to the rise in housing prices. These difficulties continue to pose a major barrier to access to affordable housing by the working population in Ghana. This is in part evidenced by a remarkable vacancy rate (12.7% of all dwelling units in Ghana) despite a significant increase in the national housing stock. In this regard, the government aims to reduce house prices by 50% to improve affordability to the average earning Ghanaian.[32]

Housing supply

Detached houses are the most typical dwelling type in Ghana (63%), followed by terrace houses (known colloquially as compound houses) at 21%. There are more compound houses in urban areas (27%) than in rural areas (21%). Wooden kiosks are informal dwelling units that are predominantly urban, located in twice as many in urban areas as rural ones. Other forms of makeshift housing, including metal containers, quarters attached to offices or shops, tents, and wooden structures, constitute 4.6% of total national housing stock. Multi-family apartment living is yet to gain traction in Ghana, as only 3.1% of families live in these units.[33]

The informal economy supplies the majority of housing stock, primarily through incremental construction. A significant number of these structures are built without the necessary planning and building permits, land deeds or title, and sometimes lack basic services, including water or sanitation, and are thus less formally transactable. The total mortgage debt of GH¢ 1.72 billion (US$13.85 billion) as at 2019 is small, which further confirms the small volume of housing supply and consumption within the formal sector.[34]

Most housing in Ghana is owner-occupied, especially in rural regions, with the highest share in the Northeast (90%). Such properties are less investible, typically built without housing services and lack market-related property rights, although informally transferable within familial relations. The rental housing market, on the other hand, has an urban character. Greater Accra has the highest proportion of households who rent units (48%). Cumulatively, three out of every ten families are renters in Ghana and three out of ten households live with a rent-free tenure. Informal landlordism, common in urban areas, supplies urban rental dwelling units through the lease of houses or rooms within houses. Most of this housing is informally financed.[35]

The smallest permissible residential land parcel in Ghana depends on the zoned residential area. Where land is zoned for intensive residential use, the minimum acceptable plot size for residential units is 110m^2, of which the building footprint can occupy 50%.[36]

In 2018, the government acquired 5.77 acres of land in the urban areas of Sege and Ojobi for low- and middle-income housing projects. An additional 1 313 acres of land were acquired at Fiankonya and Kweiman, near Accra. Most recently, the government has initiated a public-private partnership project to develop a 10 000-unit affordable housing project in Pokuasi, also near Accra. The government is providing land and on-site infrastructure as equity for the project.

Although access to essential housing services varies across administrative regions, access has generally somewhat improved compared to 2013.[37] As of 2021, 27% of households have access to piped water.[38] In Accra, 8 in 10 households drink bottled or sachet water, while in rural regions, families commonly drink well water.[39] In urban areas, 87% - 97% of households use electricity as their primary source of power. Access to sanitation is limited. 16% of households have no toilet facilities, and only 35% of households have access to exclusive toilet facilities.[40]

With regard to building material, approximately 90% are imported as finished or semi-finished products.[41] Aluminium roofing sheets are produced in Tema District from imported ingots. Exceptions are aggregates (sand, stones, quarry dust, chippings) and timber, which are all sourced locally. Local substitutes, including tiles and paint, are commonly deemed as being inferior products compared to imported ones. Products such as cement, timber products, paint, basic plumbing materials, and sanitary wares are largely locally available.

The Association of Building and Civil Engineering Contractors of Ghana and the Ghana Real Estate Developers Association, are two key professional housing organisations in the country (although membership is voluntary). Parliament is yet to pass the Construction Industry Development Authority Bill, which will regulate the activities of developers and building contractors on a more formal basis.[42]

The construction sector currently employs 14.5% of the Ghanaian labour force.[43] On average, it takes 45 days to apply for a building permit, with a legal limit of 90 days, within which the Planning Authority must inform the applicant of their decision on the application.[44] COVID-19 has contributed to significant disruption in the supply of building materials, which has led to price increases and supply shortages. Continuous depreciation of the Ghana Cedi, inflation, and the Russia-Ukraine conflict have worsened the price appreciation of building materials.

Property markets

There are two types of land available for property development in Ghana: Customary (communal) land is owned and administered by chieftains, clans and families, and makes up over 90% of land holding; while public property is acquired and held by the President of Ghana for the benefit of the people. Currently, there is no formal private ownership of property – all land (other than public property) is communally owned and only land-use rights are transactable. The Constitution of Ghana and customary law precedents does recognise leasehold, but such land-use rights are mostly obtained through marriage, inheritance, or land lease.

GHANA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **GH¢1 500** per month

you could afford to purchase a **GH¢23 378** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **GH¢1 700** per month

you could afford to purchase a **GH¢26 495** house with a mortgage.

Mortgage assumptions – Ghana

- 25.5% interest rate
- 10% deposit
- 20 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The Land Registration Division of the Lands Commission currently registers transacted property and maintains a land registry.

Land tenure insecurity is prevalent in urban areas, coupled with high transaction costs, convoluted property rights and weak institutional oversight. This is in part, caused by multiple sales and claimants to land, protracted litigations and an increase in property conflict, which adversely affects the emergence of robust land markets and investments. Efforts to digitise the land registry and improve market transparency through electronic conveyancing are ongoing.[45]

The residential property market, where houses are bought and sold, is not common in Ghana, as most homes are built for owner-occupation. Houses are not sold multiple times but rather passed down intergenerationally or between families. A second-hand residential property market is yet to emerge. However, as the property market matures, investment and use interest will need to be decoupled, which should increase the share of investible stock.

In these conditions, real estate agents and brokers operate in both formal and informal housing markets. The passage of the Real Estate Agency Act 2020 (Act 1047) requires all agents, brokers, and other professionals to be licensed in order to practice.[46] Currently, however, many land brokers are still unlicensed, a situation that has contributed to chaotic and sometimes charlatanic property transactions. Ghana Real Estate Professionals Association and the Ghana Association of Real Estate Brokers do offer training programmes for their members and advocate for professional code of conduct and licensing of professionals. So far, there are several real estate service providers that provide facilities management and data, helping to improve market transparency. However, none have a significant market share.

Policy and legislation

The role of the State is limited to the facilitation of equitable production and allocation of housing stock. This does, however, provide an enabling framework to promote a more active involvement of private sector developers, cooperative groups and other actors.[47] In this light, the government continues to pursue affordable housing development options through public-private partnerships, notably with international partners such as Brazil.[48] These relationships are often complex and involve significant political, financial and technical challenges, as was the case with Chinese and Korean Developers in the past. The housing units delivered through these initiatives tend to be overpriced, far beyond the average earning capacity. The most recent policy initiative is the preparation of the District Housing Programme for the construction of rental housing units for public servants.[49] However, there is limited evidence of direct support for indigent or affordable housing options, aside from the partial subsidy of household water and electricity tariffs which occurred during the peak of the COVID-19 pandemic.

Pursuant to the government's objective to optimise revenue mobilisation, the Electronic Transfer Levy Act, 2022 (Act 1075) was passed in March 2022 to essentially broaden the tax base by imposing levies on electronic transactions. The initiative is expected to contribute to shaping the housing market with more clarity. Additionally, with the Tax Exemption Bill passed in 2022, it is anticipated that the proposed exemptions will serve as incentives for increased foreign direct investments in the real estate and housing sectors. It is also believed that the Fees and Charges (Miscellaneous Provisions) Act 2018 (Act 983) which has been repealed by the Fees and Charges Act of 2022, can make provision for a more formalised revenue stream by state agencies. This can create a strengthened environment for transaction security and reinforce confidence in the property market. Furthermore, an amendment to the National Pensions Act 2008 (Act 766) is proposed (awaiting enactment) to unify the fragmented pension scheme regime under a three-tier system. However, the sector's regulator has expressed concern over the exclusion of certain sectors, particularly security services and its impact on the sustainability of the proposed system.[50]

Land and property ownership is ultimately governed by the 1992 Constitution of Ghana, as well as the Land Act of 2020 (Act 1036). The latter aims to harmonise and consolidate various laws on land and land tenure. The Land Act 2020 also prohibits discriminatory practices in respect of land under customary tenure on the grounds of gender, disability, social or economic status and restricts the transfer of land (jointly held or acquired during marriage) by a spouse without the mutual consent of both spouses. The growing insecurity faced by widows under customary law has facilitated the passage of the Intestate Succession Act (PNDCL 111)[51] in 1985 to provide for the protection of property rights. However, the law only applies to self-acquired land, not inherited property, and thus excludes most communal properties. About 80% of marriages in Ghana are customary, most of which are unregistered. Nonetheless, the amended Customary Marriage and Divorce (Registration) Law of 1985 (PNDCL 112) provides for the recognition of unregistered customary marriages.[52] In recent times, a draft law on property rights in marriage was proposed to regulate property rights of spouses during dissolution of marriage, but was never passed.[53]

Opportunities

Ghana secured a US$75million (GH¢604 074 572) commercial loan from the African Development Bank in October 2021 for the Ghana Infrastructure Investment Fund (GIIF) to improve the financing and development climate, including affordable housing.[54] There are currently opportunities for private investors to leverage these public resources for housing delivery through the ongoing PPP approach.

The Development Bank of Ghana (DBG), established in June 2022, provides long-term financing at competitive rates for private sector development, including the housing sector. Moreover, the Central Bank has committed an initial US$200 million (GH¢1 610 865 525) out of US$250million (GH¢2 013 581 906) to capitalise the institution. The government has also leveraged another US$550 million from Development Partners to support the DBG to attract private sector investors and other international financiers. The housing sector stands to benefit from these measures as it takes advantage of guaranteed loans that will be provided by the DBG.[55]

A National Home Ownership Fund, in partnership with the banking sector has been created in 2022. This includes the Rent-to-Own Scheme of the Affordable Real Estate Investment Trust, as well affordable housing supported by GCB Capital. The funds mobilised will function as a mortgage refinancing mechanism for Private Financial Institutions (PFIs) to draw from in the form of mortgages to consumers or mortgaged-backed securities for investors. This in effect will improve the mortgage market and make it more fluid, hence reducing interest rates for mortgagees and homeowners and improving housing delivery.[56]

Availability of data on housing finance

Data on housing finance is published by the Bank of Ghana, Ghana Statistical Service (GSS), Ministries such as Works and Housing, and Finance and Economic Planning. Private developers, banks, brokerages and real estate agency firms also take full advantage of their online presence to market their housing and housing finance products and publish some market data.

Data is usually not published frequently enough to provide for real time updates on activities in the sector. The GSS undertakes a population and housing census only every 10 years, with the last one undertaken in 2021. The GSS collects gender-disaggregated data, but institutional players are yet to fully utilise such data to streamline their operations and achieve financial inclusion.

Websites

Bank of Ghana www.bog.gov.gh
Ghana Statistical Service www.statsghana.gov.gh
Ghana's Venture Capital Trust Fund www.venturecapitalghana.com.gh
Meqasa.com www.meqasa.com
Land Use and Spatial Planning Authority www.lupsa.gov.gh
First National Bank Bank Ghana www.firstnationalbank.com.gh

Green applications for affordable housing

The Ghana Building Code (GS1207:2018) prescribes Green Building requirements. Local organisations for green building include the Ghana Green Building Council, an NGO that promotes and champions conservation of natural resources without compromising on accelerated economic growth. The Council is responsible for the Green Star Sa-Ghana Certification system. SGS Ghana also exists as a global certifying firm and local partner for green building certification, particularly the International Finance Corporation's excellence in Design for Greater Efficiencies (EDGE).

Rehoboth Knightsbridge in the suburb of Kwabenya/Accra is the first affordable housing scheme in Ghana to achieve the EDGE green building certification.[57]

Hydroelectricity is the major source of electrical power. 86% of the population has access to electricity. Off-the-grid service provision is being adopted to assist non-electrified communities, and the Ministry of Energy has recently targeted the installation of three mini grids in Ada. IFC and Ghana Venture Capital Trust provide green housing finance/ microfinance.

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Republic of Guinea

Souleymane Diagne

Overview

Guinea is a country in West Africa with a land mass of 245 857 km^2.[1] It is bordered by the Atlantic Ocean and Guinea Bissau to the west, Senegal and Mali to the north, Côte d'Ivoire to the east, Liberia and Sierra Leone to the south. Its population was estimated at 13 497 237 in 2021, 37.3% of which live in urban areas.[2] The population growth rate was estimated at 3.8% in 2021.[3] Income inequality seems to have decreased with the Gini index rising from 0.34 in 2012 to 0.3 in 2018.[4] Even so, the level of inequality is still at a level that can slow down inclusive prosperity and human development.[5]

In terms of urbanisation, Guinea's challenges are major. Urbanisation is partly driven by the rural exodus and the incorporation of the countryside into the periphery of urban centres.[6] Moreover, the land in urban areas is the subject of land speculation. This makes its occupation difficult insofar as it constitutes a commodity.[7] Differences are noted between the actors (State, local authorities, direct buyers, surveyors, owners, private groups) in terms of control, preservation, appropriation and distribution of land calling into question the management of land assets. Nevertheless, since 1984 the Guinean State has established foundations for land management through political instruments for land management and land use in the legal framework. In addition, the Land and State Code (CFD) of 1992 repeals the decree of 1959, and restores the system of land title.[8] This code regulates the exercise of property rights, determines the status of the owner and infringements of property rights. In addition to this management framework, an urbanisation plan has also been established through two mechanisms. The first "regulatory urbanism" regulates private initiatives and sets safeguards for urban planning. The second "operational urbanism" is the set of procedures aimed at the implementation of the development of an area and includes the dedicated zones of development (ZAC), urban renewal, the upgrading of informal housing and subdivisions.[9]

The challenges of urbanisation, and the slow pace of infrastructure development in response to urbanisation, are a real burden on the Guinean economy. The rate of economic growth in Guinea has been dropping, falling from 10.8% in 2016 to 3.1% in 2021, a drop of more than five points in five years. While endowed with many natural resources to support growth, governance in support of growth needs to be improved.[10] Inflation increased during this period from 8.2% to 12.6%.[11] These trends can be explained in part by COVID-19, which has shaken the global economy and particularly that of African countries, but is also linked to an increase in fuel prices and electricity rates.[12]

In addition to a difficult economic situation, the situation may deteriorate further with climate change. The main risks associated with the climate change identified in the country are the rise in surface temperatures, unpredictable rainfall patterns, the rise in sea level, droughts, storms, flooding and bushfires.[13] As a result, many sectors are affected, particularly agriculture, as agriculture is the country's main source of household income, providing income for 57% of rural households and employment for 52% of the workforce.[14] The increase in flooding, storm surges and erosion due to sea level rise has led to the degradation of infrastructure and migration of coastal communities. This population movement has exacerbated the settlement of urban slums along coastal areas and in urban areas.[15] In terms of risk management, the government has adopted a vision and is making attempts to provide appropriate responses to the needs of the population, particularly in terms of housing and protecting the environment in order to secure the future of future generations. A comprehensive land use plan should be developed to ensure the sustainability of climate-appropriate urbanisation.[16]

KEY FIGURES

Main urban centres	Conakry, Kindia, Kankan, Labé, Boké, Faranah, Mamou N'Zérékoré
Exchange rate (1 July 2022): 1 USD = [a]	8 676.04 Guinean Franc (GNF)
1 PPP$ = (2021) [b]	4 014.58 Guinean Franc (GNF)
Total population (2021) [b] | Urban population (2021) [b]	13 497 237 | 5 029 610
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.74% | 3.79%
Percentage of urban population living in slums (2018) [d]	50.1%
Population living less than 5m above sea level (2010) [b]	6.0%
Most common fuels used by households | by B40 households (2021) [e]	Wood | Charcoal
Percentage of female-headed households (2018) [e]	18.70%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	39.08%
Unemployment rate (% of total labour force, national estimate) (2019) [b]	5.0%
Percentage of women participating in the labour market formally (2021) [b]	62%
Gini coefficient (2017) [b]	33.7
HDI country ranking (2020) [d] | HDI country score (2021) [d]	182 | 0.47
GDP per capita (Current US$) (2021) [b]	US$1 174
GDP (Current US$) (2021) [b]	US$15 851 million
GDP growth rate (2021) [b]	3.12%
Inflation rate (2021) [b]	12.6%
Lending interest rate [2020] [b]	14.5%
Proportion of adult population that borrowed formally (2021) [b]	57%
Number of residential mortgages outstanding (2019) [f]	130 000
Value of residential mortgages outstanding (USD) [f]	US$4.38 million
Prevailing residential mortgage rate | Term [g]	6 – 20% | 25 years
Maximum LTV on a residential mortgage [g]	90%
Ratio of mortgages to GDP	0.03%
Number of residential mortgage providers (2021) [f]	42
Percentage of women who own a house alone and/or jointly (2012) [e]	18.90%
Number of microfinance loans outstanding (2020) [h]	363 468
Value of microfinance loans (USD) (2020) [h]	US$101.5 million
Number of microfinance providers (2020) [h]	17
Total number of residential properties with a title deed (2019) [h]	557 504
Number of formal dwellings completed annually [g]	50 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [i]	132 539 415 GNF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	93m^2
Typical monthly rental for the cheapest, newly built house(2020) [j]	3 500 000 GNF
Cost of standard 50kg bag of cement in local currency units [f]	107 500 GNF (US$12.39)
Type of deeds registry: digital, scanned or paper (2020) [k]	Paper
World Bank Ease of Doing Business index rank (2020) [k]	156
Time to register property (days) | Cost to register property (2020) [k]	44 days | 4.8%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	6.5

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF): Jobomax

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Central Bank of the Republic of Guinea
[g] AGUIFIL
[h] National Institute of Statistics (NIS) of Guinea
[i] Guinean Agency for Housing Finance
[j] BCEIP Group
[k] World Bank Ease of Doing Business Indicators

Access to finance

Nearly 17.4% of the Guinean population had a credit account with financial institutions in 2017.[17] Women are in the minority, with 6.9% who have an account with a financial institution, against 10.5% for men.[18] The rate of financial inclusion is low, with an estimated 7% of the population having a bank account in 2020, against an average of 34.2% in Sub-Saharan Africa.[19] There are 17 microfinance institutions, of which 15 were savings collections.[20] The financial sector had 683 branches or points of service for 816 236 customers and 936 employees in 2020, compared to 461 agencies or points of service for 856 464 customers and 1 071 employees in 2019.[21] Long-term loans amounted to GNF272 billion (US$31 million) at the end of 2020, compared to GNF232 billion (US$26 million) at the end of 2019.[22] This increase in long-term loans is largely (more than 85%) driven by housing loans.[23]

In terms of housing finance, the Guinean Agency for Housing Finance (AGUIFIL) was set up in 2019 to promote housing finance with a particular focus on social housing. It also contributes to the implementation of the development strategy of the housing sector in Guinea, in liaison with the administration and public and private bodies concerned.[24] In addition to AGUIFIL, a Guinea Mortgage Guarantee Fund (FGHG) has been set up to promote people's access to housing finance through the provision of a mechanism to cover against the risks related to the default and death of their customers. However, housing finance in Guinea faces serious challenges as the rate of access to banking services is relatively low. In 2018, the proportion of the population having formally taken out a loan from a micro-financial institution was 3.2%, while more than 24% had taken out a financial loan.[25] In 2020, the number of loans from microfinance institutions reached 363 468, or 5.7% of the adult population.[26] One third of loans are granted to women, two thirds to men.[27]

Interest rates on residential mortgages offered by mortgage providers fluctuate between a flat rate of 6%[28] and a ceiling rate of 20%.[29] The maximum term of residential mortgages is set at 25 years. The maximum monthly loan/household income ratio for residential home loans is set at 30% of income.[30] In other words, lending banks cannot take more than a third of a salary for the repayment of a loan.

The financial conditions for access to home ownership are difficult to meet for the majority of households in view of the low income, on the one hand, and the difficulty of access to residential credit from commercial banks, on the other hand. 3% of loans are spent on housing finance.[31] It should also be noted that the Guinean financial sector has 21 credit institutions, including 17 commercial banks, two development banks and two leasing institutions.[32] In 2021, the number of mortgages is estimated at 130 000, capitalizing an amount of GNF38 billion (US$4 million).[33] In addition, the ratio between the amount of the mortgage loan on the total value of the mortgage is 80%.[34]

Affordability

Housing scarcity is partly exacerbated by a lack of industrialisation, which exacerbates the youth unemployment rate.[35] The unemployment rate has demonstrated a sharp increase between 2019 and 2021, from 5.0% to 6.3%.[36] The unemployment rate for women has increased over the past 10 years, from 4.3% in 2011 to 6.5% in 2021.[37]

More than 53.1% of the Guinean population is of working age. Overall, almost two out of three people of working age are active and employed.[38] This figure is more or less the same for urban or rural areas. Among women, nearly 56% work locally. The employment rate is estimated at 63.3%, with disparities between men and women.[39] Indeed, the employment rate is 74.3% for men[40] against 54.5% for women.[41] The survey also shows that 43.7% of the population live below the annual poverty line, estimated at GNF5 006 533 (US$577).[42]

In the last Harmonized Household Living Conditions Survey (EHCVM) of 2018, 64.5% of households indicate that they own their home, 20.3% indicate that they are tenants.[43] Almost half of urban households (49.6%) are renters and a third (34.5%) are owners or co-owners of their home.[44] Expenditure on water and electricity averages GNF1 213 476 (US$139) per year, transport costs are estimated at GNF2 559 927 (US$295), clothing at GNF2 049 192 (US$236) and communication at GNF1 473 583 (US$169).[45]

The cost of land and housing is accessible to the population since, on the market, the cost of land per square metre is estimated on average at GNF13 333 (US$1.54) in urban areas.[46] This amounts to GNF1 999 950 (US$230) for a plot of 150m^2. The minimum price of an F3 house (2 bedrooms + living room) newly built by a developer fora surface of 75 m^2 in the urban center is GNF189 billion (US$21 784).[47] At the same time, the monthly rent is estimated at GNF4 875 936 (US$562) in 2022.[48] While three years ago, according to the EHCVM, the average annual rental expenditure rose to GNF1 925 856 (US$22) compared to GNF2 584 860 (US$29) in Conakry out of an average housing expenditure of GNF2 293 926 (US$264). Housing maintenance costs are estimated at GNF302 598 (US$35).[49]

The purpose of social housing is to house low- and middle-income households. The units are allocated on the basis of median income, the cash contribution made by the household and the household living costs. The cash contribution (deposit) is set at not more than 30%.[50] The cash contribution upfront reduces the monthly repayment of the loan.

Housing supply

A partnership between government, the United Nations Office for Project Services (UNOPS), under its Sustainable Infrastructure Investment Initiative (S3I), and SHS Holdings was announced in 2020. The aim of the partnership is to build 200 000 affordable housing units over the next decade. 100 000 of these will be allocated to public officials, with payments deducted monthly from their wages.[51] Population growth requires more efforts, which has prompted the Guinean government to plan to build an additional 50 000 homes each year.[52] An additional 420 000 new housing units are planned by SONAPI for the ten years, of which 150 000 will be in Conakry. Taking into account the urban growth estimated at 3% in Guinea and 6.1% in Conakry significant delivery is needed to meet the housing needs.[53] It is estimated that 660 000 units need to be produced in these areas. To this backlog number, approximately 1 million old housing units need to be added as they require upgrading and modernisation.[54]

The association Acteurs Pour l'Habitat (APOHA) identifies four types of urban housing in Guinea. Regular old housing structured on a plot registered in colonial times occupying city centers in general, characterised by high densities.[55] New housing, including houses of varying quality, which is being developed on the periphery and within industrial areas of cities. These areas have not been the subject of urban or land development and have often been subdivided informally. The remaining urban housing consists of bonded and registered plots on which villas and buildings of medium or high quality are developed by the public or private sector.[56] The EHCVM survey indicates that detached houses house more than a third of households (37.6%) and one in five households (20.1%) lives in one room. There is an average of 2. 2 people per room. Villas and buildings accommodate 1.8% of households, 40.6% live in houses clustered together, 37.6% live in detached houses and 20.1% live in huts or barracks.[57]

Social housing in Guinea is further categorized into three typologies: the F2 or studio, consisting of a living room, a dining room, a bathroom, a kitchen-store, a covered terrace and spaces of circulation, representing a total built area between 40 and 50m^2. The F3, composed of the spaces of the F2, with one more bedroom and covering an area of 65 to 70m^2 and the F4, offering 3 bedrooms for a total area of 80 to 95m^2.[58] The smallest regulatory size is 30m^2.

As far as building materials are concerned, urban housing mainly has cement/concrete floors (71.9%) followed by tile/marble (25.5%).[59] More than 95% of the roofs of the dwellings are made of sheet metal with 2.6% being roofed with cement/tile slab. Nearly three out of four households live in houses with cement/concrete/ashlar/aluminum bin/glass walls as the outer walls.[60]

Property markets

The Guinean property market suffers from a lack of a housing bank.[61] This complicates access to decent and affordable housing for poor households. The EHCVM of 2018, shows that 64.5% of households own their homes. Among them 22.9% have a title deed/deed of ownership and 41.6% are without a title/deed.[62] Almost half of households living in urban areas (49.6%) are renters compared to a third (34.5%) owners or co-owners of their dwelling.[63] Among urban owners less than one in three households (27%) are owners or co-owners with title deeds and 7.5% do not have title deeds.[64] With regard to property registration, the number of procedures required, is 16 on average in Guinea, the registration time is estimated at 151 days at a cost of 7.3% of the value of the property.[65]

GUINEA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **FG4.060 million** per month	who earns **FG4.780 million** per month
you could afford to purchase a **FG119.993 million** house with a mortgage.	you could afford to purchase a **FG141.273 million** house with a mortgage.

Mortgage assumptions – Guinea

- 13.0% interest rate
- 10% deposit
- 25 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The Ministry of Planning and Finance is involved in land tenure security, and the guarantee of infrastructure and network services (sanitation, water) in support of housing.[66] A digitalisation strategy, for the purposes of registration and production of land titles, is also underway. The completion of this process could reduce 60% of land/real estate disputes.[67]

The rent price is estimated at GNF17 352 084 to GNF43 380 209 (US$2 000 to US$5 000) for a two- to three-room apartment and from GNF52 056 251 to GNF60 732 293 (US$6 000 to US$7 000) for a high-end villa.[68] It is customary, at the start of the rental contract, to pay 12 months in advance, and administration costs of GNF70 000 (US$8) and one month's rent.[69] Rents are soaring while incomes are stagnating. To find accommodation, when word of mouth has not been effective, it is necessary to use the service of direct sellers, who operate, year after year, as real estate agents.[70]

In rural areas, women have little access to land. A strong inequality between men and women is noted even if the latter have access to the use of land ownership is categorically denied to them.[71]

Policy and legislation

AAGUIFIL was created by Decree No. 136 of 16 May 2019, to address the problem of housing in Guinea in accordance with the Sustainable Development Goals (SDGs). In terms of construction regulations, monitoring and control is carried out by a private control office through the Directorate of Quality Control and Monitoring of Operations within AGUIFIL. It also offers developers the guarantee of a solvent clientele, and provides tax and customs advantages and the provision of land by the State.

The development of social housing has been underway since 2012.[72] The creation of housing follows a regulatory system through Decree 182/PRG/SGG/89 of 16 October 1989; Decree 211/PRG/SGG/89 of 23 November 1989; the Land and State Code of 30 March 1992; the Urban Planning Code 1998; the National Housing Policy vision 2021; the Construction and Housing Code; and Investment Code, April 1998. The Local Government Code was adopted in 2006 and gives local authorities more powers in state and land matters. The method of acquiring land is based on the provisions of the Land and State Code and the Civil Code. The appropriation of land may be made by purchase, gift, inheritance, exchange, acquisitive prescription or by decision of a competent authority.[73] Occupations of short or long durations, can also be done in the form of simple rentals, concessions or leases.[74] A Decree setting out the technical characteristics of social housing and the conditions for their implementation was drawn up in 2015.[75]

Opportunities

The issue of housing is at the heart of the Guinean government's concerns. The Presidential Programme for the Construction of Social Housing projects an annual construction of 50 000 housing units. In addition, more than 44 000 hectares of land have been secured and secured by the State with the aim of being allocated to real estate developers in the framework of a public-private partnership.[76] In addition, it is planned with the Société Nationale d'Aménagement et de Promotion Immobilière (SONAPI), the banking and servicing of 17 000 ha of building land as well as the production of 40 000 social housing units in Conakry and in the seven administrative regions. This public-private partnership programme is estimated at GNF13 000 billion (US$1.5 billion) over 10 years. There are significant opportunities for partnerships in the implementation of this programme.

The implementation of projects must also integrate the criteria of social diversity and offer essential services in accordance with the specificities of the project including roads, sanitation, drinking water supply, electricity network, green spaces, sports, commercial facilities, schools, health facilities and places of worship. There are significant opportunities to provide these supporting services.

Websites

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Guinean Agency for Housing Finance (AGUIFIL) www.aguifil.gov.gn
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Ministry of Budget www.mbudget.gov.gn
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National Directorate of Meteorology for Climate-Related Disasters www.meteoguinee.net
Jobomax www.jobomax.com
US Africa Housing Finance www.usafricaf.com
Kola Global www.kolaglobal.net

Availability of data on housing finance

Data on housing finance in Guinea are mainly collected and shared by the Central Bank of the Republic of Guinea. The National Institute of Statistics (INS) contributes to the collection and sharing of data on population housing and its financing. These bodies are generally interested in the country's economic growth, inflation, loan interest rates and exchange rate developments, the number of mortgages and the number of loans. Data is collected at various frequencies by the BCRG. They can be monthly, quarterly or annual.

The main challenges related to housing finance data are the publication of data with a view to making them accessible to the general public. Most documents send us to sources that cannot be found or do not exist. The other major problem is the lack of dates as to when the data was collected. The data published by the NSI are generally disaggregated by gender, but the collection is not regular. Available data on climate change come from the National Directorate of Meteorology for Climate-related Disasters and from the annual postponements of the NSI or from reports by UNDP and UN-Habitat.

Green applications for affordable housing

Guinea's affordable housing sector offers little or no green measures to limit the sector's impact on climate change. However, in 2011, a project to construct three buildings using environmentally sustainable procedures was set up as demonstration houses for vocational training centres. In each building a solar oven and a solar "grid" dish without the use of coal, electricity or gas was installed. An electricity circuit in a 12-volt system including a fridge, fans, lamps, sockets and connections to (re)charge the batteries (mobile phones, computers, etc.), a connection to the common phyto-purification wastewater disposal system (filtering by means of plants) were also installed.[77] More recently, all of the new homes as part of the partnership with UNOPS will have renewable energy and disease prevention technology including solar panel roofs, waste-to-energy technology and mosquito-repelling coatings.[78]

The main source of electricity for the Guinean population is the battery lamp (54%). The grid electricity network is the second source of lighting and is used by 31.6% of households.[79] Guinea has hydropower sources which could generate significant income for the country if it is managed well but it could also adversely impact on biodiversity and the environment.[80] The proportion of households with access to drinking water is estimated at 77.8% in Guinean territory against 95% in urban areas.[81] In terms of sanitation, the type of toilet most used by households is the simply paved latrine (34%) followed by the rudimentary open hole (19.3%), flush toilets (14.9%), covered paved latrines (7.6%), and lastly Ventilated Improved Pit (VIP) latrines (3.5%).[82]

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Guinea-Bissau

Roland Igbinoba – Pison Housing Company

Overview

Guinea-Bissau is one of the world's poorest countries, with several successful coups since its independence in 1974.[1] Weak institutions, corruption, and political instability have greatly hindered housing finance and affordability in the country. The country has a small population of 2 026 778, of which 45% is urbanised.[2] With an average annual urban growth of 3.4%, demand for housing has increased over the years. All the urban centres in Guinea-Bissau suffer from unplanned growth. This is caused by inadequate policies for land allocation, weak institutional and technical capacity, the lack of a property cadastral system for tax collection, the lack of land use planning and a lack of financial resources to provide basic services.[3]

The country's economy has recovered from the pandemic with gross domestic product (GDP) growth of 3.8% from CFA900.975 billion (US$1.43 billion) in 2020 to CFA1.033 trillion (US$1.64 billion) in 2021.[4,5] The economic growth was largely due to trade recovery, particularly in the cashew sector.[6] The AfDB forecasts that GDP will grow by 3.7% in 2022 and 4.5% in 2023.[7] However, given Guinea-Bissau's history of political instability and a failed coup attempt in February 2022, the envisaged economic growth and poverty reduction remain uncertain. The inflation rate is projected to reach 4.1% by the end of 2022 and decrease to 3.2% in 2023.[8] Over the years, the CFA has been on a downward trajectory against the US dollar, although in recent months the CFA has rallied slightly. In July 2022, the US dollar sold for CFA642, in contrast to CFA580 in December 2021 and CFA557 in 2020.[9] The continuous depreciation of the CFA has far-reaching consequences for the housing market as the country is a major importer of goods. As the currency weakens, affordability falls.

Floods are a recurring natural hazard in Guinea-Bissau, especially along its coast,[10] which is below sea level, making the country the second most vulnerable state to sea level rise, after only Bangladesh.[11] Increased salinisation from the ocean has harmed rice production, inundated coastal aquifers, and caused coastal erosion.[12] Climate issues, such as flooding, have not only affected agricultural produce in the past, but also added to the country's housing crisis. Between 2003 and 2005 flooding caused bridges and makeshift housing to be damaged in the eastern region of Guinea-Bissau, and forced people to leave their communities.[13] More recently, between 2016 and 2022, homes in Bissau and its neighbouring cities have been badly damaged due to heavy flooding and rainfall.[14,15] Poor construction methods and materials used by owners and contractors during construction makes the houses vulnerable to damage during flooding.[16]

Guinea Bissau, with the help of the United Nations Development Programme (UNDP), has undertaken projects to help mitigate the impact of climate change and increase the resilience of the population including creating reservoirs to conserve rainwater. Other measures include the creation of a weather forecasting systems, so that people can be warned about drought and rain; and the introduction of a salt pan system, which uses sunlight to produce salt.[17] Furthermore, to support the climate adaptation needs in the country, the Green Climate Fund approved approximately CFA4 billion (US$2 million) in financing to establish a National Adaptation Planning Process in Guinea-Bissau, with implementation support from UNDP.[18] The project was approved in June 2022 and will be implemented over three years.[19]

KEY FIGURES

Main urban centres	Bolama/Bijagos, Cacheu, Gabu, Oio, Quinara, Bafata, Biombo, Bissau, Tombali
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XOF)
1 PPP$ = (2021) [b]	219.15 CFA Franc (XOF)
Total population (2021) [b] | Urban population (2021) [b]	2 015 490 | 899 251
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.38% | 3.33%
Percentage of urban population living in slums (2018) [d]	74.4%
Population living less than 5m above sea level (2010) [b]	15.3%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	30.13%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	6.8%
Percentage of women participating in the labour market formally (2021) [b]	64%
Gini coefficient (2017) [b]	50.7
HDI country ranking (2020) [d] | HDI country score (2021) [d]	177 | 0.48
GDP per capita (Current US$) (2021) [b]	US$812
GDP (Current US$) (2021) [b]	US$1 639 million
GDP growth rate (2021) [b]	3.80%
Inflation rate (2021) [b]	0.2%
Lending interest rate (2020) [b]	5.1%
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding (2019) [g]	350
Value of residential mortgages outstanding (USD) (2017) [g]	US$0.11 million
Prevailing residential mortgage rate | Term [g]	8 – 12% | 25 years
Maximum LTV on a residential mortgage (2017) [f]	90%
Ratio of mortgages to GDP (2017)	0.10%
Number of residential mortgage providers [h]	6
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding [i]	109 688
Value of microfinance loans (USD) [i]	US$1.36 million
Number of microfinance providers [i]	6
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [j]	40 146 935 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	40m^2
Typical monthly rental for the cheapest, newly built house [k]	97 411 XOF
Cost of standard 50kg bag of cement in local currency units [l]	5 000 XOF (US$7.94)
Type of deeds registry: digital, scanned or paper (2020) [m]	Paper
World Bank Ease of Doing Business index rank (2020) [m]	174
Time to register property (days) | Cost to register property (2020) [m]	48 days | 5.4%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [m]	3.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] World Bank Publications: WAEMU Affordable Housing Finance
[g] WB publication 2017: Country Partnership Framework for GB FY 18 – FY 21
[h] Orabank
[i] Central Bank of West African States (BCEAO)
[j] Cost of Living in Guinea-Bissau
[k] NUMBEO
[l] Association of Consumers of Goods and Services (ACOBES)
[m] World Bank Ease of Doing Business Indicators

Access to finance

Guinea-Bissau has one the lowest levels of financial inclusion of the countries in the West African Monetary and Economic Union (WAEMU) region.[20] As of December 2021, only 2.7% of businesses in the country had access to microfinance or bank credit.[21] The lack of financial inclusion in Guinea Bissau has led to extreme difficulty in accessing housing finance in the country. To improve access to finance and financial services, the Guinea-Bissau government requested the UNDP, the Central Bank of West African States (BCEAO) and other key stakeholders to support it in developing a national financial inclusion strategy.[22] The government is hopeful that, once developed, the strategy will

provide new mechanisms to enhance accessibility to microfinance, especially for young and women entrepreneurs and improve the country's financial ecosystem.

In providing mortgages, the Caisse Régionale de Refinancement Hypothécaire (CRRH) has established itself as a key player in the development of the WAEMU mortgage market. Established in 2010, CRRH has partnered with the International Finance Corporation (IFC) and the World Bank Group to promote access to housing finance in WAEMU countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo) through the provision of long-term maturity housing bonds. By December 2021, the CRRH had refinanced CFA272.5 billion (US$432.50 million) for the promotion of housing finance in favour of 41 shareholder banks in the eight WAEMU countries.[23] Furthermore, at its 11th extraordinary meeting held in April 2022, the CRRH approved a debt programme for an amount of CFA255.6 billion (US$405.681 million) for refinancing housing loans in the WAEMU countries from 2022 to 2023.[24] The debt programme also includes issuing bonds by public call for savings up to CFA179 billion (US$284.103 million), and mobilising concessional resources of CFA76 billion (US$121 million) from development partners.[25] Through its bond programme, the CRRH's funding enables banks in the WAEMU region to extend the tenure of their mortgage loans, making them more affordable, thus providing low and lower middle income households with access to finance to buy homes.

All six commercial banks in Guinea Bissau are mortgage providers and loan servicing points.[26,27] The maximum term for residential mortgages offered by banks in the country is 15 years. Interest rates on residential mortgages offered by banks range between 7.5% and 12%. For example, Banco Da Africa Ocidental offers an interest rate of 12% on residential mortgages while Orabank offers 7.75% including tax.[28,29] In 2021, the value of outstanding mortgages in the country was reported at CFA69.306 million (US$0.11 million).[30]

Affordability

High rates of poverty and the cost of living are partly responsible for housing shortages and a lack of affordable housing in the country. 47.7% of the country's population (888 250) were poor in 2018, living below a monthly consumption per capita of the national poverty line of CFA271 000 (US$430.12).[31] More than 75% of the poor people live in rural areas, surviving on low income jobs.[32] For heads of households working in the informal sector, the poverty headcount was 52.2% compared to 25.7% for heads of households working in the formal sector.[33] Using the US$1.90 international poverty line, the survey projected that extreme poverty will be down slightly from 64.9% in 2021 to 64% in 2022. This marginal decline is not expected to improve housing conditions. Extreme poverty in the country has greatly reduced housing affordability in urban centres, pushing many of the urban population into slums. In 2018, the World Bank reported that more than 74% of the urban population live in slums. [34] Furthermore, the absence of formal urban planning since the mid-1980s has led to a rapid increase in informal settlements with no access to water and energy.[35]

Since poverty and low incomes have prevented many Bissau-Guineans from accessing quality housing and mortgages, the UNDP Guinea-Bissau has implemented an intervention scheme to reduce poverty and increase affordability in the country through financial inclusion. The intervention scheme is in line with two of the primary impact areas of UNDP's strategic offer in Africa, which are youth and women employment, and empowerment and structural economic transformation. The aim of the UNDP's scheme is to increase equitable access to innovative low cost financial services and solutions.[36] The intervention scheme targets women, youth, micro, small and medium enterprises (MSME), vulnerable groups in local communities, and the informal sector.[37] The services proposed in the scheme framework would help to reduce transaction cost and increase the inflow of remittances in the country. Overall, the UNDP scheme would directly improve the country's poverty levels and benefit local economies.[38]

Housing supply

In 2015, the government of Guinea-Bissau initiated a social housing programme in partnership with the Republic of China, to improve housing supply in the country. The target was to construct 1 000 housing units across the country.[39] The constructed housing units would rehouse residents due to be displaced by a government plan to demolish and redevelop buildings in some neighbourhoods of Bissau.[40] The housing scheme includes the construction of two-bedroom, three-bedroom and four-bedroom houses in the Bissalanca area, next to Bissau's international airport.

Most houses are traditional in Guinea-Bissau, made of adobe, mud, and of a blend of woven branches and straw.[41] The quality of most houses in the city of Bissau is poor, due to lack of electricity, clean water, and basic sanitation.[42] In 2020, only 18% of the total population had access to basic sanitation, 40.9% had access to drinking water, and 33% could access electricity. Recent data on the country's housing sector reveals that over 76.3% of households live in dwellings built of adobe bricks, 14.5% in reinforced adobe brick dwellings, and 5.4% in dwellings built with cement blocks.[43] The Instituto de Tecnologia Social (ITS) described Bissau as a city conceived without adequate planning. The ITS found that planning in the city of Bissau is further characterised by a blurring of plots and neighbourhoods, the absence of urban landmarks, and inadequate distribution of public buildings for community services.[44]

Construction costs are another major constraint on housing supply. As a country highly dependent on imports, most of Guinea-Bissau's building materials are imported, which leads to the high cost of building materials. In 2020, Guinea Bissau became the 143rd largest importer of cement in the world, importing CFA3.81 billion (US$6.047 million) worth of cement.[45] Cement became the ninth most imported product in the country. In 2020, the country became the 184th largest importer of iron and steel, as the country imported CFA3.811 billion (US$6.048 million) worth of iron and steel.[46] Senegal is one of the primary suppliers of steel and cement to Guinea Bissau, exporting CFA1.512 billion (US$2.4 million) worth of steel and CFA618.081 million (US$981 thousand) worth of cement.[47,78] From 2019 to 2021, the price of a locally produced 50kg bag cement increased from CFA4 500 (US$7.14) to CFA5 000 (US$7.94).[49,50] Meanwhile, the selling price of an imported 50kg bag of cement remained unchanged within this period, at CFA5 000 (US$7.94).[51,52]

In November 2021, the CRRH received a CFA26.3 billion (US$41.743 million) loan from Proparco, a subsidiary of the French Development Agency. The loan is for the CRRH to improve its affordable housing financing offer with the development of affordable homes for more than 1 800 middle income households from the WAEMU region. This will also create 9 000 indirect jobs in five years.[53] WAEMU banks issue 15 000 new mortgages annually.[54] This amounts to only a small fraction of the estimated region's housing deficit, as 800 000 housing units are needed annually to address the shortage.[55] To improve housing infrastructure, in 2022 the AfDB released a CFA41.835 billion (US$66.4 million) support package to aid rural electrification programmes in the country.[56]

Property markets

The protection of property rights is poor in the Guinea Bissau as its legal system is weak.[57] The enforcement of contracts is also difficult, as it takes an average of 1 785 days to do this.[58] In 2020, the country scored 8.5 out of 18 in the Quality of Judicial Processes Index.[59] With a score of 43.2% in 2020, the country was ranked 174 among 190 economies on the ease of doing business according to World Bank yearly ratings. It takes an average of 48 days and five procedures to register a property. The cost for registration was 5.4% the property value.[60] For construction permits, it took an average 143 days and 13 procedures to get approval. Getting credit is also difficult and the country was ranked 152, scoring 30% in credit accessibility.[61]

The cost of living in Bissau is relatively high compared to the financial ability of most of its citizens. For example, the average cost of living per month, inclusive of rent, is CFA395 672.88 (US$628) per person and CFA903 495.07 (US$1 434) for a household of four.[62] Meanwhile, the average salary before tax is CFA630 052.35 (US$1 000) a month.[63] The monthly rental price of a one-bedroom apartment inside Bissau city centre is CFA214 900.96 (US$341.08) and outside the city centre is CFA119 913.84 (US$190.32),[64] while the selling price of apartments in the city centre and the suburbs are CFA967 130.36 (US$1 535) and CFA824 108.47 (US$1 308) per square metre respectively.[65] The average cost of land per square metre in urban centres is CFA15 350 (US$24.36).[66] The minimum standard plot size of 500m2 for residential property in Guinea-Bissau can significantly increase construction costs, indirectly affecting housing cost and affordability.[67.] Over 55% of the country's agricultural production is carried out by women and 45% of women are well-educated.[68] Despite this, the effect of poverty is more prevalent in women than in men.[69] Furthermore, if a woman's husband or father dies, she has no right to inherit family property. Even though existing land legislation guarantees the right to use land without discrimination, the constitution has failed to protect women when implementing this law.

GUINEA-BISSAU – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA104 000** per month	who earns **CFA173 000** per month
you could afford to purchase a **CFA3.815 million** house with a mortgage.	you could afford to purchase a **CFA6.346 million** house with a mortgage.

Mortgage assumptions – Guinea-Bissau

- 10.0% interest rate
- 10% deposit
- 25 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Policy and legislation

Guinea-Bissau's constitution grants the rights to the use of land to all individuals without discrimination under the concession or authorisation of the government.[70] However, discriminatory practices in the execution of laws on land ownership has excluded many women. The 1998 Land Law marked a regulatory step forward in providing stronger tenure security to attract private investment and boost the land market while maintaining the constitutional principle of land as state property.[71] However, since its approval, this law has not been implemented, mainly due to corruption and political instability.[72] There are therefore several significant gaps in the constitution associated with women's rights in Guinea Bissau.[73] The Association for Women Lawyers in Guinea-Bissau has advocated the amendment of the constitution to make a specific provision on equality between women and men.[74] The association also demands that the constitution be amended to compensate for the historical and social disadvantages that women suffered and continue to suffer in the country.[75] For example, customary laws on land ownership and property rights of various communities and ethnic groups discriminate against women.[76] These customary laws, which were adapted from traditional rules and administered by traditional community leaders, remain prevalent in Guinea-Bissau due to legal institutions that are ill-prepared to protect women's civic rights and the failure to implement constitutional laws.[77]

To improve land ownership rights, the National Commission for Human Rights with support from the UNDP initiated an awareness programme on land law and regulation across various regions in the country. The aim was to sensitise citizens on the issues of use, ownership, and exploitation of land by creating local land management structures at the community level in accordance with legal provisions.[78]

The credit bureau system in the WAEMU region is underdeveloped. This poses challenges in the regulatory framework for housing and housing finance in the region. According to the World Bank, myriad issues relate to credit lending on both the supply and demand side.[79] On the supply side, provision of credit is hindered by disruptions in the flow of information and communication between banks and applicants. Inefficiencies in the judicial system for loan recovery also hamper credit lending. On the demand side, most financial institutions complain of the lack of eligible collateral by loan applicants.

Opportunities

Running a business in Guinea Bissau is slow and difficult, especially for start-up companies and MSMEs. The absence of microfinance institutions in the country, the lack of affordable loans and mortgages, corruption, a weak legal and institutional framework, and lack of government support, have created a non-conducive environment for MSMEs and start-ups companies.

To create a thriving business environment for investors, including real estate investors, the UNDP advised the government to strengthen public private partnerships, strengthen gender and youth equality, increase access to inclusive finance, and promoting existing labour market policies.[80]

For 2022, the country's economic freedom score was reported as 46, making its economy the 166th freest out of 177 countries.[81] In the Sub-Saharan region of Africa, Guinea-Bissau was ranked 42nd among 47 countries in economic freedom, however its overall score in economic freedom was below the world average.[82]

Over the past decade, the World Bank, the IFC, and the International Development Association (IDA) Private Sector Window (PSW) have continuously supported and facilitated the expansion of the CRRH in the WAEMU region to scale up an emerging market in bonds that supports housing finance.[83] The CRRH refinances mortgages for eight countries, including Guinea Bissau, where mortgage offers for housing are limited and the maximum tenure on housing mortgages is short.[84] The IFC is helping to pioneer long maturity bonds for housing finance, crowding in private sector finance and gradually establishing the feasibility of the long maturity housing bond market for the WAEMU region. The IFC provides the long-term local currency needed at the pricing level of the CRRH bond, through the support of the IDA PSW.[85] The CRRH's longer-term funding through its bond programme allows banks to extend the tenure of their mortgage loans, making them more affordable and allowing low income and middle income households to buy or build homes.[86]

Expanding housing finance puts credit within reach of traditionally disadvantaged groups, such as women and MSMEs, and harnesses urbanisation to promote economic growth. The World Bank's investments are strengthening the crucial institutions and tools that underpin housing sectors, improving the enabling environment, and mobilising medium to long-term capital for key actors in Guinea Bissau's housing ecosystem.[87]

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UN-Habitat www.unhabitat.org
The World Bank www.www.worldbank.org
African Development Bank www.afdb.org
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Living Cost www.livingcost.org/cost/guinea-bissau
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United Nations Development Programme www.undp.org

Availability of data on housing finance

Collection of high quality and reliable data in Guinea Bissau is difficult, as the nation lacks a proper data system. Most of the available housing-related data is for the WAEMU region, not specifically for Guinea Bissau. However, some international organizations and NGOs play crucial roles in filling the data gap in the country. Organisations involved in providing housing related data in Guinea Bissau include:

- UN-Habitat, which publishes data on standards of living and housing conditions in Guinea Bissau;
- The World Bank provides data on mortgages, subsidies and households;
- WAEMU publishes data on affordable housing finance across the WAEMU region;
- The Global Property Guide publishes data on residential house prices, tax rates on residents, property markets and investments;
- TheGlobalEconomy.com publishes yearly routine data on interest rates; and
- Living Cost publishes data on the cost of living in Guinea Bissau.

Green applications for affordable housing

While it was not possible to obtain information on green buildings or EDGE certified buildings in Guinea Bissau, the country has become one of seven African countries to take a continental lead in completing its first Voluntary National Review of progress towards the Sustainable Development Goals (SDG). The success towards achieving the SDG is mainly due to numerous construction and infrastructure projects conducted in recent years.

Among the Mauritania, Senegal, Gambia, Guinea-Bissau and Guinea-Conakry (MSGBS) nations, Guinea Bissau has the highest figure for renewable energy representation in the total fiscal energy consumption at 86.8%, causing its CO2 emission per capita to be as low as 0.14 tons a year. Based on the 2022 SDG report, every MSGBC nation is on track to achieve or surpass SDG13. Climate actions such as strong renewable integration in the grid supply have been crucial for this success. The knock-on effects of these investments in green energy are huge. A recent report from the UN Economic Commission for Africa revealed that investment in the green energy sector produces 420% better domestic returns in gross value addition and 250% better returns in job creation than investment in fossil fuels. This means that, by investing in green energy, Guinea-Bissau through its climate action has seen growth in its domestic economy and local content.

In 2020, only 18% of the total population had access to basic sanitation, while 40.9% had access to drinking water. In 2020, only 33.3% of the population had access to electricity. To improve electricity supply in Guinea-Bissau, the African Development Bank (AfDB) has provided CFA41.835 billion (US$66.4 million) in funding to aid rural electrification programs within the country.

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Kenya

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Overview

Kenya is the largest economy in East Africa, and the second most populous country in the East African Community (EAC) – the region's economic bloc. The country is considered a potential investment destination regionally due to its strategic geographic location, the presence of vibrant capital markets, political stability and favourable investment policies, a well-established private sector, and government policies that have sought to improve infrastructure, regional connectivity, and enhance market access.[1]

As part of the country's social and economic growth strategy and to strengthen its position in the region, the Kenyan government has embarked on mega-infrastructural developments including the Standard Gauge Railway connecting the port of Mombasa to the Capital City, Nairobi, and connecting Nairobi to Naivasha and Uganda; the Lamu Port-South Sudan-Ethiopia-Transport (LAPPSET) Corridor programme; upgrading the port of Mombasa and the Nairobi Expressway.

Kenya's Affordable Housing Programme (AHP) was also launched as part of the Big-4 Agenda to resolve the affordable housing deficit. Under the programme, the government pledged to deliver 500 000 units by 2022 through partnering with the public and private sector.

Kenya completed the 2022 general elections through a generally peaceful process. The 2022 elections were also historic in the number of women elected. Although the presidential results were refuted by one of the main contenders and contested through petitions filed with the Supreme Court, the election results were upheld on 5 September 2022, and a smooth transition of power for elective seats has occurred.

All of this has supported economic growth. In 2021, the country's GDP was Ksh12.098 trillion (US$102.65 billion) with the economy growing by 7.5%.[2] The year-on-year inflation rate, as measured by the Consumer Price Index, rose to 8.32% in July 2022 from 7.91% in June.[3] The effect was an increase in the cost of living and finance to households, and as a result, a notable share of the population was unable to access finance as their disposable income could not sustain the interest rates. Some of the key climate change risks are prolonged drought and flooding, unreliable rainfall due to seasonal variability which affects agricultural activity, or excessive rainfall which subsequently results in floods and landslides and resultant damage to physical property including dwelling units and infra-structure. Over 80% of the country's land is classified as arid and semi-arid.[4] Prolonged droughts affect not only agricultural production and result in further land degradation, but also the supply of building materials, thus increasing construction costs.

Access to finance

The Monetary Policy Committee raised the Central Bank Rate from 7.5% to 8.25% in September 2022.[5] The commercial banks' lending rate was 12.27% in June 2022.[6] Kenya had 38 commercial banks as of December 2021, with 32 offering residential mortgages. Mortgage accounts stood at 26 783 with an average loan size of Ksh9.2 million (US$78 058). The value of residential mortgage loans was Ksh245.1 billion (US$2.08 billion) out of which 11.6% were non-performing loans. In 2021, the average mortgage rate was 11.3%, the average loan maturity was 12 years, and the Loan to Value (LTV) ratio was below 90%. Customer deposits are the main sources of funding for banks at Ksh4 451.7 billion (US$37.77 billion) as of December 2021.[7] Kenya's National Treasury also offers risk-free government securities through treasury bills and bonds.

Access to formal finance in Kenya continues to increase. Access to formal finance in 2021 was 83.7%, compared to 82.9% in 2019. This is primarily driven by the use of technology, and increased regulation and safety in the financial sector.[8] However, opportunity exists for greater financial inclusion, as 11.6% of Kenya's adult population is completely excluded from accessing financial services. There are three licensed Credit Reference Bureaus in the country.[9]

KEY FIGURES

Main urban centres	Nairobi, Mombasa
Exchange rate (1 July 2022): 1 USD = [a]	117.86 Kenyan Shilling (KES)
1 PPP$ = (2021) [b]	43.80 Kenyan Shilling (KES)
Total population (2021) [b] | Urban population (2021) [b]	54 985 702 | 15 667 076
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.30% | 4.00%
Percentage of urban population living in slums (2018) [d]	46.5%
Population living less than 5m above sea level (2010) [b]	0.40%
Most common fuels used by households | by B40 households (2020) [e]	Wood | LPG/natural/bio gas
Percentage of female-headed households (2020) [e]	31.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	25.03%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	5.7%
Percentage of women participating in the labour market formally (2021) [b]	71%
Gini coefficient (2017) [b]	48.50
HDI country ranking (2020) [d] | HDI country score (2021) [d]	150 | 0.58
GDP per capita (Current US$) (2021) [b]	US$2 007
GDP (Current US$) (2021) [b]	US$110 347 million
GDP growth rate (2021) [b]	7.52%
Inflation rate (2021) [b]	6.1%
Lending interest rate (2020) [b]	12.1%
Proportion of adult population that borrowed formally (2021) [b]	76%
Number of residential mortgages outstanding [f]	26 723
Value of residential mortgages outstanding (USD) [f]	US$2 080 million
Prevailing residential mortgage rate | Term [g]	10 – 13% | 10 years
Maximum LTV on a residential mortgage [g]	90%
Ratio of mortgages to GDP	1.88%
Number of residential mortgage providers [f]	32
Percentage of women who own a house alone and/or jointly (2014) [e]	42.3%
Number of microfinance loans outstanding [f]	221 000
Value of microfinance loans (USD) [f]	US$340 million
Number of microfinance providers [f]	14
Total number of residential properties with a title deed (2021) [h]	4 060 000
Number of formal dwellings completed annually [i]	50 000
Number of residential projects certified by EDGE [j]	17
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	1 500 000 KES
Size of cheapest, newly built house by a formal developer or contractor in an urban area [k]	30m^2
Typical monthly rental for the cheapest, newly built house (2021) [l]	8 500 KES
Cost of standard 50kg bag of cement in local currency units [m]	700 KES (US$5.94)
Type of deeds registry: digital, scanned or paper (2020) [n]	Computer - Fully digital
World Bank Ease of Doing Business index rank (2020) [n]	50
Time to register property (days) | Cost to register property (2020) [n]	44 days | 5.9%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	15.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

FSD Kenya	Habitat for Humanity International
Kenya Mortgage Refinance Company	Reits Assocaition of Kenya (RAK)
Shelter Afrique	Stephen Wanjala
International Finance Corporation (IFC)	

[a]	Xe.com	[h]	National Land Commission
[b]	World Bank World Development Indicators	[i]	Habitat for Humanity
[c]	Johns Hopkins University Coronavirus Resource Center	[j]	Edgebuildings.com
[d]	United Nations Human Settlements Programme (UN-HABITAT)	[k]	Boma Yangu
[e]	Demographic and Health Surveys, USAID	[l]	Tsavo Real Estate Kenya
[f]	Central Bank of Kenya	[m]	Binico Enterprise
[g]	KCB Bank Kenya Limited	[n]	World Bank Ease of Doing Business Indicators

The Kenya Mortgage Refinance Company (KMRC) was established in August 2018 as an initiative of the National Treasury and the World Bank. KMRC began operations in September 2020, with a mandate to provide liquidity financing to Primary Mortgage Lenders (PMLs) who would then lend to borrowers at below-market interest rates, and with longer repayment periods. KMRC's main source of funding is the World Bank and Africa Finance Development Bank through the National Treasury, and issuance of bonds. Under current refinancing terms, member PMLs are offered funds at a 5% interest rate and a repayment period of up to 20 years.[10] By the end of 2021, the KMRC had disbursed approximately Ksh1.3 billion (US$11.029 million) to seven institutions, and an additional Ksh2.57 billion (US$21.805 million) by May 2022. Disbursement of a further Ksh5.2 billion (US$44.119 million) is planned.[11]

The increase of mobile lending has created vibrant loan facilities for individuals with unstable incomes. These loans offer low interest rates and flexible repayment plans, enabling individuals to access emergency finance. Examples of reliable mobile loans are TALA[12] and KCB MPesa loans.[13]

There are 14 licensed deposit-taking microfinance banks (MFBs) with a total loan size of Ksh40.115 million (US$340 358). The largest MFB is Faulu MFB with a market share of 39.5% in 2021.[14] The Kenya Women Finance Trust (KWFT) developed the Nyumba smart loan in 2013, a micro-loan product that enables members to access funds to construct, renovate or complete a house using quality locally available materials. The minimum loan size is Ksh100 000 (US$848), and borrowers are offered a maximum repayment period of 24 months, at an annual interest rate of 24%. The bank also offers lenient application requirements for borrowers, including a six months' bank statement, and a quotation of the works to be undertaken.

Savings and Credit Co-operative Societies (SACCOs) play a vital role in Kenya's finance and housing finance sector. SACCOs bridge the gap in the housing finance market, with most of them providing unsecured, medium-term loans to their members. Members can use their savings or shares to access loan collateral. Cooperatives also pool funds for land purchase and construction finance. In Kenya's long-term economic strategy, Vision 2030, the government anticipated that cooperatives would provide 25% of the housing stock in urban areas. In 2021, the largest share of total credit advanced by SACCOs was credit to the land and housing sector, at 26.98% of total credit.[15]

Despite these advances, gender disparity in access to finance persists. Approximately 75% of women aged 15 years and above have an account at a financial institution or a mobile money provider, compared to 83% of men.[16] There has however been a reduction in the gender disparities in access to finance, from 8.5% in 2016 to 4.2% in 2021,[17] driven by technology, which has helped to narrow the rural-urban gap over the years. Although limited, some financial institutions have developed targeted products for women in formal and informal business. These financial products offer benefits such as access to unsecured loans and increased loan limits, recognising the fact that the rates of repayment are higher among female borrowers compared to men.[18] Construction finance is also available for property developers, with some lenders allowing for conversion to mortgages after construction is completed.

Affordability

Many households live below the national poverty line, which is Ksh3 252 (US$27.59) per month in rural areas, and Ksh5 995 (US$50.86) per month in urban areas.[19] According to the Kenya Institute of Public Policy Research and Analysis (KIPPRA), the national poverty rate in 2020 was 41.9%.[20] These high rates of poverty in both urban and rural areas indicate a continued need for government support to enable poor households to access housing. Unemployment is estimated at 5.7% of the total labour force of 24.97 million, comprising 49.2% women and 50.8% men as of 2021. Approximately 83.3% of the total employed population[21] work in the informal sector, with an average wage of Ksh14 000 per month (US$119).[22] Nationally, 61.3% of the population own their main dwelling unit while 38.7% rent.[23] However in urban areas, rental rates are higher. In Nairobi, 90.6% of the population live in rented units and 9.3% in owned units, partly because of the unaffordability of homeownership, and partly because urban dwellers prefer to rent a house in the city and own a home in the rural areas.

The Affordable Housing Program represents an effort by the Kenyan government to attend to gaps in the affordable and low income housing supply market. Affordable housing units available to the public through this programme range from Ksh1 million (US$8 484) to Ksh5.6 million (US$47 513). Target beneficiaries for the programme are low income residents with a monthly income of Ksh23 670 (US$201) and below.[24]

In Nairobi, one-bedroom apartments were priced between Ksh1 million (US$8 484) and Ksh1.5 million (US$12 727). One-bedroom apartments in Ngara/Pangani area rent at Ksh25 000 (US$212) monthly, exclusive of service charges.[25] Continued urban growth has led to an increase in the cost of land in Nairobi and peripheral areas, crippling affordable housing production. Land prices in Nairobi's satellite towns range between Ksh9.8 million (US$83 149) per acre in Kiserian, to Ksh27.1 million (US$229 931) per acre in Ngong'.[26]

To support development and uptake of affordable housing, the Kenyan government has offered various subsidies, such as exemption from the payment of stamp duty for first-time homeowners under affordable housing, affordable housing relief at 15% of employee's contribution, and developers' exemption from VAT on import and local purchase of goods for the construction of affordable houses. Though intended to bridge the demand and supply of low-cost housing, subsidy incentives to developers have not yet been realised, and accessibility continues to be a challenge.

Housing supply

In 2019 Kenya's total population was 47 564 million, of which 31% were in urban areas.[27] Although most of the country's population still resides in rural areas, Kenya's trend towards urbanisation is projected to continue, with 50% of the country's population expected to live in urban areas by 2050. Housing demand is estimated at 250 000 houses annually. With a supply of only 50 000 new houses annually, there is an 80% annual housing deficit.[28]

The government's AHP has fallen short of its target of delivering 500 000 units, with less than 10% of intended units being delivered by 2022.[29] The AHP units are constructed using modern materials i.e., stone, sand, cement, and steel for reinforcement and consist of formal apartments in gated communities. The National Treasury allocated Ksh27.7 billion (US$235 million) to affordable housing programmes for FY2022/2023.

Overall, housing supply in Kenya is still dominated by small- and large-scale private market providers, or individual owner-builders. The main challenges facing affordable housing production have always been the high costs of development-class land and construction. Incentives offered by the government through the AHP included free land to developers, tax rebates and subsidies on infrastructure costs. In the last five years, however, these benefits have not been accessed by developers, hampering the delivery of affordable housing.[30] This notwithstanding, the new government has expressed an intention to deliver 250 000 affordable units annually.[31]

In Kenya's capital, the County Government offered its old estates to private developers for renewal and upgrading, and to boost the supply of affordable housing units in the county. In the pilot programmes, developers constructed 3 164 affordable units at the Ngara-Park Road and Pangani affordable housing projects.[32] The units supplied through these formal housing programmes are similar to those supplied by the market in urban areas, though the prices are still unaffordable for most of the urban population. Approximately 89% of contractors use locally available construction materials whilst 8% use mostly imported materials, and 3% rely on both locally available and imported materials.[33] A common trend among developers across urban and rural areas is the incremental construction of housing, first by building a temporary structure with a useful economic life of approximately 10 years, before constructing with permanent materials. Developers and landowners in urban areas undertake this mode of temporary construction for short-term income and speculation while holding the land for future permanent development.

As the lead body for regulating Kenya's construction sector, the National Construction Authority (NCA) accredits, registers and regulates contractors' professional undertakings. Construction-related approvals are also regulated by agencies such as the National Environment Management Authority (NEMA), relevant county governments and utilities companies. The process of acquiring construction and occupation permits from the respective agencies is tedious and takes approximately 159 days and costs 2.8% of the property value.[34] This has been attributed to corruption and bureaucracies within the agencies.

KENYA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Ksh31 000** per month

you could afford to purchase a **Ksh734 969** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Ksh20 000** per month

you could afford to purchase a **Ksh474 174** house with a mortgage.

Mortgage assumptions – Kenya

- 11.5% interest rate
- 10% deposit
- 10 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Property markets

Kenya has a robust property market sector, comprising rental and home-ownership markets. The private sector plays a key role in the generation and management of rental stock, as well as through the construction and sale of housing.

Kenya's government marked a key milestone in the transition towards a digitised land registry with the launch of the *ArdhiSasa* National Land Information Management system in 2021.[35] The digitisation of the other registries in the country is ongoing at various stages.[36] The digitised system is expected to speed up land transaction and registration processes. According to the World Bank's Doing Business indicators for Kenya, a land transaction process comprised 10 procedures and took approximately 43.5 days, costing 5.9% of the property value.[37] In 2021, the total number of land transactions in Nairobi was 39 627 compared to 32 276 in 2020.[38]

According to recent communication from Ministry of Lands, the number of titled properties is approximately 12 million. Within urban areas, the property market is predominantly a rental market, which may be due to the increasing costs of residential property prices in recent years. The latest report from Hass Consult indicates a 3.3% increase in all property sale prices and 1.1% increase in rental prices for the second quarter of 2022 compared to the previous quarter.[39] Land prices in Nairobi increased by 0.17% and those in Nairobi satellite towns increased significantly by 4.05% in second quarter of 2022 compared to the first quarter.[40]

Real estate activities contributed approximately 8.9% to the total GDP in 2021 with 4 100 people employed in this sector as of 2021.[41] Formal estate agents are governed by the Estate Agents Act, which regulates their mandate and conduct.[42] However informal estate agents also work in local neighbourhoods and operate on online platforms. Although informal agents have vast knowledge of the residential market and market operations, they have no academic background in real estate and are not regulated by formal agencies. Informal estate agents have been involved in the illegal business of swindling citizens during property transactions.

Although the law provides equal property rights to both parties in a marriage and upon dissolution of the marriage, the practice of property ownership in Kenya is still skewed towards men, with less than 10% of the registered title deeds being held by women. The number of women-headed households in rural areas is 36%, and 28.7% in urban areas.[43]

Policy and legislation

A number of bills relating to housing, housing finance and construction professions in Kenya were introduced between 2021 and 2022. In the land sector, the Land Control Bill 2022 seeks to tackle key issues such as dispositions of land in areas outside cities and urban areas, and in areas designated for agricultural use under the Physical and Land Use Planning Act.[44]

The National Land Commission (Amendment) Bill seeks to amend the role and mandate of Kenya's National Land Commission and assign the commission powers to continue reviewing all grants and dispositions of public land.[45] At present, the National Land Commission has no legal mandate to undertake these functions as the time afforded to it to do so has lapsed, yet many claims remain unresolved.

The Landlord and Tenant Bill (2021) was introduced in 2021, remains in draft form and has not yet been promulgated by Parliament.[46] The Bill seeks to promote stability in the rental market sector, consolidating the laws governing the relationship between landlords and tenants, and repealing existing laws, which include the Distress for Rent Act (DRA), the Rent Restriction Act (RRA) and the Landlord and Tenant (Shops, Hotels and Catering Establishments) Act.

Amendments were also been made to the Sectional Properties Act 1987, through the Sectional Properties Act, No. 21 of 2020,[47] which has been seen as simplifying the process of registering sectional properties.[48] On housing finance, the Finance Act (2022) amended the Income Tax Act, raising the Capital Gains Tax from 5% to 15%. This will lead to lower yields for investors from the sale of property, possibly triggering a reduction in property transactions.

Kenya's Constitution protects the rights of all citizens to own property, irrespective of gender. Property and land rights for married women were enhanced by the Matrimonial Property Act, 2013 which recognises spouses as equal property owners and protects women's rights to land ownership during marriage, divorce, and separation. The Act also regulates eviction from the matrimonial home.[49] The Law of Succession Act in Kenya allows for inheritance of property by the spouse, and male and female children of the deceased. However, for a widow, this only applies until she remarries. Despite the legislative framework, cultural barriers still hamper women's ownership of land.

The Climate Change Act was passed into law in 2016, to coordinate the government's green building agenda with climate change mitigation and adaptation. Kenya's vision for green development is also outlined in the country's Green Economy Strategy and Implementation Plan 2016-2030 (GESIP), and the National Climate Change Action Plan, which charts Kenya's transformation pathway to a green economy.[50] The agency tasked with coordinating the country's green building agenda is the Kenya Building Research Centre (KBRC).

Opportunities

Over the last five years, the government's Affordable Housing Programme has established mechanisms to expand housing supply and finance, and, through continued implementation and improvement, could unlock housing delivery systems and expand investment opportunities. However, one of the main unresolved challenges in the housing sector is tenure security.

Notable key trends to watch in the residential housing sector include the increase in studio and student housing within urban areas, as well as tenant-purchase schemes where a tenant pays rent over a period and eventually takes full ownership of the unit.

Furthermore, many opportunities for investment in sustainable housing and construction exist, including investment in setting up recycling centres to recycle waste materials for use in construction of low-cost housing.

Technology could be used in developing an incremental housing fund for low income households. Additional technological advancements that could help reduce project costs include 3D printing and modular housing construction, where factory-built parts of a house are transported to the site.[51]

Availability of data on housing finance

The Kenya National Bureau of Statistics (KNBS) is the primary state agency tasked with collecting, analysing, and publishing the country's statistical data, including housing conditions and household expenditure. The Central Bank of Kenya collects information on lending, mortgage statistics, and lending performance indicators reported by financial institutions. Data from the KNBS and the CBK is available online and in digital format through the organisations' websites.

The Kenyan government has been making active efforts to make public sector data available through online portals such as the Kenya Open Data Portal, or through individual department websites. Additional information from the financial sector can also be accessed through reports by the Kenya Bankers Association (KBA). Considerable data gaps still exist within the housing finance sector, largely because institutions do not want to share information, or because digital and disaggregated information is not easily available to the public. On climate change, the Kenya Climate Innovation Centre provides data for understanding climate issues in the country and their impact on affordable housing.

Green applications for affordable housing

The Kenya Green Building Society, a non-profit, membership-based society registered with the World Green Building Council, is responsible for green building practices in Kenya. The Kenya Building Research Centre also champions and coordinates the government's green building agenda in relation to climate change mitigation and adaptation. The Centre developed The Green Mark Standard, which is a tool for rating and certification of green buildings. The Architectural Association of Kenya (AAK) has also launched a Green Building certification tool, the Safari Green Building Index 2021, which assesses construction projects to establish their environmental performance.

Currently no banks offer green mortgages in Kenya, however investors within the finance space are beginning to capitalise on this emerging sector. Kenya Climate Ventures provides equity, convertible debt, and debt in early and growth-stage businesses that offer climate-smart solutions. There are also market-driven innovations and developments in Kenya's green building and construction sector. As an example, Green Pavers is a firm that develops affordable housing materials from recycled plastic, which helps keep costs in check for providing low-cost housing. Kenya's energy sector has adopted innovative green technologies. Hydropower energy was the main source of electricity production as of January 2022. There has also been growth in off-grid lighting and energy solutions , for instance through the Lighting Africa Program. An estimated 10 million people rely on quality-verified off-grid solar products for lighting. Finally, opportunities remain for the development of green technologies and solutions to meet household needs, especially water and sanitation services.

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Lesotho

Resetselemang Leduka and Hlomphang Leduka

Overview

Lesotho is a small country of some 30 588km, and is completely landlocked by the Republic of South Africa. As of 2021 Lesotho had a population of 2 159 067 people, with an estimated annual population growth rate of 0.78%. The largest proportion (70.5%) live in rural mountainous areas, while 29.5% are urbanised in the foothills and lowlands. The urban population is growing at approximately 2.3% per year, and an estimated 54% live in informal areas.[1] Over 70% of urban growth occurs informally through the private subdivision of peri-urban land.[2] The affordable housing sector in Lesotho is constrained by the lack of planned serviced land for affordable housing and supporting road infrastructure.

The World Bank classifies Lesotho as a lower to middle income country, with a Gross Domestic Product (GDP) of M37 billion (US$2.3 billion) and per capita GDP of M17 239 (US$1 050).[3] Real GDP contracted by nearly 6.5% in 2020 as a result of COVID-19, while GDP growth was only 1.0% in 2021. Economic growth is expected to recover to 2.1% during 2022 through to 2024 due to development of agriculture, mining and construction associated with the Lesotho Highlands Project (LHWP-II), the Mafeteng Ha Ramarothole Solar Photovoltaic (PV) Park and the construction of the Maseru district hospital.[4] LHWP-II will include the construction of the Polihali Dam and reservoir, water transfer tunnel and associated infrastructure services.[5] The Polihali Dam will add an additional 2 325 million cubic metres to the LHWP storage capacity and earn significant royalty revenues on the transfer of water to South Africa. At the end of 2021, Lesotho generated M12.545 billion (approximately US$759 million) in revenue from water transfers to South Africa. The LHWP-II project has seen housing being built in the Polihali Village and the upgrading of the Katse Village. Three potential sites have been identified for hydropower as part of the scheme. The existing Muela Hyrdropower Plant has reduced Lesotho's dependence on imported electricity and has contributed significantly to the country's GDP.[6] Significant environmental and social impact assessments have been undertaken to extend the project.

Lesotho's economy is strongly integrated with South Africa, with revenues from the Southern African Customs Union (SACU) financing more than half the national budget. Over 90% of Lesotho's imports originate from South Africa. Lesotho is also a member of the Common Monetary Area (CMA) with the South African rand being legal tender in the country. Many Basotho find employment in South Africa in mining, manufacturing, agriculture and domestic work.[7] The average annual inflation rate was 6.0% in 2021 compared to 5.0% in the previous year, largely driven by increases in food and energy prices, as well as increased costs of administrative services and increased prices on imported goods. Between January and June 2022, the inflation rate had increased from 7.6% to 8.8% and the lending rate is 8.96%.[8] Despite anticipated economic recovery in 2021, poverty levels have stayed high at 30.1%, a marginal decrease from 30.4% in 2020.[9]

More than 90% of disasters in Lesotho are related to climate change.[10] In Maseru in January 2022, hailstorms, heavy rains and flash floods badly damaged houses, vehicles, infrastructure (especially roads and bridges), schools, health centres and crops.[11] A post-disaster assessment report after previous flash floods in 2011 estimated that between 2 000 and 2 500 houses, most being traditional structures made of mud bricks, were either damaged or destroyed.[12]

The government passed the Disaster Management Act in 1997. The Act facilitated the establishment of National Disaster Management Authority (DMA) and its associated structures, the National Disaster Relief Task Force and Village Disaster Management Teams. The Act provides the framework for the development of a Disaster Management Plan, and various disaster reconstruction, rehabilitation and recovery plans. Since the creation of the DMA the key policies that have been developed include the National Resilience Strategic Framework (2019-2030)[13] and the National Climate Change Policy 2017–2027.[14] All these policies aim to build national resilience to climate change in all vulnerable sectors, including housing.

KEY FIGURES

Main urban centres	Maseru City, Teyateyaneng
Exchange rate (1 July 2022): 1 USD = [a]	16.41 Loti (LSL)
1 PPP$ = (2021) [b]	6.43 Loti (LSL)
Total population (2021) [b] | Urban population (2021) [b]	2 159 067 | 636 493
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	0.78% | 2.33%
Percentage of urban population living in slums (2018) [d]	53.6%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2014) [e]	LPG | natural gas/biogas
Percentage of female-headed households (2014) [e]	35.5%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	34.14%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	24.6%
Percentage of women participating in the labour market formally (2021) [b]	56%
Gini coefficient (2017) [b]	54.2
HDI country ranking (2020) [d] | HDI country score (2021) [d]	168 | 0.51
GDP per capita (Current US$) (2021) [b]	US$1 166
GDP (Current US$) (2021) [b]	US$2 518 million
GDP growth rate (2021) [b]	3.80%
Inflation rate (2021) [b]	1.02%
Lending interest rate (2021) [b]	8.98%
Proportion of adult population that borrowed formally (2021) [b]	48%
Number of residential mortgages outstanding (2021) [f]	2 100
Value of residential mortgages outstanding (USD) (2020) [f]	US$69.61 million
Prevailing residential mortgage rate | Term (2021) [g]	8 – 11% | 25 years
Maximum LTV on a residential mortgage (2021) [g]	80%
Ratio of mortgages to GDP (2020)	2.83%
Number of residential mortgage providers [f]	5
Percentage of women who own a house alone and/or jointly (2014) [e]	35.1%
Number of microfinance loans outstanding (2019) [h]	522
Value of microfinance loans (USD) (2021) [f]	US$76.94 million
Number of microfinance providers (2021) [f]	98
Total number of residential properties with a title deed (2021) [i]	73 960
Number of formal dwellings completed annually (2019) [i]	54
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [j]	200 000 LSL
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	40m^2
Typical monthly rental for the cheapest, newly built house) [j]	2 700 LSL
Cost of standard 50kg bag of cement in local currency units [k]	108 LSL (US$6.58)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	122
Time to register property (days) | Cost to register property (2020) [l]	32 days | 8.2%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	10.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Central Bank of Lesotho
[g] Standard Lesotho Bank
[h] Lesana Lesotho
[i] Land Administration Authority (LAA)
[j] Premier Drafts Pty Ltd
[k] Southline Hardware
[l] World Bank Ease of Doing Business Indicators

Access to finance

Lesotho's financial sector comprises four commercial banks, First National Bank Lesotho (FNB), Nedbank Lesotho, Standard Lesotho Bank Limited (SLB) and the Lesotho Post Bank (LPB). The first three banks are subsidiaries of South African banks and are the most important providers of mortgage finance. As of 2019, foreign-owned banks controlled approximately 92% of the banking industry's assets, revenue, and deposits. The LPB is a Lesotho government-owned bank. The financial sector comprises 10 insurance companies, 47 insurance brokers, six stockbrokers, 125 microfinance institutions, two asset management firms and two money transfer institutions.[15] The Central Bank of Lesotho (CBL) is the sole regulator of all the financial institutions in the country.[16]

The Global Findex report shows that 46% of Lesotho's population over 15 years of age had an account with a formal bank in 2017. Slightly more women (46%) had bank accounts than men (45%).[17] A high proportion of the adult population (62.4%) use informal products, with 29% using informal groups; 33% borrow from informal sources; 37% belong to a burial society and 11% use informal remittance services. Approximately 70% of adults with access to formal financial products also had an informal product, with more than half (52.3%) having access to more than one such product.[18]

The SLB offers home loans ranging from M100 000 (US$6 093) to M10 million (US$609 332) payable over 20 years at 12.5%. The SLB also offers pension-backed loans. FNB Lesotho offers loans at 11.25% per year over 20 years. Monthly repayments are capped at 30% of gross household income. Nedbank Lesotho provides home loans for property purchase.[19] The Lesotho Postbank offers medium to long-term loans to fund, re-finance and/or enhance residential property, based on the property being bonded, along with ability to repay instalments.[20]

Non-performing loans as a percentage of total gross loans in Lesotho were reported as 3.3% in 2019. This grew to 4.1% in 2021.[21] As of 2022, the total value of outstanding residential mortgages was estimated at M23 515 899 (US$1 432 900).[22]

The non-mortgage finance sector has approximately 125 registered institutions. The most dominant offering housing loans is Lesana Lesotho, which began operations in 2012. Lesana offers unsecured incremental loans of up to five years and provides loans for housebuilding to low and middle income earners working in government, state-owned enterprises and the private sector. Risk mitigation for unsecured loans is achieved through deduction of loan monthly repayments directly from salaries at source, which is agreed beforehand with employers. Loan terms range from 6 to 60 months, while loan amounts range from M1 000 (US$60.93) to M250 000 (US$15 233.31).[23]

A Credit Bureau was established by the Central Bank of Lesotho in 2015, under provision of the Credit Reporting Act of 2011. This is managed by Compuscan, a South African-affiliated firm.[24] The bureau had reportedly collected over 100 000 individual records in the two years following its establishment.[25] The World Bank estimated the credit bureau coverage (percentage of adults) at 15.8% in 2020.[26] In 2019, the Central Bank noted that data from the Credit Bureau showed worrying signs of "high levels of indebtedness in the entire credit market" as a result of "aggressive lending and lack of proper credit assessment and worthiness".[27]

The first stock exchange, the Maseru Securities Market (MSM) opened in January 2016.[28] As of August 2022, RNB Properties Ltd was the only company listed on the MSM.[29] The Lesotho government also issues treasury bonds from time to time, with the longest maturity being 10 years. However, the bond market is illiquid, and secondary market activity is limited, as bond-holders regard bonds as savings that they keep until maturity.[30]

Affordability

Prior to the pandemic, unemployment and poverty rates were already high. In 2021 the unemployment rate was 22.5% (strict definition), but was 38.3% when unemployment was defined to include discouraged job-seekers.[31] A third of the population lives below the national poverty line of M31.18 (US$1.90/per person per day). In 2017 the Gini Coefficient was 0.45,[32] showing some improvement from the figure of 0.55 recorded in 2010.[33] In 2019, informal employment made up 40.5% of total employment, at 521 445 people. The proportion of men in informal employment was significantly higher at 66.9% than that of women at 33.1%.[34]

With nearly 70% of households earning less than M1 000 (US$61) per month and a household: income expenditure of 4:1, most households can only afford a housing unit of M48 000 (US$2 925), which no bank would be willing to finance. Using survey data from 2015, UN-HABITAT estimated that the median household expenditures in most urban areas were between M10 000 and M20 000 per annum (US$609-US$1 219), being higher in Maseru.[35] An assessment shows that most of these households were willing to pay between M700 (US$43) and M2 000 (US$122) a month for a dwelling. This would allow the repayment of loans of M123 086 to M338 895 (US$7 500 to US$20 650), including a down payment of 20% and an interest rate of 12% over 20 years. The low income population in the capital city can afford only M1 000 (US$61) per month, or an affordable loan amounting to M90 000 (US$5 484). These affordability levels could translate into a basic one-room housing unit for a household. Such low affordability levels are not attractive to banks.[36]

In 2022, the typical cost of an unserviced urban residential plot in the capital city is approximately M119m^2 (US$7). A newly built affordable housing unit costs approximately M200 000 (US$12 187).

Housing supply

Recent projections of housing need show that 170 000 rooms or 99 000 dwellings, inclusive of the replacement of old housing stock, would be required between 2006 and 2025. This translates into 5 200 new dwellings a year over this period.[37]

The government does not provide housing directly but focuses on creating an enabling environment through developing housing policies, such as the Lesotho National Housing Policy of 2018. It also delivers housing indirectly through its state-owned corporation, the Lesotho Housing and Land Development Corporation (LHLDC), established in 1988. The corporation has to date delivered slightly over 10 000 serviced plots and is currently undertaking a site-and-service project, named Maseru-North-Bound (MANOBO), on the outskirts of Maseru. The project combines income levels and consists of 287 (30% of the total project) plots for low income housing, 373 (40% of the total project) plots for middle income housing and 289 (30% of the total project) plots for high income housing.[38]

Nearly 90% of urban households in lowland and mountain towns live in owner-built houses on land acquired informally through customary land allocation or on plots carved from agricultural land surrounding urban areas by field-owners and informal real estate agents. Most residential neighbourhoods are generally well serviced with improved water sources (77.7%),[39] basic sanitation (42%),[40] and electricity (77.7%).[41] The biggest challenge is road infrastructure, which consists largely of poor gravel roads and unpaved access streets since most settlements have developed informally without any planning input or building permission. It takes approximately 4.5 days to obtain a building permit.[42]

Most rental housing consists of rows of rental rooms or *malaene*,[43] with few apartment blocks. The proportion of rented housing is higher in the larger urban areas (over 30 000 people) than in smaller urban areas. In the larger towns, the proportion of rented housing is higher in low income neighbourhoods than in middle and high income areas. In the capital city, Maseru, 61.3% of housing units in low income areas was rented compared to 36.4% in middle and high income areas.[44] In some parts of Maseru, especially where garment factories are located, seven in 10 households are tenants in *malaene* units, often in stand-alone rental yards or as out-buildings on the same plot.[45] Over 70% of tenants are also likely to be women.[46] The gender profile of landlords is not known, but indications are that it could be a ratio of four female to six male landlords in the newly developed informal neighbourhoods in Maseru.[47] Backyard rentals do not exist.[48]

Most urban households live in informal settlements in housing built by hired contractors and artisans. Most of these housing structures are constructed from durable building materials and are in a reasonable physical condition.[49] A UN-HABITAT survey showed that 61% to 87% of housing in the major urban areas has brick or cement block walls, 31% to 73% have ceramic tile floors and 57% to 89% have corrugated iron roofs.[50] Except for dressed sandstone, mud bricks and concrete blocks, other types of building materials, such as cement and most roofing materials (except thatch) are imported from South Africa. Temporary structures are built from cardboard, plastic sheets or recycled wall and roofing materials, and are more likely to be used for storage purposes or for informal businesses. Most housing units are, therefore, structurally sound and provide their occupants with

LESOTHO – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **M9 616** per month

you could afford to purchase a **M412 729** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **M7 808** per month

you could afford to purchase a **M335 128** house with a mortgage.

Mortgage assumptions – Lesotho

- 9.5% interest rate
- 20% deposit
- 25 year loan tenor
- 80% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

sufficient protection from most natural elements. No data exists on the number of housing units built in hazardous locations.[51] Most informal settlements lack basic road infrastructure services, and are poorly laid out, but are structurally sound.[52]

Land for urban housing is supplied through formal and informal or customary channels. Over 70% of the urban population (across all income groups), are helped to obtain land by customary authorities, principally in unplanned and unserviced locations.[53] At national level, the 2016 population census shows that 41% of households had customary certificates of allocation, 16% had registered leaseholds, 4% had registered title deeds and 39% had no title to their land.[54] Formal supply of housing land is minimal. The most important source for such land is the Lesotho Housing and Land Development Corporation (LHLDC), which supplies serviced plots to low, middle and high income households.

For residential plots, the regulations prohibit the registration of a residential plot bigger than 1 000m^2. No single individual is also allowed to cumulatively hold residential land of more than 5 000m^2 (five plots of 1 000m^2 each maximum). However, the Land Administration Authority (LAA) stipulates a minimum residential plot must be 375m^2. Plots smaller than this may not be registered.[55]

Property markets

The LAA's land tenure and title registration system is only partially digitised, and will be complete by the end of 2023. The LAA also hosts a centralised deeds registry office.[56] At the beginning of the 2016 the length of time to register a new lease had been reduced to 10 days and this has been maintained in the current strategic plan period (2020-2023).[57] The steps for registering a new lease are dependent on the initial clarity of tenure status for newly registered properties, especially for pre-registration adjudication. However, once tenure issues are sorted out and registration fees paid, it takes four days to register a property.[58] As of August 2022 there were 99 409 registered residential properties in Lesotho.[59] The registration of deed of transfer costs M300 (US$18), residential property M100 (US$6) and commercial, industrial, warehouse, petroleum, or hotel and guesthouse purposes are set at M200 (US$12).[60] In 2019 Lesotho ranked 122 out of 190 in the World Bank's Doing Business Indicators. On property registration the rank was 114 and it was 165 on dealing with construction permits.

Formal land market data is notoriously difficult to find in Lesotho. Consultants involved in an appraisal study of Maseru in 2010 concluded that beyond the old urban boundaries (the colonial reserve), a formal property market existed only in isolated areas. The LAA's audit report for 2015-16 shows 2 029 registered transactions,[61] but it is not clear if these are annual or cumulative figures. Also, with the exception of Maseru, which has a 28-year-old partial valuation roll that covers only 16% of rateable properties, no comprehensive property valuation exists. A few companies provide property-related services, with estate agencies being only a small component. However, recently the number of informal estate agents who subdivide and sell per-urban land parcels has grown rapidly.

Policy and legislation

Lesotho has suffered from numerous changes of government since 2012, which has delayed the implementation of policy crucial to the housing sector.

Most households still uphold customary rules, which consider single and married women as minors unable to access credit or inherit a property without the assistance of a male provider. However, the enactment of the Harmonisation of the Rights of Customary Widows, with the Legal Capacity of Married Persons Act No. 19 of 2022, has removed formal discriminatory customary rules. The main land statute (Land Act 2010) also does not discriminate between persons on the basis of gender. However, persons under the age of 18 years may only hold immovable property through their parents or legal guardians. Prior to the Land Act, approximately 4% of leases were jointly registered, 73% being registered to men alone, 23% to women alone. However, from 2011 to 2015, 25% of new leases were jointly registered, 14% being for men alone and 34% for women alone.[62] These Acts have significantly empowered women.

In July 2022 the government adopted a Local Construction Industry Development Policy. It is hoped that the enactment of a Construction Industry Development Act and the Lesotho Council for Built Environment Professions Act will soon follow. The purpose is to put in place an industry body that will regulate all actors in the building construction industry.[63] In 2020, a new regulatory body, the Contractors Association of Lesotho, was legally registered to regulate the professional practice and conduct of its members.[64]

The most recent housing specific related legislation is the Sectional Titles Bill 2011, which is yet to be enacted by parliament. It aims to facilitate separate ownership of a section or sections of a building in a building complex without necessarily owning the land on which the building stands. None of the policies and proposed (including old) legislation make any explicit reference to green building methods. Slum prevention through demolition or resettlement is also not the norm in Lesotho, although it has occurred in Maseru city in the past.[65]

Opportunities

Opportunities exist in the incremental micro-finance lending sector where micro-loans can play a significant role in housing development. Opportunities also exist in green housing modules that could lower the costs of construction while ensuring the thermal comfort of occupants. Affordable planned serviced land, in appropriate locations for all income groups, but particularly for low income households, is in short supply. Opportunity exists for the private sector to partner with state-owned entities to supply serviced land to meet existing demands.

Availability of data on housing finance

Data on housing finance is incredibly difficult to access, ostensibly because the organisations that collect the data are reluctant to publicly share it. The data available from secondary sources is often either out-dated or presented in unusable format. Data is also rarely disaggregated by gender. The key sources of data on housing finance are:

- The Lesotho Bureau of Statistics;
- The Central Bank of Lesotho;
- The four commercial banks, Nedbank Lesotho, Standard Lesotho Bank, First National Bank Lesotho and the Lesotho Post Bank;
- The Lesotho Housing and Land Development Corporation; and
- The Land Administration Authority.

Green applications for affordable housing

Lesotho has no green building standards. The Building Control Act of 1995 sets standards on building materials, fire resistance, ventilation, sanitation, plumbing and drainage, but is silent on green agenda issues. Other housing-related legislation is equally silent on green issues.

Lesotho has significant potential for green energy from water, wind and solar, with over 300 sunny days in any given year. A 70MW ground-mounted photovoltaic power plant covering 220ha is nearing completion in Mafeteng. The Muela Hydropower Plant in Botha-Bothe current generates 72MW of electricity. The country could produce 450MW from hydropower and export excess power to cater for emerging demand in South Africa and the sub-region.

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Liberia

Es-Samir Bropleh - Liberia Urban Management Solution

Overview

Liberia has a population of 5.3 million people of which 2.66 million people are urbanised.[1] The World Bank estimates Liberia's population growth rate at 2.4%;[2] slum population at 70%[3] and population living below the national poverty line at 50.9%.[4]

The Government of Liberia is developing a National Urban Policy (NUP). Some key areas that the NUP will address are land governance, socio-economic development, municipal finance, decentralisation, environment, resilience and climate change. Urban management practitioners are optimistic that the NUP will directly impact the housing sector.

The Central Bank of Liberia (CBL) projects an increase in annual growth rate from 3.6%[5] in 2021 to 4.5% in 2022.[6] The CBL also reported a decrease in inflation from 13.1% in December 2020 to 5.5% in December of 2021,[7] a stable average lending rate of 12.4% since 2019[8] and a decrease in the exchange rate from L$171 (US$1)[9] on 1 July 2021[10] to L$152 (US$1) on 1 July 2022.[11] Given that Liberia has a dual currency regime that recognises the United States (US) dollar and the Liberian dollar as legal tenders, the decrease in the exchange rate impacts housing affordability by creating a savings of L$18.91 on every US$1 especially for individuals that earn their salaries in Liberian dollars but are required to pay their rent in US dollars.

Flooding is a dominant climatic risk in urban areas. This is because Monrovia is the wettest capital city in the world with an annual average rainfall of 179 inches (4.547 metres).[12] Furthermore, years of civil war (1989-2003) severely damaged urban infrastructure. As a result, several communities are flooded and residents made homeless during the rainy season.[13] There is a National Disaster Management Policy in place to address climatic risks. Also in 2022, the World Bank approved a L$6.09 billion (US$40 million) financing package to increase flood resilience and access to urban infrastructure in several urban communities, which will impact the housing sector significantly.[14]

Access to finance

To strengthen financial inclusion, financial services are decentralised[15] and diversified.[16] Most importantly, women do not require permission from their male family members to access credit and purchase or sell property.[17] The CBL reported that, at the end of 2021, the total loans disbursed by the entire banking sector to males was 54% and to females was 46%.[18]

Although there are nine commercial banks in Liberia, the Liberian Bank for Development and Investment (LBDI) is the sole provider of residential mortgages. These mortgages are financed through LBDI's reinvestment due to the absence of mortgage refinancing companies. The underwriting process does not favour the informal sector because it requires a land title deed, current payment of property tax, an employment letter, and a bank account.[19] As a result, the informal sector relies on savings clubs and credit bureaus to attend to their financial needs.[20]

At the LBDI, from October 2021 to July 2022, there were no changes in the minimum interest rate of 8%; maximum interest rate of 10%; mortgage term of 10 years; maximum residential mortgage Loan-To-Value Ratio of 70%; and maximum installment to household income ratio on residential mortgages of 33%. Also, total mortgage amount was L$2.29 billion (US$15 million) and the maximum mortgage amount was L$15.24 million (US$100 000). In addition, the minimum mortgage amount was L$761 850 (US$5 000) and the minimum income required to access mortgage was L$38 092 (US$250). The number of residential mortgages outstanding increased from 337 in 2021 to 522 in 2022. Data collected by LBDI is disaggregated by gender but unpublished.[21]

The Afriland First Bank Liberia has housing finance products tailored for land acquisition, home construction, expansion and renovation[22] but its underwriting processes do not favour the informal sector because they also require land title deeds, current payment of

KEY FIGURES

Main urban centres	Monrovia
Exchange rate (1 July 2022): 1 USD = [a]	152.37 Liberian Dollar (LRD)
1 PPP$ = (2021) [b]	0.43 Liberian Dollar (LRD)
Total population (2021) [b] | Urban population (2021) [b]	5 180 208 | 2 723 391
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.39% | 3.32%
Percentage of urban population living in slums (2018) [d]	70.3%
Population living less than 5m above sea level (2010) [b]	6.4%
Most common fuels used by households | by B40 households (2014) [e]	Wood | Charcoal
Percentage of female-headed households (2020) [e]	33.7%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	69.27%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	4.1%
Percentage of women participating in the labour market formally (2021) [b]	70%
Gini coefficient (2017) [b]	35.3
HDI country ranking (2020) [d] | HDI country score (2021) [d]	179 | 0.48
GDP per capita (Current US$) (2021) [b]	US$673
GDP (Current US$) (2021) [b]	US$3 487 million
GDP growth rate (2021) [b]	4.0%
Inflation rate (2020) [b]	22.30%
Lending interest rate (2018) [b]	13.3%
Proportion of adult population that borrowed formally (2021) [b]	60%
Number of residential mortgages outstanding [f]	522
Value of residential mortgages outstanding (USD) [f]	US$76.21 million
Prevailing residential mortgage rate | Term [f]	8 – 10% | 10 years
Maximum LTV on a residential mortgage [f]	70%
Ratio of mortgages to GDP (2021)	2.19%
Number of residential mortgage providers [f]	1
Percentage of women who own a house alone and/or jointly (2020) [e]	23.6%
Number of microfinance loans outstanding (2021) [g]	50 615
Value of microfinance loans (USD) (2021) [g]	US$3.4 million
Number of microfinance providers (2021) [g]	13
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [h]	6 094 800 LRD
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	200m^2
Typical monthly rental for the cheapest, newly built house (2021) [i]	54 798 LRD
Cost of standard 50kg bag of cement in local currency units [j]	1 295 LRD (US$8.50)
Type of deeds registry: digital, scanned or paper (2020) [k]	Paper
World Bank Ease of Doing Business index rank (2020) [k]	175
Time to register property (days) | Cost to register property (2020) [k]	44 days | 8.2%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	3.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Liberian Bank for Development and Investment
[g] Central Bank of Liberia
[h] Millennium Property
[i] Kaikana Real Estate
[j] James Davis & Sons
[k] World Bank Ease of Doing Business Indicators

property tax, employment letters, and bank accounts. The CBL reported an increase in total construction loans from 9.5% in 2020[23] to 10.5% in 2021,[24] but it is unclear how much of the construction loans applied to housing construction.

There are 13 microfinance institutions[25] and the CBL reported an increase in the number of microfinance clients from 44 473 in 2020 to 58 100 in 2021.[26] Financial experts believe that portions of the non-housing microfinance loans also end up being used for items such as home renovation and improvement, household furniture and appliances. Foundation for Women is the only institution that is currently piloting a housing microfinance loan product with a total of eight beneficiaries in which six are females. Its minimum loan amount is L$106 659 (US$700) and maximum loan amount L$457 110 (US$3 000) with an interest rate 18%.[27]

Liberia's capital market is undeveloped. Therefore, efforts are being made to expand the regulatory framework to improve the market. Domestically, United Bank for Africa and Ecobank Liberia are involved in wholesale banking at undisclosed rates.

Affordability

Housing affordability in Liberia is a major challenge because salaries are low. A 2016 survey conducted by Liberia Institute of Statistics and Geo Information Services (LISGIS) indicated that only 13.5% of the population earned L$30 000 (US$197) and above.[28] Also, World Bank data for 2021 indicates an unemployment rate of 4.1%;[29] the population living below national poverty line at 50.9%[30] and informal employment 90%.[31] Liberia's Gini coefficient, based on the LISGIS survey, is 0.33.[32] These conditions make financial products and current housing solutions unaffordable to a large portion of the population. Therefore, to enhance affordability, the National Housing Authority (NHA) provides land to private developers below current market price under a public private partnership arrangement.[33]

The 2016 survey conducted by LISGIS indicated that households spent 16% of their monthly income on education, 1.5% on health and 3.3% on rent.[34] Rental housing in urban areas was 46.3%[35] and the rental price of a two-bedroom house ranged from L$30 474 (US$200) to L$49 520 (US$325) in central Monrovia and L$11 428 (US$75) to L$19 046 (US$125) in the suburbs.[36] The cost of electricity in 2021 was L$36 (US$0.25) per kilowatt-hour;[37] water L$0.76 (US$0.005) per gallon and monthly sewerage for two to three-bedroom residential homes L$1 524 (US$10).[38] A parcel of unserviced land (1 012m^2) in the suburbs of Monrovia is sold for between L$228 555 (US$1 500) and L$304 740 (US$2 000).[39] Based on the LISGIS survey, national owner occupied housing is 44.6%.[40] The price of the cheapest newly built two-bedroom house (150 square metres) by a private developer, Millennium Propertys is L$6.09 million (US$40 000)[41] making it unaffordable to civil servants that earn the minimum salary of L$19 046 (US$125).[42] At LBDI, the minimum income required for a mortgage is L$38 093 (US$250), the mortgage down payment is 20%, and the monthly repayments relative to household income is 33%.[43]

At the end of 2021, the CBL reported the banking sector's total nonperforming loans at 22.6% or L$15.044 billion (US$98.7 million)[44] and that outstanding microfinance loans increased from L$304.74 million (US$2.0 million) in 2020 to L$518.06 million (US$3.4 million) in 2021.[45] Also, by 30 July 2022, at LBDI, the total number of non-performing mortgages was 119.[46] There are no green finance products in Liberia at present.

Housing supply

UN-Habitat's 2014 Liberia Housing Profile indicates that the housing stock was 327 000 dwellings of which 44% (144 000) were in poor condition. Also, 512 000 new dwellings are needed by 2030.[47] Plans are currently underway to conduct a National Housing and Population Census that will provide current data on Liberia's housing sector.

Meanwhile, in 2022, the NHA finalised agreements with private developers Structure & Logistics Limited, Global Housing Solutions and Liberia Asset Management Company (LAMCO) to expand its public private partnership portfolio and increase Liberia's affordable housing stock.[48]

Regarding housing typologies in urban areas, the LIGIS 2016 survey indicated that owner occupied housing was 29.3% and rental housing 46.3%. Also in urban areas, women ownership for rental housing was 31.3% and owner occupied housing 39.5%.[49] Concrete, cement blocks, zinc, iron and tin constitute 55% of the materials used to construct walls and almost all roofs (96.0%) are made of zinc sheets, iron or tin.[50] Apart from crush rocks, sand and timber that are locally available, materials such as cement, roofing sheets, and steel rods are imported and available in building material stores and shops within 50km radius.[51] A bag of cement costs L$1 295 (US$8.50); an eight inch cement block costs L$305 (US$2); six inch cement block costs L$152 (US$1) and a bundle of 100% aluminum zinc (20 sheets) L$25 141 (US$165). Currently, there is no data available regarding the durability of these materials.[52]

Obtaining a construction permit requires 87 days, 25 procedures[53] and costs L$7 619 (US$50) for a Liberian owned construction company and L$38 093 (US$250) for a foreign owned company.[54] Construction labour costs range from 20% to 25% of material costs.[55] Currently, there are no gender restrictions on the ownership of construction companies and there is no industry body for developers. There is also no data available on the number of people employed in the construction sector.[56]

Basic services delivery is significantly hindered due to the poor state of urban infrastructure.[57] A 2020 World Bank's report indicated that 27.5%[58] of the total population had access to electricity. In additional, a 2019 Liberia Water and Sewer Corporation report suggested that less than 3% of the population had access to piped water, likely contributing to the low rate of access to improved sanitation being less than 17% of the population.[59] Millennium Propertys, a private developer, is currently paying for its water supply, internal roads, sewer system.[60]

Regarding manpower development, there are several tertiary and vocational institutions that offer courses in engineering and general building construction.[61] The smallest residential plot size is 1 012m^2. The NHA is implementing a Land Lease Purchase programme which enables low income earners to purchase smaller plots of land (232m^2) for housing construction and, to date, more than 1 000 people (men and women) have benefited.[62]

Property markets

Land ownership in Liberia is formal and by title deed. Only Liberian citizens and businesses can own land, consistent with Article 11 of the Constitution of Liberia. To date, less than 20% of properties in Liberia have title deeds and in Monrovia 70% of residents live in slums with insecure tenure.[63] Liberia does not have a digitised land cadastral, and the current registry is manual.[64] Therefore, current data on the number of housing transactions and new registrations is not readily available.

Based on the World Bank Doing Business 2020 report, the registration of property requires 10 procedures and can be completed in 44 days at a cost 13.3% of the property value.[65] Currently, there is no data available regarding the number of properties that are registered for property rate payments in the main urban centres or the number of people that are employed in real estate activities.

Meanwhile, there are several formal real estate agents including Integrity Real Estate, Jalmeze Real Estate Agents, Priceless Real Estate, Apartments Liberia and Villiancy Realty Inc. There are also several community-based informal estate agents.

Liberia's property market is largely unregulated with limited formal actors. The price of one lot of un-serviced land is between L$228 555 (US$1 500) and L$304 740 (US$2 000) in the suburbs of Monrovia and the housing most in demand are two and three-bedroom units.[66] In the formal market, Millennium Propertys sells a two-bedroom house from L$6.09 million (US$40 000) to L$21.33 million (US$140 000) and three-bedroom houses from L$9.9 million (US$65 000) to L$45.7 million (US$300 000).[67] There is also a residential resale market which is informal and largely focused on the sale of two and three-bedroom housing. The rental price of a two-bedroom house ranges from L$30 474 (US$200) to L$49 520(US$325) in central Monrovia and L$11 428 (US$75) to L$19 046 (US$125) in the suburbs.[68]

Policy and legislation

The NHA has shifted its policy from direct housing construction to building public private partnerships and creating an enabling environment by providing subsidised land, intra-governmental coordination and technical supervision to attract private developers. The Government of Liberia does not provide basic income grants but

LIBERIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **L$45 500** per month	who earns **L$22 500** per month
you could afford to purchase a **L$1.539 million** house with a mortgage.	you could afford to purchase a **L$761 223** house with a mortgage.

Mortgage assumptions – Liberia

- 9.0% interest rate
- 30% deposit
- 10 year loan tenor
- 70% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

intends to subsidise basic services in areas where housing developments are within range of the national grid.[69]

On 10 August 2022, Liberian President George M. Weah recalled the National Legislature from recess to approve a new date to conduct of the National Housing and Population Census which will provide current data that will inform housing sector investment and development.[70]

In 2022, the cement market expanded to allow Fouta Cement Corporation to establish a L$3.3 billion (US$21.6 million) grinding plant in Liberia.[71] Since 1968, Liberia Cement Corporation (CEMENCO) has been the sole company importing semi-finished cement for packaging in Liberia because the Government of Liberia is a major shareholder. Because Liberia's housing sector relies heavily on cement, observers believe this policy action will reduce the price of cement. There are no new finance sector and green building legislations.

The legal framework governing urban land and property ownership in Liberia is strongly guided by four major laws. The Land Authority Act 2016 which empowers the Liberia Land Authority as the agency of government responsible for land administration, planning, formulation of land use and management policies. The Land Rights Act 2018 outlines the various forms of land ownerships, eligibility for ownership, legal protection, regulations for land use, and acquisition procedures. The Act Against Criminal Conveyance of Land 2014 which outlines the various offenses and penalties regarding acts of criminal land transactions and The Liberian Commercial Code of 2010.

Women's rights to own, inherit and sell land is guaranteed under Article 11 of the Liberian Constitution and chapter three of the Domestic Relations Law of Liberia. Regarding the enforcement of evictions, Article 20 of the Constitution of Liberia states: "No person shall be deprived of life, liberty, security of the person, property, privilege or any other right except as the outcome of a hearing judgment consistent with the provisions laid down in this Constitution and in accordance with due process of law." Therefore, eviction is carried out by the courts.

Opportunities

Liberia's large diaspora community presents an untapped opportunity because its personal remittance inflow increased from L$32.3 billion (US$212 million) in 2020 to L$39.3 billion (US$257.9 million) in 2021, which can benefit the housing sector.[72]

At present, low-income earners rely on informal housing solutions. There are no formal private developers that offer rental housing or rent-to-own options. The current market largely supplies two and three-bedroom units, yet there is a market opportunity for one-bedroom units. There are market opportunities to maximise the use of available alternative building materials such as like laterite, timber and clay to reduce the housing sector's reliance on imported building materials and reduce construction costs to enhance affordability.

Lenders should consider mortgage refinancing options, increase the current maximum mortgage term to more than 10 years and increase the number of mortgage providers to make their products accessible and affordable. Lenders should also consider investing in housing finance products that support incremental construction because many Liberians construct their own homes.

Availability of data on housing finance

Access to housing finance data is a major challenge. The CBL collects data annually on construction finance and microfinance and publishes it online. The gap lies in reporting residential mortgages or specifying the percentage of construction finance that applies to residential housing, as CBL does not report them.

LISGIS collects data regarding national housing, population census, and household income and expenditure which is disaggregated by gender. This data is published online; however, since 2008, LISGIS has not conducted a national housing and population census. Furthermore, since 2016, LISGIS has not collected new household income and expenditure data.

Also, LBDI collects and disaggregates its data by gender. It collects data on the number of residential mortgages, number and value of residential mortgages outstanding, the lowest and highest interest rates, maximum residential mortgage loan to value ratio and mortgage terms. The challenge with LBDI data is that it is not published publicly online, but it can be obtained on request.

Green applications for affordable housing

Significant effort is being made to improve access to renewable energy. The Mount Coffee Hydro is the main power source and has added 88MW to the national grid to supply approximately one million people with stable electricity.[73] Also, the Rural Energy Strategy and Master Plan of Liberia promotes renewable energy technologies as a key tool to achieve access to sustainable energy by 2030.[74] Furthermore, there are products available on the market to enable households to seek green living standards in their homes. In 2022, President George M. Weah issued Executive Order #107 suspending import tariffs on off-grid solar lighting appliances, equipment, and system components as well as other systems directly related to renewable energy development.[75]

Liberia's population with access to electricity in 2020 was 27.5%.[76] Though access to safe drinking water has improved nationally, less than 3% of the population has access to piped water and less than 17% has improved sanitation.[77] Liberia does not have a green building council, green building standards, green mortgages, green housing finance or green microfinance providers.

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Libya

Sadou, Shakrah Olayinka

Overview

Located in North Africa and bordered by Niger, Chad, Egypt, Sudan, Algeria, Tunisia, and the Mediterranean Sea, Libya is 95% desert with flat plains, making habitation difficult.[1] Libya has a relatively small population, recorded at 6.9 million in 2021.[2] Signs were encouraging that after more than a decade of conflict, violence was coming to an end, with national elections scheduled for December 2021. However, elections were delayed indefinitely and 2022 has seen Libya return to a state of institutional division with the two parallel government administrations in the West and East once again competing for power.[3] Continued violence has led to the deterioration of existing infrastructure, including housing, health, agriculture, education, electricity and water. Also, the outbreak of new COVID-19 variants is a risk in the absence of adequate health facilities. In light of political tensions, development initiatives are threatened and the country that once figured among the best ranked in Human Development Index, HDI (the highest HDI in Africa in 2010)[4] is deteriorating and the population is struggling with poverty. In August 2022, attacks on health care facilities took place across the country.[5] According to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) as of June 2022, there are approximately 800 000 people in need in Libya and over 44 000 registered refugees and asylum-seekers.[6] Although the number of displaced people continues to decline, a safe and dignified return is hindered by a lack of income and safety issues.

The economic recovery of 2021 has been threatened by political instability and security threats. The economic outlook of Libya therefore remains uncertain in spite of the current global demand for oil and gas. Given the political crisis and deteriorating conditions around the major oil fields and export terminals, oil production has dropped by 0.5 million barrels per day, resulting in an estimated loss of LD252-million to LD353 million (US$50-70 million) a day.[7] The Libyan dinar was devalued in order to align the official and parallel market exchange rates, but prolonged conflict still affects the operating environment of the banking system.[8] The exchange rate devaluation improved oil production and soaring international oil prices have turned a fiscal deficit of 32.7% of Gross Domestic Product (GDP) in 2020 into a surplus of 10.3% in 2021. Furthermore, trade balance deficits have reversed from 4% in 2020 to a surplus of 47% of GDP in 2021.[9] Increasing inflation is making life harder for struggling households. The price of essential goods (food and drinks, housing, electricity, water, gas and other fuels and transportation) surged in 2022[10] with the inflation rate rising to 2.8%, from 1.1% in 2021.[11] Furthermore, low agricultural yields are forcing the country to import about 75% of the food it requires to meet local needs.[12]

Climate change and severe water scarcity threaten Libya's economic development and sustainability. Agricultural productivity is hindered by political instability, violence, harsh climatic conditions, poor soil and limited renewable water resources, threatening food security. Made up mostly of flat, barren desert land, combined with the Mediterranean climate, Libya's geography makes much of the country vulnerable to floods, sandstorms, dust storms, high temperatures and desertification.[13] These conditions exacerbate the poor housing conditions for many Libyans, particularly refugees and Internally Displaced Persons (IDPs), and further threaten access to essential basic services including water and health care.

KEY FIGURES

Main urban centres	Tripoli, Benghazi
Exchange rate (1 July 2022): 1 USD = [a]	4.83 Libyan Dinar (LYD)
1 PPP$ = (2021) [b]	1.19 Libyan Dinar (LYD)
Total population (2021) [b] | Urban population (2021) [b]	6 958 538 | 5 635 998
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.26% | 1.64%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	6.2%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	33.53%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	19.6%
Percentage of women participating in the labour market formally (2021) [b]	34%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	117 | 0.72
GDP per capita (Current US$) (2021) [b]	US$6 018
GDP (Current US$) (2021) [b]	US$41 880 million
GDP growth rate (2021) [b]	31.37%
Inflation rate (2019) [b]	15.00%
Lending interest rate (2017) [b]	3.00%
Proportion of adult population that borrowed formally (2021) [b]	58%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term (2021) [e]	3 – 6% | 20 years
Maximum LTV on a residential mortgage (2021) [e]	86%
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers	n/a
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers [f]	1
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019)	69 000 LYD
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Typical monthly rental for the cheapest, newly built house (2019)	723 LYD
Cost of standard 50kg bag of cement in local currency units [g]	75 LYD (US$15.53)
Type of deeds registry: digital, scanned or paper (2020) [h]	Paper
World Bank Ease of Doing Business index rank (2020) [h]	186
Time to register property (days) | Cost to register property	n/a | n/a
World Bank DBI Quality of Land Administration index score (0-30)	n/a

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] National Commercial Bank
[f] Central Bank of Libya
[g] Cemnet.com
[h] World Bank Ease of Doing Business Indicators

Access to finance

Libya, considered an upper middle income country, offered equal economic opportunities to its citizens. During the revolutionary era of Gaddafi private ownership was limited but women had the same rights as men to ownership and full and independent use of their land and property.[14] Women have full access to financial services. Under Libya's legislation women are free to use banking services, they have the right to take out bank loans, enter into mortgages and other forms of financial credit and banks do not need a husband's authorisation to give a loan to the wife. Nevertheless, Libya does have a gender gap of 11 percentage points in account access between men (71%) and women (60%). Although significant, it is low compared to other countries in the Middle East and North Africa (MENA) region with, for example, a gender gap of 24 percentage points for Morocco and 27 points for Algeria.[15]

The Libyan financial system comprises three categories of financial institutions: non-banking institutions; banking institutions; and other financial institutions, such as Libyan foreign investment companies.[16] The non-banking institutions include insurance companies, social security funds, an investment authority, the Libyan stock exchange and investment portfolios. They do not practise the commercial activities of banks and do not have licence to do so.

In 2021 the Libyan banking sector was hit by the devaluation of the Libyan dinar. Prolonged conflict still affects the banking system's operating environment.[17] Efforts are underway to reconcile the monetary policy of the central bank with its eastern branch, and a financial review of the two institutions has been finalised. For the first time since 2014, a board meeting was held by the two central banks in 2021. The next step in this process requires political agreement on unification under a single decision-making authority, but Libya's protracted liquidity crisis will affect this process, as will the relapse of violence in 2022, threatening to jeopardise improvements achieved in 2021.

In 2022 the Libyan Central Bank (CBL) lists 21 commercial banks in the country.[18] The banking sector is dominated by state-owned banks, five of which are owned by CBL. As of 2017 Jumhouria Bank, National Commercial Bank, Sahara Bank, and Wahada Bank, control 90% of deposits and most loans. The two largest banks, Jumhouria and National, controlled 72% of weighted risks, mainly loans. The dominance of these banks is due to the channelling of government employee salaries and other hidden advantages, including the broad perception of implicit deposit guarantees. Banking system assets amounted to LD124 billion (US$25.69 billion) in 2018, of which loans and credit accounted for 13% or LD16 billion (US$3.31 billion). Clearly, the private sector is under served.[19] As a result, financial intermediation is weak. Only state firms had access to financing, even before the conflict.

While commercial banks constitute the majority of formal commercial activities, informal financial activities play an important role. The private sector, especially the small and middle-size enterprises and households, use the informal banking system. The Nama Tamweel, the first and only microfinance institution in the country, was established in October 2019 to finance micro-entrepreneurs. Nama Tamweel does not offer mortgages, however. Saving and Real Estate Investment Bank, created in 1981, provides loans for corporates and individuals for housing development, building and rental services. The bank was established to promote private property ownership and support innovation in the real estate sector. In 2011, the value of mortgages granted by the bank amounted to LD5 745.7 million (US$1 190.4 million).[20] However the bank's activities have since been disrupted and since 2011 efforts to maintain the normal functioning of the bank have failed. The housing and loan initiative announced by the GNU has yet to be implemented, according to a statement from the Saving and Real Estate Investment Bank in February 2022.[21]

Access to finance for firms has been hindered by a number of demand and supply factors.[22] On the demand side, many firms have suffered from the ongoing conflict badly affecting repayment of loans. Businesses have suffered from loss of income and assets and loss of their clients. As a result, households and individuals have limited access to financial services for saving, borrowing and receiving payments, hindering their ability to prepare for emergencies or make investment plans.

Access to housing finance is complex given the evolution of the country's financial legislation since 2011. The nascent mortgage industry was halted, as a result there is little available information on credit bureaus, underwriting, and other mortgage activities. Although the CBL established the Libyan Credit Information Centre, LCIC, its data set is limited and hampered by systemic information weakness. In 2015, the government outlawed all dealings that involve interest (riba). Commercial banks were then obliged to convert to Islamic banking.[23] Consequently there is no mortgage activity. Yet Islamic banking is still undeveloped, with only a few Islamic banking products on offer.

Affordability

Today Libyans continue to struggle with poverty and food insecurity, despite the 2021 boost in economic growth. According to the country's 2021 population multi-sector needs assessment, 53% of households could not cover their living expenses. Poverty is on the rise in spite of economic recovery and the slight decrease of the unemployment rate from 20.20% in 2020 to 19.60% in 2021.[24] The situation is largely due to the prolonged political crisis in Libya, the rise of food prices as a result of the Russian-Ukrainian war, and the overall global political situation.

The need for housing is increasing as displaced Libyans are returning, illustrated by the slums and other inadequate settlements across the country, especially in the cities. Furthermore, the current national political situation will decrease the purchasing power of Libyans, especially the most vulnerable.

Prices of rentals are accelerating beyond the affordability of an average household, while the minimum wage has remained static at LD450 (US$93) since 2011.[25] The average monthly rent for a one-bedroom unit in the city centre is LD909 (US$188), while rentals outside the city are on average LD562 (US$116) per month. Rentals for three-bedroom apartment units are approximately LD1 729 (US$358) per month, while outside the city rentals are LD1 019 (US$211).[26]

Housing supply

Prior to 2021, all efforts to renew or initiate a public housing development have been thwarted by political instability. The nascent economic recovery has contributed to the implementation of the first phase of a housing development initiative – the first implementation in a decade.[27] The housing initiative launched by the Government of National Unity (GNU) in early 2022 aims to provide more than 8 026 housing plots and 3 000 cash loans.[28] However, given the current political crisis of the country, there is a risk that the new housing initiative will be suspended before implementation.

Prior to the discovery of oil, houses in Libya were mainly of traditional design and materials, with typologies dependent on the geographical location. The stock of housing was diversified but most houses shared the same characteristics: flexibility, privacy and simplicity.[29] The traditional houses in Tripoli come in a variety of sizes, according to the income of the family. Due to the historical impact of foreign invasion, one can find Turkish, Maltese and Italian influences on the Arab houses called "Houch" – which are courtyard houses similar to the houses around the Mediterranean, generally seen in Greece, Rome and Spain. In Gharian, the mountain area, people find it suitable to excavate their dwelling 8m deep into the ground. In Ghadames, people reside around the oasis. Techniques of construction and materials used are suited to the climate. The natural materials are cheap, easily accessible and easy to use – mainly mud, stone, palm trees, olive trees and straw. Prior to the oil boom, most households were poor and could not afford imported material for the construction of modern houses.

After the discovery of oil, major economic and social changes occurred. The rate of urbanisation increased as people moved to larger towns that offered better job and business opportunities. The standard of living improved and people's needs increased. Mass construction was needed to satisfy the demand for houses with modern amenities, hence the development of modern houses built with cement, concrete, steel, glass, plastic and wood. Apart from the impact on income levels, the oil boom also affected the delivery model for housing in the country. Houses that were once self-constructed by owners became mass constructed by the government and later by government agencies. The old tenements of Tripoli, Benghazi and other big cities were transformed into multi-story buildings of apartments and housing units. The construction and cement industries flourished. Although some high-end apartments are constructed, the numbers are insignificant given the severe shortage, and much of the new accommodation is beyond the budget of the majority of Libyans, many of whom have lost their means of livelihood due to the ongoing war.

Property markets

Libya presents a challenging investment climate despite the numerous incentives and promotion efforts to attract local and foreign direct investment. The country is endowed with natural resources, among which is the young population, but legislation implemented during Gadaffis' regime, prior to the Proclamation of Investment Law of 2010, and the political instability after the revolution have hampered the development of the private sector and property market.

As a result of the proclamation of Islamic banking without adequate tools to support its implementation, the banking system environment has not been conducive to the participation of local investors in the property market. In addition, the prolonged political instability and lack of security are unfavourable to the development of the property market in spite of the opportunities in housing and infrastructure. Running a business in Libya is a high risk activity. Consequently, the country is ranked 186 out of 190 economies in the World Bank Doing Business 2020 report.[30] There are currently no procedures in place for obtaining construction permits, registering a property, or resolving insolvency, giving Libya a

LIBYA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **LD1 450** per month

you could afford to purchase a **LD79 952** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **LD2 430** per month

you could afford to purchase a **LD133 988** house with a mortgage.

Mortgage assumptions – Libya

- 4.5% interest rate
- 14% deposit
- 20 year loan tenor
- 86% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

ranking of 186 in dealing with construction and 187 out of 190 for efficiency in registering property. Libya's business environment is plagued with corruption and the Corruption Perception Index has worsened from 170 out of 180 in 2018, to 172 out of 180 in 2021.[31]

No legislation forbids women investing in property in Libya. Women have the same right as men to ownership and have full and independent use of their land and property.[32] There is, however, little reliable information on property rights and resources governance in Libya.[33]

Policy and legislation

Housing policies during the Gadaffi era were volatile and reflected the evolution of his vision since the bloodless coup d'etat that brought him to power in 1969. From 2 March 1977 Libya adopted a socialist regime. And between 1970 and 1995 many changes in acts and declarations which are considered laws (proclamation, annulation, abrogation) affected the housing sector. This period is deemed "administrative instability" and is judged to be one of the causes of shortages in housing.[34] Housing policies and regulations in post-Gaddafi Libya are still dominated by laws and regulations established before the revolution, and reform efforts have been largely unsuccessful. Although the Gaddafi government attempted to open up the real estate sector and enable foreign investment in real estate, through a directive known as Decree 21, the impact remains of Law No 4 of 1978, which prevented housing construction and development for profit purposes, stopped housing rents and banned the private sector from building houses for leasing purposes.

Recommendations formulated at various international forums to revise legislation have yet to be implemented. Similarly, the Libyan National Council's vision (Libya 2040 Vision) to improve urban planning since 2013 has not been realised. With insecurity and conflict thwarting efforts to reform housing legislation, the successive governments since 2011 have been criticised for their inability to update the rules and regulations of the real estate sector to reflect the new political philosophy which gives priority to the private sector.[35]

Women have the right to own and use housing although, as in many Islamic societies, tradition dictates that a woman's home is generally the husband's house. Under the social security acts widows are allocated a percentage of their deceased husband's pension. This is generally between 30% and 75% of the pension, regardless of age. Women have the legal right to enter into business and economic activities at all levels. The law of inheritance is in accordance with Islamic principle that guarantee the right to women since the advent of Islam.

Opportunities

Prolonged political instability undermines Libya's potential. The country is endowed with enormous resources, a young population, advantageous geographical location, rich historical heritage and abundant oil and gas reserves. Opportunities abound in the real estate and hospitality industries including the reconstruction of cities affected by successive wars. Other property development opportunities include luxury residences, commercial outlets such as industrial buildings, warehouses, offices, and shopping centres.

Availability of data on housing finance

The Central Bank of Libya (CBL); the Ministries of Finance, Economy, Commerce and Industry and Planning; the Housing and Infrastructure Board (HIB); the land registry; the Real Estate Savings and Development Bank; and the Bureau of Census and Statistics (BCS) are the main organisations that collect and share data on housing. However, in the current socio-political situation some of these institutions have ceased to share information. The central bank, CBL continues to offer some information in spite of the division between Tripoli and the eastern branch. Data made available through these organisations includes CBL Annual Reports, CBL Economic Bulletin, BSC Libyan socioeconomic indicators, census information, and national and regional statistics. The data is available publicly and online.

It is a challenge to obtain reliable data on any economic activity. It is practically impossible to find data on mortgage activities, interest rates and maturity, and non-performing loans, due to the law that prohibits profit and proclaims Islamic banking in 2015. The recent political crisis confused legislation on property ownership, and inadequate legislation on Islamic finance makes it difficult to obtain accurate, up-to-date data. Obtaining accurate data on all socioeconomic sectors is difficult. Only BCS and CBL data can be accessed online. There is no regulatory body in Libya which collects disaggregated data on gender. On climate issues, the main data sources are international, such as the World Bank.

Green applications for affordable housing

Libya has no green building standards, and no regulatory body to enforce green standards in the building industry. There are no affordable housing developments that meet EDGE (green) certification. However, research has been done on green buildings and sustainable architecture by Libyans at renowned universities and other research institutions.

The financial sector is lacking green housing finance, green mortgages and green microfinance providers.

Little to no data is available on the number of developers with investment support and advisory services to facilitate the development of resource-efficient buildings. The main source of electrical power is generated by power plants either fuelled by oil or natural gas. Libya is one of the most water stressed countries in the world and is completely reliant on seawater desalination and groundwater. Domestic water is supplied to Libya's cities by the Man-made River Project Execution and Management Authority (MMRA), the General Desalination Company (GDC) and the General Company for Water and Wastewater (GCWW). However due to conflicting governance and poor management, Libya is facing a severe water crisis. Access to water for households is becoming increasingly difficult and expensive, and has been the source of protests. Sustainable water access to households therefore needs to be prioritised in support of affordable housing.

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Madagascar

Badienzele Isaiah Mutombo

Overview

Madagascar, with a total land area of 581 800km², is the world's fifth largest island. The country's high (1 000m - 2 000m) central mountainous plateau slopes down to a narrow coastal lowland bordering the Indian Ocean to the east and the Mozambique Channel to the west.[1] It is one of the poorest and most unequal countries in the world. The World Bank estimates that 90.9% of Malagasy live on less than Ar12 639 (US$3) a day, and the COVID-19 pandemic and extreme weather have pushed a further 1.38 million people into extreme poverty of less than Ar7 746 ($1.90) a day in 2022.[2]

Some 33% of the population live in urban areas,[3] most in poor living conditions with limited access to basic services. Urban areas, particularly the capital Antananarivo, have expanded rapidly due to urban population growth and internal migration. The state has invested extensively in upgrading public infrastructure, but this has not brought about real change. Consequently, urban regeneration and the creation of a revitalised capital city is seen as fundamental to Madagascar's future.[4] Housing plans include building an additional 50 000 dwellings in major urban areas. However, these plans are dependent on economic growth and the ability to manage the country's growing public debt.

After a contraction of 7.1% of GDP in 2020, the Malagasy economy has been slow to recover, with growth estimated at 3.5% in 2021, reflecting the delayed reopening of the economy due to COVID-19, extreme weather conditions and the war in Ukraine, which has affected the European Union, Madagascar's main trading partner.[5] Current GDP growth is projected to rebound more vigorously to 5.4% in 2022.[6] The inflation rate in Madagascar increased to 6.40% in May 2022, up from 6.17% in April of 2022.[7] The current lending rate is 48.3%,[8] and the exchange rate of the Malagasy Ariary is Ar4077 for every US$1. The central bank raised the benchmark interest rate by 90 basis points to 8.9% in August 2022, increasing borrowing costs for a second consecutive quarter.[9]

As an island country, Madagascar is severely affected by climate change. The government has committed to tackling this through strengthening resilience to climate shocks, as well as developing inclusive and multi-sectoral approaches to infrastructure renewal. Tropical storms, floods, droughts and extreme weather events pose major challenges for housing and food security, and place pressure on local communities, local governments, and the central state to mitigate the impact of these events. Southern Madagascar has suffered severe drought for the last four years, leading to food shortages and the movement of rural households to urban centres.[10] Four tropical storms hit the island in early 2022, affecting more than 450 000 people.[11] Tropical Cyclone Batsirai, over central and southern Madagascar in February 2022, affected over 116 000 people, destroyed at least 8 200 homes and left over 2 700 houses damaged.[12] These events affect housing values in Madagascar, particularly for residences in coastal areas.

Access to finance

The Malagasy banking system is made up of 11 commercial banks, most of which are branches of foreign banks headquartered in Mauritius, France, and mainland Africa. Their total assets accounted for 27% of country GDP in 2018. Together these institutions control the commercial banking sector, holding over 87% of assets, 88% of total deposits and 94% of profits, effectively limiting competition in the sector.[13] There are also six non-bank financial institutions (NBFI) and 31 microfinance institutions.[14] Financial markets are rudimentary and the bank penetration rate is low, although this has improved in recent years. Only approximately 5% of the population actually use banks, while 7.4% are members of a microfinance institution.[15] Approximately 12% of Malagasy adults possess a bank account while 17% have a financial service agreement with other formal suppliers (such as mobile money), and 30% of adults in Madagascar are involved in informal financial services.[16] The number of people accessing formal financial services in Madagascar increased from 29% in 2016 to 45% by 2022.[17]

KEY FIGURES

Main urban centres	Antananarivo
Exchange rate (1 July 2022): 1 USD = [a]	4 077.14 Malagasy Ariary (MGA)
1 PPP$ = (2021) [b]	1 205.86 Malagasy Ariary (MGA)
Total population (2021) [b] | Urban population (2021) [b]	28 427 333 | 11 145 504
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.62% | 4.36%
Percentage of urban population living in slums (2018) [d]	61.2%
Population living less than 5m above sea level	1.7%
Most common fuels used by households | by B40 households (2021) [e]	Wood | Wood
Percentage of female-headed households (2021) [e]	24.7%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	4.84%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	2.6%
Percentage of women participating in the labour market formally (2021) [b]	82%
Gini coefficient (2017) [b]	44.3
HDI country ranking (2020) [d] | HDI country score (2021) [d]	173 | 0.50
GDP per capita (Current US$) (2021) [b]	US$515
GDP (Current US$) (2021) [b]	US$14 637 million
GDP growth rate (2021) [b]	4.40%
Inflation rate (2021) [b]	4.20%
Lending interest rate (2021) [b]	48.3%
Proportion of adult population that borrowed formally (2021) [b]	48%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2021) [f]	US$133.23 million
Mortgage interest rate range | Term (2021) [f]	17 – 18% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2021)	0.97%
Number of residential mortgage providers [g]	5
Percentage of women who own a house alone and/or jointly (2021) [e]	15.6%
Number of microfinance loans outstanding (2019) [h]	261 002
Value of microfinance loans (USD) (2020) [h]	US$235 million
Number of microfinance providers (2021) [g]	25
Total number of residential properties with a title deed (2021) [i]	600 000
Number of formal dwellings completed annually [i]	505
Number of residential projects certified by EDGE [j]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	90 000 000 MGA
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	150m²
Typical monthly rental for the cheapest, newly built house [m]	962 434 MGA
Cost of standard 50kg bag of cement in local currency units [n]	39 333 MGA (US$9.65)
Type of deeds registry: digital, scanned or paper (2020) [o]	Paper
World Bank Ease of Doing Business index rank (2020)[o]	140
Time to register property (days) | Cost to register property (2020) [o]	100 days | 9.0%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [o]	8.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Société Générale S.A
[g] Central Bank Madagascar
[h] Public Treasury Madagascar
[i] Ministry of Land, Planning and Public Works
[j] Edgebuildings.com
[k] Immoconseilmada.com
[l] Urban Development and Housing Development
[m] Real-estate-madagascar.com
[n] Sanifer le meilleur
[o] World Bank Ease of Doing Business Indicators

According to the Malagasy Fiduciary Risk Assessment's gender index, Madagascar's score was 64 out of 100 in 2018, representing a gender gap of 36%.[18] The National Land Program (2016-2020) does include a focus on increasing land certification for women through the education of local authorities and widespread communication on the importance and benefits of land registration.[19] Among 27 councils in urban areas, 41% of women reportedly have access to land and 64% of women are allocated housing. The proportion of land and housing allocated to women has increased by 14 and 22 percentage points during 2017 and 2020 respectively.[20]

The housing finance landscape in Madagascar is diverse. Commercial banks offering housing-related loans include BNI Madagascar, Bank of Africa Madagascar (BOA), BFV-Société Générale (BFV-SG), Accès Banque Madagascar, Banque Malgache de l'Ocean Indien (BMOI), BGFI Bank and Mauritius Commercial Bank (MCB). A few microfinance institutions offer housing loans, including Baobab (formerly MicroCred), OtivTana, and First Microfinance Agency. Societe General Madagasikara, for instance, offers three types of mortgages: the Tany real estate loan; Trano; and Travo. These all require a personal contribution equal to 20% of the loan amount, a maximum salary component of 33% of the loan, and the purchase of land with a maximum repayment term of eight years. They also offer loans to buy or build a home with repayments of up to 17 years. Smaller loans for repair and renovation are also offered, with repayment terms set at a maximum of eight years.[21]

The amount of total outstanding loans in 2019 averaged 8%.[22] Non-Performing Loans (NPLs) increased to 7.8% of total loans in December 2021, compared to 7.2% prior to the outbreak of COVID-19.[23] According to the World Bank's development indicators, the percentage of bank non-performing loans relative to gross loans in Madagascar amounted to 6.75% in 2019.[24] The World Bank ranked Madagascar at 132 out of 190 countries in 2020 for ease of accessing credit, while it was ranked 161 out of 190 economies for ease of doing business.[25]

Madagascar's financial markets are relatively simple and banking penetration is low. This is due to high-interest rates, high collateral and security requirements, limited competition among banks, and reluctance to finance foreign trade or working capital, even when loans are secured by letters of credit.[26] However, lending to small businesses has increased in the last two years as banks and microfinance institutions (MFIs) offer partial portfolio guarantees for loans to small and medium-sized enterprises (SMEs) that have been in business for more than three years. The portfolio fund guarantees 50% of loans disbursed to eligible borrowers.[27] According to Malagasy Securities Law, no specific restrictions bar granting security for foreign lenders. All moveable and immovable properties can be secured to guarantee debts. However, foreign individuals or entities can only own land in Madagascar on 99-year lease.[28]

Madagascar has neither capital markets nor an established stock market, only a commodity exchange. Financial markets are limited to foreign exchange and bond markets where the state remains the sole issuer of securities. Madagascar has sufficient capacity to repay its loans, with annual repayments projected to peak in 2026 at 0.7% of GDP, 5.4% of government revenue, and 2.6% of exports.[29]

Affordability

The backlog of housing is estimated at 1 730 000 units.[30] Demand is estimated at 130 000 units a year and is increasing annually. A strong imbalance between supply and demand exists, mainly due bottlenecks accumulated in recent decades, particularly in rapidly urbanising areas.

The unemployment rate in Madagascar is expected to reach 2.6 % by the end of 2022,[31] compared to 2.59 % in 2021. However, most Malagasy are active in the informal sector: Madagascar has a workforce of 15.02 million, of which informal workers make up 83.9%.[32] Most citizens have a low household income, and only a small portion of the population can afford to buy or rent a house. The latest Madagascar statistics report indicates that "in urban areas as a whole, only one out of two households own their home" (50%).[33] A person working in the formal sector in Madagascar typically earns approximately Ar1 310 000 (US$321) a month. These salaries range from Ar333 000 (US$81), the lowest average, to Ar5 870 000 (US$1 439), the highest average for an amount that includes housing, transport and other benefits – actual maximum salaries are higher.[35] Monthly mortgage loan repayment as a percentage of household income is set at 16.33%. Madagascar Government Debt to GDP is projected to be approximately 43% of GDP in 2022.[36] Mortgage interest rates vary from 12% to 20% yearly, for an average term of 20 years.[37]

A typical monthly rent for a one-bedroom apartment in the city centre is estimated to be Ar1 450 000 (US$355), while a one-bedroom apartment outside the city centre is Ar411 434 (US$100).[38] Rental for a three-bedroom apartment in the city centre is approximately Ar3 800 000 (US$932), while a three-bedroom apartment outside the city centre is Ar2 121 748 (US$520).[39] The purchase price for an apartment in the urban centre is Ar4 000 000m^2 (US$981m^2), while outside the city centre it costs Ar2 000 000m^2 (US$490m^2).[40] These rentals and prices are unaffordable for the average household in Madagascar and as a result, most people – specifically female-headed households – opt to rent houses in informal settlements in urban and rural areas. The government does assist through the construction of low-cost housing units through Agence Nationale d'Appui au Logement et a l'Habitat (ANALOGH), which plans to construct 500 social housing units a year, aiming to build 10 500 units in total.

Housing supply

Madagascar has three main types of housing: permanent, semi-permanent, and traditional.[41] Permanent dwellings are made of materials such as cement or brick and include a foundation. Semi-permanent construction uses cement slabs and concrete uprights, with walls made of local materials, such as planking, woven bamboo, and ravinala leaves. Traditional dwellings are made exclusively with local materials, such as planking, bamboo, or other natural materials and are vulnerable to extreme weather conditions. Houses are typically rectangular and crowned with steeply angled roofs for rainwater runoff. In general, 73.1% of buildings deemed to be of good quality are located in urban areas, while 60.5% of dwellings in rural areas are considered of poor quality.[42] Local government authorities in Antananarivo-Toamasina focus on improving the living conditions of high-density residential areas, developing areas, promoting affordable housing, and setting the minimum lot size at 150m^2 , which is regulated by Land Use Zoning Categories for Development.[43] However, plots of 75m^2 are also being developed, which could be due to the extent of the unregulated housing construction market or because these plot sizes are affordable.

Due to the mismatch between housing supply and demand, Madagascar aims to create at least six new cities and neighbourhoods, with 38 220 sustainable social housing units, 2 235 mid-range units, and 300 high end homes.[44] The goal is to house 203 775 people in the long term, of which 94% will benefit from social and affordable housing. The Malagasy State has dedicated funds for this project based on strengthening public and private partnerships, which are crucial in reducing the housing backlog.[45] One of the most important challenges for the Malagasy Government is to ensure between 50% and 70% of the Malagasy population access affordable electricity by 2030.[46] The rate of access to electricity at the national level increased marginally from 15.6% in 2016 to 16.4% in 2020. During the same period, access to drinking water increased from 25% to 47%, sanitation increased from 25% to 46%, and the percentage of people not practising open defecation rose from 60% to 68%.[47]

Most dwelling construction materials are locally produced. The supply of building materials to the island was badly affected during the pandemic, particularly for imported items such as polished wood, steel, concrete, and tiles. Local material is cheaper to source, and can generally found within 50km of a building site. The construction industry is largely informal and most small construction companies are not registered. Even registered contractors work with unregistered businesses, and often hire informal subcontractors for small projects and/or specific tasks.[48] The Public Works Contractors Association regulates builders and contractors in the formal sphere, while large or high-quality projects are usually contracted to large foreign construction companies through their Malagasy subsidiaries. In 2019, the number of women employed in the manufacturing industry, including construction, was approximately 8.73% of total employment, while jobless women represent 4.83% of those seeking employment.[49]

In the World Bank Doing Business index, Madagascar ranked 182 out of 190 countries for "ease of dealing with construction permits" in 2020. Currently, it requires 17 procedures and takes 194 days to obtain a construction permit, a process costing approximately 35.2% of the warehouse value.[50] The overall process for registration of a property requires six official steps, which can take up to 100 days at a cost of approximately 9% of the value of the property.[51]

Property markets

Madagascar has a dual system of private property rights and traditional land ownership.[52] Land dynamics lead to different forms of property ownership, as

MADAGASCAR – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Ar770 000** per month

you could afford to purchase a **Ar17.055 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Ar1 390 000** per month

you could afford to purchase a **Ar30.787 million** house with a mortgage.

Mortgage assumptions – Madagascar

- 17.5% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

well as different lease and concession agreements that can facilitate foreign investment. Given the low levels of affordability for the formal housing sector, it is not surprising that most residential housing development is focused on high-income households and expatriates. In 2021, 16 years after land reform, 520 000 land certificates have been issued through communal land counters and 300 000 files are still being processed. These are significant figures, particularly since the total number of land titles issued over the last century is estimated at 600 000.[53] The World Bank reports that of the 150 000 land certificates issued since 2015, 24.6% are held by women.[54]

In Madagascar, the central deeds registry issues land certificates to ensure ownership at communal level. Registering property in Madagascar entails six procedures, on average takes 100 days, and costs 9% of the property value.[55] Madagascar ranks 164 out of 190 country economies globally on the ease of registering property score. In many countries, including Madagascar, only registered land enjoys full legal protection and is taxable.[56]

Local land sale and rental markets are increasingly active and land brokers operate in both the informal and formal sectors. In highly commercialised areas purchased plots can make up 40% of holdings.[57] Land purchased in a high-demand area such as Antananarivo attracts high rentals. In Madagascar, a landlord can expect as return on his investment before taxes, maintenance fees and other costs, 7.38%, representing annual rental income as a percentage of the property purchase price.[58] An average price for property is Ar2 120 040/m² (US$520/m²).[59] Three quarters of all jobs in Madagascar are in the primary sector, nine out of 10 workers work in the informal sector and the public sector accounts for only 2.5% of jobs.[60]

Policy and legislation

According to the 2030 Agenda and the UNDP Sustainable Development Goals (SDGs), SDG 11 "sustainable cities and communities," has been identified as one of the catalytic objectives that the Malagasy governments hopes to achieve. The government of Madagascar is committed to developing new cities and building decent housing in partnership with private sector, which entails the government intervening in the market on the supply and demand side.

Law No. 2021-016 (revising Law No. 2006-031) of November 24 2006, establishes the legal basis for untitled private land ownership in Madagascar.[61] This law stipulates that citizens who do not possess title or land certificate may be evicted without any compensation and confers disproportionate power on the state's land services. This law, passed by both Houses of the Parliament and accepted by the High Constitutional Court in June 2021, overturns all the advances made in the Malagasy land reform process of 2005 and 2006.

Research suggests that women are less likely to obtain land certificates in their own names through the processes of recorded land rights and certification.[62] Furthermore, these laws will mostly favour the rich and increasingly weaken the poor, including women.

Madagascar has a pluralistic legal framework governing land and property ownership. The country has a formal land tenure system that recognises individual property right under formal law and community-based customary land tenure systems.[63] The systems are governed by national law and community-based rules that regulate land access, acquisition, and use. The forced removal of a person from their place of residence is the subject of a judicial or administrative decision, which should be preceded by an eviction notice and activate an eviction procedure.

Approximately 59% of regions and 5% of Rural Communes in Madagascar have integrated and sustainable participatory planning tools.[64]

Opportunities

As an alternate means to access to electricity, the government's target for green energy production is 50% in 2023 and 70% in 2030. Solar kits have increased significantly since 2015, with 10% of households opting for this source of electricity.[65] With low levels of electricity access, alternative energy solutions present good opportunities for investment in the country. The government is investing in public expenditure by upgrading infrastructure, providing public services and basic services. Partnering with the government in this process also presents investment opportunities.

Websites

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Ministère de l'Economie et des Finances www.mef.gov.mg
Central bank of Madagascar www.banky-foibe.mg
National Treasury of Madagascar www.tresorpublic.mg
African Development Bank www.afdb.org

Availability of data on housing finance

General economic and financial statistics are available from the Central Bank of Madagascar and the National Institute of Malagasy Statistics. Both sources are in French. Statistics are not regularly updated. The Central Bank also provides periodic data, census and mortgage statistics.

The National Institute of Statistics disaggregates some data by gender. The Ministry of Finance and Economy provides a price index, economic and financial statistics.

Data gaps for housing finance in the country include a lack of annual availability and online availability of information.

Green applications for affordable housing

Hydropower is the main source of electricity in Madagascar. Only 16.4% of Malagasy have access to electricity, 47% have access to clean water, and improved sanitation systems are available to only 46% of the population. Clean fuel and technologies reached 0.8% of the total energy market in 2019; and renewable energy has a total share of 36%, with solar at 10%.

In Madagascar, Silicon Valley International provides green building services such as green building certification, which is required to standardise buildings as green buildings. However, there is no regulatory body that enforces green standards in the construction industry.

Societe d'Equipement Immobilier de Madagascar (SEIMAD) and Agence Nationale d'Appui au Logement et a l'Habitat (ANALOGH) provide investment support and advisory services.

Based on available information, no banks have been identified that offer affordable housing projects or green mortgages that meet EDGE (Green) certification. In addition, the names and website addresses of domestic Greenhouse/Green Microfinance providers have not been confirmed.

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Malawi

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Overview

Access to affordable housing in Malawi continues to be a challenge due to high poverty levels. Despite several government efforts to eradicate poverty through policies such as the Malawi Poverty Reduction Strategy Papers and the most recent Malawi Growth and Development Strategies III 2017-2022, the share of Malawians living below the national poverty line only slightly declined from 51.5% in 2016/2017 to 50.7% (representing 9 444 776[1] people) in 2019/2020.[2] A lack of sustainable economic growth and recurrent shocks such as drought and flooding are some of the factors that hindered poverty reduction in the country between 2010 and 2021. Similarly, increased demand for housing caused by a rapid urbanisation rate of 4.1%,[3] continues to put pressure on access to affordable housing. To address this, the government, through the National Planning Commission, launched the Malawi Secondary Cities Plan on 31 May 2022. Through this plan eight new cities are expected to be developed across Malawi. The prospective cities include Karonga, Nkhatabay, Salima/Chipoka, Liwonde, Mangochi/Monkey Bay, Kasungu, Luchenza and Bangula.[4] The secondary cities are intended to divert the rural population from concentrating in the country's four primary cities while strengthening rural-urban linkages with the pilot secondary cities.

Malawi had an estimated gross domestic product (GDP) per capita of MK664 442 (US$643) in 2021, a slight increase from MK657 856 (US$636) in 2020.[5] The domestic economy showed resilience in 2021 with the real GDP growth rate estimated to have rebounded to 3.9%[6] following the COVID-19 induced slow growth of 0.8 % in 2020.[7] The recovery was in part underpinned by the pick-up in local and cross-border economic activity, given global efforts to make COVID-19 vaccinations more available. In 2022, real economic activity is projected to moderate to 1.7% following a lower-than-anticipated agricultural crop production because of unfavourable weather conditions during the 2021/22 growing season; electricity supply shortages; and the impact of the Russia-Ukraine.[8] The electricity supply shortages are primarily caused by the shutdown of Kapichira Hydro Power Station which supplies about 129.6 megawatts (MW) to the grid and the ending of the contract of the Aggreko independent power producer, which used to supply about 75MW to the grid.[9]

Global and domestic increases in aggregate demand in 2021 triggered a rise in commodity prices, and particularly international oil prices. This resulted in inflation pressures in 2021. The annual average headline inflation of 9.3% in 2021 was higher than the 8.6% for 2020.[10] In addition, price pressures on both food and non-food commodities as the result of the Russia-Ukraine war intensified during the first half of 2022, such that headline inflation increased to an average of 16.3% from 8.8% in the same period in 2021.[11] To contain inflationary pressures, the Reserve Bank of Malawi raised the policy rate by 200 basis points to 14% at its Monetary Policy Committee meeting held in April 2022.[12] Furthermore, to realign the kwacha exchange rate to macroeconomic fundamentals, the Malawi kwacha was depreciated by 25% as at end May 2022.[13] However, the affordable housing market has not been significantly affected by these changes because the prices of most of its main building materials, such as cement and bricks, have not changed significantly.[14]

KEY FIGURES

Main urban centres	Lilongwe, Blantyre Mzuzu and Zomba
Exchange rate (1 July 2022): 1 USD = [a]	1 033.90 Malawian Kwacha (MWK)
1 PPP$ = (2021) [b]	312.31 Malawian Kwacha (MWK)
Total population (2021) [b] | Urban population (2021) [b]	19 647 681 | 3 476 657
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.67% | 4.20%
Percentage of urban population living in slums (2018) [d]	65.1%
Population living less than 5m above sea level (2010) [b]	n/a
Most common fuels used by households | by B40 households (2017) [e]	Wood | Wood
Percentage of female-headed households (2017) [e]	25.6%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	15.89%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	7.0%
Percentage of women participating in the labour market formally (2021) [b]	72%
Gini coefficient (2017) [b]	44.7
HDI country ranking (2020) [d] | HDI country score (2021) [d]	169 | 0.51
GDP per capita (Current US$) (2021) [b]	US$643
GDP (Current US$) (2021) [b]	US$12 627 million
GDP growth rate (2021) [b]	2.75%
Inflation rate (2021) [b]	8.63%
Lending interest rate	n/a
Proportion of adult population that borrowed formally (2020) [b]	24.2%
Number of residential mortgages outstanding [f]	1 596
Value of residential mortgages outstanding (USD) [f]	US$15.44 million
Prevailing residential mortgage rate | Term [g]	20% – 25% | 22 years
Maximum LTV on a residential mortgage [g]	85%
Ratio of mortgages to GDP	0.12%
Number of residential mortgage providers [g]	5
Percentage of women who own a house alone and/or jointly (2017) [e]	59.1%
Number of microfinance loans outstanding [h]	455 323
Value of microfinance loans (USD) [h]	US$77.76 million
Number of microfinance providers (2021) [h]	61
Total number of residential properties with a title deed (2019) [i]	241
Number of formal dwellings completed annually (2019) [i]	1 800
Number of residential projects certified by EDGE [k]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [l]	12 000 000 MWK
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	65m^2
Typical monthly rental for the cheapest, newly built house [l]	100 000 MWK
Cost of standard 50kg bag of cement in local currency units [m]	10 000 MWK (US$9.67)
Type of deeds registry: digital, scanned or paper (2020) [n]	Paper
World Bank Ease of Doing Business index rank (2020) [n]	109
Time to register property (days) | Cost to register property (2020) [n]	47 days | 1.7%

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF): 14Trees Ltd

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] NBS Bank
[g] National Bank of Malawi
[h] Reserve Bank of Malawi
[i] Ministry of Lands, Housing and Urban Development
[j] Malawi Housing Corporation
[k] Edgebuildings.com
[l] Centre for Community Organization and Development (CCODE)
[m] Afri Invest Suppliers
[n] World Bank Ease of Doing Business Indicators

Between December 2021 and March 2022, Malawi experienced two consecutive tropical storms: Ana and Gombe. Tropical storm Gombe mainly affected the southern region of Malawi, flooding cropland, damaging roads and houses[15] and disrupting livelihoods. The storms caused flooding in 16 districts, which impacted the lives of approximately 1.4 million people and damaged 95 000 hectares of crop land, which could reduce crop production to between 15% and 50% below average,[16] and consequently affecting incomes. Disaster recovery efforts are being undertaken by organisations such as Red Cross Malawi. The efforts include providing building materials for survivors to reconstruct their houses and also building new houses for survivors who totally lost their shelters.[17]

Malawi has a National Disaster Risk Management Policy (DRMP) that presents the aspirations of the government in ensuring that disaster losses and impacts are sustainably

reduced. However, the DRMP does not explicitly mention any impacts on affordable housing, nor does it consider green applications for affordable housing. This notwithstanding, a number of non-governmental organisations and development partners provide disaster risk management programme support, such as the construction of flood resilient housing units in disaster prone districts in the southern district of Malawi, supported by the United Nations Development Programme.[18]

Access to finance

There are eight commercial banks. Of these, five banks – New Building Society Bank, Standard Bank, National Bank of Malawi, First Discount House Bank and Continental Discount House Bank offer mortgages. The number of mortgages of the five commercial banks dropped from 1 616 in 2020 to 1 040 in 2022, The minimum loan size is MK10 million (US$9 672) to be paid over 240 months.[19] The minimum mortgage rate is 19.9% per annum, which is 6.1% above the reference rate, while the maximum rate is 24.8% per annum (11% above the reference rate).[20] The minimum loan to value ratio on residential mortgages is at 85% of the value of the asset.[21] Non-performing loans of commercial banks increased by 58% to MK161.9 million (US$156 592) between 2021 and 2022.[22] There are at least 61 microfinance institutions (MFIs) and non-bank financial institutions in the financial system of Malawi.[23] The leading MFIs that offer housing finance include the Center for Community Organisation and Development (CCODE), Select Financial Services, People Development Fund, Epik Finance and Enterprise Development Holdings. The average loan size was MK176 558 (US$171) as of December 2021.[24]

Forty percent of the adult population are using financial institutions and 38.5% of women are banked.[25] A report by the Credit Reference Bureau is used by financial institutions to assess the eligibility of loan applicants. Financial institutions and the Malawi government, through the National Economic Empowerment Fund, provide finance for construction to clients. During the fourth quarter of 2021, commercial banks made advances amounting to MK33 billion (US$31.91 million) to the construction industry.[26]

Affordability

Demand for affordable housing is escalating year-on-year. The unemployment rate is relatively low in Malawi at 6.6% while the youth unemployment rate is at 8.6%.[27] The share of the workforce in informal employment is approximately 89%.[28] With these employment and unemployment dynamics, the national Gini coefficient is at 0.38.[29] As of May 2022, monthly expenditure on basic needs and services such as water and electricity for a six-person household in the capital city of Lilongwe was MK 272 338 (US$263).[30] In the main urban centres, 30% of houses are owner-occupied and 60% are rented.[31] The typical cost of unserviced land ranges between MK700 000 (US$677) and MK1 million (US$967). Most of the unserviced land is sold by private land developers that only develop roads for the plots they sell. Other services, such as water and electricity, are sourced by the buyers of the plots from Water Boards and the Electricity Supply Corporation of Malawi (ESCOM). The cost of a newly built permanent house by a private or public developer is between MK12 million (US$11 607) and MK15 million (US$14 508).[32] Monthly rentals in the lower end market in urban centres range between MK10 000 (US$9.7) and MK20 000 (US$19.3).[33] The minimum wage is MK50 000 (US$48.4) and a typical cleaner receives a monthly salary of MK85 000 (US$82.2) in an urban area.[34] Dwellers in the lower end market who receive at least the minimum wage can afford rentals in this market and can afford to build either a traditional or semi-permanent house, which costs less to construct compared to a permanent house.

For the middle income group, the monthly mortgage repayment is approximately MK175 000 (US$169) and for households with low incomes, a typical monthly mortgage repayment is approximately MK35 000 (US$34) for CCODE provided housing.[35] The minimum mortgage size is MK10 million (US$9 672) and the maximum mortgage instalment to income ratio is 35%.[36] The government provides subsidies in the form of an interest rate that is significantly lower (6.5%) than that of commercial banks; and also subsidises cement and iron sheets for low income individuals.[37] These subsidies lower the barriers in accessing finance and open up the housing market to low income populations. MFIs charge different interest rates with huge variations, and they are relatively unaffordable. Select Financial Services, for example, charges approximately 60% interest a year for both business and housing finance loans.[38]

Housing supply

The country's population is estimated to have grown by 2.6% to 19.6 million in 2021 from 19.1 million in 2020.[39] About 82% of the population live in rural areas and 18% in urban areas[40] where the majority engages in subsistence farming and do not have access to affordable housing. Approximately 12% of the urban population are concentrated in four major cities – Blantyre, Lilongwe, Mzuzu and Zomba.[41]

The government intervenes in the market on both the supply and demand side. Through its agencies – the Malawi Housing Corporation (MHC) and the Ministry of Land, Housing, and Urban Development (MoLHUD) – the state builds houses and provides land for house construction through public private partnership arrangements. The MHC plans to construct 25 000 houses a year for the next 10 years.[42] These houses will be built on plot sizes of 450m^2 There are more than 100 000 applicants for MHC houses, compared to the current stock of 6 446.[43] By March 2022, MHC had completed the construction of an additional 240 houses and flats across the country. These structures are ready for occupation.[44] The MoLHUD has constructed 18 houses for people with disabilities.[45] CCODE, a local non-governmental organisation builds low cost houses for low income earners residing in cities. These houses are built for members of Village Savings and Loan Associations (VSLAs). The VSLAs have 5 000 members and 4 000 of these are looking for rental housing against a stock of approximately 1 500 houses constructed by CCODE.[46]

Private companies such as Small Farm Cities are also investing in Malawi's affordable housing sector. The company is developing two-bedroom homes of approximately six by seven metres surrounded by agricultural assets, such as fishponds and greenhouses, in a compound that is on at least a four acre piece of land. Small Farm Cities buys land and secures it with a title deed. They use assets such as fishponds, small houses and greenhouses to create wealth through rentals and sales of agricultural commodities. The company is developing a prototype Small Farm City in Mpingu in the outskirts of Lilongwe city. The project has three two-bedroom permanent structure houses which are 42m2 in size, and each costing approximately MK3 618 646 (US$3 500). These houses will be sold and buyers are automatically entitled to a package containing a greenhouse and a fishpond. The idea is to ensure the buyer of the house can use income generated from fish and horticultural products and the greenhouse to repay the mortgage.[47]

Houses are classified, based on construction materials of the roof and wall, as traditional, semi-permanent and permanent. In urban centres, permanent and semi-permanent houses are common. Permanent structures have a roof made of iron sheets, concrete, and walls made of burnt bricks and stones. Semi-permanent structures have an iron sheet roof and sundried bricks or burnt brick with a thatched roof. In informal settlements, back yard rental is common among landlords, and 20% of landlords are women.[48] Rental rates range between MK15 000 (US$14) and MK20 000 (US$19).[49] The tenants and the landlord use a shared water tap in the compound and, in some instances, dwellers use communal water taps.[50] To improve housing conditions in informal settlements, with funding from the World Bank, Lilongwe City Council is also implementing the Lilongwe Water and Sanitation Project. The project primarily involves installing water pipes and constructing 50 000 ventilated improved pit latrines. The council has also paved all roads in all 27 wards of Lilongwe.[51]

Approximately 80% of private developers pay for infrastructure and road costs to attract buyers. In informal settlements, 90% of materials used are produced locally. This includes mud, bricks and frames. In contrast, permanent houses use 60% to 70% imported materials such as cement, ceiling, tiles, and iron sheets.[52] The supply chain of these materials will likely be impacted by lack of foreign exchange and the 25% devaluation of the Malawi kwacha implemented in May 2022.

Property markets

Malawi has both formal and informal estate agents. Formal estate agents are regulated by the Surveyors Institute of Malawi (SIM). At least 80 000 properties are registered for property rate payments in Lilongwe city.[53] Currently, the lands and deeds registries in the MoLHUD) are paper based.[54] The MoLHUD is developing the Land Information Management System which it will roll out by January 2023. The digital platform will keep records of owners of every piece of land in Malawi and will ease land application processes and help the government collect revenues from ground rentals. To meet the increasing demand for residential and commercial plots in the city of Lilongwe, the MoLHUD has also started preparing detailed layout plans to create residential and commercial plots.[55]

The MHC is also in the process of upgrading its Property Management System (PMS) for more automation and integration. The automated and integrated PMS will greatly improve the corporation's efficiency in its operations and interface with

MALAWI – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **MK205 000** per month

you could afford to purchase a **MK3.854 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **MK280 000** per month

you could afford to purchase a **MK5.265 million** house with a mortgage.

Mortgage assumptions – Malawi

- 19.5% interest rate
- 15% deposit
- 22 year loan tenor
- 85% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

clients and other stakeholders.[56] It takes 47 days to register a property in Malawi with a registration cost of approximately 1.6% of the total value of the property.[57]

Policy and legislation

The 2016 MHC Amended Act gives the corporation authority to raise funds for house construction through loans and public private partnerships, as well as to construct and purchase commercial buildings, among others.[58] The National Construction Industry Council (NCIC) is mandated by the Act of Parliament 1996 to regulate, develop and promote construction industry. The NCIC offers training to developers and contractors. The council has approximately 1 516 registered members.[59] It takes at least two years for a client to be allocated land for purchase from the government, and even longer to find a government house to buy or rent. For private sector housing, clients can complete these transactions within a month.[60]

New land laws were passed in Parliament in June 2022, which will implement the National Land Policy of 2002: the Land Amendment Act, Land Survey Act, Physical Planning Act, Registered Land Act, Land Acquisition and Compensation Act, and the Customary Land Act. The Land Act seeks among other things to provide for the development of freehold titles within two years of the commencement of this Act, and to prohibit the granting of land to persons who are not citizens of Malawi unless they meet conditions of being investors.[61] Section 8 of the amended Land Act also transfers ownership of land from the presidency (an individual and office in the government) to the state (the people or the public). This provision is supported by the customary Land Act which provides for privatisation of customary land and creates a new way of holding land known as the customary estate.[62] To own customary estate means land that is held under a specific traditional area will be legally registered. The landholders will be issued with a certificate called the certificate of customary estate. The amended Land Law also has a provision to protect farmland from being put to other uses. The law stipulates that those who wish to convert agriculture land to residential and commercial use must surrender 50% of the land to the government on government approval.[63]

Less than 15% of land in Malawi is registered in the name of women.[64] The Customary Land Act of 2016 included the provision that of the six members in the land committee, three shall be women to address the gender issues.[65] There are some programmes being implemented to support women's access to land in Malawi. The Integrated Land and Resource Governance (ILRG) programme is working with the Land Reform Implementation Unit at the MoLHUD to ensure that women and other marginalised groups participate in land registration and governance.[66] ILRG will support the documentation of up to 18 group village headpersons, and about 5 000 to 10 000 parcels in the Traditional Land Management Area, Mwansambo in Nkhotakota District. Approximately 45 000 people will benefit from gender-responsive customary land documentation with the issuance of land certificates.[67]

Opportunities

Opportunities in the affordable housing sector include urban sanitation. There is scope for investment in waste collection and toilet service provision in the informal sector in urban centres. In the informal sector, up to 30 people living in one compound can use one toilet, providing scope for private toilets in such areas.[68] Interested investors or institutions can join projects such as the National Slum Upgrading, to be implemented by CCODE in collaboration with MoLHUD.[69] Investors can also adopt the Small Farm Cities model being piloted in the city of Lilongwe and replicate them in other cities, targeting middle income fresh university graduates and small families. Housing finance in Malawi is highly underdeveloped, especially for lower income borrowers, and there are few informal mechanisms to fill the housing finance gap. The two key constraints to wider provision of housing finance are the requirement for collateral by formal institutions, and the affordable repayment level and loan period that limits the potential size of the loan. This creates opportunities in the housing finance sector to provide financial products suitable for low income people.

Opportunities also exist in supplying green building materials. Following the prohibition of the use of burnt bricks by the sustainable construction materials regulations of 2018, developed by the NCIC, a market for environmentally friendly construction materials and technologies such as cement bricks was created. Investors can venture into this market as demand for green materials is high.

The launch of the Malawi Secondary Cities Plan also offers an opportunity for affordable housing developments. The ultimate outcome of the secondary cities is enhanced welfare of urban dwellers including low and middle income individuals. The identified towns and districts to be upgraded into secondary cities offer opportunities for proper planning and investment in affordable housing before they are congested with unplanned informal settlements.

Availability of data on housing finance

The main organisations that collect and share data on housing finance are the Reserve Bank of Malawi, commercial banks and the National Statistics Office of Malawi. These institutions publish data such as investments in real estate, loans extended to real estate, mortgage interest rates, population and employment statistics. These institutions publicly share this data through online and printed reports. The data is available on a quarterly and annual basis. Other institutions that provide data on the housing sector include the NCIC, MoLHUD, MHC, private developers, city councils, and SIM, among others. The National Statistics Office and commercial banks collect data disaggregated by gender. Affordable housing data or projects in response to climate disasters are available at district councils in the Disaster Management Offices.

In the case of unpublished data, especially from government institutions, data is accessible by directly approaching directors or managers of various departments. Public officials are generally willing to share required data once they understand its use and utility.

Green applications for affordable housing

Malawi has green building standards guided by the Use of Sustainable Construction Materials Regulations established in 2018 and enforced by the NCIC. Analysis shows that the brick industry alone consumes approximately 850 000 metric tonnes of fuelwood a year. At this rate of fuelwood consumption, the entire country will be deforested within 25 to 30 years only from the brick industry.[70] To help control deforestation, these regulations in part prohibit the use of traditional fire cured bricks.[71]

Habitat for Humanity is constructing low cost green houses for low income households in Zomba and Phalombe districts.[72] Both MHC[73] and MLHUD[74] are constructing houses using green materials such as cement bricks. cement bricks are an important substitute for burnt bricks, which have a negative environmental impact. All donor projects now use cement bricks to comply with the law.[75] The first buildings to be EDGE certified[76] in Malawi are in Mbiri and Tsogolo Halls of residence at Kamuzu College of Health Sciences at Lilongwe Campus. This student housing is constructed by Old Mutual Malawi, and serves to demonstrate the financial viability and sustainability of the green building concept.[77] It is Old Mutual Malawi's first student housing project, started in 2020.[78]

As of 2020, only 18% of the country's total population had access to electricity and approximately 98% of electricity is generated by hydroelectric power stations.[79] Electricity services are supplied by ESCOM, a government agency. In an urban setting, individuals in both formal and informal settlements pay approximately MK350 000 (US$339) for new electricity connection fees.[80] Off-grid sources of energy such as mini-grids and solar energy contribute approximately 6% percent to national energy access.[81] Water services are provided by Water Boards in different regions, which are also government agencies. The fees for water services depends on the distance of the water user from the main water pipe. A water user who is 100 metres away from the main water pipe pays approximately MK100 000 ($97) to get connected.[82] The proportion of the urban population with access to clean water (piped source) is at 64.9%,[83] while the proportion of urban population with access to sanitation stands at 65.5%.[84] Waste management is a big challenge in urban centres. Only 22% of waste is collected in Lilongwe city.[85]

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Mali

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Overview

Mali is one of the largest countries in West Africa (over 1.24 million km^2) with an estimated population of 21.58 million in 2022.[1] It shares borders with many countries and although landlocked, is served by two large rivers, the Niger and Senegal. Mali's economy is largely dependent on agriculture despite the fact that only 14% of the land is considered arable.[2] Climate change and land management are major concerns for Mali in the context of a rapidly growing population.[3] In 2021, the population growth rate was 2.94%[4] with a fertility rate of 5.7 births per woman in 2020.[5] Poverty rates remain high, at an estimated rate of 44.6% of the total population in 2021.[6] Approximately 45% of the Malian population lives in urban areas with the urbanisation rate being one of the highest in Africa, estimated at 4.68% in 2021.[7] Rapid urbanisation, poverty and population growth are putting significant pressure on housing supply and demand, leading to the growth of slums.

The country recorded positive economic growth in 2021 despite ongoing political instability with a second coup in May of that year, after which the Economic Community of West African States (ECOWAS) suspended Mali's membership, closed their shared borders and imposed economic sanctions. ECOWAS are in the process of mediating consensus so that general elections can be held to vote in a new government.[8] GDP growth was 3.2% in 2021, driven mainly on the supply side by agriculture (2.4%) and services (5.3%). The budget deficit also improved to 4.7% of GDP, less than in 2020.[9]

The economic outlook for 2022 and 2023 remains mixed. Indeed, GDP growth is expected to shrink to 2.1% in 2022 due to the effects of economic sanctions mixed with the impact of the Russo-Ukrainian war. Inflation is expected to reach above 7% in 2022. However, GDP growth is expected to rebound by +100% compared to 2022 (5.4% in 2023) led by the recovery in cotton, grain, gold production and favorable world prices. Inflation is also expected to fall to 3.1% by 2023. However, from 2023, domestic debt is expected to be higher than external debt. This could negatively impact on banks' economic stability and liquidity, and make it more difficult for low- and middle-income businesses and households to access credit.[10]

Mali's landlocked location and climate-sensitive economy make it very vulnerable to climate change risks, with ongoing food security being a major concern.[11] In 2021, due to drought and a lack of rainfall, more than 200 000 tons of crops were lost and more there was a 10% decrease in cereal production. Seasonal floods are also having an impact. In 2020, seasonal flooding negatively affected more than 80 000 people, causing a mass exodus to less at-risk areas. More than 5 000 homes and 5 000 tons of food were destroyed.[12] Apart from causing the loss of lives, these seasonal floods are impacting the development of the national housing stock, as well as increasing the challenges of food security and reducing progress in the fight against poverty among vulnerable populations. The destruction of thousands of homes in recent years has severely limited the number of households able to find shelter.

To address the climate threat, the Government of Mali has undertaken several initiatives. Mali has committed to reducing its greenhouse gas emissions in the energy (31%), agriculture (29%) and land-use and forest-use change sectors (21%). The government is changing its public investment programme with a particular focus on renewable energy. The goal would be to transition to green energy growth by 2030, in line with the African Development Bank's Desert to Power initiative. Finally, Mali is expected to increase its funding for environmental protection, which represented only 1.9% of the budget in 2021.[13]

KEY FIGURES

Main urban centres	Bamako, Gao, Segou, Kidal, Tombouctou, Kayes, Sikasso, Mopti, Koulikoro
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XOF)
1 PPP$ = (2021) [b]	207.99 CFA Franc (XOF)
Total population (2021) [b] | Urban population (2021) [b]	20 855 724 | 9 317 712
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.94% | 4.68%
Percentage of urban population living in slums (2018) [d]	47.2%
Population living less than 5m above sea level (2010) [b]	n/a
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2017) [e]	30.4%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	10.87%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	7.7%
Percentage of women participating in the labour market formally (2021) [b]	58%
Gini coefficient (2017) [b]	33.0
HDI country ranking (2020) [d] | HDI country score (2021) [d]	186 | 0.43
GDP per capita (Current US$) (2021) [b]	US$918
GDP (Current US$) (2021) [b]	US$19 144 million
GDP growth rate (2021) [b]	3.07%
Inflation rate (2021) [b]	3.90%
Lending interest rate (2018) [b]	5.1%
Proportion of adult population that borrowed formally (2021) [b]	53%
Number of residential mortgages outstanding [f]	277
Value of residential mortgages outstanding (USD) [f]	US$11.47 million
Prevailing residential mortgage rate | Term [g]	6 – 9% | 15 years
Maximum LTV on a residential mortgage (2021) [h]	90%
Ratio of mortgages to GDP	0.06%
Number of residential mortgage providers [f]	6
Percentage of women who own a house alone and/or jointly (2018) [e]	30.4%
Number of microfinance loans outstanding (2019) [i]	806 750
Value of microfinance loans (USD) (2019) [i]	US$271.14 million
Number of microfinance providers (2019) [i]	32
Total number of residential properties with a title deed (2020) [j]	250 000
Number of formal dwellings completed annually [f]	5 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	15 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [k]	250m^2
Typical monthly rental for the cheapest, newly built house	n/a
Cost of standard 50kg bag of cement in local currency units [f]	5 500 XOF (US$8.73)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	148
Time to register property (days) | Cost to register property (2020) [l]	29 days | 11.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	8.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Mali Mortgage Guarantee Fund
[g] Malian Solidarity Bank (BMS)
[h] ECOBANK Mali
[i] National Institute of Statistics
[j] National Cadastre Direction of Mali
[k] Orabank
[l] World Bank Ease of Doing Business Indicators

Access to finance

Financial inclusion in Mali is still relatively low. In 2020, the banking rate was estimated at 15.55%, being the second lowest rate in West African Economic and Monetary Union (WAEMU). The demographic and geographical penetration of financial services remains relatively high. In 2020, these were an estimated 185 service points per 10 000 inhabitants and 165 service points over 1 000 km^2.[14] But despite this distribution, less than 45% of

adults held a bank account in 2021. Of these, only about 41% were owned by women.[15] Mobile money plays an important role in financial inclusion among those excluded from traditional financial systems. According to the latest Global Findex Database report (2021), nearly 20% of Malians save via mobile money.[16] There were four issuers of electronic currencies listed in August 2022, including three born of partnerships between banks and telecommunications operators or technical service providers.[17]

Mali has 17 licensed credit institutions, including 14 banks and three banking-type financial institutions. The financial system also includes two pension funds, 11 insurance companies and 126 microfinance institutions. In 2022, the average borrowing rate rose to 7.28%.[18]

In Mali's housing sector, one of the major challenges concerns the issue of credit affordability for low-income households. According to a World Bank report, less than a third of agricultural households have access to credit. Among them, only about 5% of men have access to mortgages compared to less than 1% of women. Given the importance of the agricultural sector in the national economy, this indicates a significant exclusion of households from financing channels in general, and mortgages in particular.[19]

In 2022, according to the Mali Mortgage Guarantee Fund (FGHM), the local mortgage market is still in its infancy. According to the FGHM, there are approximately 277 residential mortgages outstanding in 2022, representing an outstanding amount of approximately 7 225 million FCFA (US$11.47 million).[20] According to the latest statistics from the BCEAO, the average interest rate for this type of credit is 8.33%. In addition, the FGHM covers the potential losses of financial institutions in the event of borrower default, but also supports home ownership for low-income households.[21]

Orabank, Banque Malienne de Solidarité (BMS), and BDM SA, are some of the banks that offer real estate loans to their customers. For example, at Orabank, the minimum interest rate for a home loan is 6%, representing a decrease of more than one percentage point to 2021. The bank supports its clients' real estate projects in the order of three million FCFA (US$4 761) to 150 million FCFA (US$238 072) over 15 years. Credits are reserved for formal income borrowers. The BMS offers interest rates of 9% for a loan term of 15 to 20 years.[22] The Bank of Africa (BOA) and the Banque Atlantique du Mali also offer medium- and long-term (20-year) mortgages. The amount of the loan is determined according to the initial contribution of the client. This amount can reach 80 to 100% of the value of the property or the overall cost of construction.[23]

The microfinance sector continues to play a major role in the financial inclusion of local populations, especially those without access to banks. According to the figures for first quarter of 2022 of the BCEAO, out of the 83 decentralized financial systems (DFS), 25 SFDs (about 30%), record a total clientele of about 1.6 million members. The outstanding loans for this sample are estimated at 177.8 billion FCFA (US$282.1 million), nearly 18 billion FCFA (US$ 28.5 million) more than the number of deposits recorded over the same period a year earlier. The portfolio's downgrade rate remains below 5% (4.7%) which remains encouraging for the sector despite the politico-military crisis and external challenges related to the pandemic and the Russian-Ukrainian war, among others.[24]

In addition, the microfinance sector is actively represented in the housing finance sector through some SFDs such as the Nyesigiso microfinance network. The maximum amount of these microfinance loans is 20 million FCFA (US$ 31 743) repayable over 15 years. Nyesigiso also offers construction loans of up to three million FCFA (US$4 761) repayable over three years. This micro-finance credit is possible for employees who have been working for at least six months with the same employer. No express indication is made of informal workers. This is surprising when we consider microfinance as the alternative solution to the financing problems of low-income/irregular households.[25]

Affordability

COVID-19 continues to have a negative impact on employment, income and economic activity in the country, reducing the ability of some households to bear the burden of everyday life. In March 2021, less than 1% of jobs were directly affected by the pandemic.[26] However, more than 10% of household activities/ incomes were indirectly affected, negatively impacting household well-being. Among the most affected items of expenditure were food, transportation, education and housing. In addition, the unemployment rate estimated at 6.5% further contributed to the difficulties of access to housing, particularly among women (9.6%) compared to men (4.3%).[27]

The poverty rate according to the national threshold is estimated at 44.61%.[28] According to the EMOP this rate is up more than two percentage points compared to 2020 (41.9%).[29] Bamako, the capital, has the lowest poverty rate (15.9%) compared to 21.2% and 51% in other cities and rural areas, respectively.[30]

Rent is the largest expense among non-food items. Indeed, housing remains the second most important item of expenditure among households, regardless of their income level. According to the Modular and Permanent Household Survey (EMOP) 2021, housing accounts for 9.1% and 10.2% of the share of spending among poor and non-poor households, respectively. This low percentage given to housing by low income households could be explained by the importance of food in their spending portfolio. Indeed, food remains the most important item of expenditure with a larger share among poor households (+60%) than non-poor households (56.4%).[31]

In addition, excluding food products, monthly expenses related to housing (payment of rent, for example), represent hundreds of millions of FCFA. Indeed, in Bamako, the capital of the country, rent is the first most purchased non-food product, while in other cities and rural areas, it occupies the second place.[32]

The prices of building materials continue to increase per year. The price of a 50 kg bag of cement increased from 4 500 FCFA (US$7.14) in 2020 to 5 500 FCFA (US$8.72) in 2021. In 2022, the cheapest house newly built by a real estate developer in an urban area would cost 15 million FCFA (US$23 807). Given the current macroeconomic conditions of the country, the "cheapest" house would be inaccessible for at least 50% of the population, especially among the more than 40% living below the national poverty line.

In their credit assessment, banks apply a ratio of the monthly payment to household income on a case-by-case basis depending on the income of the borrower. The Malian Solidarity Bank (BMS) sets the transferable share at about 33.3% of the salary. According to the Mortgage Guarantee Fund of Mali (FGHM), the maximum monthly loan ratio to household income can be up to 75%. Such a high ratio could be problematic in the current inflationary environment where a large majority of the population is seeing its purchasing power decline.[33]

Housing supply

Country-wide, the housing need is estimated at about 440 000 units. To fill this gap, Mali would have to record an annual production of 82 500 units, of which 51 100 were in urban areas and 31 400 in rural areas. These figures emerge from an analysis made in 2015. Seven years later, with a population growth of nearly 3% year, it would be wiser to estimate these figures as larger. Therefore, in recent years, mass social housing production programs have become the priority of the State.[34]

In 2020, the Malian Housing Office (OMH) planned to allocate more than 5 000 social housing units as part of the 50 000 social housing projects.[35] The government's Program for the Construction of 50 000 Social Housing (PCLS50k) is one of the major programmes being implemented. In the first phase of delivery in 2019, it registered 3 743 beneficiaries. In September 2021, 5 636 social housing units were delivered through hire-purchase schemes extended over 25 years.[36] For F3 type housing, the expected rent is 45 000 FCFA (US$7) in addition to a deposit of 234 000 FCFA (US$371). For F4s, the rent is 94 000 FCFA (US$149) against a deposit of 250 000 FCFA (US$397). In these monthly payments, are included bank charges of 2 000 FCFA, (US$3) as well as the guarantee premium against the risk of death which is 4, 000 FCFA (US$6) for F3 and 7 000 FCFA (US$10.5) for F4. In March 2022, also within the framework of the PGLS12k, a new commission in charge of the distribution of 2 218 social housing units was created to determine the next beneficiaries among the different categories of applicants.[37]

In addition, a significant portion of public funds are intended to improve the current housing supply, the living environment and land. Among the flagship projects of the state budget financed from domestic resources in 2022, several billion FCFA have been allocated to the PCLS50k programme mentioned above.[38] Also, axis 3 of the CREDD covers the "housing and collective facilities" function, which

MALI – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA200 000** per month	who earns **CFA150 000** per month
you could afford to purchase a **CFA 7.191 million** house with a mortgage.	you could afford to purchase a **CFA5.394 million** house with a mortgage.

Mortgage assumptions – Mali

- 7.5% interest rate
- 10% deposit
- 15 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

comprises 2.4% of total expenditure in 2022/23. Priority actions under this axis will focus on the further implementation of the PCLS50k, the implementation of the emergency programme for the supply of drinking water (AEP) in rural areas and the implementation of secure land reform measures.[39]

In addition, to ensure an inclusive policy of access to affordable housing, actors in the sector organize events to attract the Malian diaspora. This is the case of the Forum of Housing, Banking and Insurance (FOHABA) whose events take place every year. Thanks to a partnership with local developers, FOHABA has set up a program of 2 000 housing units. The first phase will see the delivery of 450 units at a price of 18 million FCFA (US$28 569). Beneficiaries will have access to mortgage finance; to be eligible, each borrower will have to pay an initial contribution of 20% to the bank.[40]

Property markets

The real estate market is characterized by an underproduction of affordable housing and a growing interest in high value housing. These homes whose purchase or rental price vary according to value and neighbourhood are very popular with foreign and sometimes local customers.[41] For example, rents for a small room in a working-class district of Bamako range from 25 000 FCFA (US$32.5) to 3 million FCFA (US$4 761),[42] or from 70 million FCFA (US$111.10) to 400 million FCFA (US$634.86) for purchase.[43]

Overall, the sector is doing well as demand for all categories remains strong. The majority of companies are confident in the potential of real estate. According to IFC's Country Diagnostic report on the Private Sector of Mali in April 2022, 82% of companies in the construction and real estate sector are confident about a resurgence of post-Covid-19 activities. This trust is also shared by companies operating in the "financial services" (82%) and "retail trade" (80%) branches.[44]

With respect to tenure systems, there is currently no complete cadastre in Mali. Property disputes are frequent and take several years to resolve in court. Therefore, land tenure security is at the heart of the initiatives and recommendations made to boost activities in the private sector, particularly in real estate. That is why the Permanent Secretariat for Land Reform has initiated a cadastral system in large cities. The purpose of this system will be to associate the unique national cadastral identification number (NINACAD) with a parcel of land that will be managed by a one-stop shop. Such a system would thus facilitate access to all cadastral information and assist with the identification of the nature of the properties and the activities carried out therein.

The real estate market is highly dependent on imported products for construction. For example, all major residential building materials such as concrete, cement, steel, wood are imported. It is a distance of approximately 1 300 kms from the ports of embarkation and Dakar or Abidjan to the capital, Bamako. In addition to the cost of import, it would therefore be necessary to add the cost of transport to the selling price of these essential materials. For low-income households or those opting for self-construction, these criteria could encourage the proliferation of informal housing. Overall, these factors do not encourage the development of a local formal market for self-builders and private developers.[44]

The World Bank's Doing Business 2020 report ranks Mali 140th for property registration: five different procedures and 29 days at a cost of 11.1% of the property value are required. Mali's score on the Quality Index of Land Administration is still low, 8 out of 30. The same report ranks Mali 133rd for ease of obtaining building permits, with 14 procedures in 124 days. The cost of building permits represents 9.35% of the value of the property.[46]

To mitigate the negative effects of climate change, new standards are being integrated into this market, such as the regulation of construction techniques in order to produce buildings with reduced energy needs.[47]

Policy and legislation

With respect to developments in policy and legislation, a study on the development of Mali's national financial inclusion strategy has started under the leadership of the National Implementation Monitoring Committee (CNSMO).[48] Mali's constitution and legislation guarantee respect for the right to housing, while the regulatory framework for the housing sector in Mali includes laws on co-ownership, real estate development and housing finance. At the legislative level, the constraints have been lifted with:

- the elaboration of the Land and Real Estate Code,
- laws on the rehabilitation of informal settlements,
- land development laws,
- laws on the advantages granted to real estate developers,
- urban planning laws and the building code.

In terms of access to land, women face a precarious status under customary law, which does not recognize their right to own the land they cultivate. For example, 40% of the agricultural workforce is made up of women, but only 10% own agricultural plots.[49] When parents bequeath their property to their children, the succession is done according to the principles of Muslim law: the girl inherits, but less than what is granted to the boy. In this context, the real estate property market remains strongly dominated by men.[50] It should be noted, however, that it is very difficult to find specific data on the conditions of access to urban land ownership for women. For example, the last General Population and Housing Census (RGPH) 2009 made no mention of the analysis of land ownership by gender.[51]

Finally, Mali has a number of institutional measures to address gender equality issues, including the Ministry for the Advancement of Women, Children and the Family and a Permanent Secretariat for National Gender Policy.

Opportunities

Despite the political-military-economic crisis, the main players in the housing sector in Mali remain confident about the growth of the sector. With the growing need for both affordable housing and high-end housing, the Malian real estate market has a real demand that needs must be met. The transitional government is pursuing a policy of support in terms of defining and improving the legislative and regulatory framework relating to land and housing, and the allocation of public funds to major projects to provide housing for the low-income households.

In addition, housing is a profitable asset, despite the context of internal and external economic challenges. Indeed, given the prominent place given to housing in relation to other household expenditure items, it can be observed that it remains one of the priorities of non-food and food products for households, all social categories combined. The rental market is thus one of the most resilient economic sub-sectors. If better structured and organized, this subsector could attract key development actors capable of maximising its economic potential while ensuring the social value that housing represents in society.

Ensuring a peaceful and stable political-military-economic climate remains the most important condition for increasing private sector investment and intervention, which is essential for the enjoyment of the countless opportunities presented in the sector.

Availability of data on housing finance

The National Institute of Statistics (INSTAT) collects, produces, analyzes and disseminates information on the Malian economy and society. INSTAT conducted four General Population and Housing Censuses (RGPH) in 1976, 1987, 1998 and 2009. The fifth RGPH was scheduled for the end of 2021. The Modular and Permanent Household Survey (EMOP) set up by INSTAT provides information on housing but not on its financing. EMOP takes place each year in four rounds. These INSTAT reports are available online. In addition, the BCEAO provides information on the conditions of bank financing of housing in WAEMU countries.

However, data on housing should be collected more regularly in order to be used by the housing finance market as a basis for the formulation of sound policies. The lack of reliable, detailed and up-to-date data on the housing market is a constraint for its financing.

Green applications for affordable housing

At present, there are no regulations on green buildings or green applications for housing. However, Mali has made climate resilience one of its areas of work in its Strategic Framework for Economic Recovery and Sustainable Development (2019–2023). To this end, the country has committed to reducing its greenhouse gas emissions by 2030, with a reduction of 31% in energy, 29% in agriculture and 21% in land use and forest changes. Public policy options must first focus on building climate resilience based on optimal water management and hydro-agricultural development.

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Mauritania

Benita M. Ngoy

Overview

Mauritania is one of the largest countries in Africa and is largely desert.[1] It has high a rate of urbanisation (4.1%), with 56.1%[2] of its 4 775 110[3] inhabitants agglomerated in the coastal regions of Nouakchott and Nouadhibou, the two largest urban centres. The rapid population growth in Nouakchott was driven by a long series of droughts that impelled a rural-urban migration. Mauritanian urbanised areas are characterised by low-density development, including considerable undeveloped open spaces. This is due to a cultural preference for detached single-family houses on large tracts of land. The city's infrastructure and buildings, especially in the rapidly growing peri-urban areas, are threatened by sand dunes advancing from the east.[4] Furthermore, a sizeable part of the city of Nouackchott has been built on areas that have always been known to be prone to flooding. Due to human pressure and climate change, these areas are now increasingly at risk.[5]

In 2021, a socio-economic crisis began, a crisis that continues because of soaring prices and the poor performance of the government, whose actions are increasingly criticised.[6] Despite the pandemic, growth rebounded by 2.3%[7] in 2021 thanks to an increase in private consumption and investment, as well as an improved performance of the services sector. In 2021, inflation measured by the national consumer price index rose to an annual average of 3.6% against 2.4% in 2020. The nominal exchange rate of the Ouguiya appreciated by an annual average of 0.7% against the dollar.[8]

Nevertheless, the country remains vulnerable to shocks such as security risks in the Sahel region, the protracted conflict in Ukraine and drought, which could lead to reduced economic activity and increased poverty.[9] The Mauritanian economy is heavily dependent on extractive industries, including oil and mines. Foreign investment in the mining and oil sectors have driven the country's economic growth in the recent years. The country's economy is subject to price swings in world commodity markets because the export of its mineral resources make up about three-quarter of its total exports. Fisheries significantly contribute to the country's economy, accounting for about 15% of budget revenues and 45% of foreign currency earnings.[10] The formal rate of unemployment is 10.3%.[11]

Mauritania is one of the countries most vulnerable to climate change. The country is suffering a severe drought and three quarters of the land is desert.[12] Its climate is characterised by high temperatures for a large part of the year, as well as by the scarcity of rainfall, and its topography by the dominance of plains and sand dunes, resulting in poor vegetation cover.[13] The resulting threat to the small fraction of arable land is a major cause of food insecurity.

Key environmental challenges such as desertification and water shortages will result in the loss of habitat as the population will be forced to search for more habitable areas. Within the framework of its African Disaster Risk Financing Program (ADRiFi), The African Development Bank provides financial assistance to Mauritania to subscribe to an insurance policy indexed to the risk of drought and to enhance the resilience and response to climate shocks in the country by improving the management of climate disaster risks.[14]

KEY FIGURES

Main urban centres	Adel Bagrou, Nouadhibou, Noukchott, Rosso
Exchange rate (1 July 2022): 1 USD = [a]	36.36 Ouguiya (MRO)
1 PPP$ = (2021) [b]	11.30 Ouguiya (MRO)
Total population (2021) [b] | Urban population (2021) [b]	4 775 110 | 2 680 412
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.66% | 4.11%
Percentage of urban population living in slums (2018) [d]	73.2%
Population living less than 5m above sea level (2010) [b]	19.1%
Most common fuels used by households | by B40 households (2017) [e]	LPG | natural gas/biogas
Percentage of female-headed households (2020) [e]	39.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	43.12%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	11.5%
Percentage of women participating in the labour market formally (2021) [b]	27%
Gini coefficient (2017) [b]	40.50
HDI country ranking (2020) [d] | HDI country score (2021) [d]	158 | 0.56
GDP per capita (Current US$) (2021) [b]	US$1 723
GDP (Current US$) (2021) [b]	US$8 228 million
GDP growth rate (2021) [b]	2.30%
Inflation rate (2021) [b]	3.90%
Lending interest rate (2017) [b]	17.00%
Proportion of adult population that borrowed formally (2020) [b]	44%
Number of residential mortgages outstanding (2019) [f]	326 260
Value of residential mortgages outstanding (USD) (2021) [g]	US$ 221.49 million
Prevailing residential mortgage rate [g] | Term [h]	6 – 13% | 10 years
Maximum LTV on a residential mortgage [i]	60%
Ratio of mortgages to GDP (2021)	2.85%
Number of residential mortgage providers [g]	18
Percentage of women who own a house alone and/or jointly (2020) [e]	1.1%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) [g]	US$18.76 million
Number of microfinance providers (2021) [g]	30
Total number of residential properties with a title deed (2020) [j]	27 000
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	n/a
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Typical monthly rental for the cheapest, newly built house (2020) [l]	79 641 MRO
Cost of standard 50kg bag of cement in local currency units [m]	302 MRO (US$8.31)
Type of deeds registry: digital, scanned or paper (2020) [n]	Paper
World Bank Ease of Doing Business index rank (2020) [n]	109
Time to register property (days) | Cost to register property (2020) [n]	47 days | 1.7%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	10.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA)
[g] Central Bank of Mauritaania
[h] Societe Generale Bank
[i] Mauritanian Bank for International Trade
[j] Landportal.org
[k] Expatistan.com
[l] Numbeo.com
[m] National Statistics Agency
[n] World Bank Ease of Doing Business Indicators

Access to finance

Less than a quarter (22.9%) of the population makes use of the financial system in Mauritania and only 6.63% of the population in urban areas have access to credit. Religion is among the reasons often cited for not accessing credit.[15] Mauritanians are essentially Muslim, and Islam forbids charging interest rates on loans.[16] However, most banks in the country offer credits products in line with Islam, such as the Murabahas.[16] Therefore, lack of access to credit for most of the population is mainly due to their poor creditworthiness. The lack of, or low level of, income prevents them from meeting the minimum requirements for a bank loan. There is no difference between men and women for the odds of accessing credit. The proportion of women who bank in Mauritania is 15%.[16]

The Mauritanian financial system includes 18 banks that provide residential mortgage as well as Murabahas.[8] The interest rates charged on mortgages varies between 5.6%[17] and 13%.[18] The loan repayment period can go up to 15 years. The bank finances 60% of the housing loan and the remaining 40% is financed by savings.
The value of outstanding loans for the construction sector decreased by 11.4%, from UM8.020 billion (US$220.5 million)[11] in 2020 to UM7.103 billion (US$195.3 million)[8] in 2021. Lenders do not report data disaggregated by gender.

The number of microfinance institutions (MFIs) increased to 30, with the addition of two MFIs in 2021.[8] Most MFIs are small and are often regrouped in formal networks or federations.[11] The value of net outstanding loans for microfinance institutions was UM682 million (US$18.7 million), a 28% increase compared to 2020. CAPECs or savings and credit cooperative unions hold 35% of this total, while the share of other institutions represents 65%. Outstanding loans distributed by MFIs as of the end of 2021 represented 1% of the total loans of the banking system.

MFIs offer products and services such as loans, savings, cash transfers as well as some Islamic products, including the Murabaha. The interest rates charged on these microcredits vary from 15% to 24%. The effective interest yield, that takes into account additional fees applied to credit and the repayment plan, is often higher than the indicated nominal rate.[8] Because of the lack of long-term financial resources that MFIs require for medium-term credits, most loans issued do not exceed a 12-month repayment period.[8]

Mauritanian MFIs do not offer specific loan products to support access to housing. This is mainly due to the lack of a sufficiently large loan offer and a recovery period compatible with the capacities of savers and the management requirements of MFIs. Nor have they developed financial products for housing renovation. A few of these loans are granted for social needs or consumption. Most loans are granted to the trade sector. One example of housing microcredit is the "Beit el Mal" from the Tizwe programme. The methodology used for the distribution of this type of loan is that of classic solidarity credit, that is, a Twize solidarity group of five to 10 people. This loan is granted for 30 months, with monthly repayment of the capital at the interest rate of 12% a year.[20] Furthermore, households can use an informal financial system composed of tributary family financing systems, tontines, usurers, and dealers to finance buying or building a housing unit.[16]

Created in 2019, the Credit Information Bureau (BICR) aims, among other things, at improving the access of good customers to the best financing conditions, through the collection, processing and analysis of data on the credit and payment history of Mauritanian consumers. The BICR provides financial system actors in Mauritania with detailed, accurate and reliable information on the creditworthiness of loan applicants to make the credit market more competitive and to reduce the rate of outstanding loans for better financial inclusion.[10]

Affordability

Although almost 80% of the population own their homes at the national level, only 65% of households in urban areas are homeowners and 26% are tenants. This could be, among other things, the result of the housing policies pursued by the State for several years, which aim to provide a roof over the head of every Mauritanian citizen by facilitating the acquisition of land for residential use (sometimes free of charge).

The proportion of the Mauritanian population below the poverty line, estimated at UM19 089 (US$525) a year, was 28.2% in 2019; 4.5% of the urban population lives below the extreme poverty line. Despite a relatively low prevalence of poverty in urban centres, the conditions of the poor in Nouakchott, particularly in the peripheral districts, are characterised by high relative disparities. The Gini index is estimated at 0.29 for urban areas, a little under the 0.32 Gini index for the whole country.[21] In December 2021, the Mauritanian government revealed that the unemployment rate in the country had reached almost 37%, or approximately half a million people.[22] The informal sector employs more than 56% of the working population, in generally precarious and low-paid jobs.[23]

Urban households allocate about one fifth (20.4%) of their resources to housing expenses.[24] The average annual expenditure of urban households is UM232 465 (US$6 393). The average expenditure is higher for households in Nouakchott UM223 890 (US$6 158), Tiris-Zemmour UM223 635 (US$6 150), Guidimagha UM215 345 (US$5 923) and Dakhlett Nouadhibou UM207 015 (US$5 693).[21]

Housing supply

Mauritanians prefer ordinary or standard houses: more than half of households (about 57%) live in this type of dwellings. Out of necessity rather than preference, the second type of housing produced is huts and sheds, in which 34% of the population live at national level. In urban centres, 71% of housing produced is ordinary/standard houses. Mauritanians have not yet fully adopted villa-type dwellings (0.2%) and flats in a complex (0.3%). Buildings are often limited to one floor, and only sometimes two storeys, in residential areas. High-rise buildings are uncommon and are mainly intended for large companies or administrations.

In terms of quality, most housing units produced are semi-modern, that is they are built with semi-durable materials and offer a minimum level of comfort. Semi-modern housing accounts for 92,48% of housing units in urban areas whereas only 4.87% is informal housing. Women, 21.6%, seem more likely to occupy informal housing than men at 18.3%.[25]

Low-income Mauritanians, who do not have the means to build housing units that meet formal requirements, often resort to self-building. This does not solve the housing problem, as 34%[26] of households live in slums.

Building techniques are rudimentary and do not involve qualified technicians and architects. The housing units built are fragile, and are often poorly laid out and flimsy. Owing to the lack of quality materials and the Mauritanian climate, building materials tend to deteriorate rapidly and these housing units quickly become dilapidated.[27]

In urban centres, 42% of the roofs are made of concrete and 29% of zinc. Cement appears to be the most popular building material in urban centres as about 70% of the walls are made of cement; furthermore, cement is also used for 46% of floor covering. The materials used for the construction of informal settlements include a type of clay mixture called "banco," wood, and branches and mats for walls; cloth mats and tarpaulins for roofs; and mud and/or banco for floor coverings.[28]

Asphalt, clinker, cement, iron, steel and cast iron for buildings and basic infrastructure are the most important construction materials in Mauritania.[29] Most are imported. Cement is imported from Spain or Belgium. The other materials needed for cement concrete are found locally (sand and shells).[28] In 2021, the year-on-year increase in the index for labour cost was 20.8% and 13.5% for construction materials. Cement is priced at UM5 349 (US$147) per tonne.[30]

Implemented within the framework of the urban restructuring of Kebbe El Mina, the Tizwe programme supported slum improvement through promoting access to permanent housing. The programme included the production of housing units, affordable micro-loans for housing, the training of professionals in the construction sector, and the support of a series of micro-projects.[31]

Rapid urbanisation, poorly regulated by the public authorities, has hindered the development of public amenities such as energy, water, sanitation, and transport needed to accommodate the growing population in urban centres. The most common mode of water supply for drinking is piped water, with 27% of households having a connection in the house or yard. Sanitation problems include disposal of household waste and wastewater. Most households use carts to dispose of waste (35%) or simply dispose of it in the street (28%). About 42% of households do not have toilets in their homes. Twenty percent of homes with toilets do not use flushing connected to a septic tank. Electricity powers 41% of household lighting.[27]

Property markets

Land in the urban areas has become a profitable source of income in the informal sector.[32] Legal access to land is difficult, both in rural and urban areas. In addition, readying a plot of land for use is extremely expensive. One form of land price speculation is buying plots of land at a high price from beneficiaries who do not have the means to develop them or build on them. Another is the transfer of occupancy permits before development (permitted by the 2002 law). However, irregular buyers will never obtain a land title, which is necessary to access a bank loan for construction or land acquisition. Such speculation has multiplied after the state distributed plots of land in urban areas to disadvantaged Mauritanians (in the gazras). The plot recipients, not having the means to develop their plots, sold them.[28]

MAURITANIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **UM8 320** per month	who earns **UM4 000** per month
you could afford to purchase a **UM321 490** house with a mortgage.	you could afford to purchase a **UM154 562** house with a mortgage.

Mortgage assumptions – Mauritania

- 9.5% interest rate
- 40% deposit
- 10 year loan tenor
- 60% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The Ministry of Housing, Urban and Regional Planning (ISKAN) announced the digitisation of a land allotment plan that will be available on its website. The aim is to enable each customer to verify the accuracy and legality of his or her land. The only condition to obtain a copy of the allotment plan is to present a paper copy of the property certificate and a copy of the national identity card.[13]
The real estate sector is not well developed in Mauritania, thanks to the constraints on the construction sector: unreliable companies, missed deadlines and fluctuating prices. This does not allow meeting the financial, technical and time commitments to sponsors and clients.[33]

Many of the work opportunities in the construction sector benefit trained foreign workers. While the heads of companies, especially formal companies, are mainly Mauritanian, foreigners often form the bulk of the skilled labour force. Most Mauritanian workers in this sector are informal. In addition, the training structures do not cover certain construction specialities.[33]

Informal real estate agents, who have no legal status, are plentiful. They offer to help acquire a plot of land in return for payment but the transactions are illegal. The land lots offered do not appear on any allotment plan; most are the result of falsified subdivisions from unrecognised rural properties that do not exist on urban subdivision plans. This practice is becoming more and more common in urban centres, notably in the northern and western areas of Nouakchott.[13]

Policy and legislation

Until the 1983 law governing land ownership, access to land was based on the traditional land tenure system. The 1983 law on land organisation, revised in 2000, reformed access to land ownership. The state now recognises and guarantees private property.[33]

Urban planning in Mauritania has long been abandoned. Nouakchott, home to almost a third of the urban population, continues to grow without a viable development plan to avoid the spread of slums and shanty towns.[34] In September 2021, however, it was announced that a new subdivision plan, which would safeguard property rights and prevent falsification, would come into force for the city.[35]

In response to the housing shortage and the difficulty of the poorest families accessing land, the Mauritanian government has launched several housing initiatives, particularly social housing. The first ever phase of public intervention, supported by SOCOGIM in Nouakchott, was aimed at the construction of housing estates. Although the initial housing estates were supposed to benefit modest households, the developer, SOCOGIM, prioritised the viability and profitability of the rentals and therefore targeted its marketing towards the middle and wealthy classes, particularly civil servants. The State has restructured its interventions in social housing through the Social Housing and Rural Habitat Department, which has been directly attached to the Minister's office since 2008 and is in charge of piloting public social housing programmes.[32]

Opportunities

An opportunity exists in providing more Islamic microfinance products, as a portion of the population have cited religion as a reason for not taking microfinance loans.

Aside from this, opportunities exist in green building. Access to energy is a key element of the eco-construction sector. There is a need for off-grid equipment to complement a house or a collective building.
The supply of biodegradable, decarbonated, cheap, desert sand is an opportunity, particularly for the building industry. Abundant wind and sun make the production of renewable energy a viable option and can create green jobs.[36]

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Availability of data on housing finance

Data relevant to housing finance, such as the number of banks and institutions licensed to offer mortgage loans as well as the value of outstanding loans is published by Central Bank of Mauritania (BCM) in its annual report. However, the annual report for the previous year is only uploaded on the Bank's website and made available to the public in September of each year.

Details on the typical size of mortgages offered by banks and the terms of payment are difficult to obtain except by visiting a branch in person. It is almost impossible to get this information remotely, either through phone calls or email. However, some banks allow loan simulations, which give an estimate of mortgage terms. Finding information on the property market from real estate agencies and property developers is also not easy.

The National Institute of Statistics publishes, quarterly, an index of the cost of construction, including the price of construction materials and cost of labour. Most data published by the National Agency of Statistics and Demographic and Economic Analysis (ANSADE) is disaggregated by gender. Data on climate change and its impact on affordable housing is difficult to obtain as most of the data available is focused on the impact of climate change on agriculture.

Green applications for affordable housing

The use of local building materials is becoming increasingly common in Mauritania. Especially in the context of eco-construction. Eco-construction companies such as HABIDEM seek to solve the social problem of the lack of adequate housing in Mauritania in a climate and environmentally friendly way while creating ecological jobs for young people in rural areas. They use only local materials such as clay, sand, straw, and stone.[37]

The city of Nouakchott is surrounded by dune strips with sparse vegetation. The region's climate is arid and there are frequent strong sand winds from the north, threatening the infrastructure and many peripheral neighbourhoods with silting. In the absence of a restrictive land-use plans, urban expansion has taken place in areas at high risk of silting.[5] In 1975, the Nouakchott Green Belt was created to protect the city from the encroaching sands. As the city grew beyond its boundaries, the Green Belt had to be extended in the 2000s.[4] However, the fragile dune belt is gradually deteriorating. Large-scale extraction of sand to supply the town with building materials, as well as grazing and vehicle traffic, have led to the opening up of numerous breaches. In addition, the construction of a dyke at the Port de l'Amitié in 1985 blocked the sedimentary transit, thus causing a considerable retreat of the coastline towards the south and the disappearance of the dune cordon over some 10km.[5]

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Mauritius

Mamadou Abdoulaye Diallo

Overview

The Republic of Mauritius is an island state in the South West Indian Ocean of 2 040 km^2 in size[1] with a population of 1 263 888 in 2021.[2] The percentage of the population that is urbanised is 41%.[3] Due to limited land availability, the country is one of the densest countries in the world, with 621 inhabitants per km^2. Mauritius is considered an upper-middle-income country with an unemployment rate of 8.6%.[4] Access to housing remains difficult for a good number of Mauritians with some 30 000 families on the waiting list to acquire social housing at the National Housing Development Company (NHDC).[5]

Despite a contraction of gross domestic product (GDP) of 14.9% in 2020,[6] the country recorded an economic growth rate of 4% in 2021.[7] Gross value added (GVA) improved significantly from Rs393.87 billion (US$8.63 million) in 2020 to Rs424.89 million (US$9.30 million) in 2021, an increase of 7%. However, this performance remains below its pre-Covid-19 situation where the GVA was estimated at Rs445.602 billion (US$9.76 million). The consumer price index rose from 103.7 in 2019 to 110.6 in 2021[8] resulting in a steep rise in inflation levels from 2.7% at the end of 2020 to 6.8% at the end of 2021 and then to 11% at the end of April 2022.[9] This increase in inflation is linked to a sharp increase in the price of food and fuel[10] and was accompanied by a depreciation of the rupee by approximately 9% in real terms in 2021. The current account deficit remains large, at 13.7% against 9.2% in 2020, as tourism, the country's main income stream, remains low. The tourism industry contributed 19.5% of GDP in 2019.[11]

Mauritius is very vulnerable to climate change and one of the most exposed to natural disasters due to its geographical location in an active basin of tropical cyclones.[12] Sea levels are rising at a rate of 5.6 to 9 millimeters (mm) per year, while the global average is 3.3mm per year. Rising sea levels have also had an impact on the beaches that support tourism as erosion has reduced beach widths by up to 20 metres in the last decade.[13] Land use and densities are important considerations for housing in a shrinking island country where 25% of the land is made up of forest (and only 2% of native forest remaining).[14] The effects of climate change are experienced through reduced rainfall, drought, beach erosion, flooding and disruptions to the activities of the agriculture, tourism, industry and household sectors.[15] An extensive public sector climate change investment programme worth Rs35.78 billion (US$783.62 million) has been developed for the period 2022-2025. This programme places importance of issues related to flood management and social housing. Ultimately, more than half (53%) of the total budget, i.e., an amount of Rs18.8 billion (US$411.74 million) will be allocated to flood management and one third (33%) will be earmarked for the construction of social housing. In addition, through the National Fund for Environment and Climate Change (NECCF), a budget of Rs4.2.7 billion (US$93.52 million) is allocated, with 30% of this going towards the clean-up and beautification of Mauritius, 23% towards landslide management, 21% towards the the protection and management of beaches, lagoons and coral reefs and 4% in support of the green economy.[16]

Access to finance

The Bank of Mauritius, governed by the 2004 Act, is mandated to ensure the stability and soundness of Mauritius' financial system.[17] There is only one credit bureau operating in Mauritius: the Mauritian Credit Information Agency (MCIB) whose main function is to collect information from credit institutions, including leasing and hire-purchase facilities, and public service bodies.[18] The Mauritian banking system is well developed with 18 banks, eight leasing companies, nine insurance companies, one licensed microfinance institution (MCB Microfinance Ltd) and nine other operators including two specialised in housing finance (Mauritius Housing Company Ltd and National Housing Development Co Ltd).[19] Banks in Mauritius provide services including: traditional banking; card payment services, credit and debit card Internet banking and mobile banking.[20] In total, the banking sector employed 8,129 people in 2021 (compared to 8 266 in 2020), had 160 branches (compared to 171 in 2020),[21] nine counters, 450 ATMs (up from 447 in 2020) and a mobile van in June 2021.[22]

At the end of January 2022, the credit granted to households amounted to Rs127.41 billion (US$2.79 billion) of which two-thirds (67%), or Rs85.73 billion (US$1.88 million) consisted of mortgages. With the majority of the population (89%) having a bank account,[23] the debt levels of Mauritian households have increased by Rs9.81 million (US$214 849) over

KEY FIGURES

Main urban centres	Port Louis
Exchange rate (1 July 2022): 1 USD = [a]	45.66 Mauritian Rupee (MUR)
1 PPP$ = (2021) [b]	16.52 Mauritian Rupee (MUR)
Total population (2021) [b] | Urban population (2021) [b]	1 266 060 | 516 236
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	0.03% | 0.06%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	1.4%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	80.35%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	7.4%
Percentage of women participating in the labour market formally (2021) [b]	43%
Gini coefficient (2017) [b]	40.0
HDI country ranking (2020) [d] | HDI country score (2021) [d]	62 | 0.80
GDP per capita (Current US$) (2021) [b]	US$8 812
GDP (Current US$) (2021) [b]	US$11 157 million
GDP growth rate (2021) [b]	4.04%
Inflation rate (2021) [b]	4.0%
Lending interest rate (2021) [b]	6.90%
Proportion of adult population that borrowed formally (2021) [b]	39%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) (2020) [e]	US$1 123 million
Prevailing residential mortgage rate [f] | Term [g]	4 – 7% | 25 years
Maximum LTV on a residential mortgage [e]	90%
Ratio of mortgages to GDP (2020)	7.92%
Number of residential mortgage providers [e]	18
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding [h]	4 959
Value of microfinance loans (USD) [h]	US$21.93 million
Number of microfinance providers [e]	9
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually [i]	7 800
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [f]	1 345 500 MUR
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [j]	50m^2
Typical monthly rental for the cheapest, newly built house [f]	29 849 MUR
Cost of standard 50kg bag of cement in local currency units [k]	263 MUR (US$5.76)
Type of deeds registry: digital, scanned or paper (2020) [l]	Computer - Fully digital
World Bank Ease of Doing Business index rank (2020) [l]	13
Time to register property (days) | Cost to register property (2020) [l]	17 days | 0.6%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	22.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Bank of Mauritius
[f] Numbeo.com
[g] Bank One
[h] MCB Microfinance
[i] Statistics Mauritius
[j] Property Cloud
[k] Exportv.ru
[l] World Bank Ease of Doing Business Indicators

the last year.[24] Non-performing loans in relation to total loans are valued at 5.3% in September 2021, down from a share of 6.1% in September 2020.[25]

Mortgages are granted by several providers including the Mauritius Housing Company, a non-bank deposit-taking institution specialising in housing finance.[26] The Mauritius Housing Company provides a wide range of solutions for the construction, extension, renovation, refinancing of existing home loans and the purchase of land or residential properties.[27] Mortgages are taken out at a rate varying between 4% and 7% in 2022 for an average term of 35 years.[28] In 2021, residential mortgages were estimated at Rs51.28 billion (US$1.123 billion).[29] As of May 2020, MCB Microfinance Limited, the only licensed micro-financier in Mauritius, granted 4 959 loans to 2 878 clients worth more than Rs1 million (US$21 901 million).[30] The main beneficiaries of these loans remain the trade sector including manufacturing, services, transport and agriculture.

Covid-19 led public authorities to take measures to support the banking and financial sector. These measures included the reduction of the policy rate, the disbursement of a special aid package of Rs5 billion (US$109.50 million),[31] a reduction in the cash reserve rate applicable to commercial banks, a report on the repayment of capital for loans, a consolidation of banking directives and a two-year bank savings bond issue. This bond is issued in multiples of Rs25 000 (US$547.52) to natural persons residing in Mauritius and to locally registered and non-profit non-governmental organisations up to Rs1 million (US$21 901). These measures have helped cushion the impact on banks' asset quality, as evidenced by the decline in the ratio of non-performing loans to total loans from 5% at the end of March 2021 to 4.5% at the end of September 2021.[32]

Affordability

Half (50%) of Mauritian households were able to obtain their residence by accessing a mortgage in 2017.[33] Despite the low levels of informality of the Mauritian economy (between 20 and 25% in 2017)[34] affordable housing is not within everyone's reach. Acquiring an apartment in the city centre costs an average of Rs55 485 (US$1 215.18) per square metre.[35] Therefore, the acquisition of an apartment of 50m^2 in the city center, at a price of Rs1.345 million (US$294 56.85), is difficult for Mauritians who earn an average monthly income of Rs22 260 (US$487.52).[36] In addition, inflation in the country, combined with rising construction costs, make housing largely unaffordable. The price of a 50kg bag of cement costs Rs263 (US$5.76),[37] up 43% from 2020.[38] The construction price index rose from 105.6 points in June 2020 to 130.5 points in June 2022, an increase of 23% over two years. Monthly household expenditure(excluding rent) is estimated at Rs87 571.15 (US$1 917.90) for a family of four.[39] On average, a Mauritian household has three members, with a monthly income of Rs36 800 (US$805.95) and an estimated monthly expenditure of Rs28 670 (US$627.90) in 2017.

There is still high income inequality in the country. With a Gini index estimated at 0.40 in 2021, the average income of the richest 20% is eight times the average income of households in the poorest quintile. Gender inequalities also persist as only 10.4%[40] of working women were entrepreneurs, compared to 23.6% in men.[41] In addition, women were vastly under-represented in decision-making at the highest levels of society (the number of women ministers was only 3 out of 21). In addition to the interest rates applied and the conditions for granting credit, banks must maintain sound lending standards when granting credit facilities for the purchase/construction of residential properties. In this context, the debt-to-income ratio (DTI) is commonly used by banks in Mauritius as a micro prudential measure to assess borrowers' ability to repay. The bank limits the DTI value for loans to a maximum of 50%.[42] The Mauritian State has introduced a repayment rate for housing loans.[43] Under this programme, a person taking out a secured home loan to build their home receives a repayment of 5% of the loan amount, up to a maximum of Rs500 000 (US$10 950.50). It also provides for a direct subsidy to make the acquisition of residential property more affordable and to allow each spouse married under the "community of property" regime to benefit from the exemptioofregistration fees for first-time buyers.

Housing supply

The last population and housing census conducted in 2011 recorded 359 thousand residential dwelling units. Almost all these houses were privately owned. 94% of households have running water in their homes, 96% have toilets and 99% of households have access to electricity. However, some households still lack basic facilities: 1 400 households do not have running water on their premises; 1 700 households do not have electricity; and 600 households do not have toilets.[44] To update the data on population and housing, the Mauritian State launched its 19th population and housing census in 2022.[45] With the help of 7 000 agents, the housing census took place over the period from 30 April to 20 June 2022 and the population census between 19 June and 01 August 2022.

Since 2020, the Mauritian government has implemented a programme to build 12 000 social housing units with a budget of Rs12 billion (US$262.81 million), of which Rs100 million (US$2.19 million) is expected to be disbursed in the 2021/22 financial year. The *Roof Slab Grant Scheme*,[46] introduced in1997 and initially intended for households with a monthly income of less than Rs7 500 (US$164.26) and for families with incomes not exceeding Rs20 000 (US$438.02provide financial assistance through a subsidy system for the start of construction or the pouring of roof slabs to complete construction. Rs119.1 million (US$2.61 million) was distributed to 1 553 families for this programm in the 2021/2022 period.[47]

The National Housing Development Company (NHDC) will deliver 485 housing units to Wooton and Mare D'Albert by June 2023.[48] As of June 2022, 15 families have received the key to their homes of Rs700 000 (US$15 330.70) repayable over 35 years. These housing units, built as apartment blocks, range from 60 to 75m^2 in size.[49] The NHDC faces a growing backlog of beneficiaries for social housing units. Only 2 357 social housing units were built over a five-year period (between 2015 and 2020), whilst 25 582 applicants for social housing were listed in 2021. Thus, it is clear that the demand for housing far exceeds the rate at which houses are made available and the growing backlog has meant that 30% of the total number of people on the NDHC waiting list, have been on the list for more than 10 years and 13% (7 961 households) have been on the list for more than 20 years.[50] In addition, the prices of building materials, including cement, iron, paint and labour, are rising.[51] Moreover, Statistics Mauritius figures on the construction sector in the second half of 2022 confirm that construction inputs have all increased.[52] The construction price index rose by 3.7% compared with the first quarter. In addition, for the complete removal of asbestos, the government promises to rebuild some 1 800 homes for an amount of Rs800 million (US$17.52 million) over the next two years. In addition to the 12 000 social housing units under construction, Rs2 billion (US$43.80 million) is planned to support the purchase of land and residential properties by individuals and 2 000 lots[53] will be put up for sale by the *State Investment Corporation* (SIC) and *Rose-Belle Sugar Estate* for residential purposes.[54]

Property markets

The Covid-19 pandemic has had a strong impact on Mauritius' property markets. In 2019, 6 278 residential building permits were issued and the implementation of restrictive measures imposed by the Mauritian government resulted in a decrease of 7%, with only 5 853 residential building permits being authorised in 2020. The lifting of the restrictive measures has led to a revitalisation of the property market through a considerable increase in the number of residential building permits being authorised with an increase to 7 800 building permits in 2021. This is an increase of 33% when compared to 2020, and 24% when compared to 2019. However, even though investment in residential housing increased from Rs85 billion (US$45.66 million) in 2020 to Rs24.88 billion (US$544.90 million) in 2021, it remains below its pre-Covid-19 value of Rs26.52 billion (US$580.8million).[55]

The Mauritian property market remains attractive to investors as it offers opportunities for both citizens and non-citizens and members of the diaspora to access affordable housing. It attracts foreigners such as French and South Africans.[56] Moreover, one in two real estate buyers on Mauritian territory is of French nationality.[57] Another asset of the Mauritian real estate market is the capped taxation at a single rate of 15%.[58] It also offers a fairly short property registration time (17 days) with a cost of 0.6% of the property value and the registration has only five procedures.[59]

The government has reduced the thresholds of the VAT refund scheme criteria for residential buildings and apartments, and has introduced other incentives such as the refund of part of the cost of ownership to stimulate residential construction projects.[60] The government grants an exemption from registration fees for first-time buyers on the first Rs5 million(US$109 505.04) of the cost of built residential property. Also, the sale of a residential unit in a project developed on state land and intended for the elderly under the real estate development programme will be exempt from the payment of the tax on the transfer of rental rights on state land. Finally, the abolition of municipal tax on the family residence from 1 July 2022 makes it possible to reduce the tax burden of the 110 000 contributing families.[61]

MAURITIUS – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Rs27 900** per month

you could afford to purchase a **Rs1 514 442** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Rs49 300** per month

you could afford to purchase a **Rs2 676 057** house with a mortgage.

Mortgage assumptions – Mauritius

- 5.5% interest rate
- 10% deposit
- 25 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The government's various reductions seem to have had an impact on the price of rent. The rent for a one-bedroom apartment in downtown Port Louis was Rs17 285 (US$378) and Rs8 932 (US$195) outside the city centre.[62] It is noted that the current rent of the same apartment is estimated at Rs15 666 (US$343) in downtown Port Louis and Rs7 978.33 (US$174) outside the city centre, a decrease of 9.3% and 10.7% respectively.[63] However, rent prices should be expected to rise in view of the high cost of living due to inflation and the increase in the prices of building materials for construction.

Policy and legislation

The Mauritian Government is working to facilitate access to housing for all Mauritians and to create a legal and regulatory framework to facilitate foreign investment in affordable housing. A series of laws and legislations have been formulated by the Government of Mauritius to strengthen and modernise the legal and institutional structure of planning, monitoring and enforcement of physical development to achieve meaningful and sustainable results.[64] In addition to its role as a planner, the Mauritian State is committed to providing social housing to the population, particularly deprived through the Ministry of Housing and Spatial Planning (MHLUP) and the NHDC.[65]

Recently, the Mauritian government through the *Real Estate Agent Authority Act 2020* proposes to organise the property market that has long remained unregulated and somewhat fragmented.[66] This law aims to establish a Real Estate Agents Authority (REAA) that will help provide increased protection for real estate actors and transactions in Mauritius, while preserving the good reputation of the Mauritian real estate sector.[67] Added to this is the adoption of a new climate change act in 2022 and the creation of a Committee on Climate

In the 2022/23 national budget, the Mauritian State has extended the two measures that were adopted in 2021 concerning the home ownership scheme and the housing loan scheme for Mauritians until 30 June 2023. To this end, a 5% refund of up to Rs500 000 (US$10 950) for an additional year is applied and each spouse married under the "community of property" regime is allowed to benefit from the exemption from registration fees for first time home purchasers.[68] Also, the finance law provides for foreigners holding residence permits the possibility of acquiring a residential property of a minimum of Rs15.98 million (US$349 978), provided a 10% contribution is made to the Solidarity Fund.[69]

In addition to the desire to regulate the real estate sector, the Mauritian State provides in its national budget of 2022/23, a pipeline of private sector investments of more than Rs200 billion (US$4.38 million) being facilitated by the Economic Development Board (EDB). In order to strengthen the capacity and competitiveness of local construction companies, the State plans to set up the Construction Industry Training Centre (CITC). To this end, it intends to reserve public contracts of less than Rs20 million (US$438 020) for small contractors, restore the margin of preference for local contractors and offer construction companies loan facilities of up to Rs25 million (US$547 525) at a concessional rate of 3.5% per annum.[70] To encourage private sector participation in housing provision, for-profit companies are required to donate 2% accounting profits to corporate social responsibility activities.[71] The State also sets up public-private partnerships. For example, the construction of the 12 000 social housing units is entrusted to the NSLD, a privately incorporated subsidiary of the NHDC.[72]

Opportunities

Mauritius presents very attractive business opportunities in the property market in that it has a very attractive tax system and offers tax exemptions to attract foreign investors. Added to this is the involvement of private individuals in the provision of social housing through public-private partnerships. There is an opportunity related to the use of *blockchain* technology, that would significantly reduce the use of falsified documents. There is a real opportunity for investors to look into green housing as it is less expensive and more suited to local conditions. There are also opportunities for renewable energy sources in support of housing. However, any infrastructure provided, should be installed so that it can withstand storms and cyclones.

Availability of data on housing finance

Data on housing and finance are largely provided by the Bank of *Mauritius and Statistics Mauritius*, the national statistics agency. The Bank of Mauritius centralises banking and financial data, *Statistics Mauritius*' mission is to compile statistics relating to the social, economic, demographic and financial activities of the country. The official government website provides statistics on a set of indicators including housing. Apart from demographic data and gender inequalities, most of the statistics provided are not disaggregated by gender. One of the challenges of housing demand data remains the updating of the general population and housing census database. This has been done this year and so there should be updated data in the near future. Mortgage data are not available to the public in the same way as real estate agents despite the existence of a land registry overseen by the Registrar General's Office. There is a clear lack of data on green housing despite awareness and political will to take climate change into account in the country's development projects and programmes.

Green applications for affordable housing

Mauritius mainly uses imported oil and coal to meet its energy needs. In 2018, nearly 80% of the energy consumed in the country was generated from non-renewable sources, mainly petroleum products and coal.[73] Just over 20% of energy consumption comes from renewable sources, mainly bagasse (using sugarcane), hydropower, wind, solar and landfill gas.[74] Almost all households have access to electricity (99.7%) with a consumption of about 2 153 kWh per capita.[75] The Mauritian government has set itself the goal of reaching 40% of renewable energy in its electricity mix by 2030. To do this, large-scale solar and wind projects have been started with a capacity of 80 MW connected to the grid. At the household level, the State, through tax exemptions, encourages the use of an energy-efficient renewable source to generate part of the electricity consumption.[76] Despite the desire to diversify its energy mix and despite the introduction of the climate law, the promulgation and application of the texts are not yet effective.

A local company called "Koto Mauritius" has been building eco-friendly homes since 2016. According to its director "the ecological house is

stronger and able to withstand cyclones and earthquakes. It uses a very different construction technique from the usual approach and can be completed in 25 days at a lower cost ranging from Rs1 500 (US$32) to Rs1 600 (US$35) per square foot. It is beneficial in terms of energy because it uses solar panels." The firm offers a 20-year warranty for a new ecological house built.[77] The MCB in partnership with the GBCM seeks to promote the "passive building".[78] This is a standard for design and construction for ultra-low energy buildings offering high levels of comfort for occupants as well as resilience to future climate change.[79] However, there is a low take up of these types of construction.

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Morocco

Jean David Anet

Overview

With a population growth rate of 1.2% in 2021,[1] Morocco has 37 344 787 inhabitants[2] who are unevenly distributed across the country, with a high concentration in urban areas. The rural population had plunged to 36% of the total population in 2021[3] from 71% in 1970, exacerbating pre-existing housing problems in cities. The housing sector in Morocco has multiple stakeholders including the government, banks, real estate developers, real estate agents (formal and informal) as well as the affordable housing applicants. Despite all the stakeholders, Morocco suffers from a deficit of about 400 000 affordable housing units.[4] As a result, in 2020, about 9.2% of the urban population lived in slums, informal settlements or inadequate housing.[5] This is the result of factors such as climate change, urbanisation, insufficient supply of affordable housing, insufficient administrative capacity of the state, and the high cost of building materials and basic services, especially since the beginning of the war in Ukraine in February 2022.

The country recorded an unemployment rate below 13%,[6] inflation of 1.4%[7] in 2021, and the economic growth rate rebounded to 7.4% against minus 6.3% in 2020. This bounce back is mainly explained by good cereal harvests.[8] These figures have allowed Morocco's vast banking system, which is more advanced than most other countries on the continent, to maintain an affordable policy for interest rates. Thus, the average rate for housing loans to was 4.24% in 2021, down nine basis points compared to 2020.[9] The flexible exchange rate regime the country has been operating for more than three years has allowed the local currency, the dirham to appreciate by 1.8% against the US dollar and by 5.7% against the European currency, the Euro.[10]

The Moroccan government has taken measures, in conjunction with Bank Al-Maghrib, the central bank, to maintain and even strengthen its investment in housing. These include finalising the prudential and accounting treatments to be adopted by banks to mitigate the risks induced by the holding of stocks of real estate assets acquired from debtors in difficulty.[11] Loans encouraged by the state saw their outstanding amounts recover by 10%, after a decline of 2.3% in 2020. They thus settled at Dhs41.3 million (US$4.11 million).[12]

Like all countries in the world, Morocco is experiencing the effects of climate change. Increased water scarcity has had a major impact on its agriculture, therefore on its economy, because of the importance of its exports of cereal products. Climate change is also one of the main causes of population displacement from rural to urban areas. These changes, in turn, have exacerbated the housing problem. The government has developed a National Strategy for Natural Disaster Risk Management (2021-2030), structured around three main objectives: the improvement of knowledge and risk assessment; the promotion of risk prevention with a view to strengthening resilience and improving preparedness for natural disasters for early recovery and effective reconstruction; and the implementation of its action plan.[13] It has also created a portal through the Ministry of the Interior to the Integrated Disaster Risk Management and Resilience (FLCN) Programme. This site aims to guarantee public access to information on the management of the risks of natural disasters such as floods, landslides or erosion. It also provides information on the eligibility of projects to be supported by the FLCN and the criteria for their selection.

KEY FIGURES

Main urban centres	Casablanca, FesSale, Rabat
Exchange rate (1 July 2022): 1 USD = [a]	10.06 Moroccan Dirham (MAD)
1 PPP$ = (2021) [b]	3.86 Moroccan Dirham (MAD)
Total population (2021) [b] | Urban population (2021) [b]	37 344 787 | 23 924 938
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.17% | 2.00%
Percentage of urban population living in slums (2018) [d]	9.2%
Population living less than 5m above sea level (2010) [b]	1.4%
Most common fuels used by households |	LPG/natural gas/biogas |
by B40 households (2003) [e]	LPG/natural gas/biogas
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	67.72%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	11.5%
Percentage of women participating in the labour market formally (2021) [b]	22%
Gini coefficient (2013) [b]	39.5
HDI country ranking (2020) [d] | HDI country score (2021) [d]	122 | 0.68
GDP per capita (Current US$) (2021) [b]	US$3 497
GDP (Current US$) (2021) [b]	US$132 725 million
GDP growth rate (2021) [b]	7.37%
Inflation rate (2021) [b]	1.40%
Lending interest rate (2017) [b]	6.84%
Proportion of adult population that borrowed formally (2021) [b]	57%
Number of residential mortgages outstanding [f]	75 321
Value of residential mortgages outstanding (USD) [f]	US$3 005 million
Prevailing residential mortgage rate | Term [f]	0 – 13% | 25 years
Maximum LTV on a residential mortgage [g]	50%
Ratio of mortgages to GDP	2.26%
Number of residential mortgage providers [f]	9
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding [h]	842 025
Value of microfinance loans (USD) (2021) [f]	US$815.11 million
Number of microfinance providers (2021) [f]	12
Total number of residential properties with a title deed [i]	1 800 000
Number of formal dwellings completed annually (2021) [j]	56 770
Number of residential projects certified by EDGE [k]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [l]	250 000 MAD
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [l]	50m2
Typical monthly rental for the cheapest, newly built house [m]	2 000 MAD
Cost of standard 50kg bag of cement in local currency units [n]	77 MAD (US$7.65)
Type of deeds registry: digital, scanned or paper (2020) [o]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [o]	53
Time to register property (days) | Cost to register property (2020) [o]	20 days | 6.4%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [o]	17.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Central Bank Morocco
[g] Attijariwafa Bank
[h] National Federation of Micro-credit Associations
[i] National Agency of Land Conservation, Cadastre and Cartography (ANCFCC)
[j] Ministry of National Land Use Planning and Town Planning
[k] Edgebuildings.com
[l] Ministry of National Territorial Development, Urban Planning, Housing and Urban Policy
[m] Onlne search of real estate agent websites
[n] Hzech.com
[o] World Bank Ease of Doing Business Indicators

Access to finance

Morocco's banking system better developed than many African countries. It comprises 89 credit institutions and similar bodies, including 24 banks, 28 finance companies and 11 microcredit associations. It is organised through a network of 6 056 bank branches in the country and also 51 subsidiaries and 22 branches abroad for a total workforce of 75 075 employees.[14]

In Morocco, the number of men who hold at least one bank account was 8.8 million at the end of 2021, against 5.4 million for women.[15] There is no law prohibiting women from accessing credit or buying property. However, the journey of single women towards the acquisition of property remains complex in view of the deep foundations of the structure of Moroccan society, which is patriarchal.

After a decline of 4.4% in 2020, the number of housing loans recovered by 20.1% to an amount of Dhs30.2 billion (US$3.003 billion). At the same time, the number of beneficiaries of these loans increased by 18.7% to 75 321 customers.[16] These increases were made possible in part thanks to the Finance Act 2021, which introduced measures to facilitate access to housing and boost the real estate market. Among the measures taken was the reduction of registration fees for acquisition of real estate deeds for the main residence. As a result, more of these new credit-taking customers benefited from state-sponsored loans (up 28.7%) than those who took out free loans (up 14.7%).[17]

The procedure for obtaining a mortgage in Morocco can be considered simple. Moroccan people with internet access can apply for credit. However, most applicants go directly to bank branches to make their request or when they wish to obtain better interest rates. Although banks collect information related to the customer's gender during the credit application process, they do not systematically break down their credit statistics by gender.

Strong competition within the banking sector forces players to offer affordable rates. The average interest rate applied by banks for housing loans was 4.24% for the year 2021. This reduction in the interest rate has favoured access and, consequently, more frequent recourse to borrowing. The average amount of bank loans increased by Dhs5 000 (US$497) compared to the previous year to stand at Dhs401 000 (US$39 878).[18] The number of loans granted increased from 25 171 in 2020 to 30 235 in 2021. Crédit Agricole du Maroc offers financing for the acquisition of the main or secondary housing (or its construction) for a period of up to 25 years, with flexibility in monthly payments and with a free choice of the type of rate (fixed or variable capped).[19] In monetary terms, the gross amount of financing for housing was Dhs248.4 billion (US$24.702 billion) in 2021, up 4.5% from the previous year.

State-encouraged loans increased by 10% after a 2.3% decline in 2020. These social loans amounted to Dhs41.3 billion (US$4 107 123 033), distributed among several social purpose funds. Of these social loans, Dhs22.7 billion (US$2.257 billion) was granted under loan guarantees to finance access to property for members of the Mohammed VI Foundation for the Promotion of Social Works of Education and Training (FOGALEF), and also under the Housing Loan Guarantees for Public Sector Personnel (FOGALOGE). This programme allows public sector staff to be financed for up to 80% of the cost of buying or building their home provided that this is done within the framework of the Habitat Menaçant Ruine programme.

Social loans also financed Dhs1.1 billion (US$109 million) of affordable housing. The logic behind these programmes and funds is to allow a large majority of the population to access credit for their housing and to reassure the banks in case of default of the borrower. Mourabaha real estate financing, a form of Islamic financing, was Dhs12.1 billion[20] (US$1.203 billion), up 41.6% from a year earlier.[21] In their credit process, banks have a policy of not exceeding the ratio of 33% of household income. Funding for housing is therefore important in Morocco. The existence of social loans and large guarantee funds for the most modest households represents a real lever to meet the high demand for housing and especially access to housing for the most disadvantaged.

The Moroccan state has made access to housing for the entire population one of its main priorities. To this end, it continues the efforts already undertaken with real estate developers through the various FOGARIM, FOGALEF or FOGALOGE funds and associated programmes: the Social Housing Programme at Dhs250 000 (US$24 862) or at Dhs140 000 (US$13 922).

Affordability

The unemployment rate rose from 11.9% in 2020 to 12.3% in 2021 (10.9% for men and 16.8% for women)[22] and despite the apparent decline in the poverty rate (1.7% in 2019),[23] it continues to be difficult to find affordable housing. In large cities, the lowest cost for renting a standard-type house, consisting of two bedrooms, a living room and a bathroom, is Dhs2 000 (US$199). This price is high compared to the average salary of Dhs1 793 (US$178) per person per month nationally and Dhs2 083 (US$207) per person per month urban areas in 2020.[24] For example, the salary of a middle school teacher varies between Dhs4 000 (US$398) and Dhs6 000 (US$597) while that of a high school teacher varies between Dhs4 500 (US$448) and Dhs8 000 (US$796).[25]

Aware of all these difficulties, the Moroccan government is pursuing policies aimed at promoting the acquisition of affordable housing. However, in the face of difficulties in obtaining affordable housing, some households are opting to buy land for housing construction. Purchase prices of residential land vary according to different criteria, such as the city, or the area of the property in that city. For example, in the city of Casablanca, the price per m² for the purchase of a recent apartment is Dhs10 000 (about US$994) in the CS-HH11 area. In contrast, for the same property, the purchase price drops to Dhs7 000 (about US$696) in the CS-HH27 area.[26]

Housing in Morocco is thus not affordable, and it does not stop at the rental for the property. To these costs are added all the fixed costs such as water and electricity consumption. Household expenditure, which can rise to Dhs1 400 (US$139), leads to households having to find cheaper housing alternatives.[27] The banks, as an integral part of Moroccan society are aware of all these demands, and set up offers taking into account the realities of households. Each loan application is examined in a particular way taking into account all expenses for a household. Certain general practices are kept, such as the monthly payment which does not exceed 33% of household income.

Housing supply

In 2020, 30 281 building permits were issued.[28] The issuing of building permits has increased the total deliveries of 13 974 900 tons of cement compared to 12 174 471 tons in 2020, an increase of 14.79%.[29] However, demand for social housing remains high. For several years, the government has been carrying out programmes in partnership with private developers for the construction of social housing and housing with low real estate value. There are several types of programmes, such as viable housing at Dhs140 000 (US$13 922), social housing at Dhs250 000 (US$24 862), and the Cities Without Slums programme. Each of these programmes meets the needs of a segment of the population. To date, for the social housing programme, among the 1 154 agreements signed for the construction of 1713 905 housing units, 376 900 housing units have been delivered.[30] Each of the units delivered included at least a living room, a master bedroom and a children's bedroom, a kitchen and possibly a laundry room and a bathroom consisting of a shower and toilet. The construction of these dwellings must meet the specifications of standards in force. Thus, the construction can be carried out on different land areas but each dwelling is built on a minimum area of 50m². However, many construction sites have experienced slowdowns as a result of rising prices for building materials, partly due to the COVID-19 pandemic and the recent conflict between Ukraine and Russia. The price of concrete reinforcing bars increased to Dhs13 000 (US$1 293) in 2021, after initially being set at Dhs6 500 (US$6 646) per ton.[31] Real estate developers that have signed agreements establishing defined delivery deadlines with the state are finding it increasingly difficult to meet their targets because of the increased costs,, which has further slowed down the response to the housing deficit.

In 2017, long before the health and Ukrainian crises, the housing deficit in Morocco was estimated at 400 000,[32] and the causes were already multiple. The lack of administrative capacity, which does not allow the processing of the large volumes of files submitted to access housing, and the frequent misappropriation of goods for speculative purposes to raise prices have increased the deficit.[33] Frequent revisions of the lists of beneficiaries caused by these problems are also contributing to the increase in applications.

Generally, obtaining a building permit takes 58 days after 12 procedures and costs about 3.3% of the value of the property to be built.[34]

Property markets

Morocco has a variety of housing types, such as houses (called "traditional" or "modern"), apartments or villas. The most recent published figures indicate that in urban areas 66.4% of households are homeowners and 21% rent the property in

MOROCCO – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Dhs3 000** per month

you could afford to purchase a **Dhs159 598** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Dhs4 000** per month

you could afford to purchase a **Dhs212 797** house with a mortgage.

Mortgage assumptions – Morocco

- 13.0% interest rate
- 50% deposit
- 25 year loan tenor
- 50% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

which they live. In contrast, in rural areas, 91% of households are homeowners and only 1% are renters. Overall, the ownership rate stands at 74.3% compared to 14.6% for tenants.[35]

The National Agency for Land Conservation, Cadastre and Cartography (ANCFCC) is the government body in charge of Moroccan land. This agency is responsible for the registration of land ownership and the for implementing basic infrastructure to support human settlement. The agency also establishes which areas are suitable for human settlement. Climate change has made the population more vulnerable to disasters such as floods and landslides. ANCFCC participates with the departments concerned to prepare documents relating to spatial planning.[36] In 2021 the ANCFCC carried out 46 000 real estate transactions and 187 000 mortgages, certified 38 000 files and helped fulfill 280 000 orders for cadastral documents. It recorded a total of 305 290 transactions in 2021 and 1 693 987 transactions since 2016.[37] These transactions cover both the purchase and resale of real estate (new or old), with the highest volumes being in urban areas. The Casablanca-Settat region recorded the bulk of the volume.[38]

The Moroccan real estate sector is active but this still struggling to professionalise. It is disrupted by intermediaries *(semsars)* that do not[39] belong to state agencies or formal private actors. The activity of *semsars* is not regulated and open to any person, thus allowing the number of self-proclaimed real estate agents without a diploma or proper qualification to increase.[40]

Policy and legislation

The Kingdom of Morocco has opted for a private-public partnership housing policy. Private developers participate in the various government social programmes and in return benefit from tax advantages and facilities. Under the Social Housing Programme set at Dhs250 000 (US$24 862), the government grants developers various exemptions from corporate tax, income, registration and stamp duty, land register fees, business tax and undeveloped land tax. Purchasers benefit from the amount of value added tax relating to social housing.[41]

The government is putting in place a favourable legislative framework for property developers and banks so that the entire population can access housing, including affordable housing. The central bank has renewed the measures introduced by the Finance Act 2021 to mitigate charges and taxes in favour of sectors in difficulty, including housing. This included reducing registration fees (until June 2021) on deeds for the first sale of social housing and housing with low real estate value, as well as deeds for the first acquisition of such housing by credit institutions and similar organisations under a contract for *Mourabaha, Ijara Mountahia Bitamlik* or *Musharaka Moutanakissa*.[42]

Morocco has implemented actions to reduce energy consumption in buildings. Law 47-09 on energy efficiency promulgated on 11 February 2010 has put in place, among other things, thermal regulation of buildings and related standards. This has been mandatory since 2014 and concerns both the design of buildings (insulation, orientation) and the building materials used (air conditioning and household appliances).[43]

Opportunities

In a world in which environmental awareness occupies an increasingly important place and technological innovation is rapidly increasingly, the housing sector in Morocco, although ahead of that of many countries on the continent, still needs to make significant progress.

The state must continue to create and foster an environment conducive to development. Stakeholders expect it to set up an independent regulator responsible for identifying needs in a rigorous manner, ensuring the match between supply and demand for social housing both in number and type of products. This will have to continue to be done in close cooperation with the banks. They need to continue with innovative products in line with the growing needs of the populations. The introduction of credit applications and other material on the websites of commercial banks allow people to access information easily.

The use of digital tools to better align real estate developers with their target clientele should support better housing alignment, since most (97%) future buyers start their search via the internet.[44] By grouping and implementing rules to professionalise their industry, real estate agents would provide greater credibility for their customers.

Websites

The Banque Centers Morocco (Al-Maghrib) www.bkam.ma
The High Commission to the Plan www.hcp.ma
The Ministère de l'Aménagement du territoire National, de l'Urbanisme, de l'Habitat et de la Politique de la Ville www.mhpv.gov.ma
The Banque Mondiale www.banquemondiale.org

Availability of data on housing finance

Bank Al-Maghrib publishes an annual report on banking supervision dealing with everything related to the banking system and its activity at the national and international level. It also issues an annual report on the economic health of the country as a whole, presented to His Majesty the King each year.

The High Commission for Planning is responsible for the production, analysis and publication of official statistics in Morocco. It collects most of its data annually and makes it available on its website.

The Ministry of National Spatial Planning, Urban Planning, Housing and City Policy is responsible for implementing government policy. Data collection is less frequent than for the central bank, but it is also available free of charge.

Green applications for affordable housing

Knowing that the agricultural sector alone accounted for about 12.1% of the country's gross domestic product (GDP),[45] the government is paying particular attention to the environment, and this concerns all sectors of the economy.

For the housing sector, the Moroccan Institute of Digitalisation has released the Guide of Sustainable Development in Construction, which aims to inform stakeholders, companies and public or private operators on all the standards and norms adopted in the field of sustainable construction in Morocco.[46] There are buildings that meet EDGE certification standards, but none of them are part of affordable housing.[47]

Banks do not yet offer products focusing on green mortgages. Possibilities in this direction are being studied.

In 2019, the Ministry of National Spatial Planning, Urban Planning, Housing and City Policy submitted to its partners, including the Nama Facility, a project proposal that aims to improve the energy performance of Moroccan housing. The project focuses on the social and medium-standing housing sectors and on the construction of housing (about 12 000) whose energy performance exceeds the minimum required by the regulatory requirements in force in Morocco.[48]

The main electricity source in Morocco is coal (65%) followed by natural gas (11%). Access to electricity in 2019 was 98.5% at the national level (99.5% in urban areas and 96.5% in rural areas). Drinking water coverage is 92% at the national level (98.1% in urban areas and 78.9% in rural areas).[49]

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Mozambique

Maria Nkhonjera

Overview

The search for economic opportunities in Mozambique is resulting in rapid urbanisation. Approximately 12 million people or 38% of the total population lived in urban centres in 2021 – with an urbanisation rate of 4.35%.[1] Mozambique is still recovering from the effects of COVID-19, which led to direct income and employment losses, as well as a rise in food insecure households. A burgeoning young population means a high and sustained demand for decent housing. Existing public housing strategies hold potential to facilitate housing development, particularly for the youth, who are also plagued by a lack of jobs.[2] The Mozambican Government remains committed to scaling the production of affordable housing to accommodate population growth, replace inadequate housing and reduce slum housing. To date over 4 000 units have been constructed with state resources.[3] The government has also distributed 13 176 plots and disbursed 1 556 credit facilities for rehabilitating and expanding home ownership,[4] however socio-economic challenges and a humanitarian crisis are hampering these efforts.[5] Approximately 950 000 people have been displaced due to the conflict in Cabo Delgado province.[6] The ensuing displacement of people in northern and central Mozambique has put pressure on adjacent cities and towns; and this rapid influx has overwhelmed cities' capacity to provide urban infrastructure and services, ensure land tenure rights, and provide adequate housing.[7]

Recurring climate factors (including droughts, floods and storms) worsen housing conditions. Mozambique scores moderately low in the Climate Resilience Index score.[8] Cyclical floods and tropical cyclones are a threat to the country's macroeconomic stability and financial system – affecting public infrastructure works, productivity levels, and the ability for borrowers to meet their debt obligations to the banking sector.[9] The total cost of reconstruction (including for housing) following Cyclone Idai and Kenneth, in 2019, is estimated at MT204.3 billion (US$3.2 billion) across seven provinces.[10] Despite this many Mozambicans continue to reside in areas prone to or affected by natural disasters. In February 2022, the Ministry of Land launched a five-year, MT383 million (US$6 million) initiative – Building Resilience in the Coastal Zone – aimed at protecting local livelihoods and building the adaptative capacity of climate vulnerable coastal areas in southern Mozambique.[11] This programme also invests in building women's resilience to climate change.[12]

After a 1.2% contraction in 2020, Mozambique's real gross domestic product (GDP) was estimated to grow by 2.2% in 2021 and by 3.7% in 2022.[13] While there are prospects for economic recovery from the pandemic and some stability in central and northern Mozambique,[14] humanitarian needs and the military conflict have resulted in an increase in public debt (as a percent of GDP) from 122% in 2020 to 130% in 2021.[15] In August 2022, China announced the waiving of debt for Mozambique,[16] which should provide some relief to public debt. Following Mozambique's 'debt scandal' which led to the country's worst economic crisis and a six-year suspension of multilateral financial support, the World Bank approved a MT19 billion (US$300 million) grant[17] to support the development of urban infrastructure projects. A total of 8 200 vulnerable households and involuntarily displaced persons will benefit from improved quality and resilient housing through the programme.[18] It will also regularise land tenure rights of 6 400 households, with a special focus on women,[19] and strengthen policies and institutional frameworks relating to urban development and management.

KEY FIGURES

Main urban centres	Maputo, Beira, Nampula
Exchange rate (1 July 2022): 1 USD = [a]	63.88 Mozambican Metical (MZN)
1 PPP$ = (2021) [b]	24.41 Mozambican Metical (MZN)
Total population (2021) [b] | Urban population (2021) [b]	32 163 045 | 12 102 311
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.86% | 4.35%
Percentage of urban population living in slums (2018) [d]	77.2%
Population living less than 5m above sea level (2010) [b]	5.2%
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2018) [e]	33.4%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	47.92%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	25.0%
Percentage of women participating in the labour market formally (2021) [b]	78%
Gini coefficient (2013) [b]	45.7
HDI country ranking (2020) [d] | HDI country score (2021) [d]	184 | 0.47
GDP per capita (Current US$) (2021) [b]	US$500
GDP (Current US$) (2021) [b]	US$16 096 million
GDP growth rate (2021) [b]	2.22%
Inflation rate (2021) [b]	2.78%
Lending interest rate (2017) [b]	17.08%
Proportion of adult population that borrowed formally (2021) [b]	45%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) [f]	US$106.87 million
Prevailing residential mortgage rate | Term [f]	21 – 27% | 30 years
Maximum LTV on a residential mortgage [g]	50%
Ratio of mortgages to GDP	0.66%
Number of residential mortgage providers [f]	16
Percentage of women who own a house alone and/or jointly (2015) [e]	74.3%
Number of microfinance loans outstanding [h]	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers [f]	9
Total number of residential properties with a title deed (2020) [h]	477 786
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [i]	620 000 MZN
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [j]	26m^2
Typical monthly rental for the cheapest, newly built house (2021) [j]	4 444 MZN
Cost of standard 50kg bag of cement in local currency units (2021) [k]	450 MZN (US$7.09)
Type of deeds registry: digital, scanned or paper (2020) [l]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [l]	138
Time to register property (days) | Cost to register property (2020) [l]	43 days | 5.0%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	7.5

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF): Easy Housing Concepts

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Mozambique (BoM)
[g] Moza Banco
[h] Presidency of the Republic of Mozambique
[i] Casa Minha
[j] Reall
[k] Carta de Mozambique
[l] World Bank Ease of Doing Business Indicators

Rising food and fuel costs have increased the cost of living and led to protests in major cities.[20] Inflation reached 10.8% in June 2022, the highest in approximately five years.[22] Several measures were introduced to stimulate the economy and alleviate inflation, including reducing value added tax from 17% to 16% and zero-rating imported agricultural goods. The Government is also looking to concretise the mission of the Housing Promotion Fund – Fundo Para O Fomento de Habitação's (FFH) – to provide housing and build the capacity of the construction materials industry.[23] Due to inflation, the Bank of Mozambique raised its monetary policy interest rate, in March 2022, from 13.25% to 15.25%,[24] increasing commercial banks' prime interest rate. The combined impact of high interest rates and a GDP per capita of MT29 827 (US$467) makes formal housing finance unaffordable for most Mozambicans.[25]

Access to finance

The government's National Strategy for Financial Inclusion (2016-2022) has contributed to improvements in financial inclusion and access to banking services over this period. In 2021, 29.8% of the adult population had a bank account.[26] The coverage of mobile wallets and applications has improved financial inclusion levels. Approximately two thirds of Mozambique's adult population have a digital account that is often supported by a mobile phone.[27] Despite this, the Bank of Mozambique reported a 1.2% decline in its Financial Inclusion Index in 2021.[28] Mozambique has 27 credit institutions that are supervised by the Bank of Mozambique – 15 commercial banks, 11 microbanks and one cooperative.[29] Deposits make up the largest source of funding for the banking sector, representing 98.3% of total liabilities.[30] Systemwide, the ratio of non-performing loans declined to 10.6% in 2021 – an improvement from 9.83% in June 2020.[31] Due to the impacts of COVID-19, banks restructured approximately 10% of their loan portfolio to bring some short-term financial stability to the credit market.[32] Financial institutions offer credit products to purchase homes, to build or to renovate existing homes. Fifteen commercial banks offer residential mortgages.[33] The Bank of Mozambique recognises home loans as critical to the country's credit system and economy.[34] In June 2022, the banking system's distribution of credit by sector showed that MT6.8 billion (US$106.4 million) was allocated to housing[35] – approximately 2.2% of total credit disbursed. Although housing credit disbursements are relatively low, it is assumed that a considerable amount of private credit extended and the credit portfolio at risk may in fact be attributed to housing. This makes it challenging to accurately capture how much of the sector's credit is used for housing or what proportion of loans are allocated to women.

A number of factors make accessing formal housing loans prohibitive for most individuals, including: the requirements of commercial banks including title deeds to acquire a property on the market; Land Use and Benefit Rights (DUAT); and building permits for self-construction.[36] The central bank imposes a 100% limit on the loan-to-value (LTV) ratio that creditors can extend to their customers.[37] Most banks appear to offer LTVs below this limit. MozaBanco offers mortgages up to 90% LTV,[38] while Absa bank requires a minimum deposit of 15% or an LTV of 85%. With a cost premium of 5.3% (applied by the Mozambican Banking Association), the prime rate has been adjusted higher to 20.6%[39] from 18.6% in March 2022.[40] The average interest rate for new housing loans was 19.2% in June 2022.[41] The mortgage interest rate by commercial banks varies, with the lowest by Standard Bank (1%) and the highest by Société Générale (6%). The maximum mortgage rate charged by commercial banks is 26.6%[4] and banks can accommodate mortgages of up to 30 years.

Housing microfinance and construction finance offer more affordable alternatives to households, who tend to build their homes incrementally as and when resources become available. However, the microfinance market for housing is relatively undeveloped.[43] In 2022, Empowa introduced the first affordable housing Non-Fungible Tokens (NFT's) aimed at mobilising funds to finance affordable home loans for climate-smart housing, targeting 30 low-income families. The NFT is expected to grow Mozambique's mortgage market by 5% and improve housing affordability by extending the opportunity to own a home to more than 60% of the low-income population.[44]

Affordability

Most Mozambicans are employed in the informal economy and earn less than MT6 387 (US$100) a month.[45] Although the Government approved new minimum wage amounts in April 2022, they do not keep up with inflation, which averaged 6.7% between April 2021 and March 2022.[46] Wages are defined by sector[47] and annual increases vary between 3% and 7.6%. From July 2022, civil servants will be entitled to a minimum monthly wage of MT8 756 (US$137).[48] Minimum wages were set for various sectors including agriculture and forestry (MT5 200 or US$81), non-financial services (MT6 578 or US$103), the building industry (MT6 700 or US$105), and banking, insurance and financial services (MT14 340 or US$224).[49]

Absa bank typically requires a minimum mortgage loan amount of MT2 million (US$31 000), payable over 25 years at an interest rate of 20.5%, with an estimated monthly repayment of MT34 380 (US$538).[50] Based on household incomes and given a regulated instalment to household income on a residential mortgage of 30%,[51] this would be unaffordable for most Mozambicans. The government's 'Renascer' housing project targets young people whose incomes range between one and five times the minimum wage – from MT4 000 (US$62) to MT20 000 (US$313). The homes are payable over a 20-year period and are interest free.[52] Over 400 beneficiaries of the programme owe the FFH MT191 million (US$3 million) in rent, due to years of non-payment.[53] Most of these tenants reside in the 600 apartment Olympic Village in the capital city of Maputo. A monthly income of MT21 000 (US$328) is required to live in these apartments, given the monthly rent of approximately MT7 000 (US$109). Other housing developments by the FFH are sold through mortgage payments ranging from MT16 900 (US$265) to MT19 900 (US$312) a month for a two and three bedroom, respectively.[54] However, minimum wages largely fall below these income and mortgage thresholds, so these properties are more affordable to middle income earners. The FFH has begun to restructure financing to accommodate homeowners that are unable to honour their monthly housing payments.[55] This has led to the FFH tightening contractual clauses to ensure that where payments are not made after a defined payment period, there are measures in place to recover the credit, including the use of the law and judicial system. In some instances, homes have even been repossessed.

Private housing developers, such as Casa Real, target households with a monthly income between MT12 774 (US$200) and MT44 709 (US$700) and while this is more accessible, accessing finance is still a barrier for this income group. Through an agreement between Absa and Casa Real, Absa adjusted its mortgage requirements (LTV of 95% and an interest rate of 18.5%) and reduced the minimum income requirement from MT45 000 (US$609) to MT15 000 (US$203). This opens up the market to those employed in the informal economy and demonstrates the potential for banks to finance the lower end of the market.[56]

Housing supply

In 2020, the government launched its five-year flagship 'Habita Moçambique' programme[57] and since its inauguration, 457 houses have been delivered. A total of MT7.5 billion (US$117.4 million) is expected to be mobilised to ensure the implementation of the programme.[58] While the Renascer housing developments target lower income households,[59] the FFH's Housing Complex project is designed for middle income earners. Across the country (in Zimpeto, Zintava, Gaza, Sofala and Nampulac,) 128 apartments and detached houses have been completed.[60] A total of 64 two- and three-bedroom apartments were delivered in Zintava, in the last year.[61] The government's Improvement Project focuses on enhancing the housing conditions of rural families that earn no income and are vulnerable to climate change impacts. In December 2021, FFH delivered 100 improved homes in Zambezia province.[62] As part of post-cyclone reconstruction efforts, 90 one-bedroom houses were constructed in Sofala province, together with the issuing of DUATs for single family homes.[63] The Land Infrastructure project aims to deliver land with infrastructure, water and electricity to families with plans to construct their own homes.[64] Non-payment by tenants is affecting the government's ability to finance the construction of additional homes. The amounts owed to the FFH could otherwise allow for the construction of over 300 homes as part of the Renascer project.[65]

The growing demand for housing means an equally growing demand for construction materials. Some estimates suggest constructions costs in Mozambique can be higher than in neighbouring South Africa.[66] A significant amount MT19 billion (US$152 million) in the first quarter of 2022 of construction material was imported[67] from South Africa, Portugal and China. A 50kg bag of cement costs MT360 (US$5.64).[68] For some developers, total construction costs per square metre have increased by 5% to MT21 475 (US$336), due to the increasing costs of materials.[69] Material costs and the high cost of finance contribute to higher house prices. There is a growing number of illegally constructed buildings in the centre of Maputo, which the municipality plans to demolish.[70] Approximately 60% of construction companies have been found to be operating without construction permits, leading to the proliferation of substandard contractors without the technical capacity to undertake construction work.[71] The choice of materials is also impacting the quality of homes, as contractors seek to cut costs by using low quality building materials[72] including for affordable housing.[73] The Mozambican Government is creating enabling conditions for the private sector to invest in the housing construction value chain, including in the building materials industry.[74] The FFH signed an agreement with Chinese contractor, CITIC Construction to build 35 000 housing units across the country, targeted at the young population and public sector employees. These houses are expected to be completed by 2026 and will cost between MT1.9 million (US$30 000) and MT2.5 million (US$40 000) with long term payment periods.[75]

The port city of Beira has been at the forefront of developing climate-resilient infrastructure, demonstrating the importance of responding to shocks and preserving housing assets and the economy.[76] As part of phase two of Casa Real's Inhamizua housing development, 71 climate resilient homes have been

MOZAMBIQUE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **MT7 500** per month

you could afford to purchase a **MT224 820** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **MT32 250** per month

you could afford to purchase a **MT966 724** house with a mortgage.

Mortgage assumptions – Mozambique

- 24.0% interest rate
- 50% deposit
- 30 year loan tenor
- 50% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

completed.[77] The Minister of Public Works, Housing and Water Resources aims to reach 100 000 beneficiaries through continued investments in environmentally friendly urban and rural sanitation infrastructure.[78] In partnership with the World Bank, the Northern Mozambique Urban Development Project is being implemented to improve housing conditions, access to basic infrastructure and engage local communities on optimal practices on self-construction.[79] The project is expected to benefit 40 000 people with improved homes and an additional 324 000 from improved infrastructure.

Property markets

The general population and housing census reports that most households own their home (94%), but the quality of housing is substandard for many.[80] 77% of Mozambique's urban population live in slums or informal housing.[81] There has been limited recovery in the property market, with demand for housing increasing following the pandemic, particularly in urban centres such as Maputo. However, low incomes and incapacity to pay for housing means property prices remain high for the majority. A survey conducted among real estate agents shows that house rentals range from MT38 000 (US$595) to MT185 000 (US$2 897) in Maputo city[82] – where the rental demand is relatively stronger when compared to the rest of the country. Casa Real, with its financial partner, Reall – is known to have constructed the cheapest, cyclone resistant house in Inhamizua, Beira. This is a 26m^2 home with a price of MT620 000 (US$10 000), which can be expanded.[83] A larger one bedroom (55m^2) is sold for MT932 000 (US$14 592). Casa Real established a rent-to-own model which requires monthly rental payments of MT4 470 (US$70) over 3-5 years, providing aspiring homeowners with the opportunity to build up their credit and access formal mortgages. Land remains the property of the state and cannot be sold or mortgaged. Mozambicans can hold rights to land through being issued a DUAT. To decentralise services, municipal districts will issue DUATs and conduct licensing of housing construction. It is anticipated that this will make the process of responding to DUAT requests and promoting housing construction more efficient.[84] In 2020, Mozambique was ranked 138 out of 190 in the World Bank's Ease of Doing Business.[85] It can take up to 60 days and six procedures to register a residential property.[86]

Policy and legislation

The Habita Moçambique programme, established by the National Housing Strategy (2030), involves a series of housing and infrastructure projects to be implemented by the FFH. It is aimed at the mass construction of social housing for low- and middle-income groups.[87] Since 1976 the General Regulation for Urban Buildings of Mozambique has governed the construction of urban buildings,[88] and municipalities have had their own by-laws regulating technical aspects of construction processes.[89] The Regulation has been earmarked to be reviewed since the development of the National Housing Strategy in 2018, to better reflect the climate effects and existing construction and self-construction practices.[90] A National Climate Change Adaptation and Mitigation Strategy 2013–2025 was introduced in 2010 to protect local livelihoods and improve climate responses.[91] The strategy makes provisions to ensure the participation of women in decision-making[92] and emphasises the need for more resilient housing and infrastructure investments and climate risks for informal settlements.[93]

Opportunities

Digital financial services have become more prominent and present significant opportunities for financial inclusion.[94] Legal frameworks and regulations would need to be developed to support the development of digital finance tools, including housing finance and alternative credit scoring mechanisms that leverage existing mobile payment solutions. Driven by various demand and supply side factors, including a lack of consistent and regular income and the absence of formal documents, access to formal financial services disproportionately affects women.[95] Closing the gender gap, especially in urban areas where income levels are key for gaining access to financing, can potentially be addressed through the fintech ecosystem. The government's effort to improve coordination and strengthen the capacity of local governments to proactively issue DUATs may improve efficiencies in land titling and registration, and therefore tenure security. This could gradually expand access to housing and opportunities for financial institutions to extend credit for home purchases. The government could prioritise the development of the local building industry and requisite skills, focussing on materials and technologies that are climate resilient. This should be accompanied by capacity building and enforced regulation of 'green' building standards. Initiatives can focus on incentivising private participation in the sector in order to crowd in investments.

Availability of data on housing finance

The National Institute of Statistics regularly publishes macroeconomic and social statistics, sectoral reports on construction and undertake the census surveys. A report on gender statistics in Mozambique's economy was published in 2022. The Bank of Mozambique provides financial, economic and credit data. Although not sufficiently disaggregated for housing, the bank releases publications on financial stability, financial inclusion, monetary statistics and distribution of credit by sector. Data on residential mortgages and mortgage terms are not centralised but sourced from individual banks where possible. Private sector institutions such as the Mozambican Banking Association and the Confederation of Business Associations publish useful surveys and sectoral studies, although residential mortgage data and housing construction data is not disseminated. The Ministry of Public Works and the Housing Promotion Fund provide information on legislation and policy and housing and infrastructure projects. This includes houses built and delivered as part of the state's housing programme. The Ministry of Land and Environment's website lists information on ongoing climate vulnerability programmes and projects. International development partners, such as the World Bank and UN-Habitat regularly publish reports and indicators on Mozambique's climate change profile.

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National Association of Municipalities of Mozambique www.anamm.org.mz
National Investment Bank www.bni.co.mz
UN Habitat Mozambique www.unhabitat.org/mozambique

Green applications for affordable housing

The National Urban Policy that will have legal and regulatory implications for climate resilient housing and infrastructure, is still under development. The government, through the Post Cyclone Accommodation Programme (PALPC), has earmarked MT2.6 billion (US$42 million) for the reconstruction of 15 000 homes using climate-resilient construction practices and techniques that can be passed on to local communities in Sofala province.

Empowa and Casa Real have partnered with Easy Housing to create markets for affordable and climate-smart housing in Beira. Empowa supports greener developments using the International Finance Corporation (IFC's) EDGE certification. Easy Housing is based on a circular and biobased building concept, and the use of sustainably sourced timber, which captures carbon in the structure of the building and include a solar and rainwater system. The concept is cost-effective, and the design is resilient enough to withstand natural disasters.

In 2020, 77% of urban households had access to piped water, while 69% of the urban population were without basic sanitation services. Less than half (30.6%) of Mozambique's population have access to electricity. Initiatives have also been introduced to support off-grid solutions, as part of Mozambique's National Electrification Strategy to reach universal access by 2030. A new Regulation on Access to Energy in Off-Grid Zones was established in December 2021. The government intends for this policy to attract private investments in new technologies and financing models in decentralised energy.

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Namibia

Loyd Sungirirai and Sam Mwando

Overview

The Namibian housing crisis is characterised by high housing costs due to the slow and costly delivery of serviced land and negligible affordable formal housing production, in a context of high unemployment, under-employment, and extremely low levels of household income. More than 40% of the Namibian population and around 66% of its urban population live in informal settlements or backyard shacks.[1] The overall population of Namibia increased from 1 409 920 in 1991 to 2 113 077 in 2011 and was estimated at 2 587 344 in 2021.[2] With an average growth rate of 1.4% a year, Namibia's population is projected to increase from 2.3 million in 2015 to three million by 2030.[3] The National Planning Commission has estimated the urbanisation rate at 4.5% a year, which is higher than the average population growth.[4] The percentage of the population that is urbanised is projected to rise to almost 60% in 2025, up from 41% in 2001, which suggests that the challenges of capacity for urban development will intensify.[5]

Namibia is classified as an upper middle income country. Gross national income per capita is between N$66 236 (US$4 036) and N$208 342 (US$12 695). Gross domestic product (GDP) per capita levels are high by Sub-Saharan Africa standards, estimated at N$77 614 (US$4 729) in 2021.[6] Real GDP growth is projected to increase to 3.2% in 2022 before moderating slightly to 2.9% in 2023. The projected improvement in 2022 is mainly on account of growth in the mining sector, particularly in diamonds and gold. Most primary industries as well as secondary and tertiary industries are expected to register positive, but with low growth rates during 2022 and 2023.[7]

The ongoing war between Russia and Ukraine and associated economic sanctions on Russia has led to supply shortages of various consumer products as well as some key production inputs, contributing to high inflation around the world. The Bank of Namibia (BoN) has responded to this global crisis by increasing the interest rate by more than was anticipated. The annual inflation rate accelerated to a more than five-year high of 6.8% in July 2022, driven by surging food and transport costs and the lingering effects of COVID-19 lockdowns and extreme weather. In August 2022 the BoN raised its key lending rate by 75 basis points to 5.5%,[8] bringing Namibia on par with South Africa, which raised its benchmark interest rate by the same amount in July 2022, and aligns with other central banks seeking to blunt inflation and halt capital outflows.[9] The rising interest rate environment will add further pressure on mortgage loan growth in 2022, with the cost of lending increasing as most commercial banks will be increasing their Prime Lending rate and Mortgaging Lending rate.[10]

Climate change has had a negative effect on Namibia, affecting the population and the country's development goals. The country has a harsh desert and a low-precipitation climate, worsened by other existing vulnerabilities including changing rainfall patterns and rising temperatures.[11] The country has prioritised adaptation measures, as reported in National Development Plans (NDPs), among other documents, and highlighted through the Adaptation Communication.[12] Some recommended adaptation priorities include the improvement of climate-resilient engineering and building standards for infrastructure in the housing, rail, transport, coastal, waste management, telecoms, refrigeration, and energy sectors.[13] Namibia has made significant progress in implementing various climate change mitigation and adaptation frameworks including the United Nations Framework Convention on Climate Change (UNFCCC), Sendai Framework for Disaster Risk Reduction 2015 -2030 and National Disaster Risk Management Plan (NDRMP) of 2011 (currently being reviewed).[14] The NDRMP aims to guide and strengthen national capacity for disaster risk management and to provide a framework for sectoral and regional disaster risk management in Namibia. The Ministry of Urban and Rural Development takes action to prevent, prepare, and recover from fires involving the structural components of various types of residential properties, infrastructure failures, and the rehabilitation of damaged infrastructure prior, during, and after disaster situations.

KEY FIGURES

Main urban centres	Windhoek
Exchange rate (1 July 2022): 1 USD = [a]	16.41 Namibian Dollar (NAD)
1 PPP$ = (2021) [b]	7.13 Namibian Dollar (NAD)
Total population (2021) [b] | Urban population (2021) [b]	2 587 344 | 1 371 422
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.81% | 3.66%
Percentage of urban population living in slums (2018) [d]	42.3%
Population living less than 5m above sea level (2010) [b]	1.1%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households (2018) [e]	43.9%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	23.11%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	21.7%
Percentage of women participating in the labour market formally (2021) [b]	55%
Gini coefficient (2017) [b]	57.2
HDI country ranking (2020) [d] | HDI country score (2021) [d]	134 | 0.61
GDP per capita (Current US$) (2021) [b]	US$4 729
GDP (Current US$) (2021) [b]	US$12 236 million
GDP growth rate (2021) [b]	2.43%
Inflation rate (2021) [b]	3.6%
Lending interest rate (2021) [b]	6.9%
Proportion of adult population that borrowed formally (2020) [b]	68%
Number of residential mortgages outstanding (2021) [f]	49 077
Value of residential mortgages outstanding (USD) (2021) [f]	US$2 997.8 million
Prevailing residential mortgage rate [g] | Term [h]	9 – 13% | 30 years
Maximum LTV on a residential mortgage [g]	100%
Ratio of mortgages to GDP (2021) [f]	23.8%
Number of residential mortgage providers (2021) [f]	8
Percentage of women who own a house alone and/or jointly (2018) [e]	30.8%
Number of microfinance loans outstanding (2021) [i]	229 999
Value of microfinance loans (USD) (2021) [g]	US$470.91 million
Number of microfinance providers (2021) [g]	377
Total number of residential properties with a title deed (2019) [j]	274 897
Number of formal dwellings completed annually (2019) [k]	216 452
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [l]	365 000 NAD
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [l]	310m^2
Typical monthly rental for the cheapest, newly built house (2021) [l]	3 800 NAD
Cost of standard 50kg bag of cement in local currency units [m]	85 NAD (US$5.18)
Type of deeds registry: digital, scanned or paper (2020) [n]	Paper
World Bank Ease of Doing Business index rank (2020) [n]	104
Time to register property (days) | Cost to register property (2020) [n]	44 days | 13.8%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	10.5

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF): Atenu Developments

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Namibia
[g] Standard Bank
[h] Bank Windhoek
[i] NAMFISA
[j] Title Deed Office of Namibia
[k] Namibia Statistics Agency (NSA)
[l] Property Centre Namibia
[m] Ohorongo Cement
[n] World Bank Ease of Doing Business Indicators

Access to finance

Namibia has one of the most sophisticated and highly-developed financial systems in Africa.[15] It comprises a diverse range of institutions, which are mostly private. The banking sector is mature, profitable, and well-capitalised. Namibia has eight commercial banks: Bank

Windhoek, First National Bank, Nedbank, Standard Bank, Trustco, Banco Atlantico, Bank BIC and Letshego. These are dominated by four large financial conglomerates (three of which are subsidiaries of South African banks) that hold 98% of total bank assets.[16] The commercial banks offer various property financing via multiple products such as mortgage finance, capital finance, and development finance. The non-banking financial Industry sector is also well-developed, with total assets of around 62% of GDP,[17] dominated by private pension funds, and the Government Institutions Pension Fund (GIPF). Namibia also a number of development finance institutions, including the Development Bank of Namibia and the Agricultural Bank of Namibia.[18] There are no building societies in Namibia and the country is yet to pass regulations for registration of a building society with the BoN.[19] Building societies are institutions formed to take deposits and thereafter lend money out to exclusively buy or improve houses.

There are seven private mortgage loan providers in Namibia. However, these mortgage loans are mainly granted to upper income households, highlighting an unequal access to housing finance: in particular, the access of middle and lower income groups to mortgage finance is limited. For instance, average house prices in Namibia are between N$823 000 (US$50 148) and N$854 000 (US$52 037) for a 65m^2 house.[20] With a mortgage term of 20 years, as with most mortgage providers, the borrower pays, on average, a repayment of between N$7 142 (US$435) and N$7 411 (US$452).[21] Furthermore, mortgage lending in Namibia is currently facing elevated delinquency (slow and non-payment of mortgages), primarily due to the impact of the COVID-19 pandemic and high inflation. This reduces the risk appetite of mortgage institutions for lending in the housing market, especially among the medium and low income segments, which remain underserved. Annual growth in mortgage credit extended to households was 2.6% at the end of 2021 compared with 5.2% in the previous year.[22] The low demand for mortgage credit usually mirrors a weak housing market in a depressed economic environment.

The Shack Dwellers Federation of Namibia (SDFN), a network of 605 small-scale saving schemes that, as of 2019, had 20 400 members across the country. It is a community-driven housing programme that produces secure, good-quality housing in Namibia.[23] SDFN has had a significant impact on the lives of low-income urban households in Namibia, particularly women. Due to their immediate need for water, food, and shelter, environmental sustainability is not typically a concern for the poor. However, the Namibian Housing Action Group and SDFN support efforts to address these needs. The local manufacturing of hollow concrete blocks on-site, for instance, avoids the need for transportation, and tree planting on individual plots is promoted. By developing the property on their own, members are able to be sensitive to existing environmental elements, such as enormous trees and greenery.[24] Other independent saving groups that are not part of the SDFN also exist.

The non-bank finance institutions include microlenders, pawnshops, and finance and leasing companies supervised by the Namibia Financial Institutions Supervisory Authority (NAMFISA). There were 426 registered and regulated institutions by August 2022[25] with a total book value of outstanding microloans at N$7.4 billion (US$451 million), an 8.1% increase from 2021[26] Many Namibians depend on cash loans, as well as microloans and retail loans to supplement their monthly income and living expenses. Although a new Microlending Act was enforced in October 2018, with the intention of protecting borrowers from industry malpractices, the sector has been plagued by consumer complaints ranging from unauthorised extension of loan periods and overcharged interest.[27]

The International Finance Corporation (IFC), an international financial institution and a member of the World Bank Group has facilitated N$ million (US$50 million) to the banking and microfinance subsidiaries of Letshego Namibia.[28] IFC's facility will help Letshego promote access to housing finance via affordable housing mortgages and home improvement loans to un(der)served individuals in Namibia. Letshego, Namibia's biggest microlender has launched affordable housing financing aimed at people who struggle to access housing because of a lack of affordability, stringent qualifying credit criteria, and restrictions in the location of houses. The financing is an all-in-one solution with land and a customisable house, or capital to purchase material to renovate existing homes or properties, wherever the structures may be located. Namibia has various housing institutes and programmes that provide affordable housing, The National Housing Enterprise (NHE) is a state-owned company mandated to provide affordable housing for individuals, mainly government employees, and provides low cost houses valued at N$170 000 (US$10 359). It is an initiative of the Ministry of Urban and Rural Development. The Build Together Programme, established in 1992, is a state-supported, microcredit lender, land, and housing development programme. The programme focuses on people with incomes under N$3 000 (US$183) .

Affordability

Namibia's unemployment rate stood at 21.68% in 2021 with a youth unemployment rate of 40.44% – and an aggregate of 22.7% unemployed men and 20.62% unemployed women.[29] The Namibian housing sector is categorised into five market segments[30] namely: ultra-low, with monthly household income between N$0 and N$5 000 (US$305) represented by 62% of the population; low, with monthly household income between N$5 000 (US$305) and N$10 000 (US$609) represented by 25% of the population; middle, with monthly household income between N$10 000 (US$609) and N$20 000 (US$1 219) represented by 10% of the population; high, with monthly household income between N$20 000 (US$1 219) and N$40 000 (US$2 437) represented by 1.7% of the population; and ultra-high, with monthly household income above N$40 000 (US$2 437) represented by 1.1% of the population.[31] It is the ultra-low to low income groups that are hard hit by housing affordability. In Namibia, a household is considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households.[32] Most housing finance products require borrowers to have a minimum salary of N$12 900 (US$786) or (in some cases) N$14 300 (US$871).[33]

Most poor people cannot afford land as it is very expensive. The cost of serviced land measuring 375m2 is highest in Windhoek , costing N$228 000 (US$13 893), and cheapest in Keetmanshoop, costing N$20 300 (US$1 237), followed by Rundu, costing N$30 050 (US$1 831).[34] The total construction of a standard three-bedroom house costs, on average, N$616 886 (US$37 589) in Windhoek, while in Keetmanshoop it could cost N$407 940 (US$24 857) due to varying land prices. The high prices of building materials exacerbates the high cost of housing construction. The average price of a bag of cement is estimated at N$85 (US$5), bringing the average total cement cost for a three-bedroom house to N$14 050 (US$856).[35] Full servicing of new land of 150m2 including bulk infrastructure, gravel roads, street lighting, and electricity is estimated at N$45 000 (US$2 742), and full servicing for 300m2 is estimated at N$86 000 (US$5 240). A core house of 35m2 including bathroom and kitchen materials is N$40 000 (US$2 437).[36]

NHE acts as a developer and financier of credit-linked housing for individuals earning between N$5 000 (US$305) and N$20 000 (US$1 219) a month or a combined household income of N$30 000 (US$1 828) a month. Loan repayment periods range between 20 and 30 years at prime interest rate minus one. Furthermore, collateral of 20% or a deposit of 5% is required.[37] The Build Together Programme consists of four sub-programmes: urban/rural housing loans, social housing, single quarter's transformation and the informal settlement upgrading programme. It is widely used for the loan element, with loan amounts varying between N$3 000 (US$1823and N$40 000 (US$2 437). To qualify for the NHE needs monthly earnings over N$5 000 (US$305) and a deposit of 10% of the value of the property. Generally, this scheme is focused on a population with some form of income, which is above 40% of the population. The Build Together Programme then supports the ultra-low and low income segments.[38]

Housing supply

The most recent estimate of Namibia's housing backlog was from the NDP4, estimated at 300 000 units. It will require N$76 billion (US$4.6 billion) to clear the backlog.[39] With only 7 200 new units constructed a year, the government is not making a real impact on the backlog in the lowest income groups. In addition, Namibia's population is growing at a rate of 1.8% per annum according to data from 2021.[40]

The Namibia second Harambee Prosperity Plan (HPPII) has set a target of delivering 85 000 housing units countrywide by 2025 through the following public and private stakeholders: the NHE, the GIPF, the SDFN, Ongos Valley, regional councils, local authorities and other private sector developers, including land developers, mass housing developers, public-private partnerships, and personal property developers that build affordable housing using debt and equity finance.

The waiting list for the NHE alone stood at just over 8 000 households in 2011.[41] Between its inception in 1993 until 2010, NHE delivered only 8 000 houses. NHE has been allocated to deliver 5 000 units in the four year period, but its delivery rate is still far below the expected target.[42] Government contributions to state housing projects such as the NHE and the Build Together Programme seem less efficient than the private sector. SDFN and private developers through various programmes in 2015/2016 period, constructed a total of 3 271 houses.[43] The key challenge in the delivery of housing in Namibia is the lack of available serviced land, which is both slowing down the process of housing delivery and pushing up prices of serviced land.

NAMIBIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **N$10 000** per month

you could afford to purchase a **N$315 019** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **N$15 000** per month

you could afford to purchase a **N$472 529** house with a mortgage.

Mortgage assumptions – Namibia

- 11.0% interest rate
- 0% deposit
- 30 year loan tenor
- 100% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The limited availability of serviced land is mainly due to a lengthy and outdated approval process for proclamation, surveying, subdivision, and registration of land. Furthermore, vast tracts of land are unutilised as they are locked up in land banks. Additional challenges include the limited financial capacity of local authorities and a lack of surveyors and other qualified personnel at local levels.[44]

Property markets

The Namibian property market is founded on a well-established and secure system of property registration and ownership. The country made property registration more transparent by publishing time standards for issuance of deeds and official cadastral maps. Namibian laws and policies recognise women's ability to inherit, own, and access property. Namibia has 41.5% of women registered with secure land use rights in accordance with the Communal Land Reform Act.[45]
House prices in Namibia continue to rise, albeit at a slower pace. FNB residential property price index posted a 12-month average growth of 4.7% at the end of March 2022.[46] House prices in the capital Windhoek are falling and demand is now declining sharply because of a continuous aggressive increase in interest rates and increased inflation leading to an unfavourable appetite for credit. This is precipitating a decrease in demand for mortgage loans and homeownership in general. Sales of residential plots contracted by an average of 16.2% at the end of 2021, up from 45.2% at the end of September 2021, but lower than the growth of 18% recorded in 2020. The FNB residential rental index for the fourth quarter of 2021 posted a smaller contraction of 0.7% significantly better than the 2.1% recorded a year earlier.[47]

The Namibia Estate Agent Board regulates the estate agency profession by ensuring that all persons carrying out the activities of an estate agent as a service to the public are registered with it. A fidelity fund certificate, which is to be renewed each year, is issued as evidence of such registration and confirmation that such a person is legally entitled to carry out the activities of an estate agent. Property rates are calculated based on the municipal value of the property. This means that the charges differ from property to property. The municipal value of property includes land and improvements.[48] Namibia made transferring property more expensive by increasing the transfer and stamp duties. Stamp duty and transfer tax is also imposed on the acquisition of immovable property. Stamp duty is payable at N$12 (US$0.73) for every N$1 000 (US$61) and transfer duty is payable at 12% of the acquisition value of any property acquired by a person and payable within six months of the acquisition.[49]

Policy and legislation

Policy reforms in the country's housing and land-tenure systems are creating new opportunities by eliminating bottlenecks for urban serviced land and housing delivery. The private sector is now vital in meeting the growing demand for formal housing, upgrading informal settlements, creating affordable mortgage finance products, and leveraging climate finance and green building opportunities. The government reviewed Namibia's National Housing Policy (NHP) of 2009 with the Revised NHP 2022, published by the Integrated Land Management Institute in February 2022. The new policy shows that there is an annual need of about 30 000 housing units to replace existing and future substandard housing from 2021 until 2030. The NHP 2022 advocates that alternative housing models such as social rental, rent-to-buy, and housing cooperatives need to be explored through on-going experimentation, and monitoring and evaluation of the outcomes. The Namibia Co-operative Policy of 2017 has incorporated housing co-operatives and saving and credit co-operatives by pooling resources to privately purchase and develop land. The government role is to facilitate the co-operatives to acquire land for development activities or redistribution to their members.[50]

According to the United Nations, 6.9% of women aged 20–24 years old were married or in a union before age 18.[51] The Sustainable Development Goal (SDG) indicator 5.1.1 measures government efforts to put in place legal frameworks that promote, enforce and monitor gender equality. Namibia had 91.7% of legal frameworks under the SDG indicator focus on the prevention of violence against women. The Namibian government's housing policies do not focus on the youth or women. An incidence of poverty in female-headed households of 19% compared to 16% for male-headed households shows that there is a need for equitable consideration of women and vulnerable groups in policy formulation.[52] There is also a need for the development of gender disaggregated financial data in housing data.

The Government of Namibia established a multi-sectoral National Climate Change Committee in 2001 to guide national activities and measures aimed at adapting to climate change. The government also developed a Climate Change Policy (NCCP) in 2011, as well as a National Climate Change Strategy and Action Plan (NCCSAP) which was approved by Cabinet in 2014. The NCCSAP is a key instrument and strategic implementation plan that operationalises the NCCP from 2013–2020.[53] The Government of Namibia is investigating options to both increase energy security and encourage the efficient use of energy through the Vision 2030 agenda, which supports developing adequate baseload power through the construction of energy infrastructure. The Revision of National Building Codes to Incorporate Renewable Energy Technologies and Energy Efficiency Principles and the Namibia Energy Efficiency Programme in Buildings (NEEP) advocate the nationwide adoption of energy-efficient technologies and practices in commercial and residential buildings such as government office buildings, hospitals, hotels, schools and possibly a sample of residential buildings.[54]

The Disaster Risk Management Act of 2012 is aimed at establishing institutions for disaster risk management in Namibia. A disaster risk management plan is in place to cover among others drought and floods from climate change. It is also aimed at providing an integrated and coordinated disaster management approach that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery.[55]

Opportunities

The Namibia Statistics Agency (NSA) released the first urban land statistics in 2021. The publication provides summaries of the number of serviced plots in all the proclaimed urban areas. Namibia is the 58th least corrupt nation out of 180 countries, according to the 2021 Corruption Perceptions Index reported by Transparency International and the country appears to have remained constant on most measures. On the Property Rights Index Namibia was 54 in 2022.[56] Scores are from 0 to 100, higher scores are more desirable meaning that property rights are better protected. Opportunities exist for improving data availability related to title/tenure, construction, financing, and sale of houses. The HPPII has proposed that Namibia become a supplier of green energy. Namibia is already better-positioned resource-wise, with its high potential for solar, wind and biomass

generation, and invader bush that is widely spread in the country's northern parts, which allows a large-scale bioenergy-based production capacity.[57] Namibia remains a country with high property prices and a soaring housing-supply backlog, presenting opportunities for the sector.[58] To deal with the challenge of inadequate capital and availability of affordable and serviced land NHE has sought private partners to boost the number of houses it is delivering. The Inclusive Sustainable Urban Development by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) supports the Ministry of Urban and Rural Development in its efforts to guide local authorities' town planning and to upgrade informal settlements. Other development banks, such as KfW and Africa Development Bank fund selected projects.[59]

Availability of data on housing finance

Most information comes from public organisations and government departments, but is either outdated, subjective, or is incomplete. The BoN and NAMFISA are the main sources of macroeconomic data related to housing finance. The BoN's resources contain data related to aggregate household indebtedness and the performance of the mortgage market. NAMFISA's statistical bulletins contain data related to the performance of the microfinance market.

The NSA is the main source of public data on housing demand and supply. This institution publishes monthly statistics on the number and value of building completions for four major towns. NSA demand-side data includes its Land Statistics, Household Income and Expenditure Survey, Inter-Censal Demographic Survey and Population and Housing Census. Mortgage data and land transaction statistics are virtually non-existent or, when they exist, are not categorised, processed or analysed rigorously enough to be reliable. The digitisation of the deeds registry is still underway and should facilitate public provision of data.

Green applications for affordable housing

NEEP, which focuses on the green application of buildings, is a new project co-funded by the Global Environment Facility. The three-year project is being implemented by the Ministry of Mines and Energy and the Renewable Energy and Energy Efficiency Institute at the Polytechnic of Namibia. Namibia's top energy sources are petroleum, hydropower, imported electricity, and imported coal. The country's own internal resources supply less than one-third of its energy requirements. There are around one million Namibians without access to electricity, which means that almost half (47%) of the country is living without any electricity access. This is linked to a lack of service delivery by the council in informal settlements where 66% of urban populations live.

The Green Building Council Namibia initiative is also taking place under NEEP. The Namibian Clay House Project Development Trust focuses on projects that develop and deliver innovative solutions using local and sustainable materials. This provides environmentally friendly sanitation and allows communities to use clay in constructing houses, thus combating land degradation. FNB Namibia Holdings at Parkside building achieved the first 5-Star Green Star design rating in Namibia.

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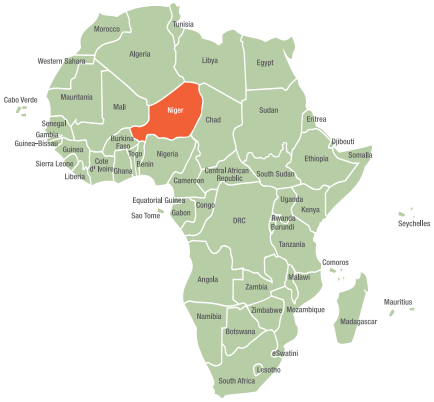
Niger

El hadji Souleymane Sow



KEY FIGURES

Main urban centres	Niamey
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XOF)
1 PPP$ = (2021) [b]	251.87 CFA Franc (XOF)
Total population (2021) [b] | Urban population (2021) [b]	25 130 810 | 4 209 662
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	3.75% | 4.50%
Percentage of urban population living in slums (2018) [d]	58.8%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households (2018) [e]	15.9%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	15.45%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	0.8%
Percentage of women participating in the labour market formally (2021) [b]	62%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	189 | 0.40
GDP per capita (Current US$) (2021) [b]	US$596
GDP (Current US$) (2021) [b]	US$14 951 million
GDP growth rate (2021) [b]	1.35%
Inflation rate (2021) [b]	3.8%
Lending interest rate (2018) [b]	5.14%
Proportion of adult population that borrowed formally (2021) [b]	52%
Number of residential mortgages outstanding (2014) [f]	1 439
Value of residential mortgages outstanding (USD) (2020) [f]	US$72.38 million
Prevailing residential mortgage rate [f] | Term [g]	6 – 13% | 30 years
Maximum LTV on a residential mortgage [h]	100%
Ratio of mortgages to GDP (2019)	0.26%
Number of residential mortgage providers [f]	14
Percentage of women who own a house alone and/or jointly (2018) [e]	39.1%
Number of microfinance loans outstanding (2020) [f]	136 328
Value of microfinance loans (USD) [f]	US$31.64 million
Number of microfinance providers [f]	37
Total number of residential properties with a title deed (2014) [i]	2 419 116
Number of formal dwellings completed annually (2021) [j]	667
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [j]	8 900 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [j]	57m^2
Typical monthly rental for the cheapest, newly built house (2021) [j]	50 000 XOF
Cost of standard 50kg bag of cement in local currency units [i]	5 200 XOF (US$8.25)
Type of deeds registry: digital, scanned or paper (2020) [k]	Paper
World Bank Ease of Doing Business index rank (2020) [k]	132
Time to register property (days) | Cost to register property (2020) [k]	44 days | 7.4%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	4.0

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Central Bank of West African States (BCEAO)
[g] BIA Niger
[h] Banque Habitat du Niger (BHN)
[i] National Institute of Statistics
[j] Dbimmoniger.com
[k] World Bank Ease of Doing Business Indicators

Overview

Over 1.267 km^2 in size, Niger is a large, landlocked country in North Africa located in the Sahel and Sahara, and as such is made up of mostly desert land (the Sahara Desert covers more than 80% of its area).[1] The country had an estimated population of 25.13 million in 2022, with the majority of its population concentrated in the southern part of the country due to its milder climate and more favourable conditions for agriculture.[2] The percentage of the population that is urbanised is low (16.75%) but the growth of the urban population is rapid (4.5% in 2021).[3] This rapid urbanisation is caused in part by the rural exodus, with climate change, violence, political insecurity and terrorism all playing a part. The country's few urban centres are not being well-managed and developed to plan for and deal with the influx of people. Thus an imbalance exists between the supply and demand of housing, resulting in most housing being self-built and an increase in the slum population to 59%.[4]

Between 2020 and 2021, Gross Domestic Product (GDP) growth fell to 1.3%.[5] The low levels of agricultural production due to limited rainfall and the decline of 2.3% in per capita income as neighbouring countries have suspended cereal exports, have left more than 10% of the population living with food insecurity. The number of extremely poor people increased from 9.8 million to 10.5 million in 2021. This number could reach 10.7 million in 2022 due to high population growth.[6]

Despite this, Niger's economic growth rate is expected to accelerate to 6.9% in 2022.[7] Average annual inflation has risen from 2.9% in 2020 to 3.8% in 2021, and remains above the West African Monetary Union (WAEMU) standard. Inflation is expected to remain high (5.1% in Q1 2022) due to persistent upward pressure on food prices exacerbated by the war in Ukraine.[8] Public debt increased to 50.9% of GDP in 2021, compared to 43.6% in 2020, with a moderate risk of over-indebtedness.[9] Covid-19 and the increase in security spending has led to an increase in public spending and larger fiscal deficit (3% of GDP). This deficit is financed by grants and loans which with debt levels of 50.9% of GDP already, make the country increasingly vulnerable.[10] The annual average exchange rate increased from CFA553 for US$1 on 1 July 2021 to CFA635 on 1 July 2022.

Niger is extremely vulnerable to climate change and prone to natural disasters including droughts, floods and locust invasions which all add to food insecurity. As the economy depends on the agropastoral sector, climate change is predicted to cause a loss of GDP growth of up to 3% per year.[11] Niger has lost an average of CFA40 billion (US$63.49 million) due to floods and droughts. Since June 2022, at least 40 deaths have been recorded from floods in Niger and more than 8 000 buildings collapsed due to poor construction.[12]

Access to finance

Niger's banking environment is made up of 20 credit institutions, including 14 banks and six financial institutions.[13] Niger has 39 microfinance institutions. Pensions, insurance companies and capital markets remain very limited. Financial inclusion is low with only 6.76% of the adult population over the age of 15 having a bank account. Loans granted by microfinance institutions accounted for a small share of total credit.[14]

The average lending interest rate on loans fell from 9.12% in 2016 to 8.15% in 2020.[15] The bank base rate varies from one bank to another. The Banque de l'Habitat du Niger (BHN) and the Société Nigérienne de Banque (SONIBANK) offer the lowest interest rate on real estate loans at 6%. The maximum interest rate on residential mortgages is between 12.5% and 13.6%.[16] Housing finance is very marginal within the banking system. The credit allocated to housing financing increased from CFA14.2 billion (US$22.54 million) in 2013 to CFA20 billion (US$31.74 million) in 2017, representing 4% of the total outstanding credit.[17]

The BRT offers real estate loans to its customers for a period of up to 30 years. Orabank Niger supports its clients' real estate projects between CFA3.0 million (US$4 762) and CFA10.0 million (US$15 873) over 15 years with an interest rate of 7.75%. For a client to be eligible, he must have a mortgage guarantee, take out insurance, domicile his salary or credible income during the repayment period, hold a contract, make a mortgage registration, have a plan of the architect and present an estimate and description. Banque of Africa Niger (BOA Niger) and Banque Atlantique Niger also offer medium- and long-term mortgages (20 years). The amount of the loan is determined according to the transferable proportion of the customer. This amount can reach 80 to 100% of the value of the property or the overall cost of construction.

In June 2022, the Central Bank of West African States (BCEAO) decided to raise the key rate from 2.00% to 2.25%, in order to boost economic growth.[18] It is becoming increasingly important to be able to raise resources on the financial market, particularly in the case of housing. Recourse to the Caisse régionale de refinancement hypothécaire (CRRH-UEMOA) is necessary. Indeed, the long-term resources available under the banking system take the form of term deposits and equity.

In January 2022, Niger raised an amount of CFA33 billion (US$52.39 million) of maturity 3 years on the WAMU financial market.[19] On 24 May 2022, the State launched a bond issue by Public Call for Savings in the amount of CFA100 billion (US$158.73 million) with an interest rate of 6.5% over a maturity of 12 years.[20]

In 2022, there are 37 microfinance institutions (MFIs) , apart from the funds affiliated to the networks. The level of outstanding assets increased from CFA21.938 billion (US$34.82 million) at the end of March 2021 to CFA19.397 billion (US$30.79 million) at the end of March 2022, a decrease of 11.58%. The number of outstanding receivables increased from CFA11.35 billion (US$18.02 million) in 2021 to CFA8.13 billion (US$12.90 million) in 2022.[21]

Affordability

The annual demand for housing in Niger is estimated at 40 000, including 5 000 in the capital, Niamey. The state's strategic vision is to provide housing at a lower cost. The BRT was set up with a National Housing Fund to finance affordable housing. The supply of affordable housing by the government and the private sector remains insufficient and the bulk of housing stock is constructed through self-build.

The proportion of the population living below the national poverty line is extremely high (41% in 2022, a decrease from 41.8% in 2022). However, the number of poor households is expected to increase by 200 000 people in 2022 due to rapid population growth.[22] The Gini index measured at 37.3% shows considerable inequality in the distribution of income across the population.[23] In the non-agricultural sector, 89% of workers were in the informal sector in 2018.[24] Only 22% of salaried workers have access to housing finance.[25] To access a home through a mortgage, a ratio of the monthly payment to household income is applied on a case-by-case basis according to income. Ecobank offers a transferable proportion of 50% of income and Orabank Niger offers up to 60%. These loan conditions make affordable housing inaccessible to a large part of households.

According to the Regional Integrated Survey on Employment and the Informal Sector, the unemployment rate in Niger combined with underemployment related to working time is the highest (29.8%) in the WAEMU zone.[26] Niger has set up the Financial Inclusion Development Fund (FDIF) for an amount of more than CFA30 billion (US$47.62 million) for the financing of women and youth.[27]

Housing supply

To fill the housing gap in Niger, the government has committed to building 25 000 social housing units over the 2016-2021 period.[29] In 2022, the State, in partnership with real estate developers Africa Tech and Global Gate, is expected to deliver 1 550 homes in Niamey at a cost of CFA17.6 billion (US$27.94 million).[30] The National Institute of Statistics (INS) estimates the annual average housing construction to be 4 275 in Niamey, and 11 420 housing units for the urban environment in total. 95% of housing in the large cities are built informally.[31]

More recent data is not available, but in 2021 Niger had a housing stock of 2 419 116 housing units for 2 419 836 ordinary households, of which 17.9% were in urban areas. Traditional banco construction made up 54.7% of housing in urban areas, villas made up 15.7% of the housing stock and 9.9% of the housing stock were classified as huts.[32]

The proportion of the population with sustainable access to a source of drinking water improved over the 2014 to 2019 period, from 42.4% to 55.1%. This performance could be explained by the construction of major hydraulic works. In urban areas, 39 527 private connections, 544 standpipes and 595.90 km of pipes were built over the 5 year period reaching more than 667 270 people.[33] Only 19.3% of the population has access to electricity.[34] The price of a 50kg bag of cement amounts to CFA5 200 (US$8) in 2022 compared to CFA5 000 (US$7) in 2021.

Property markets

The property market is weakened by the lack of funding for housing. Despite Law 2018-25 of 27 April 2018 on the fundamental principle of construction and housing, the issue of housing is still a concern for residents of urban centres.[35]

Land tenure comprises two main systems: the formal system and customary systems. Ordinance No. 93-015 of 2 March 1993 on the guiding principles of the Rural Code is the main text in land matters. According to article 4 of this ordinance, all Nigeriens can access land, without discrimination based on sex or social origin. Women can inherit when custom allows.[36]

Niger does have a program for physical and digital archiving of land documents. In addition, the Millennium Challenge Account (MCA-Niger) took the initiative, in 2020, to provide communal land commissions with technical means to improve the management of land, which is often a source of disputes and conflicts.[37] Approximately 95% of households owning land do not have legally authenticated documents. Only 11.1% of owners (or co-owners) of their residential dwellings have a title or deed of ownership.[38] At the national level, 77.1% of households are owners and 7% are renters. However, in urban areas, only 43.2% of households are owners, more than 30% are renters and 10.9% occupy family dwellings.[39]

The median cost per square meter of unserviced land in Niamey is CFA20 000 (US$31) per square meter. Prices are currently higher at the Niamey centre. The rent price is about CFA100 000 (US$158) for homes that meet certain standards. In Niamey, the average rent for a unit with bedroom and living room increased from CFA40 000 (US$63) to CFA50 000 (US$79) in 2022. The price of rent is continuously increasing and regulations are not enforced.[40] In the city centre, monthly rents vary between CFA1.5 million (US$2) and CFA3.0 million (US$476) for an apartment.[41]

According to World Bank Doing Business 2020, Niger is ranked 115th place for property registration. Registering a property comprises four procedures and takes 13 days, at a cost of 7.4% of the property value. The same report ranks Niger in 180th place with respect to the ease of obtaining building permits. That process entails 19 procedures and takes 98 days. The cost of building permits remains high, costing 32.4% of the property value.[42]

Policy and legislation

The basis of the national housing policy is Law No. 98-54 of 29 December 1998.[43] After defining the national housing policy, the government shows its willingness to fight against indecent living conditions. A national urban development strategy was developed and adopted in 2004. In October 2021, Niger set up a National Commission for Urban Planning and Housing, to rehabilitate the mechanism for urban development.

Decree No. 2022-488_PRN_MP of 10 June 2022, adopts the Economic and Social Development Plan (PDES) 2022/26. The PDES 2022/26 is the second five-year version of the Niger 2035 Sustainable Development and Inclusive Growth Strategy.[44]

The purpose of Law No. 2001-32 of 31 December 2001 is to establish the legal framework for all interventions by the State and other actors resulting in the structuring, occupation and use of the national territory and its resources. Law No. 2008-03 of 30 April 2008 on the Orientation Law on Urban Planning and Land Development sets out the basic rules and procedures for urban planning and operational urban planning as well as the control of urban land use.[45]

NIGER – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **CFA123 000** per month

you could afford to purchase a **CFA4.388 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **CFA127 000** per month

you could afford to purchase a **CFA4.531 million** house with a mortgage.

Mortgage assumptions – Niger

- 9.5% interest rate
- 0% deposit
- 30 year loan tenor
- 100% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Since 2014, the government has been working with real estate developers to increase housing supply. In December 2018, the State set up a National Housing Fund, domiciled in the BRT, to help lower social housing prices through interest rate subsidies, loan guarantees and the refinancing of housing loans.[46]

Ordinance No. 93-015 of 2 March 1993 on the guiding principles of the Rural Code emphasizes equal access to land without discrimination. According to custom, women usually access land by loan on family land. This access is not called into question in the event of the death of the head of the family or divorce.[47]

Opportunities

Niger enjoys a natural advantage given its strategic position and population. The measures taken by the public authorities and the development of the energy and agricultural sector are opportunities. Niger is among the world's top 5 uranium-producing countries. Socio-economic infrastructure has been strengthened, including the Goroubanda power plant, the renovation of the international airport and some hotel complexes. Economic growth is expected to accelerate in 2022 and 2023 to 7.2%. Oil growth, which has been negative over the past two years, is expected to reach 20.6% in 2022 and 86.2% in 2023.[48]

The demand for housing is becoming more and more pressing. The volume of housing loans has increased and average interest rates on loans have continuously decreased. The government is signalling its commitment to improving the housing sector through a national policy for access to decent housing. The housing regulatory framework has allowed for an increase in the number of real estate developers. In 2020, Niger moved up in its ranking with the World Bank Ease of Doing Business index. In supporting the Government's efforts and meeting the need for housing, the private sector also has a role to play.

Manufacturing of building supplies, mainly cement, is another area of opportunity. Faced with the growing demand for cement and a local production deficit, the largest cement plant in Niger was created in 2019, costing CFA 50 billion (US$79.37 million). With an estimated production capacity of more than 650 000 tons per year, or 80% of the national cement needs, the company offers 100% Nigerien cement of quality and at a competitive price.[49]

With respect to water issues, less than one in two inhabitants in Niger has access to drinking water. According to data from the Ministry of Hydraulics and Sanitation, in 2019, 42.7% of the urban population benefits from an optimal drinking water service, compared to 3.8% for rural populations. More investment in the water sector is becoming necessary. Yet, despite the vagaries of the climate, the COVID-19 health crisis and security instability, there are signs of resilience in the housing sector and its financing.

Websites

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Banque de l'Habitat du Niger (BHN) www.bhn.ne
BOA Niger www.boaniger.com
Jumia www.jumia.ne
National Institute of Statistics (INS) www.stat-niger.org
Orabank Niger www.orabank.net/
SONIBANK www.sonibank.com

Availability of data on housing finance

The National Institute of Statistics (INS) collects, produces, analyzes and disseminates information on the Nigerien economy and society. The INS conducted four General Population and Housing Censuses (RGPH) in 1977, 1988, 2001 and 2012. The fifth RGPH is scheduled for the end of 2022. The Survey on housing characteristics and living environment implemented by the INS presents information on housing but not on its financing. These NSI reports are available online. In addition, the BCEAO provides information on the conditions of bank financing of housing in WAEMU countries.

The Statistics Directorate of the Ministry of Urban Planning and Housing, created in 2006, has put in place a strategy to collect data on urban development, decent housing coverage, sanitation of the living environment, and improvement of the regulatory framework. However the lack of reliable, detailed and up-to-date data on the housing market is a barrier to financing. Data should be regularly collected on housing and the housing finance market, which would serve as a basis for the formulation of sound policies.

Green applications for affordable housing

Faced with an austere natural environment, Niger has recently strengthened its institutional and strategic framework to combat environmental degradation and the effects of climate change. In 2021, the measures taken improved the country's scores for Sustainable Development Goal 13 on climate change; in particular, by promoting the conservation, substitution and saving of energy from wood, and solar/thermal hybridization, Niger was able to mitigate greenhouse gas emissions caused by biomass.[50] Biomass accounts for 67% of energy production, while natural gas and solar account for 1% of energy production. Crude oil accounts for 29% of national production.[51]

In 2021, the government mobilized CFA 17.685 billion (US$1.4 billion) for the construction of a control center of the country's electricity networks. Niger aims to achieve a national electrification rate of 100% by 2035.[52] Regarding green construction, the startup EcoHouse Niger manufactures durable and thermal solid ecological bricks at an affordable price.[53] Nigerien students have initiated a Niger-Green project that enhances natural resources while facilitating access to renewable energies, in particular by manufacturing ecological coal.[54]

In urban areas, 48.4% of the population have access to electricity in 2020, compared to only 19.3% of the population countrywide.[55] Access to basic water services was 46.3%, while 27% of households benefited from access to basic sanitation services in 2020.

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Nigeria

Dr. Roland Igbinoba

KEY FIGURES

Main urban centres	Lagos, Kano, Ibadan, Kaduna,Port-Harcourt, Benin City,Maiduguri, Zaria, Aba, Jos
Exchange rate (1 July 2022): 1 USD = [a]	415.27 Nigerian Naira (NGN)
1 PPP$ = (2021) [b]	134.21 Nigerian Naira (NGN)
Total population (2021) [b] | Urban population (2021) [b]	211 400 704 | 111 505 415
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.52% | 4.03%
Percentage of urban population living in slums (2018) [d]	58.8%
Population living less than 5m above sea level (2010) [b]	2.7%
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2018) [e]	18.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	21.25%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	9.8%
Percentage of women participating in the labour market formally (2021) [b]	48%
Gini coefficient (2017) [b]	43.0
HDI country ranking (2020) [d] | HDI country score (2021) [d]	163 | 0.54
GDP per capita (Current US$) (2021) [b]	US$2 085
GDP (Current US$) (2021) [b]	US$440 777 million
GDP growth rate (2021) [b]	3.65%
Inflation rate (2021) [b]	17%
Lending interest rate (2021) [b]	11.5%
Proportion of adult population that borrowed formally (2021) [b]	54%
Number of residential mortgages outstanding (2019) [f]	32 260
Value of residential mortgages outstanding (USD) (2021) [g]	US$2 165.5 million
Prevailing residential mortgage rate | Term [f]	6 – 17% | 30 years
Maximum LTV on a residential mortgage [f]	90%
Ratio of mortgages to GDP (2021)	0.50%
Number of residential mortgage providers [g]	58
Percentage of women who own a house alone and/or jointly (2018) [e]	10.7%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) (2021) [h]	US$2 437 million
Number of microfinance providers [f]	887
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE [i]	10
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [j]	3 900 000 NGN
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [j]	42m²
Typical monthly rental for the cheapest, newly built house [k]	150 000 NGN
Cost of standard 50kg bag of cement in local currency units [l]	3 900 NGN (US$9.39)
Type of deeds registry: digital, scanned or paper (2020) [m]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [m]	131
Time to register property (days) | Cost to register property (2020) [m]	91 days | 11.3%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [m]	8.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Affordable Housing Institute
Family Homes Funds
International Housing Construction Show
Nigeria Mortgage Refinance Company
Federal Mortgage Bank of Nigeria
Altair
EchoStone Plc
Haggai Mortgage Bank

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Federal Mortgage Bank of Nigeria
[g] Central Bank of Nigeria
[h] Businessday.ng
[i] Edgebuildings.com
[j] REALL
[k] Miller Fuller Foundation
[l] NigerianPrice.com
[m] World Bank Ease of Doing Business Indicators

Overview

More than half (53%)[1] of Nigeria's estimated population of 216 883 577[2] live in urban areas. With her fast-growing population,[3] Nigeria is expected to be the world's third-most-populous country by 2050, with over 300 million people.[4] With 33% of the total population unemployed,[5] and a housing deficit currently at 28 million units,[6] most of the urban population live in slums.[7] Urbanisation, population growth, poverty and high levels of unemployment have all put strain on the country's real estate sector and its ability to provide adequate housing. In a bid to tackle housing issues in the country, in 2016, the federal government inaugurated the National Housing Programme (NHP) for the construction of acceptable, accessible and affordable houses nationwide. To provide over 300 000 homes and create 1.5 million jobs across the country, the Family Homes Fund (FHFL) is implementing the Nigerian government's National Social Housing Programme (NSHP).

Nigeria's post COVID-19 economy faces a threat of collapse due to spiralling inflation, and a decline in revenue and foreign exchange earnings largely due to the fall in oil prices and reduced demand. The growth rate in the first quarter of 2022 was 3.11%.[8] However, compared to the last quarter of 2021, real GDP grew at -14.66% in the first quarter of 2022, signalling reduced economic activities.[9] As of June 2022, the country's annual inflation rate was 18.6%, 0.84 of a percentage point higher than in May 2022 (17.7%).[10] The inflation rate is at its highest level in more than five years, driven by rising food prices, high cost of diesel, and devaluation of the Naira. The Naira/US$ official exchange rate is approximately 419.2/1,[11] while that in the parallel market is approximately 660/1.[12] To curb inflation, the Central Bank of Nigeria (CBN) increased its benchmark interest rate for the second consecutive time in 2022. The CBN raised the rate to 14% from 13%.[13]

Housing and climate issues have become topical in Nigeria with environmental disasters being one of the challenges faced by many cities in Nigeria.[14] In September 2022, the National Emergency Management Agency (NEMA), disclosed that 33 out of 36 states in the country have been ravaged by floods in the last eight months.[15] According to NEMA, over 508 000 people were affected and 37 633 houses were destroyed during this period.[16] Some of the affected states includes Jigawa, Taraba, Kano, Bauchi, Adamawa, Niger, Anambra, and Ebonyi States.[17] To mitigate climate-related disaster in the country, the Federal Government has approved a national flood emergency preparedness and response plan.[18]

Access to finance

Over the years, the Nigerian government has made conscious efforts to improve accessibility to housing finance. One such effort is the reduction of equity contributed by people seeking mortgage loans through the National Housing Fund (NHF) from 5% to 0% for loans up to ₦5 million (US$12 040), and from 15% to 10% for loans over ₦5 million (US$12 040).[19] The Federal Mortgage Bank of Nigeria (FMBN) through the NHF scheme grants mortgage loans with a minimum interest rate of 4% to accredited Primary Mortgage Banks (PMB). PMBs on-lend at 6% to NHF contributors with a maximum mortgage tenor of 30 years.[20] Approximately 45% of adult Nigerians borrow from the formal sector.[21] However, 98% of Nigerian women were left out of the formal credit market, unable to secure loans from formal financial institutions like banks.[22] This lack of borrowing power by women was largely attributed to low education and limited decision-making power. However, young women aged between 18 and 25 performed better than their male counterparts on a variety of indicators, including account activity, and borrowing.[23] In 2021, the percentage of Nigerian women with a financial account in any formal institution rose to 35%, the highest in 10 years.[24]

In 2022 FMBN introduced a new non-interest rent-to-own mortgage loan product to boost financial inclusion.[25] The rent-to-own model enables beneficiaries to move into FMBN and non-FMBN funded homes, and pay towards full ownership using monthly,

quarterly, or annual rentals. To deepen the market, the Nigeria Mortgage Refinance Company (NMRC) provides refinancing for mortgage-lenders to offer long-term loans at affordable rates. The NMRC refinanced mortgage loans totalling ₦21.1 billion (US$50.8 million) in 2021 compared to ₦17.4 billion (US$41.9 million) in 2020.[26] So far in 2022, the company has refinanced ₦30 billion (US$72.2 million).[27]

Over 34 primary mortgage banks and 24 commercial banks operating in Nigeria provide residential mortgage loans. The number of outstanding mortgages was 32 260 in 2021.[28] While the 6% interest rate offered by the FMBN is the lowest in the country,[29] rates offered by primary mortgage banks and commercial banks can be as high as 28.3%.[30] In January 2021, for housing development, FMBN approved a cumulative sum of ₦35.78 billion (US$86.1 million) loans out of which ₦10.95 billion (US$26.4 million) was disbursed.[31] As part of a five-year strategic plan on housing development covering the period 2020-2024, the federal government plans to increase mortgage funds to ₦712 billion (US$1.7 billion) by 2024.[32] The loan-to-value ratio on mortgage loans ranges between 70% and 90%.[33]

With over 887 licenced microfinance banks[34] in country, and a total of 8.1 million borrowers, an estimated ₦1 trillion (US$2.4 billion) was disbursed to customers between 2005 and October 2021.[35] An average loan size of ₦250 000 (US$602) is offered by the federal government in collaboration with Bank of Industry Limited (BOI) through a Bottom of Pyramid (BOP) scheme.[36]

Affordability

Post-Covid-19, Nigeria's poverty rate increased, pushing more than five million people into poverty in 2022.[37] The number of poor people in Nigeria has been forecast by the World Bank to reach 95.1 million by the end of 2022.[38] Population growth is partly responsible for unemployment. NBS reported that the country's unemployment rate rose from 27.1% in the second quarter of 2020 to 33% in the first quarter of 2021, making Nigeria the second highest on the global list of unemployment.[39] Because of high unemployment and poverty, most of Nigeria's urban population live in slums. A study in 2019 revealed that 26 million households in Nigeria do not own their homes.[40] In Southwest Nigeria, a region with the highest populated urban centres, the home ownership rate is 25.5%.[41] To improve affordability for low income earners the FMBN approved a five-year development plan covering the period 2020 to 2024. Through the scheme, FMBN plans to increase the annual NHF contributions from ₦49 billion (US$118 million) in 2018 to ₦285 billion (US$686 million), finance a total of 100 000 housing units, grow NHF contributors from 4.8 million in 2018 to 31.6 million and increase mortgages to ₦712 billion (US$1.71 billion) by 2024.[42] FMBN also partners with private real estate developers to deliver affordable houses. One of such developers is the Millard Fuller Foundation (MFF). A newly built affordable one-bedroom expandable unit of 42m^2 developed by MFF is sold at ₦3.9 million (US$9 319)[43] and rented at ₦15 000 (US$36.12) per month.[44]

FMBN also introduced a rent-to-own mortgage product with a rental payment period of 30 years and an interest rate of 7% of the property price.[45] The purchase price of the property is limited to ₦15 million (US$36 121) and the monthly or annual payment must not exceed one-third of the applicant's monthly or annual income.[46] Furthermore, applicants for the rent-to-own scheme must be over 18 years; a contributor to the NHF for at least six months; and must provide evidence of regular flow of income to guarantee loan repayment.[47] Other mortgage products offered by the Federal Mortgage Bank of Nigeria include home renovation loans, construction loans and diaspora mortgage loans.

The Federal government also attempts to bridge the country's housing gap through the Family Home Funds Limited (FHFL). The FHFL initiative offers various home loan assistance programs targeted at low income and middle income households. One of the programmes is a Help to Own (HTO) fund.[48] This is targeted at first time home buyers who can provide an equity contribution of 10% of the property price. The HTO fund offers a low-cost, deferred equity loan of up to 40% of the home cost, halving the mortgage repayment. The HTO fund scheme is supported by several mortgage and development finance institutions, including the African Development Bank (AfDB). In 2021, the AfDB approved funding up to ₦24.9 billion (US$60 million) for FHFL through its Home Loan Assistance Programme.[49] With support of the AfDB, up to 3 750 new HTO mortgages will be financed. This will directly create approximately 9 375 jobs and assist at least 18 750 beneficiaries.[50] As of 2021, FHFL completed over 5 408 homes, had 9 148 under construction, and planned to start construction of an additional 13 543 homes.[51]

Housing supply

Despite the real estate sector contributing 5.34% to GDP growth in the first quarter of 2022,[52] housing supply is still inadequate. With ₦470 billion (US$1.13 billion) budgeted for housing in 2022, the federal government stated that ₦21 trillion (US$50.6 billion) would be required to tackle the 28 million housing deficit[53] across the country.[54]

The rising cost of building materials and the high cost of land in urban centres are two of the factors that impede housing supply. The high dependency on imported building materials allows the construction sector to pass through effects of exchange rate depreciations. In 2021, Nigeria spent over ₦386.3 billion (US$930.2 million) on importing iron and steel.[55] Industry sources suggest that 65% of construction materials is imported.[56] To reduce building construction costs, the federal government partners with major cement producers (such as Dangote, BUA Cement and Lafarge) to sell cement at a 30% discount.[57] A 50kg bag of Dangote cement is typically sold at ₦4 050 (US$9.75),[58] while the land cost in an urban centre in Lagos State ranges between ₦550 000/m^2 (US$1 324) and ₦1 million/m^2 (US$2 408).[59] The minimum size of a residential plot in urban areas is 463.6m^2.[60] Often, this size of land would be half of a plot.

To increase housing supply, the federal government through the National Development Plan intends to deliver 500 000 to 1 million housing units. The public sector will develop 20% of these units.[61] FMBN issued over 4 985 mortgages and disbursed home renovation loans worth ₦49.3 billion (US$120 million) to 60 500 beneficiaries between 2017 and 2022.[62] Across Nigeria, FMBN has also financed the construction of at least 9 500 affordable houses.[63] Furthermore, the NHP of the Ministry of Works and Housing have completed at least 4 652 housing units across 34 out of Nigeria's 36 states.[64] On land supply, the Minister of Works and Housing revealed that 5 000 certificates of occupancy (C-of-O) have been issued since 2017 and a total of 2 738 applications for consent to transfer land approved.[65] Public private partnerships have also played a significant role in housing. For instance, FMBN and several private sector players have been responsible for building 8 700 new homes between 2017 and 2020.[66]

To implement the federal government's social housing programme, all states have been encouraged to contribute land for affordable housing. As a result, over 2 000ha of land with titled documents was donated by 24 states in 2021. The social housing programme is aimed at providing 1.5 million houses for low income earners.

Property markets

Weak ownership rights under the Land Use Act, lack of secure access to land, limited access to finance and poor macroeconomic performance remain key challenges in Nigeria's property market. For many Nigerians, obtaining property titles is seen as a daunting task. The cost, duration and process vary across states. For example, obtaining a C-0f-O and registering a property in Lagos state will cost approximately 15% of the transaction value and will take at least six months with seven phases involved in the registration process. In Abuja, the process and time is similar to Lagos, but the cost is approximately 12% of the property value.[67]

Building on last year's performance, the real estate sector in the first quarter of 2022 grew by 10.8%, a 7.3% percent increase compared to the last quarter of 2021.[68] Between January and March 2022, the housing sector has contributed positively to the country's GDP.[69] This performance is largely related to increased investments from the diaspora community, as the dollar continues to gain strength locally.

Business Day Newspaper reported a more than 50% increase in monthly rent for houses in major Nigeria cities such as Lagos, Abuja, and Port Harcourt. For example, in the affordable areas of Lagos, a three-bedroom apartment previously renting at ₦400 000 (US$963) rose to ₦600 000 (US$1 445), while a two-bedroom apartment increased from ₦350 000 (US$842) to ₦550 000 (US$1 324).[70] In Ikoyi area of Lagos State, depending on the location, the cost of land ranges between ₦550 000/m^2 (US$1 324.4) and ₦1 million/m^2 (US$2 408).[71]

According to the Roland Igbinoba House Price Index (RI Index), while house prices have continued to maintain the post COVID-19 growth trend, rental yield in the market has remained low at an average of 5%.[72] As campaign activities gain momentum in this pre-election year, politicians and interested stakeholders will sell their real estate assets for liquidity. This may affect house prices in the short run as there will be an increased supply of resale assets.

NIGERIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **₦46 569** per month

you could afford to purchase a **₦1 567 518** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **₦32 500** per month

you could afford to purchase a **₦1 093 954** house with a mortgage.

Mortgage assumptions – Nigeria

- 11.50% interest rate
- 10% deposit
- 30 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Policy and legislation

Nigeria has no shortage of policies to tackle the challenges of the housing sector. Affordable housing goals remain unmet partly due to lack of effective implementation and coordination of housing polices, security challenges in select locations, and a difficult macroeconomic environment influencing demand dynamics. Nevertheless, both government and private sector stakeholders continue to find ways to close the affordable housing gap, build industry capabilities and capacities and ensure professional values and ethics are upheld in the industry.

Recently, the national assembly introduced a bill to establish a Chartered Institute of Mortgage Bankers and Brokers of Nigeria (CIMBBN). The objective is to increase opportunities for home ownership by training and building a knowledgeable mortgage industry. Similarly, FMBN has continued to lobby the national assembly to review both the NHF and FMBN Acts to include an increment in the bank's share capital. There is also the case to amend the NHF Act to add more contributors to the funds. Currently the NHF Act No. 3 of 1992 requires all Nigerian workers earning ₦3 000 (US$7.2) and above to contribute 2.5% of their basic salary. Stakeholders and industry practitioners have also continued to demand the implementation of the Model Mortgage and Foreclosure Law (MMFL). NMRC is at the forefront of this. The MMFL will help boost investor confidence in the market as there are now no specific provisions for the foreclosure of mortgages in the Land Use Act.

Opportunities

Investor interest is gradually moving from Nigeria's high income to low income housing market segment. This shift is in response to increasing building costs, a double-digit inflation rate, local currency depreciation, and high housing demand from low and middle income households, especially in urban centres with a high population. To attract investors, housing experts have engaged the government on the need to strengthen statutory requirements. These requirements include ease of obtaining construction approvals and permits; availability of power and electricity; and better property registration processes. Others are protection of minority investors, ease of accessing credit facilities, friendly tax regimes, enforcement of contractual agreements, and creation of a strong foreclosure law to protect investors and funders.

The Nigerian Exchange Group (NGX) Plc has in the last 10 years raised over ₦72 billion (US$170 million) for real estate companies such as UPDC Real Estate Investment Trust, Abbey Mortgage Bank, and UACN Property Development.[73] The NGX also intends to launch an impact board – a platform for listing, issuing and trading sustainability debt instruments.[74] The "platform would also support the listing of social bonds that would raise capital to meet the needs integral to the housing sector, whilst helping Nigeria meet its sustainable development goal commitments."[75]

Furthermore, the use of commercial papers (CP) by industry players also presents enormous opportunities. CPs are short-term debts with tenors up to 270 days and are listed on the FMDQ Exchange.[76] The incentive for raising CPs include lower interest rates compared to banks. Lekki Gardens Estates Limited recently signed a ₦25 billion (US$60 million) CP at a discounted rate of 14.5%[77] to be listed on the FMDQ Exchange. Property technology (proptech) solutions are being developed and deployed by young proptech startups and founders. Some are real estate investment platforms like Keble and Propcrowdy, that offer investors opportunity for fractional ownership of rental income-generating properties. Others include Spleet, Rent Small Small, and Haap Living who have extended the concept of sharing economy to rental living and helped many Nigerians to pay their rents monthly instead of the traditional one to two years upfront payment. Many more, such as Propertypro and Buy Let Live, are in the property listing space. Homerunner, Liveizy and Gatepass are helping to solve problems associated with property management. Venture capital firms had invested over ₦830.4 million (US$2 million)[78] in Nigeria proptech startups as at the end of 2021. The Nigeria Proptech Association reports that there are over 147 proptech startups but approximately 70 of them are active.[79]

Availability of data on housing finance

The Housing Market Information Portal (HMIP) of the NMRC is the designated data repository for the housing industry. Other data sources for housing development and related information include: the National Bureau of Statistics (NBS) with data on socio-economic activities; Statista, which publish Nigeria market trends and market data; Focus Economics, which publishes data on inflation rates; The International Comparative Legal Guides (ICLG) which publishes information on real estate laws and regulations; and the Nigerian Property Centre (NPC), which publishes data on property listing, housing prices and market trends.

Data quality and integrity have been a major issue. This is largely due to non-uniformity of data, reducing its utility and value. Reluctance in the private sector to share data due to competition concerns also influences data consistency and uniformity.

Green applications for affordable housing

Government has engaged in several advocacy programs highlighting that green buildings are 20% more energy efficient than conventional buildings and have a water saving rate of 20%. The government is also seeking ways to encourage private investors to look beyond the initial high of cost of green construction to consider the broader, longer term benefits. Yet over dependency on imported building materials, continuous depreciation of the local currency, and high construction cost have discouraged real estate developers from investing in green buildings.

The Green Building Council of Nigeria (GBCN) is responsible for creating a rating framework for the economic evaluation of buildings. GBCN uses the Green Star SA rating tool (Green Star SA-Nigeria) to certify green buildings. To improve the rating scheme, various policies and controls were put in place including the National Environmental Guidelines and Regulations Enforcement Office (NESREA); National Policy on the Environment (NPE); and Environmental Protection Organization Act 1988. The GBCN is also a member of the World Green Building Councils (WGBCs).

The NMRC has partnered with the IFC to promote green buildings through the EDGE certification programme. Alpha Mead Development Company (AMDC), an EDGE pioneer company, reported an energy-saving of 47%, water savings of 32%, and 50% savings on the embedded energy in materials during construction. AMDC also revealed that its

EDGE-certified greenhouse estate delivers an average 32% utility cost saving. Another EGDE pioneer, KARMOD, recently announced an EDGE-Advanced certification for its 90-housing unit estate in Abuja. Over 370 homes have been EDGE certified in the country. The small number of EDGE-certified buildings in the country is partly due to the initial cash outlay for green buildings being significantly higher than that of conventional buildings. The Development Bank of Nigeria, FCSL and the NCIC have signed a memorandum of understanding to fund green projects in Nigeria.

For a country where only 64% of its population have access to basic drinking water, and 160 million (77.6%) of its population lack basic sanitation services, the need for a sustainable design approach that reduces water usage and promotes rainwater harvesting gives green buildings the prospect of occupying a larger share of Nigeria's real estate market. More importantly, the ability for green buildings to generate their own electrical power would reduce dependence on the country's power generation source, which is 80% thermal and 20% hydro.

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Rwanda

Miriam Muthoni Maina

Overview

Rwanda is a landlocked country in the East African region with a population of approximately 13.3 million people. Most of the population still live in rural areas with an estimated 18% (2.3 million people) living in urban areas. With a current annual growth rate of 2.4%, the country's population is expected to increase to approximately 22.1 million people by 2050.[1] Rwanda's National Land Use Development Master Plan (NLUDMP) anticipates a housing need of 5.5 million units by 2050, or an annual delivery of 150 000 units. These housing units would be needed in rural areas, where the bulk of the population still lives, in the country's capital, Kigali, and in key secondary towns such as Musanze, Nyagatare, Rubavu, Muhanga, Rusizi and Huye.[2] Housing supply will also have to support dynamic modes of local demand trends, whereby, for instance, 75% of homeowning residents built their own homes. Most people still live in self-built, informal or backyard dwellings in rural or unplanned urban settlements, with median incomes ranging from FRw55 000 (US$53) to FRw133 000 (US$130).[3] This submarket would form the bulk of future housing demand, highlighting the need for affordable housing in the country.

Rwanda's economy has been on an improved trajectory in 2022, compared to 2021. Real gross domestic product (GDP) growth was 7.9% in the first quarter of 2022 (compared to 3.5% in the same quarter in 2021) mainly due to a strong performance in the industry and service sectors, including the real estate sector which grew by 4.5%.[4] The lending rate rose to 16.31% in the second quarter of 2022, from 16% in the same period in 2021. This pointed to an increase in the share of short-term and medium-term loans, which were priced at high rates compared to long-term loans. The interbank lending rate in the period was 6.54%.

In the quarter ending June 2022, the Rwandan franc has, however, remained weak compared to the US dollar, with a year-on-year depreciation of 3.78% in June 2022.[5] Inflation increased 12.6% year-on-year, driven mainly by increases in the prices of food, beverages, housing, water and electricity, gas, and other fuels.[6] These increases are reflective of shifts in global and regional commodity prices, which have been exacerbated by the war between Russia and Ukraine who are main exporters of oil, gas, fertilisers, metals, cereals, and sunflower-seed oils. The National Bank of Rwanda (Rwanda's central bank) increased the Central Bank Rate – elsewhere known as interest rate – from 5% to 6%, with the aim of reducing inflationary pressures and preserving the purchasing power of consumers.[7]

Rwanda's National Environment and Climate Change Policy recognises the effects of climate change and environmental issues on the country's sustainable development trajectory.[8] Despite having low rates of carbon emissions, Rwanda is experiencing the effects of climate change and climate variability. Average temperatures have increased, along with the frequency and severity of natural disasters such as drought, floods, and landslides.[9] These have led to a loss of life, crop and livestock losses, health risks, damage to infrastructure, and reduced land availability that impacts food security and export earnings. Rwanda's Ministry of Disaster Management and Refugee Affairs estimates that floods and droughts have affected at least two million people in the country.[10] Rwanda's economy is also strongly reliant on rain-fed agriculture and tourism due to its rich biodiversity and natural habitat.

Existing policy has recognised the need to safeguard these ecosystem services to ensure food, water, and energy security, and to support future socio-economic development.[11] Furthermore, recognising ongoing urbanisation trends, the 2019 National Environment and Climate change Policy also noted the risks that poorly planned and managed rural and urban development will have on the environment, and ultimately, economic growth. Additional risks are posed by a lack of low-carbon materials for housing and green infrastructure development, inadequate solid and liquid waste treatment, and insufficient treatment of industrial effluents and storm-water drainage systems.[12] The country's

KEY FIGURES

Main urban centres	City of Kigali, Muhanga, Musanze, Huye, Rubavu, Rusizi, Nyagatare
Exchange rate (1 July 2022): 1 USD = [a]	1 022.30 Rwandan Franc (RWF)
1 PPP$ = (2021) [b]	330.52 Rwandan Franc (RWF)
Total population (2021) [b] | Urban population (2021) [b]	13 276 517 | 2 332 419
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.47% | 3.25%
Percentage of urban population living in slums (2018) [d]	65.1%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2019) [e]	Wood | Wood
Percentage of female-headed households (2019) [e]	31.9%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	84.46%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	1.6%
Percentage of women participating in the labour market formally (2021) [b]	83%
Gini coefficient (2017) [b]	43.7
HDI country ranking (2020) [d] | HDI country score (2021) [d]	165 | 0.53
GDP per capita (Current US$) (2021) [b]	US$834
GDP (Current US$) (2021) [b]	US$11 070 million
GDP growth rate (2021) [b]	10.88%
Inflation rate (2021) [b]	-0.39%
Lending interest rate (2018) [b]	16.20%
Proportion of adult population that borrowed formally (2021) [b]	66%
Number of residential mortgages outstanding (2021) [f]	44 767
Value of residential mortgages outstanding (USD) [f]	US$462.10 million
Prevailing residential mortgage rate | Term [g]	11 – 19% | 10 years
Maximum LTV on a residential mortgage [f]	80%
Ratio of mortgages to GDP	4.17%
Number of residential mortgage providers [f]	16
Percentage of women who own a house alone and/or jointly (2015) [e]	49.2%
Number of microfinance loans outstanding (2020) [f]	509 724
Value of microfinance loans (USD) [f]	US$230.07 million
Number of microfinance providers [f]	421
Total number of residential properties with a title deed [h]	11 619 095
Number of formal dwellings completed annually (2021) [i]	16 241
Number of residential projects certified by EDGE [j]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [i]	12 500 000 RWF
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [i]	30m^2
Typical monthly rental for the cheapest, newly built house (2021) [i]	150 000 RWF
Cost of standard 50kg bag of cement in local currency units [k]	9 500 RWF (US$9.29)
Type of deeds registry: digital, scanned or paper (2020) [l]	Computer - Fully digital
World Bank Ease of Doing Business index rank (2020) [l]	38
Time to register property (days) | Cost to register property (2020) [l]	7 days | 0.10%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	28.50

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Access to Finance Rwanda	ADHI – Rwanda Ltd
EAHK Consulting Group	Miyamoto

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] National Bank of Rwanda
[g] Bank of Kigali
[h] Rwanda Land Management and Use Authority
[i] Rwanda Affordable Housing Authority
[j] Edgebuildings.com
[k] InfoCenter-Rwanda Ltd
[l] World Bank Ease of Doing Business Indicators

Green Growth and Climate Resilience Strategy (GGCRS) outlined a series of programmes for achieving a climate-resilient, low-carbon economy by 2050. The National Land Use and Development Master Plan, the National Land Tenure Regularisation Programme, and the Kigali City Masterplan are evidence of the implementation of these programmes.[1] The Rwanda National Disaster Risk Management Plan, enacted in 2013, establishes systems of preparedness, response, and recovery in relation to natural and man-made disasters and human-induced emergencies.[14] The plan is implemented under the leadership of Rwanda's Ministry in Charge of Emergency Management (formerly known as the Ministry of Disaster Management and Refugee Affairs).[15]

Access to finance

Financial inclusion in Rwanda is relatively high, with approximately 93% of people having access to both financial products and services. There has been an increase in credit consumption and borrowing, with approximately 76% of adults having some form of borrowing or credit. Banks, Umurenge Saving and Credit Cooperative Society's (SACCO) Mobile Banking, and Microfinance Institutions (MFI) are some of the main sources of credit. Many adults, however, still rely on borrowing from informal sources such as savings groups, shops, friends and family.[16]

Women are not restricted from accessing credit or purchasing property in Rwanda. The gender gap in access and uptake of financial services in Rwanda is marginal with 74% of women accessing and using financial services, compared to 81% for men. The share of women using banking services also increased from 24% in 2016 to 34% in 2020. There is, however, a recognition of the fact that housing finance remains limited in Rwanda with few households able to access formal mortgage finance offered by financial institutions. In December 2021, the value of banks' outstanding loans attributed to residential property mortgages was FRw472.4 billion (US$462 million), a 25.7% change from the previous year.[17] The Rwanda Housing Finance Project (RHFP) was established by the Government of Rwanda with finance from the World Bank. The intention is to expand support for the mortgage finance industry and support capital markets development in the country. The RHFP is implemented by the Development Bank of Rwanda (BRD), which provides lending to financial institutions at an interest rate of 6%, enabling them to finance eligible beneficiaries at a maximum interest rate of 11% for up to 20 years.[18] This facility has enabled participating financial institutions in the country to provide mortgage finance to beneficiaries at more favourable terms.[19] The BRD plays a leading role in coordinating the implementing of Rwanda's housing finance project through the administration of the RHFP.[20]

Rwanda has a robust financial sector which includes banks, MFIs and pension funds. There are 16 banks which comprise of 11 commercial banks, three microfinance banks, one development bank, and one cooperative bank. The MFI sector comprises 416 Umurenge SACCOs, 19 public limited companies and 22 other SACCOs. There are 12 private and one public pension funds.[21] MFIs are a key driver for financial inclusion in Rwanda with more than 4.9 million accountholders nationally in 2022[22] Loans borrowed from MFIs are used for business, entrepreneurial, and household activities including building or improving dwellings, buying land, or dwellings. Women form a significant share of loan holders in MFIs, holding nearly half of the loans in the MFI portfolios.[23]

All major commercial banks and lenders in Rwanda offer a range of residential mortgage loans with lending interest rates between 11% and 16%, and repayment periods of up to 20 years. Although the lending rate increased from 16% to 16.31% in 2022, the National Bank of Rwanda still notes credit risk as a significant threat to banking sector stability.[24]

Financial inclusion data collected by the National Bank of Rwanda is disaggregated by region and gender.[25] The availability of granular and disaggregated data has been helpful for lenders and policymakers, and has possibilities to deepen financial inclusion for both men and women. Policymakers, for instance, could formulate policies and incentives based on a better understanding of the lending needs of women in the country.[26] On the lending side, there is already evidence of lenders and MFIs formulating women-targeted financial products, and products particularly targeted at small and medium size entrepreneurs. The Zamuka Mugore loan provided by the Bank of Kigali, which allows women to save as individuals or groups at competitive interest rates and access credit facilities of up to FRw1 million (US$978) with no collateral, is a good example of innovative lending products that can be facilitated through increased access to gender-disaggregated information.[27]

As the chief regulator and supervisor of Rwanda's financial markets, the National Bank of Rwanda collects and maintains information and data on credit in the country. Financial institutions also report credit information on licensed private credit bureaus.[28] As part of the affordable housing drive, several finance institutions in Rwanda have also developed construction and supply-side loans that finance up to 70% of building project costs. Examples include the home improvement and house construction loans from the Bank of Kigali,[29] the estate development loan from the Kenya Commercial Bank Rwanda,[30] and NCBA's Real Estate Finance Loan.[31]

Affordability

The 2016/17 Integrated Living Conditions survey reported a decline in the overall poverty rate to 36.7% from 38.1% in the 2013/14 survey. The report also noted a drop in the poverty gap rate within this period, which indicates a relative improvement in the living standards of poor households.[32] Rwanda has a working age population of approximately 7.87 million with a 54.5% labour participation rate. Rwanda's unemployment rate declined from 23.8% in November 2021 to 16.5% in February 2022. The rate of unemployment was higher among women and youth compared to men, and in urban areas when compared to rural areas.[33] Median incomes in rural areas were FRw26 000 (US$25), compared to a median income of FRw78 000 (US$76) in Kigali, as an example.[34] The informal sector employs a large share of the population, representing more than 86% of the employed population.[35]

The bulk of Rwanda's population live in rural areas. The country's population is growing by 61 000 households per annum, of which 25 000 are in urban areas and 36 600 in rural areas. At current population growth rates, Rwanda's NLUDMP anticipates that 5.5 million dwelling units will be needed by 2050, or an annual delivery of 150 000 dwelling units. Home ownership rates are high across both rural and urban areas, with only 28% of urban residents being renters or tenants.

Data from the Integrated Household Living Conditions Survey indicates that households spend FRw6 000 (US$6) on rent at the lowest category, and FRw58 000 (US$57) at the high-end category of employees in the public sector. It also presented an even balance between households that rent, and those who own their own homes across all submarkets, though the housing conditions in the low income end of market were still of varying levels of poor quality.[36] The typical rental costs for a developer-built apartment ranged from FRw413 600 (US$405) to FRw723 800 (US$708) a month. A newly built house by local developers was priced at FRw60 million (US$58 691). At current mortgage terms, this unit would be unaffordable for many households.

Housing supply

Rwandan households live in diverse kinds of housing including formal, developer-built, and informal dwellings built by individual households. 82% of all households in the country and 9% in urban areas live in sub-standard, informal, or unplanned housing.[37] Kigali's master plan[38] regulates the smallest residential plot size at 100m^2 75% of urban households who owned their home had built it themselves.

The formal housing development industry serves less than 1% of total households – and this may present an opportunity for market development. In recognising current and future urbanisation needs, the NLUDMP has outlined a series of interventions, including the managed growth of the country's capital, Kigali, including planned expansion to satellite towns and the future development of other secondary nodes.[39] The levels of basic infrastructure provision in urban areas were varied – 63% of urban households had access to piped water at the dwelling or yard level, and 29% had access to a flush toilet, with 13% sharing a toilet with another family. Eighty-eight percent of urban households had access to electricity.[40]

Local building materials such as baked clay bricks (Impunyu) are dominant for local construction. Local experts have identified the potential for using local building materials and technologies such as shelled compressed earth for the development of durable and effective materials.[41] However, cement is still being imported for construction. Cement imports have declined, relative to other construction materials, and this was attributed to the increase in domestic production of cement, and a reduction in domestic demand for cement in 2021.[42] Rwanda's construction and development industry is regulated by the Rwanda Housing Authority (RHA). There are, however, also industry bodies representing the various construction and housing-related disciplines, including the Institution of Engineers Rwanda, Rwanda Institute of Architects, Rwanda Urban Planning Institute, and the Rwanda Green Building Organisation (RWGBO).

RWANDA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **FRw178 000** per month	who earns **FRw108 488** per month
you could afford to purchase a **FRw4.137 million** house with a mortgage.	you could afford to purchase a **FRw2.521 million** house with a mortgage.

Mortgage assumptions – Rwanda

- 15.0% interest rate
- 20% deposit
- 10 year loan tenor
- 80% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Labour force statistics published at the end of 2021 indicated that the construction industry employs approximately 11% of the population. The informal sector employed more people than the formal sector. Out of 365 234 workers in construction, 359 546 were in informal employment, and 5 688 in the formal sector. More men were employed in the construction sector (86%) compared to women (14%).[43] From the 2020 Ease of Doing Business indicators, Rwanda's ranking in handling construction permits had improved from the 2019 measure. In 2020, it took 97 days to get a construction permit, with 15 procedures from application to completion. Application costs were at 11.4% of the house value.[44]

Property markets

Rwanda's deeds registry is managed by the Rwanda Land Management Authority (RLMA) and is fully digitised. The analytics offer land and transaction information across the country. There are 11 623 620 land parcels in the country listed on the portal, with 454 226 of these in the city of Kigali.[45]

Rwanda laws on land and succession secure the right for women and girls to inherit and access property on equal grounds with their male counterparts.[46] Analysts have observed that these laws offer a fair and transparent process for property distribution, though cultural and social resistance could still hamper the full realisation of these laws.[47] The Gender Monitoring Office 2019 report on the state of gender equality in Rwanda has, nonetheless, observed some improvement through an increased representation of women in land ownership and, through this, expanded access to finance and credit.[48]

Rwanda was ranked 38th globally in the 2020 Ease of Doing business indicators, and second in Africa. In the registering property category, the country was ranked third with a score of 93 out of 100. This was due to the ease and efficiency in the processes and steps required to register property through the RLMA. It took three different processes and seven days to register a commercial property in the country in 2020 at 0.1% cost of property value.[49]

Developer-built housing serves a relatively small share of the urban market (2%). The average construction cost for houses in this category is FRw550 000/m^2 (US$538) to FRw920 000/m^2 (US$900), and units are priced at RFw100 million to FRw400 million (US$97 819 to US$391 274). There is a high demand for affordable housing and support in the low income end of the market with average incomes of FRw55 000 (US$53.80), where households mainly build their own homes incrementally using local or informal materials. Potential areas of support for this submarket include infrastructure and services, the establishment of local supply chains, and building materials support.[50] Rwanda also has real estate agents ranging from formal to informal. The real estate sector employed 2 718 people in 2021, which represented 0.1% of the total working population. The Labour Force Survey also observed a 33.3% reduction in employment in this sector between 2019 and 2021.[51]

Policy and legislation

Rwanda's Vision 2050 frames the intention to achieve universal access to affordable and decent housing for all residents by 2050.[52] This vision has been unpacked in the NLUDMP to shape Rwanda's future urbanisation through the management of growth in the capital Kigali, supported decentralisation through planned expansion to secondary and satellite towns, and the management of rural settlement formation.[53] The government created a long-term finance strategy through the RHFP that is already being implemented by local lenders and in affordable housing development projects such as the Rugarama Park and Kimisange and Kagarama Estates. Land banking projects for Ziniya, Ndera and Busanza are also being built through the RHFP. The country's investment promotion laws also offer support for affordable housing developers, including full finance of service infrastructure in affordable housing projects or schemes; financing of construction materials for the use of shelter for vulnerable and homeless residents; and service infrastructure to and within the housing development project, including construction or supervision of construction.[54]

A significant achievement has been the coordination of public sector data ecosystems and information management for housing and housing finance including the electronic mortgage database (eMRS), linked to the RLMA's Land Administration Information System and the National Identification Agency system. The RHA has also established an Affordable Housing Demand System (AHDS) known as "Iwanjye" as an online user demand-driven registration portal for applicants interested in accessing units. The RHA developed the building codes known as the Rwanda Green Building Minimum Compliance System in 2019.[55] The Building Code encourages the use of indigenous knowledge, local solutions where possible in promoting the use of green construction and design practices, and offers incentives for investors in the green construction sector.[56]

Opportunities

The intentions outlined in Rwanda Vision 2050 for planned rural settlement formation and coordinated urbanisation and urban growth have created opportunities for affordable housing development across both urban and rural areas. Evidence of stimulation in the housing sector can be seen in the range of proactive and supportive policies and incentives, and the presence of long-term finance support through the housing finance project. The availability of synchronised information across various aspects of affordable housing – land, supply, finance, and spatial development, coupled with information on effective demand from the AHDS – could enable more targeted investment. There are also opportunities for supporting most households that construct their dwellings through the expansion and development of green technologies; affordable construction finance, and skills development and capacity building for the predominantly informal construction sector that is a key employer in this field.

Websites

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Ministry of Finance and Economic Planning www.minecofin.gov.rw
Ministry of Infrastructure www.mininfra.gov.rw
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Rwanda Green Building Organisation www.worldgbc.org
Rwanda Housing Authority www.rha.gov.rw
Rwanda Institute of Engineers www.engineersrwanda.rw
Rwanda Land Dashboard www.rwandalanddashboard.rlma.rw

Rwanda Land Management and Use Authority www.rlma.rw
Rwanda National Fund for Environment – FONERWA www.fonerwa.org
ADHI-Rwanda ltd www.adhicorp.com
EAHK Consulting Group www.eahk-arch.com

Availability of data on housing finance

Data on housing finance in Rwanda is collected by the National Institute of Statistics of Rwanda, the National Bank of Rwanda, the Rwanda Land Management and Land Use Authority, the Rwanda Housing Authority, and the Development Bank of Rwanda. These agencies together collect and disseminate information on demographics and labour trends, lending and housing finance trends, land and property transactions and registrations. Additional information is collected by the AHDS and the eMRS system.

A notable achievement has been the synchronisation of data and information related to housing and housing finance across public sector agencies and lenders. As an example, the eMRD database is also linked to the RLMA's Land Administration Information System and the National Identification Agency system, which streamlines and expedites applicants' identity proofing, thus expediting lending procedures. This data is also collected and disaggregated by gender, which enables innovation across both public and private sector housing agencies. A value addition to the housing finance sector will emerge through dissemination of analytics from the Iwanjye portal. Similarly, data for tracking climate issues affecting affordable housing could be publicly disseminated as part of the GGCRS.

Green applications for affordable housing

The Rwanda Housing Authority developed the Rwanda Green Building Minimum Compliance System in 2019 in collaboration with local and international organisations. These guidelines were approved and published in 2019 as an Annexure to the country's building code.[57] The system is administered by the RHA as the central agency, and District One-Stop Centres at the building permitting level. The Green Building Minimum Compliance system offers technical guidelines and information on building materials, technologies and systems that would enhance sustainability, and is accessible in a digital format for ease of calculation.[58] The local industry body organising green building professions is the RWGBO established as a partnership between the Rwanda Institute of Architects and RHA. Rwanda's electricity supply is mainly sourced from hydropower plants, thermal power plants (diesel and heavy fuel generators), methane gas, and solar energy via a combination of domestic and imported and regional shared power plants.[59]

Rwanda has a green fund, the Rwanda National Fund for Environment (FONERWA), which has been recognised as an innovative climate financing mechanism globally and across Africa.[60] The fund was established by the Rwanda government, and functions as a basket fund, generating and mobilising resources from a range of local and international sources, and supplying these funds in the form of grants, innovation investments, and credit lines for public and private projects geared towards resilience and building the green economy.[61] As of 2022, FONERWA has raised and committed FRw41.4 billion(US$40.5 million) to 44 projects.[62]

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Democratic Republic of São Tomé and Príncipe

Efua Ampomah Nunoo

Overview

The Democratic Republic of São Tomé and Príncipe is the second smallest country in Sub-Saharan Africa by land area[1] consisting of two main islands and numerous islets of approximately 1 001km^2.[2] It is an island state in the Gulf of Guinea sharing maritime borders with Equatorial Guinea, Gabon, and Nigeria. The population of São Tomé and Príncipe was estimated at 210 240 in 2020.[3] Approximately 138 758 people, 66% of the population, lived below the national poverty line as of 2017.[4] The urban population of São Tomé and Príncipe was 75% of the total population in 2021[5] with 180 806 people, 86% of the urban population, living in slums.[6] The country and its economy cannot finance housing projects or develop a sustainable way of resolving the housing crisis.

The economy of São Tomé and Príncipe is based largely on subsistence agriculture and fisheries. The country also relies on foreign grants which were approximately 10.5% of GDP in 2020.[7] São Tomé and Príncipe is classified as being in debt distress, according to the World Bank-International Monetary Fund low-income country debt sustainability analysis (DSA). The country's protracted arrears on external debt are still not regularised, as it continues to seek rescheduling of agreements with Angola, Brazil, and Equatorial Guinea totalling 2.8% of Gross Domestic Product (GDP).[8]

GDP grew by 3.1% in 2020.[9] The year-on-year inflation rate in May 2022 was 14.9% as against the May 2021 value of 6.8%.[10] In 2020, the economy of São Tomé and Príncipe shrank by an estimated 6.4% in real terms, the first time in a decade. This contrasts with growth of 2.2% in 2018 and 1.3% in 2019. COVID-19 containment measures weakened demand in the tourism and service sectors and dealt a blow to the hotels and restaurants, transport, construction, and manufacturing sectors, while widespread international border closures disrupted cocoa exports. As a result, the central bank adopted accommodative monetary policy, reducing the minimum reserve requirements from 21% in 2019 to 17% in 2020 for foreign-currency denominated accounts and from 18% to 14% for domestic currency accounts to support the banks in lending to the pandemic-distressed private sector.[11] The government is exploring a number of economic policy reforms including strengthening the independence of the central bank and continuing investment in public infrastructure to improve the business environment.[12] In attempting to reduce external borrowing to cover oil imports, the country is focused on developing investment in alternative power sources and fiscal reforms. Accordingly, public debt, which rose to 104.9% of GDP in 2020, is projected to decrease to 96.4% of GDP in 2022.[13]

In the National Strategy for Risk Management of Disasters, the top climate-related threats the country faces include, among others, strong winds, floods, droughts, landslides, cholera, malaria, and influenza. Being a country of volcanic origin makes São Tomé and Príncipe prone to landslides due to torrential rains and the practice of intensive agriculture in areas of high slopes.[14] In May 2022, heavy rains flooded 61 residences in the Autonomous Region of Príncipe, and affected 350 families in various municipalities. Rains also destroyed agricultural lands and roads became inaccessible. Communities such as Bela Vista, Abade and Aeroporto to Picão via Telelé have, due to rock erosion, seen 10 landslides and two partially destroyed residences.[15]

KEY FIGURES

Main urban centres	Sao Tome
Exchange rate (1 July 2022): 1 USD = [a]	23.40 Dobra (STD)
1 PPP$ = (2021) [b]	11.50 Dobra (STD)
Total population (2021) [b] | Urban population (2021) [b]	223 364 | 167 686
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.90% | 2.86%
Percentage of urban population living in slums (2018) [d]	85.7%
Population living less than 5m above sea level (2010) [b]	1.3%
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2019) [e]	39.0%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	58.02%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	15.9%
Percentage of women participating in the labour market formally (2021) [b]	37%
Gini coefficient (2017) [b]	30.80
HDI country ranking (2020) [d] | HDI country score (2021) [d]	139 | 0.62
GDP per capita (Current US$) (2021) [b]	US$2 449
GDP (Current US$) (2021) [b]	US$547 million
GDP growth rate (2021) [b]	1.8%
Inflation rate (2021) [b]	7.9%
Lending interest rate (2020) [b]	19.10%
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term [f]	5 – 8% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers [g]	2
Percentage of women who own a house alone and/or jointly (2009) [e]	16.80%
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers [h]	4
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [i]	1 482 250 STD
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [i]	80m^2
Typical monthly rental for the cheapest, newly built house (2021) [i]	17 150 STD
Cost of standard 50kg bag of cement in local currency units [k]	280 STD (US$11.97)
Type of deeds registry: digital, scanned or paper (2020) [l]	Paper
World Bank Ease of Doing Business index rank (2020) [l]	170
Time to register property (days) | Cost to register property (2020) [l]	52 days | 10.20%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	4.50

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Banco Internacional de S. Tome e Principe
[g] Onei Group
[h] Making Finance Work for Africa
[i] STP Imobiliários
[j] Bwaso Imobiliaria
[k] World Bank Ease of Doing Business Indicators

The value of direct economic losses attributed to current climate conditions is approximately 0.34% of the total capital stock value, with the services sector bearing the largest portion of the losses followed by the housing sector.[16]

Access to finance

Banco Central São Tomé e Príncipe (BCSTP), the country's central bank, is the supervisor of the country's financial system and carries out the functions of monetary issuance, is the state banker, monetary, and exchange authority.[17]

Four licensed commercial banks operate in the country: Banco Internacional de São Tomé e Príncipe (BISTP), Ecobank São Tomé and Príncipe, Afriland First Bank São Tomé and Príncipe, and Banque Gabonaise et Française Internationale (BGFI) Bank.[18] These banks are owned by Portuguese, Cameroonian, Angolan, Gabonese, Togolese, and São Toméan interests. Efforts are being made to complete the liquidation of three banks, but a lack of a modern legal framework, and the effects of the pandemic, are making this difficult. The

central bank decided to dissolve Banco Equador following its failure to find a buyer in May 2016 when it was put up for sale. Banco Equador repeatedly failed to meet regulatory requirements in terms of capital buffers, liquidity and solvency after the central bank took over its administration in January 2015.[19] Banco Equador's liquidation process is ongoing.[20] Banco Privado, since 2013, accumulated losses that resulted in the depletion of its own funds, so that they fell below the required minimum. Banco Privado failed to implement measures recommended by the central bank i.e., to strengthen the provisions, processes and strategies of corporate governance, increasing its risk level.[21] A process was reportedly under way in April 2022 to negotiate the assets between the shareholders and the Board of the BSCTP for Banco Privado.[22] Effective 17 January 2022, the central bank cancelled the authorisation to operate Energy Bank after unsuccessful attempts at reorganisation and resolution.[23]

The National Financial Inclusion Strategy highlights the government's efforts to make financial services and products accessible to all as a mechanism to allow those vulnerable to poverty to contribute to the country's economy. A survey by the central bank in 2017 concluded that 76% of the São Toméan population above 18 years old was excluded from the financial system. The data also indicated that 60% of São Toméans did not have access to banks. Also, 57% of women were financially excluded versus 43% of men. The financial exclusion can be attributed to low or no income, low school education, low levels of financial literacy, and high levels of informal financial activities.[24]

Following the expiration of moratorium payments on Non-Performing Loans (NPLs) in June 2021, the country saw a system-wide decrease in NPLs from 29.6% in the fourth quarter of 2020 to 28.6% in quarter 4 of 2021.[25] The central bank has implemented measures to tackle the still high level of NPLs in the financial sector, with new regulations, which banks were required to comply with by April 2022.[26] In the analysis of loan portfolios by economic sector, the central bank's 2020 annual report indicated that loans were predominantly allocated to the housing/construction sector, consumption, and commerce sectors, representing 37.4%, 19.6% and 19.4% of loans respectively.[27] The average bank lending rate in 2020 was 19.1%.[28] Credit to the construction sector is mostly provided by one bank and this affects the ability of individuals and housing developers' to afford interest rates offered.

The 2020 World Bank Doing Business report stated São Tomé and Príncipe had a credit registry coverage of 21.5%. This indicates the number of individuals and firms listed in credit registry as a percentage of adult population.[29] The central bank maintains a credit registry of all current loans. However, there are gaps in the information provided to the credit registry. Information is provided by some banks and none of the microfinance institutions.[30] Also, information is provided monthly instead of in real time and the registry does not use an algorithm to produce credit scores that can help standardise credit risk analysis.[31] Discrimination in access to credit based on gender is not prohibited by law.[32] The country does not have a collateral registry nor a means of determining priority for secured collaterals in instances of insolvency. Doing Business scored São Tomé and Príncipe zero on credit bureau coverage as well.[33] Little has been done to innovate providing access to credit, especially for the poor. The banking system in the country has become more concentrated as the share of the largest bank's total assets increased from 53% in 2016 to 60% in 2020.[34]

BISTP, on its website, provides information on housing credit for purchase, construction, and works. The bank can finance up to 100% of the value of works or acquisition, or up to 50% of guarantees. Mortgage interest rates are up to 8% per year and up to 5% for financial guarantees, with a maximum tenure of 240 months or 20 years.[35] Information on the number of mortgages held is not available.

Affordability

From the 2012 national survey, 66.1% of the population in the urban areas own their homes, 17.5% live in rented accommodation, 15.2% live in free homes and 1.2% have other means of accommodation.[36] The total unemployment rate in the country is 13.6%, ranging from 9.3% for men to 19.7% for women.[37] As of 2017, the percentage of the population living below the national poverty line was 66%[38] and the Gini index is 40.7,[39] indicating a high level of unequal income distribution.

The typical cost of land per square metre in an urban area is Db2 450 (US$105). The price of the cheapest, newly built house by a formal developer or contractor in an urban area is Db1 482 250 (US$63 346) and the size is 80m^2. The typical monthly rental price for these houses built by a formal developer or contractor in an urban area is Db17 150 (US$733). The total construction cost per square meter is Db7 350 (US$314). The minimum size of a residential plot in urban areas in square meters is 300m^2.[40]

Housing supply

The land tenure system is a combination of private holding and usufruct of public land. Urban lands are mostly private. The Ministry of Infrastructure, Natural Resources, and the Environment is responsible for the administration of urban lands.[41] It takes a 16-step process and 67 days to obtain a construction permit. The country scored 4.5 on an index scale of 0-30 in the quality of land administration index, which measures the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights, according to the World Bank Doing Business 2020 report. The country also scored 41.1 out of 100 in the ranking of economies on the ease of registering property, below the Sub-Saharan regional average of 53.6. Both men and women have equal ownership rights to property. Not all privately held land plots are mapped or registered.[42]

According to the 2012 census, most houses are made of wood with 64.8% using new wood for construction and 15.3% using reclaimed or salvaged wood.[43] Urban areas mostly comprise low-income housing built of wood, from the deforestation of local forests,[44] are occupied by more than one family, and have improper sanitation. At the national level, zinc is mostly used in roofing, with most districts having more than two-thirds of the houses covered in zinc, followed by tile and slate.[45] In urban areas, 30% of households have piped water and 57% of dwellings do not have any type of sanitary installation.[46] However, 65% of dwellings in urban areas have access to electricity.[47] Increased development in peri-urban areas has resulted in informal settlements with inadequate water and sanitation and energy infrastructure.[48]

São Tomé and Príncipe has signed a cooperation agreement with China to construct 200 social housing units. Currently, 60 apartments have been built in the districts of Cantagalo and Lobata in the island of São Tomé.[49] The project includes five buildings with three floors each, two buildings in Lobata, north of the island of São Tomé, and three in the district of Cantagalo, in the south of the island, each having 12 apartments.[50] The Chinese Embassy in São Tomé has indicated that China will pay for construction of another 140 homes in São Tomé and Príncipe by 2024.[51] China has proposed doing a feasibility study prior to starting the second phase of construction of the social houses.[52]

In November 2020, the São Tomé and Príncipe Housing and Real Estate Agency, through a public-private partnership, signed a memorandum with KCG SARL, a company based in Cameroon, to construct 20 000 social housing units. The project, which seeks to cover the entire national territory, comprises 80% social housing and 20% commercial housing. The agreement is part of the government's commitment to solve the housing problem in the country.[53]

Property markets

The 2020 World Bank's Doing Business report ranks São Tomé and Príncipe at 170 out of 190 economies. The country has a title registration system. There are eight procedures involved in registering property and registration is done in 52 days. The cost of registration is 10.2% of the property value.[54]

There is no comprehensive and functional electronic database for checking for encumbrances, property loans, sales, or rentals. Past and newly issued immovable property records are paper-based, require manual bookkeeping, and follow the *folio real* system – a system that records information about the land as opposed to personal systems which record information about the owner.[55]

Policy and legislation

The government has established a National Land Use Planning and Cartography Directorate responsible for managing and allocating land, managing natural and protected areas, ensuring sector land distribution, and planning major infrastructure by zone.[56] The institution in charge of immovable property registration is the Conservatória do Registo Predial and the institution in charge of the plans showing legal boundaries is Direcção dos Serviços Geograficos e Cadastrais.[57]

The Código dos Registos Predial e Notarial Lei nº 12/2018 e 14/2018 laws require that all property sale transactions be registered at the immovable property registry

SÃO TOMÉ AND PRÍNCIPE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Db4.04 million** per month

you could afford to purchase a **Db180.622 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Db4.850 million** per month

you could afford to purchase a **Db216.835 million** house with a mortgage.

Mortgage assumptions – Sao Tome and Principe

- 6.5% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

to make them opposable to third parties. Also, the Codigo do Registro Predial 1968, Código dos Registos Predial e Notarial Lei nº 12/2018 e 14/2018 laws subject immovable property to state guarantee. The Registrar and Notary are responsible for verifying the identity of parties to a property transaction. The São Toméan First Instance Tribunal (Tribunal de Primeira Instancia de São Tomé) oversees resolving disputes between local businesses over tenure rights.[58] The basic legislation for land tenure is Lei 3/91 on landed property.[59] The Directorate of State Property, under the Ministry of Planning, Finance, and the Blue Economy legally represents the state in contracts for the purchase or sale of movable and real estate property.[60] It is important to note that foreigners cannot purchase land, although they can purchase structures.

Law nº 4/2020 came into force in April 2020, establishing a set of Extraordinary Budgetary Measures to deal with the COVID-19 pandemic. Also, the decree law, NAP (Permanent Application Norm) 07/2020 came into force in May 2020, giving the central bank powers to regulate measures to be adopted by the financial sector on legal moratoriums for credit in progress, as well as other products and services. The moratorium consists of the temporary suspension of credit payments for a period of six months, with the amount of the instalments to be paid later, under the same conditions defined in the credit agreement before the moratorium. Beneficiaries include companies and individuals with housing and other loans.[61]

Opportunities

Recovery of the country's tourism sector post-pandemic, coupled with macroeconomic stability, could lead to greater economic growth. At the same time, the country has made significant progress in implementing social protection programmes in recent years amidst global crises, which affect the country's poor, such as COVID-19 and the Russian-Ukraine conflict.[62] The government modernised its payment systems in May 2021 by introducing VISA and MasterCard,[63] improving the country's payment infrastructure capacity to process interbank payments and local and international retail payments safely and efficiently. Modernisation of payment systems is expected to benefit the housing sector as this will make payment processing more efficient with reduced turnaround time and minimal system errors. Wider access to financial services such as deposits, transfers, savings and loans mitigates the risk of carrying huge amounts of cash for housing transactions.

Availability of data on housing finance

The Instituto Nacional de Estatistica is the main source of housing data in the country. However, the information on the website is out of date, with the most recent available data being from 2012. Up-to-date data is lacking, particularly on poverty, inequality, socioeconomic indicators, and housing. The Institute does publish other recent information such as population estimates, and data available on the website is disaggregated by gender.

The central bank publishes data and statistics on the banking sector in the country, in addition to its annual reports. However, information on mortgage products available is difficult to obtain. Reforms of the property and mortgage registry will benefit tax collection and facilitate loan collateralisation by the banking system.

Green applications for affordable housing

São Tomé and Príncipe is ranked 126 out of 182 countries in terms of vulnerability to climate change, as per the Global Adaptation country index in 2020.[64] Climate change poses a challenge in accessing finance especially for low-income earners who depend on farm and sea for livelihoods. The challenges range from difficulties in meeting minimum requirements for having a bank account to obstacles in accessing financing products and services because of the inability to provide credit guarantees and collateral.[65] The country has also included a pillar in the National Financial Inclusion Strategy on Inclusive Green Finance to facilitate building a green and financially-inclusive economy.[66]

United Nations (UN) Habitat and the local government of São Tomé and Príncipe have built 133 new houses using the most environmentally-friendly construction techniques available, benefiting approximately 504 people.[67] In addition, two municipalities have implemented the City Resilience Action Planning Tool aimed at helping local governments to understand and plan actions that progressively build urban resilience and reduce urban risk.[68] The government has launched a project to construct the country's first photovoltaic power plant of 1.5MWp in Santo Amaro, a town in the Lobata District, with the support of the African Development Bank (AfDB). The solar power plant is expected to be operational by the end of 2022, with the project expected to replace a thermoelectric power station to be shut down by the end of 2022 and ensuring the rehabilitation of the Papagaio mini-hydroelectric plant, located in Príncipe.[69] The installed power capacity for the country is 35.8MW with 92% generated from diesel and 8% being renewable energy from hydropower.[70]

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Senegal

Mansour Manè

Overview

Senegal is regarded as one of the most stable countries in Africa. However, the July 2022 legislative elections left the national assembly without an absolute majority and terrorist activities in neighbouring countries risk fueling instability.[1] Senegal has an estimated population of 17.2 million and a population growth rate of 2.7%,[2] with more than four million people living in Dakar, the capital city. The percentage of the population that is urbanised was 49%[3] in 2021. With an insufficient supply of affordable housing and rapid urbanisation, combined with limited availability of serviced land and relevant financial products for developers and buyers and construction costs, Senegal is trying to curb the housing crisis. However, 25% of urban spaces in Senegal and 30% of inhabited areas in Dakar[4] are considered informal. A significant part of the population therefore lives in inadequate housing without land security.

The Senegalese economy recovered gradually in the last quarter of 2020 and growth accelerated in 2021 to reach 6.1%, thanks to increased consumption and government investments.[5] Gross domestic product (GDP) growth increased from 1.3% in 2020 to 3.2%[6] in 2021. However, the rapid rise in crude oil and food prices, caused among other factors by the war in Ukraine and, to a lesser extent, the freezing of trade with Mali linked to the sanctions adopted by the Economic Community of West African States (ECOWAS),[7] have had an impact on the main macroeconomic indicators. To support the recovery of economic activity the government has implemented an Economic and Social Resilience Programme and the central bank has renewed its initiatives relating to Recovery Bonds and Support and Resilience Bonds.[8] However limited government budgets and a large informal sector make recovery difficult.[9] Various initiatives are being carried out to mitigate inflation, which is expected to reach 5.5% in 2022 compared to 2.2%[10] a year earlier.

Senegal is particularly vulnerable to the effects of climate change from drought, locust invasions, flooding (as experienced in the Dakar and Thies regions in 2020), and water-related health epidemics, rising sea-levels, coastal erosion and bushfires.[11] This vulnerability is likely to increase, which will in turn impact the country's economic prospects and household livelihoods.[12] Senegal has made significant efforts to reduce its vulnerability to climate change with the development and implementation of a real climate plan. Among other things, a national platform for the prevention and reduction of major disaster risks,[13] and a national risk reduction and disaster management programme was developed in 2011. Senegal launched the Disaster Risk Management and Climate Change Adaptation Project in 2012, with funding from the World Bank. This aims to facilitate the development of climate-resilient infrastructure and ensure its accessibility for all, in particular vulnerable people in the low income groups.

Access to finance

Financial inclusion in Senegal is relatively low. The proportion of adults with an account with a financial institution is 28%[14] while the average in Sub-Saharan Africa is 40%. This rate is 32% for men and 24% for women. The proportion of adults over the age of 25 who have borrowed from a financial institution is 12%. The average in Sub-Saharan Francophone countries is 9%.[15]

KEY FIGURES

Main urban centres	Dakar
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc (XOF)
1 PPP$ = (2021) [b]	236.38 CFA Franc (XOF)
Total population (2021) [b] | Urban population (2021) [b]	17 1963 08 | 8 357 406
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.67% | 3.65%
Percentage of urban population living in slums (2018) [d]	29.5%
Population living less than 5m above sea level (2010) [b]	10.1%
Most common fuels used by households | by B40 households (2020) [e]	Straw/shrubs/grass | LPG/natural gas/biogas
Percentage of female-headed households (2019) [e]	30.3%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	13.74%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	3.7%
Percentage of women participating in the labour market formally (2021) [b]	34%
Gini coefficient (2017) [b]	40.3
HDI country ranking (2020) [d] | HDI country score (2021) [d]	170 | 0.51
GDP per capita (Current US$) (2021) [b]	US$1 606
GDP (Current US$) (2021) [b]	US$27 625 million
GDP growth rate (2021) [b]	6.06%
Inflation rate (2021) [b]	2.55%
Lending interest rate (2017) [b]	5.14%
Proportion of adult population that borrowed formally (2021) [b]	52%
Number of residential mortgages outstanding (2020) [f]	25 233 (est)
Value of residential mortgages outstanding (USD) (2019) [f]	US$360.49 million
Prevailing residential mortgage rate | Term [g]	6 – 13% | 25 years
Maximum LTV on a residential mortgage [h]	90%
Ratio of mortgages to GDP (2021)	1.45%
Number of residential mortgage providers [f]	27
Percentage of women who own a house alone and/or jointly (2019) [e]	6.9%
Number of microfinance loans outstanding (2019) [h]	460 547
Value of microfinance loans (USD) (2021) [i]	US$215.10 million
Number of microfinance providers [i]	295
Total number of residential properties with a title deed (2021) [j]	152 000
Number of formal dwellings completed annually (2019) [k]	56 770
Number of residential projects certified by EDGE [l]	1
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k]	12 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [k]	150m^2
Typical monthly rental for the cheapest, newly built house [k]	150 000 XOF
Cost of standard 50kg bag of cement in local currency units [n]	3 500 XOF (US$5.56)
Type of deeds registry: digital, scanned or paper (2020) [o]	Paper
World Bank Ease of Doing Business index rank (2020) [o]	123
Time to register property (days) | Cost to register property (2020) [o]	41 days | 7.1%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [o]	10.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF): Affordable Housing Institute

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Banque de l'Habitat du Senegal (BHS)
[g] Senegalese Housing Bank
[h] Central Bank of West African States
[i] Senegal microfinance portal
[j] Agricultural and Rural Prospective Initiative (IPAR)
[k] Ministry of Town Planning, Housing and Public Hygiene (MULHP)
[l] Edgebuildings.com
[m] AML services
[n] Al Rahma Hardware
[o] World Bank Ease of Doing Business Indicators

The Senegalese financial sector continues to expand. This is demonstrated by a constant evolution of its banking network, the most developed in the sub-region, with 27 banks and four financial institutions in 2022.[16] The lack of long-term financing remains a major obstacle for the development of the housing market. However, the intervention of the Caisse Régionale de Refinancement Hypothécaire (CRRH), although limited, plays a crucial role in allocating additional resources to its shareholder banks. Banque of the Habitat of Senegal (BHS) benefited from five refinancings for a total amount of CFA26 billion (US$41.4 million) including CFA12.5 billion (USS$19.8 million) from market resources and CFA13.6 billion(US$21.5 million) from concessional resources. As

collateral for this assistance, it mobilised 6 093 mortgage loan contracts as collateral, including 4 286 for market refinancing and 1 807 for concessional refinancing.[17] The low availability of mortgage loans (from banks and microfinance institutions) is one of the major constraints for the development of real estate and services. Between 2012 and 2017, the share of real estate credit in bank financing amounted to 3.2% of the CFA48 billion (US$76 million) per year of bank loans distributed in Senegal. Nevertheless, a comparative analysis between the West African Monetary Union (WAEMU) countries shows that Dakar is the most dynamic city for housing credits. The country offers the lowest rates in the region.[18] This varies between 5. 5% and 9% for individuals at BHS. BHS is the backbone of real estate financing in Senegal. In 2020, of the CFA5 247 billion (US$9 484 billion) outstanding credit in the Senegalese banking system, BHS's share was CFA365 billion (US$579 million).[19]

The microfinance sector, although one of the most dynamic in the WAEMU in the number of structures and loans granted and beneficiaries, does not play a big role in the financing of housing. The number of Decentralized Financial Companies increased from 294 in 2020 to 295 in 2021.[20] Outstanding loans and deposits are respectively CFA500 billion (US$793.5 million) and CFA412 billion (US$654 million), following increases of 2% and 6% respectively compared to 2020.[21] As for microfinance structures, CRRH signed a refinancing and housing loan agreement[22] for low income and/or irregular households with COFINA Senegal in July 2021. COFINA is the first in the microfinance sector to benefit from the refinancing of the CRRH in the WAEMU zone.

The initiating of government-related financing mechanisms, through the Social Housing Fund (FHS), the Priority Investment Guarantee Fund (FONGIP), and the Sovereign Strategic Investments Fund (FONSIS), will contribute to serving low income households as part of the government programme for 100 000 dwellings.

Affordability

Two important components of housing accessibility are household income and housing cost. According to the National Agency for Statistics and Demography (ANSD), an employee earns an average of CFA112 423 (US$178) a month.[23] The minimum wage was CFA58 900 (US$93) a month in 2021. Men earn an average of CFA124 454 (US$197) a month compared to CFA86 480 (US$137) for women. The informal economy supports 96.45%[24] of the working population. The importance of the informal economy in household livelihoods makes it difficult to account for the unemployment rate; which was 11.6% in 2018.[25]

Housing expenditure is the second most important item of expenditure for Senegalese households, behind food.[26] In Dakar, housing accounts for 37% of household non-food expenditure for repair or rental of their housing.[27] The cost of housing in the household budget would exceed 50% for the poorest 47% of households in Dakar.[28] Few households are able to save to invest in their homes, due to low incomes and high living costs. In addition, 70%[29] of citizens do not have any type of bank account or are not able to meet formal loan requirements to obtain financing for their home.

An analysis of the minimum wage and what an employee in the formal sector earns shows strong income inequalities between social categories. This provides information on the ineligibility of the vast majority of Senegalese households for government social housing (dedicated to first-time buyers with modest incomes). The cheapest housing produced by the public developer Société Nationale des Habitations à Loyer Modéré (SN HLM) is CFA12 million (US$19 046). For a loan with a term of 25 years, an interest rate of 8%, and a deposit of 20% of the total price, this housing would cost CFA184 987 (US$ 293) a month, and CFA61 538 (US$97) over the term. This product is affordable for 80% of the urban population.[30] In Dakar, this housing supply is below the average purchase price of economic F4 housing, currently estimated at CFA16.3 million[31] (US$25 870).

Housing supply

Data on the existing housing stock is scarce but there is an estimated deficit of 370 000 housing units for the whole country and 160 000 for Dakar.[32] Despite their strong contribution to housing development in Dakar and the interior of the country in the past, SN HLM and Société Immobilière du Cap Vert (SICAP) have been experiencing sluggish production in recent years. This puts pressure on the supply of housing for low income households. However, renewed state support provided under the 100 000 housing programme, is intended to contribute to a massive construction of housing. The state has undertaken to allocate and transfer on behalf of SICAP, the 430ha of land necessary for the construction of 13 952 housing units.[33] SN HLM signed a contract with the government for the construction of 15 000 housing units, part of the 100 000 housing project, in 2021. In 2021, SN HLM produced 155 housing units, including 93 housing units in Dakar and 62 in the interior of the country.[34] Of the 958 housing units planned by SICAP in the same year, only 154 were registered, including serviced land, villas and apartments.

Annual housing production rarely exceeds 5 000 units and even this number is not always reached, as in 2021. Out of a target of 15 000 housing units, only 2 458 units (economic, apartments, duplex villas) were delivered.[35] Private real estate developers operating in Dakar have an annual production capacity of 2 000 homes. They are aimed exclusively at the solvent middle and upper classes. The remaining 3 000 housing units would be self-built (most often on unserviced land) and housing cooperatives. The price of marketed housing currently varies between CFA15 million and CFA80 million (US$23 807 and US$126 974). These prices cover economic detached houses (F3 and F4) on 150m² to 200m².[36] In addition, 62.1% of the offer is in the range of CFA20 million to CFA60 million (US$31 743 to US$95 230) and 15.7% of the offer exceeds CFA60 million (US$95 230). Tenants represent 41% of urban households in Dakar and pay a median rent of nearly CFA79 000[37] (US$125).

In Senegal, most households build their housing. This production reflects an ingenious use by a community of the resources and opportunities at its disposal. Traditionally, most of the materials used are organic and vegetable types (wood, bamboo, straws and leaves) that are available locally.

The costs of building materials contribute to the increasing price of real estate and the inaccessibility of housing to many. Imported materials, used for plumbing, painting, tiles, carpentry and waterproofing constitutes 50% of the construction costs of a dwelling. However, three local cement production units (SOCOCIM Industries, Ciments du Sahel and Dangote) makes it possible to meet domestic demand for cement.

Property markets

Residential real estate is experiencing a surge, caused by the major public apartment programmes underway in Dakar. However, residential markets have an annual return of only 6%.[38] The increase in the volume of residential developments is greater in Rufisque with more than 60%[39] of the current supply. Bambilor and Diamniadio welcome private and public real estate developers, and new construction is taking place there.

The 100 000 housing programme is having an impact on the market through a platform to monitor the 270 422 applicants registered for the project and through the establishment of a selection commission for developers, buyers and housing cooperatives. Thirteen agreements for the construction of 63 817 housing units over three years with private developers have been signed, with ongoing construction of 1 000 housing units by cooperatives.[40] Other construction of housing for this programme includes 178 units being built by the real estate company S2I (153) and SN HLM (25).[41]

In Dakar, 45.8%[42] are owners of their homes with title deeds and 42.8% are tenants. At the national level, 39.9% are owners with title deeds and 31.8% are untitled owners. The status of owner of the dwelling by sex indicates that 11.7% of men own a dwelling alone (legally registered in their name or which cannot be sold without their signature) against 0.9% for women.[43]

Housing in Senegal and particularly in Dakar is a financial burden on the household budget. More than half the income of Dakar residents is now absorbed by rent.[44] The average monthly rent in a newly built apartment is CFA131 441 (US$208).[45] This sum is the average of the first five months of 2022 and reflects an increase of 5.8% compared to the same period in 2021.

In Senegal, the price of unserviced land and built-up land is on a scale set by decree N° 2010-439 of 6 April 2010. However, the selling prices of land and housing has evolved through a market dynamic established on a speculative basis, according to supply and demand. By way of illustration, the value of a square metre of unserviced land in Dakar Plateau is set at CFA300 000 (US$476) by this decree, while free market transactions are made at CFA1 000 000 (US$1 587) on average.

SENEGAL – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA134 548** per month	who earns **CFA300 000** per month
you could afford to purchase a **CFA5.133 million** house with a mortgage.	you could afford to purchase a **CFA11.456 million** house with a mortgage.

Mortgage assumptions – Senegal

- 9.5% interest rate
- 10% deposit
- 25 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Policy and legislation

The Senegalese government plays a regulatory and facilitating role in the housing sector. It is involved in the provision of primary infrastructure (main roads, electricity, water, sanitation) but also in the granting of land and the implementation of financial tools for social housing projects. However, the state sometimes goes beyond its role as regulator by initiating the production of serviced land or housing. This is the case with BIA programmes or projects that respond to emergency needs.

The computerised entry of land data through the Land Conservation Offices, launched in 2021 by the General Directorate of Taxes and Domains will provide a vast inventory of real estate. In addition, the Project for the Improvement of Cadastre and Land Tenure is the beginning of a response to poor land governance and poorly performing management systems. The operationalisation of these services explains why Senegal occupied a relatively successful position in registration of a property (41 days[46] – thus positioning itself below the average of 51.6 days in Sub-Saharan Africa) in 2021.

With global budget of nearly CFA2 500 billion (US$3 billion) for the 100 000 housing project, the Senegalese government should supply a corresponding CFA600 billion (US$952.3 million) for the costs of the development and servicing of the sites.[47] The state does, however, not intervene in construction, which is supported by households (self-promotion), public and private real estate developers and housing cooperatives.

The support of the public authorities to households to access housing is also reflected in the granting of interest-free loans called "DMC loans" (other sources of financing for households exist, such as FONGIP). These loans for civil servants and other agents support the acquisition of housing and/or land from real estate developers. Over the period 2014 to 2021, the provision of "DMC loans" amounted to CFA52.5 billion (US$83.3 million) for 21 525 beneficiaries.[48]

As part of the housing reforms, the most prominent is the establishment of a one-stop shop for state and land procedures. This allows the applicant or beneficiary of social housing to benefit from a quality and secure service to carry out the commercial transaction to purchase the property. Also, with the aim of promoting urban planning, housing and construction, a new Letter of Sectoral Development Policy (LPSD 2021-2025) has been adopted. In addition,[49] 15 new urban planning and housing departments have been created.

Property is a man's business in Senegal. Many women can only access resources through their partner or husband. With an average score of 66.9[50] out of 100 below the global average score of 76.5 and behind countries such as Cote d'Ivoire (83.1), Burkina Faso (82.5), Togo (81.9) and Benin (80.6), Senegal still has work to do in terms of legal differences between men and women on eight indicators (assets and retirement, remuneration, entrepreneurship, marriage, parenthood, workplace, mobility). The laws in Senegal do not allow any discrimination in matters of property and inheritance. However, discrimination occurs in practice because of religious and social beliefs.

Opportunities

The collaboration between FONSIS and the International Finance Corporation (IFC) for the development of 20 000 housing units in Senegal offers new financing arrangements. This agreement, signed on 24 March 2022,[51] is a lease-purchase vehicle that consists of acquiring quality housing from developers and making them available to low income people through a rental programme with an option to purchase.

To enable government institutional tools to intervene effectively, it is important to reconcile these. This involves agreements and memoranda of understanding between FONGIP, FONSIS, banks, microfinance institutes, FHS and the Société d'Aménagement Foncier et de Rénovation Urbaine.

Websites

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Banque de l'Habitat du Sénégal www.bhs.sn
Centre d'Excellence de l'Habitat of the WAEMU www.ceh-uemoa.org
Directorate of Regulation and Supervision of Decentralized Financial Systems www.drs.sfd.gouv.sn
Directorate of Forecasting and Economic Studies www.dpee.sn
Priority Investment Guarantee Fund www.fongip.sn
Souverain Strategic Investments Fund www.fonsis.org/fr
Land Development and Urban Renewal Company www.safru.sn
Cape Verde Real Estate Company www.sicap.sn
Société Nationale des Habitations à Loyer Modéré www.snhlm.sn
Une Famille Un Toit www.unefamilleuntoit.gouv.sn
Affordable Housing Institute www.affordablehousinginstitute

Availability of data on housing finance

The production of statistical data on housing is carried out by the National Agency for Statistics and Demography, in particular through household surveys, censuses and studies. At the same time, it also publishes specific gender-related surveys and studies.

Although the Banque de l'Habitat du Sénégal collects data from developers and customers, it is not made public. Data on structures of urban planning, housing and construction are part of this.

The Central Bank of West African States is involved in the dissemination and production of statistics on bank financing in general, but to a lesser degree on housing. In the absence of consistent and reliable data, it is difficult to determine data on the issues of climate change in terms of affordable housing.

The recent creation of the Office of Training on the Credit (BIC) in Senegal is positive. The BIC collects available credit or payment data from financial institutions, public sources and major billers. The Centre d'Excellence de l'Habitat of the WAEMU could contribute to the production of statistical data on housing finance in the eight WAEMU countries, through its data collection platform that operates a statistical monitoring of indicators on urban land, housing and its financing.

Green applications for affordable housing

In 2021, 22 buildings were classified as green in Senegal.[52] The World Bank's project to support the 100 000 housing project integrates the concept of "green buildings" into its programme. The development of a sustainable district of 150 housing, service and local infrastructure units by the Senegalese Federation of Inhabitants, organised as a Housing Cooperative and supported by the non-governmental organisation UrbaSEN,[53] is an example of an approach aimed at reducing the environmental impacts of housing and promoting a model of access to affordable housing. To develop construction methods that respect the environment and the climate, the ongoing revision of the urban planning code and the construction code is working to boost energy efficiency, with priority given to green building materials and less expensive concrete.

Analysis of the main mode of lighting showed that electricity is most widely available at the national level. It is used by 63 8% of households, with 59.4% connected to the power grid and 4%.4% to a generator.[54] Almost all urban households (97%)[55] have access to an improved source of drinking water supply compared to 81% for rural households. Three-quarters of households (75%) have access to sanitation facilities.

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Seychelles

Kwame Obeng Adjinah

Overview

The Republic of Seychelles comprises approximately 115 islands in the Western Indian Ocean and is known for its beautiful beaches, lush tropical vegetation, and wide variety of marine life. The country has an estimated surface area of 455km^2 with four main inhabited granitic islands which in order of size are Mahe, Praslin, Silhouette and La Digue.[1] Victoria, the capital and the largest city in the country, has an estimated area of 155km^2. The estimated population of Seychelles was 99 202 in 2021, a minor increase from 2020 which was estimated to be 98 462,[2] thus showing an annual growth rate of 0.75%.[3] The urban population was estimated at 57.97%, that is, 57 509, in 2021 with a growth rate of 1.49%.[4] Urbanisation has been identified as a principal challenge to Seychelles' limited land and coastal resources.[5] Urban population growth has caused urban sprawl, especially towards the eastern coat of Mahe.[6] To contain the rise in urban population, the government has reclaimed several pieces of land on the eastern coast of Mahe for housing and infrastructure development.

Economic growth as measured by the Gross Domestic Product (GDP) bounced back to 1.85% in 2021 from -7.7% in 2020.[7] GDP per capita also grew to SRs173 249 (US$13 307).[8] This demonstrates the robustness of the country's economy in spite of the devastating effect of the COVID-19. The average inflation rate stood at 9.8% in 2021 compared to 1.2% in 2020.[9] While GDP is projected to grow by 5% in 2022 and 5.9% in 2023, inflation is projected to decline to 6.1% in 2022 and 1.5% in 2023.[10]

Climate change poses a threat to Seychelles, just as with other small islands. Most disasters are hurricanes, cyclones, tidal surges, storms, floods, rain, and landslides. Flooding and landslides caused the greatest economic losses, and it is recommended that planning should focus on losses from these.[11] These climate events are as a result of change in rainfall patterns, extended drought and higher sea levels. Sea level increases and high rainfall erode the coastline, which affects tourism. Coastal erosion makes land scarcer, which contributes to rising land prices.[12] Most recently, in 2021, Tropical Cyclone Jobo damaged buildings and vegetation on some of the outer islands.[13] Floods in 2014 caused several landslides after the collapse of terraced fields and riverbanks, and affected approximately 4 000 people.[14]

Access to finance

The financial sector of Seychelles is regulated by the Central Bank of Seychelles (CBS) and the Financial Services Authority (FSA). The government is committed to ensuring financial inclusion. Seychelles has the highest banked population in Sub-Saharan Africa, with an estimated rate of 94%.[15] In 2014, the CBS became a member of the Alliance for Financial Inclusion (AFI) Network.[16] Seychellois have universal access to financial products, irrespective of gender. Women do not need permission from male family members to access credit or buy property.

The country has seven commercial banks and two non-bank credit institutions. The non-bank credit institutions are a development bank and the Housing Finance Company (HFC), which specialises in mortgages. There is also a non-bank deposit-taking institution called the Seychelles Credit Union (SCU) and 21 forex bureaus.[17] Ten institutions provide home loans and their interest rates range between 7% to 20%.

The Home Finance Company (HFC), the largest mortgage lender, provides financing to Seychellois citizens with income or combined income of less than SRs30 000 (US$2 304) for the acquiring, developing and improving property.[18] The value of mortgages outstanding as at 2021 was approximately SRs1.457 billion (US$112 million).[19] Mortgage advances in 2021 increased by 7.5%, the second highest after fisheries. Average interest rates on mortgages fell from 7.6% in 2020 to 6.7% in 2021 with the lowest rate of 5.5% being provided by Nouvobanq and the highest rate of 8% by Bank of Ceylon.[20] The

KEY FIGURES

Main urban centres	Victoria
Exchange rate (1 July 2022): 1 USD = [a]	13.02 Seychellois Rupee (SCR)
1 PPP$ = (2021) [b]	7.55 Seychellois Rupee (SCR)
Total population (2021) [b] | Urban population (2021) [b]	99 202 | 57 509
Population growth rate (2021) [b] | Urbanisation rate(2021) [b]	0.75% | 1.49%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	16.6%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	86.83%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	3.9%
Percentage of women participating in the labour market formally	n/a
Gini coefficient (2017) [b]	45.70
HDI country ranking (2020) [d] | HDI country score (2021) [d]	69 | 0.76
GDP per capita (Current US$) (2021) [b]	US$13 306
GDP (Current US$) (2021) [b]	US$1 320 million
GDP growth rate (2021) [b]	1.85%
Inflation rate (2020) [b]	1.81%
Lending interest rate (2021) [b]	9.2%
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) [f]	US$111.87 million
Prevailing residential mortgage rate | Term [g]	7 – 20% | 30 years
Maximum LTV on a residential mortgage [g]	90%
Ratio of mortgages to GDP	8.48%
Number of residential mortgage providers [e]	10
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2020) [g]	9 072
Value of microfinance loans (USD) (2020) [g]	US$95.2 million
Number of microfinance providers (2019) [h]	1
Total number of residential properties with a title deed (2019) [h]	25 931
Number of formal dwellings completed annually (2021) [i]	355
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [j]	733 000 SCR
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [j]	93m^2
Typical monthly rental for the cheapest, newly built house [k]	6 745 SCR
Cost of standard 50kg bag of cement in local currency units [l]	150 SCR (US$11.52)
Type of deeds registry: digital, scanned or paper (2020) [m]	Computer/Fully digital
World Bank Ease of Doing Business index rank (2020) [m]	100
Time to register property (days) | Cost to register property (2020) [m]	33 days | 7.00%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [m]	21.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF): Empowa

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Central Bank of Seychelles
[f] Ministry of Habitat, Infratructure and Land Transport
[g] International Monetary Fund (IMF)
[h] World Bank Southern Africa: Doing Business 2019
[i] Property Management Corporation
[j] Revised Housing Policy - Seychelles Government
[k] Nazaars Realty
[l] Lafarge Cement
[m] World Bank Ease of Doing Business Indicators

HFC's interest rates however remained at a minimum of 7%.[21] The maximum Loan-to-Value ratio typically required by the HFC was 90%.

The Seychelles Credit Union (SCU) provides housing loans for a maximum term of 20 years at an interest rate of 9% a year.[22] The SCU also has other forms of mortgages such as home improvement loans that are offered at an interest rate of 10.5% a year for a maximum term of 10 years and land acquisition loans at an interest rate of 10% a year for a maximum term of 15 years.

The Credit Information System (CIS) which was established in 2021 by the CBS, serves as the only source for credit reports for underwriting.[23] The Credit Reporting Bill is expected to be enacted into law in 2022 to regulate credit reporting.[24] This will enhance assessment of individual creditworthiness and manage the risk of default.

Mortgage providers require applicants to demonstrate that they are in stable employment, thereby targeting the formal sector. However, the new housing policy announced by the Ministry of Habitat, Infrastructure and Land Transport (MHILT) allows the self-employed to qualify for mortgages by showing proof of a stable source of income for the last six months.[25] Loans advanced to the real estate sector increased by SRs673 600 000 (US$51 738 267) or 1.4%, the fourth highest disbursement, in 2021. The Development Bank of Seychelles (DBS) is the biggest investor in housing construction in the country with approximately 51% of its portfolio share being building and construction loans.[26] In 2021, the DBS disbursed 50.7%, SRs414 500 000 (US$31 837 161), of its total advances to the building and construction category, even though total advances fell 6.6% compared to the previous year.

Seychelles has an active domestic bond market. The amount of treasury bonds stood at SRs3 070 600 000 (US$235 855 288) in 2021. In November 2021, the CBS announced the change in the method of treasury bond issuance from the fixed price issuance method to the Multiple Price Issuance, auction method. This was to create market-determined bond pricing and to improve transparency in the allotment process.[27]

Affordability

Housing affordability is a function of income and property pricing. Seychelles has a high literacy rate of approximately 97%.[28] This has contributed to a high employment rate, with only 4.3% of Seychellois unemployed.[29] Approximately a quarter of the population in Seychelles, however, live below the poverty line of SRs4 376 (US$336) a month.[30] The average earnings of Seychellois was SRs14 617 (US$1 123) in the third quarter of 2021, which a contraction of 3.6% compared to 2020.[31] Mortgage applicants must earn below SRs30 000 (US$2 304)[32] and monthly repayment of loans must be between 30% to 40% of the applicant's income[33] to be eligible for Home Finance Company (HFC) loans. Furthermore, under the new housing policy, an applicant for social housing must have a single or combined income of less than SRs15 000 (US$1 152) to be eligible for the scheme. An estimated 49 634, or 50.04%, of the Seychelles population were formally employed in 2021. This shows an almost equal distribution of the population between the formally and informally employed.

Providing affordable housing is a priority for the Seychelles government as demonstrated by the MHILT's commitment to developing affordable housing and housing finance schemes. The HFC, owned by the state, remains the largest provider of financing for social housing with nine innovative products to facilitate land and housing acquisition. The HFC provides survey loans for subdivision of lands, major renovation loans for extensive renovation of an existing house, a housing loan scheme for the purchase or construction of a house and a second housing loan scheme for the construction of a second house. There are also schemes for land loans, house extensions, complete re-roofing, home improvement loans and pensioners' home improvement loans.[34] Still, there is a backlog of housing needed even though there is no measured figure. The MHILT has therefore projected to build 3 000 houses within the next six years to meet housing needs.[35]

The state is a key player in delivering affordable housing in the country. According to the 2022 budget, 51 houses started in 2021 were to be completed and 37 new houses were to be built.[36]

The cost of a newly built, average-sized, three-bedroom house with a floor area of 93m^2 is SRs837 000 (US$64 290). The MHILT, however, announced the reduction of the house size to 81.5m2, which would bring the cost down to SRs733 500 (US$56 340).[37] The mean cost of an affordable house in 2021 in Seychelles is SRs650 000 (US$49 926).[38] The consumer price index of Seychelles showed a 13.62% increase in the prices of housing, water, electricity and gas in 2021.[39]

Housing supply

The state is the largest contributor of affordable houses in the country. Through the MHILT, the state provides social housing targeted at the average employed or self-employed Seychellois. The MHILT collaborates with the HFC and the private sector to provide loans for land and housing acquisition. Per vision 2033 of the Seychelles, the country seeks to develop a dynamic real estate sector driven by the private sector and supported by government to deliver affordable, diverse, and quality homes.[40]

While affordable houses are built at a mean cost of SRs650 000 (US$49 926), condominiums were built for people who can afford houses between SRs800 000 (US$61 447) and SRs1 000 000 (US$76 809).[41] This enables Seychellois earning above SRs20 000 (US$1 536) to acquire houses outside the social housing scheme. Graduates and young professionals have benefited immensely from high quality and subsidised units under this project.[42]

Due to the Island's limited land resource, the state assists with the supply of land by creating land banks and allocating residential plots up to 900m^2, unless the topographical conditions render the plot difficult to be developed or the density requirements of the Planning Authority for such plot stipulates a bigger plot size, in which case the plot must not be more than 1 500m^2.[43]

Property markets

The state and the private sector are both players in the Seychelles property market. The government collaborates with the private sector to develop affordable houses through public-private partnership (PPP) projects. One of these, between the MHILT and Green Tree Investment Company, is to facilitate the condominium project.[44] The private sector focuses mainly on developing houses for the high income group in the country, while the government takes on the needs of social housing for the lower to middle income earners based on specified criteria.

The MHILT manages the distribution of state lands to ensure fairness and accountability by using a land bank scheme.[45] Lands allocated under the scheme are granted for an initial lease term of 35 years with a 5-year development covenant to allow the lessee to develop the land. The lease is immediately converted to freehold after the development, but with restriction on sale to third parties. There are no gender-based requirements for the issuance of title deeds in Seychelles and women can have title deeds issued in their names without hindrance.[46] Title deeds issued can be registered at the Land Registry of the MHILT.[47] Title registration involves conducting a title search, a notary drafting of the sale agreement, assessment by and payment of stamp duty to the Stamp Duty Commission, and registration of the title deed in the Land Register. The process takes up to 33 days to be completed and costs SRs35 (US$2.69) plus an additional 7% of the value of the property.[48]

The cost of rental is relatively high in the urban centres in Seychelles. Typically, a property with a floor area of 93m^2 rents for SRs6 745 (US$518). According to the MHILT, out of approximately 3 500 active housing applicants, more than 150 earn a salary above SRs20 000 (US$1 536).[49] Both condominiums and social houses are therefore in high demand. In 2019, there were 10 licensed estate agents in the Seychelles property market. Most estate agents are unlicensed.[50]

An Immovable Property Tax of 0.25% of the property value is applicable to Non-Seychellois who own a property for residential use.[51] This tax is payable by the 31st of December every year.

Policy and legislation

The MHILT regulates and formulates policies for land, housing development and allocations. Accordingly, the MHILT has led the formulation of major policies such as the Sale of State Lands Policy, the Self-Finance Allocation Policy, the Condominium Allocation Policy, the Part Rental Policy, and the Temporary Housing Allocation Policy.[52]

SEYCHELLES – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **SRs11 500** per month

you could afford to purchase a **SRs334 668** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **SRs14 400** per month

you could afford to purchase a **SRs419 063** house with a mortgage.

Mortgage assumptions – Seychelles

- 13.5% interest rate
- 10% deposit
- 30 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

In March 2022, the MHILT announced cabinet approval for reviewing housing policy to bring a more realistic approach to facilitating affordable housing.[53] To achieve this, the government has taken a sustainable approach by not over-subsidising land and housing products. New land applicants will need to demonstrate their ability to raise a minimum of SRs1 200 000 (US$92 170), compared to SRs800 000 (USS$ 61 447) under the old policy.[54] People who have been allocated land under the land bank scheme but who cannot develop it will have to switch to a housing application.[55] The new policy will also replace the self-finance properties with mid-range condominiums, which will target those with the financial ability to raise SRs800 000 (US$61 447) to SRs1 000 000 (US$76 809).

Foreigners must obtain prior approval from the government before acquiring freehold properties.[56] No laws or policies restrict women access to land in Seychelles. Properties can also be transferred to anyone by the owner subject to the provisions of stamp duty.[57]

Building and construction is regulated by the Seychelles Planning Authority. The Town and Country Planning Act of 1972, Land Reclamation Act (Cap. 106), the National Monuments Act (Cap. 140), and the Civil Code of Seychelles Act of 1976 constitute the legal framework for physical planning in the country. As a small island, Seychelles is aware of environmental threats, such as those posed by climate change. Accordingly, through the report on Nationally Determined Contributions (NDC), Seychelles has adopted coastal planning and infrastructure to be regulated at the national and local level to prioritise the consideration of "blue" nature-based solutions for climate resilience.[58]

Opportunities

Increasing housing demand continues to the be a major challenge for Seychelles due to its limited land resources and the increasing urban population. The government's PPPs for affordable housing and finance present an opportunity for private developers to invest in developing housing units, more specifically, condominiums, to serve the rising demand of graduates and young professionals who earn SRs20 000 (US$1 564) and above.

The renewal energy sector also offers a good opportunity for investment due to the country's commitment to maintaining sustainable climatic conditions.
There also exists room for financial institutions to develop housing microfinance products tailored for the informal sector, in which 50% of the country's population work. This may take the form of financing for incremental building.

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Seychelles Financial Services Authority www.fsaseychelles.sc
Seychelles Planning Authority www.spa.gov.sc
Ministry of Habitat, Infrastructure and Land Transport www.luh.gov.sc
Ministry of Finance, Trade Investment and Economic Planning www.finance.gov.sc
Property Management Corporation www.pmc.sc
Seychelles Revenue Authority www.src.gov.sc
Empowa www.empowa.io

Availability of data on housing finance

The Central Bank of Seychelles, Ministry of Finance and Financial Services Authority publish information and bulletins on the financial sector monthly, quarterly, and annually on their respective websites and through press conferences.

Also, data on land, social housing and mortgages is published by the Ministry of Habitat, Insfrastructure and Land Transport, the National Bureau of Statistics, and the Property Management Corporation on the websites of these institutions.

Government institutions are therefore the main source of information on housing finance and the financial sector in Seychelles.

The World Bank, IMF and African Development Bank also regularly publish country-specific reports on the economy and housing sector.

Green applications for affordable housing

In 2021 the Seychelles produced a climate change strategic plan with targets for transport, energy, and infrastructure. The strategic plan introduced the world's first debt refinancing for ocean conservation, protecting one-third of its ocean against climate change and unregulated economic exploitation. The country's main CO^2 contributors are transport and electricity, and in its Nationally Determined Contributions (NDC), Seychelles has set a target of 15% of energy from alternative renewable sources and 30% of vehicles being electric by 2030.[59] The main source of electricity in Seychelles is from fossil fuel, which constitutes approximately 94.7% of the total consumption of 325.50 million kWh.

Within the country the Ministry of Agriculture, Climate Change and Environment is directly responsible for ensuring the constitutional right of every person to live in and enjoy a clean, healthy, and ecologically balanced environment, the provision of a reliable, affordable, and safe water and energy supply, and for building resilience against climate change and disasters. Tourism is the driver of the economy and as such the islands natural resources need to be preserved.

The Seychelles Bureau of Standards (SBS) is also responsible for promoting the concept of quality throughout the country by developing various standard documents which are used as guidelines or even have become laws of Seychelles. The SBS's mandate makes it the regulatory body in charge of ensuring quality of building and construction in the country. The combined effect of the Ministry and the SBS ensures policies and programs are in place to develop sustainable buildings in the country. However, Seychelles has no green building standards, even though the SBS subscribes to the standards (ISO) of building. No EDGE-certified projects were identified in Seychelles at the time of the study and the local banks do not have specific loans for green projects.

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Sierra Leone

Joseph Tembe

Overview

The Republic of Sierra Leone (Sierra Leone) had an estimated total population of 8 141 343[1] and an estimated urban population of 3 531 063[2] (43% of the population)[3] in 2021, with an urbanisation rate of 3.1%.[4] The capital, and largest city, is Freetown, which is also the country's major urban and economic centre. Freetown is home to a growing number of the country's population, with a recent and worrying phenomenon being the expansion of housing into the foothills. This has resulted in mass deforestation and housing construction on wet lands and forest reserves. Torrential rains saturate the soil, which in turn triggers rapid movement of rain or debris causing land and mudslides. Mudslides and landslides, coupled with overcrowding in the dense clusters of homes in Freetown, have resulted in loss of lives, livelihoods and houses in recent years.[5]

The country has high levels of poverty (56.8% in 2018), of income inequality, and of youth unemployment, which are all attributable to overall slow growth and the lack of economic diversification.[6] Small and medium enterprises (SMEs) dominate the domestic private sector in Sierra Leone as they constitute 90% of all activity and provide livelihoods to approximately 70% of the population.[7] However, most SMEs operate in the informal sector and only 10% of SMEs are registered – reflecting the high prevalence of informal or unregistered businesses in the country.[8] The agriculture sector dominates the country's formal economy and accounts for a large proportion of gross domestic product (GDP) and employment. The sector employs around 54.9%[9] of the country's working population, making it one of the primary growth drivers. Other key sectors include services and industry, with each contributing 31.1%[10] and 5.2% to GDP respectively.[11]

The economy is estimated to have grown by 3.2% in 2021 after a contraction of 2% in 2020,[12] with growth being driven on the demand side by higher exports from mining and agribusiness, and on the supply side by the resumption of iron ore production alongside recovery in other sectors. Manufacturing was the fastest-growing sub-sector, expanding by 12.3% in 2021 after contracting by 6.7% in the previous year. This was a result of its benefiting from the government's support to SMEs through the Sierra Leone Microcredit Scheme (MUNAFA Fund) and Bank of Sierra Leone's Le500 billion (US$40 million) special credit facility, as well as from increased agribusiness investments.[13]

A surge in international fuel and food prices set back projected growth for 2022, with the revised rate being down to 3.6%, from 5.9% at the time of projection by the International Monetary Fund in July 2021.[14] Inflation is estimated to have declined to 11% in 2021, from 13.4% in 2020.[15] For 2022, inflation has been revised from 12% to 22.1% (end-of-period, 2022) due to higher import prices and exchange rate depreciation,[16] even though the exchange rate remained relatively stable in 2021. Domestic inflation is vulnerable to global food and fuel prices in Sierra Leone and inflationary pressures have accelerated since mid-2021, driven by the post-pandemic rebound in consumption and global supply chain disruptions.[17]

KEY FIGURES

Main urban centres	Freetown
Exchange rate (1 July 2022): 1 USD = [a]	13 168.76 SL Leone (SLL)
1 PPP$ = (2021) [b]	3 117.46 SL Leone (SLL)
Total population (2021) [b] | Urban population (2021) [b]	8 141 343 | 3 531 063
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.04% | 3.08%
Percentage of urban population living in slums (2018) [e]	59.1%
Population living less than 5m above sea level (2010) [b]	3.8%
Most common fuels used by households | by B40 households (2019) [e]	Wood | Wood
Percentage of female-headed households (2019) [e]	27.4%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	36.41%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	5.3%
Percentage of women participating in the labour market formally (2021) [e]	56%
Gini coefficient	n/a
HDI country ranking (2020) [d] | HDI country score (2021) [d]	181 | 0.48
GDP per capita (Current US$) (2021) [b]	US$516
GDP (Current US$) (2021) [b]	US$4 200 million
GDP growth rate (2021) [b]	3.05%
Inflation rate (2020) [b]	11.90%
Lending interest rate (2021) [b]	18.90%
Proportion of adult population that borrowed formally (2021) [b]	54%
Number of residential mortgages outstanding (2019) [f]	292
Value of residential mortgages outstanding (USD) (2019) [f]	US$10.2 million
Prevailing residential mortgage rate [g] | Term (2021) [h]	22 – 28% | 20 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP (2019)	0.26%
Number of residential mortgage providers (2019) [i]	2
Percentage of women who own a house alone and/or jointly (2021) [e]	39.3%
Number of microfinance loans outstanding (2014) [j]	3 761
Value of microfinance loans (USD) (2014) [h]	US$0.48 million
Number of microfinance providers (2021) [i]	18
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [l]	210 000 000 SLL
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2021) [l]	30m^2
Typical monthly rental for the cheapest, newly built house (2021) [l]	1 350 000 SLL
Cost of standard 50kg bag of cement in local currency units [m]	120 000 SLL (US$9.10)
Type of deeds registry: digital, scanned or paper (2020) [n]	Paper
World Bank Ease of Doing Business index rank (2020) [n]	163
Time to register property (days) | Cost to register property (2020) [n]	56 days | 10.60%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	5.50

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Access Bank (SL) Ltd
[g] HFC Mortgage & Savings Bank
[h] First National Bank
[i] Central Bank of Sierra Leone
[j] Brac International
[k] Commerce and Mortgage Bank Sierra Leone
[l] TPEstate Developers
[m] Dangote Cement
[n] World Bank Ease of Doing Business Indicators

Sierra Leone is 92 on out of 180 countries in the 2021 Global Climate Risk Index[18] with a Climate Risk Index (CRI) score of 85.83. The CRI indicates a level of exposure and vulnerability to extreme events, which countries should understand as warnings in order to be prepared for more frequent and/or more severe events in the future.[19] Sierra Leone is highly vulnerable to climate change, experiencing high temperatures, inconsistent weather patterns and recurrent storms, floods, mudslides, and a rising sea level.[20] Residents living in extreme poverty in Freetown are most exposed to the impacts and burdens of climate change, such as rising sea-level and temperatures, as well as the increasing intensity of rainfall.[21] Sierra Leone has adopted a National Climate Change Policy and its Medium- Term National Development Plan 2019–23 which underscores the need for aligning environmental, climate, and economic development plans to mitigate the causes of global warming and assist citizens adapt.[22]

Access to finance

The central bank in Sierra Leone (Bank of Sierra Leone) is 100% state-owned. The objective and functions of the Bank of Sierra Leone as set out in the Bank of Sierra Leone Act, 2011, are to formulate and implement monetary policy, financial regulation and prudential standards and to license, register, regulate and supervise financial institutions in the country.[23] The authorities are working to strengthen the regulation of the banking sector in Sierra Leone, including, with World Bank assistance, on improving the governance of the two state-owned-banks, being Sierra Leone Commercial Bank and the Bank of Sierra Leone. Sierra Leone's financial sector is underdeveloped, with a capital-adequacy ratio of 41.8% against a regulatory minimum of 15%.[24] The overall number of financial service access points is low and concentrated in the urban areas. As of 2020, Sierra Leone had a total of 105 Automated Teller Machines (ATMs) across 8 of its 14 banks, of which 3 banks had 5 or fewer ATMs in total.[25] Most of these financial access points are concentrated in the capital city of Freetown and other urban centres.[26]

Around 87% of the economically active population in Sierra Leone (mostly residing in rural areas) does not have access to formal finance.[27] Sierra Leone is primarily a cash-based economy, with only approximately 8% of women and 15% of men in 2018 being estimated to have bank accounts.[28] Formal financial services in Sierra Leone have been concentrated in the Western Province, which houses more than 50% of the region's bank branches. Until 2019-20, Sierra Leone had around 15 credit-only microfinance institutions (MFIs), three deposit-taking MFIs, and 17 community banks[29] operating in the country, primarily serving the rural population. Consequentially, a large majority of the population rely on informal sources of credit. However, with rapid mobile phone penetration, the country is witnessing increasing digital financial services (DFS) which are becoming more mainstream. In 2018, there were approximately 11 DFS providers in Sierra Leone (9 banks and 2 Mobile Network Operators (MNOs). MFIs are the primary provider of brick and mortar-based financial services in poorer regions and offer small and microloans to marginalised and underserved communities and groups.

Digital finance is not diversified in Sierra Leone, and mobile money remains the main driver of DFS.[31] MNOs dominate the market, with 72% of the total active DFS accounts being with MNOs. Bank and mobile network operator integration, and application programming interface (API) sharing, are increasing among industry players. Most financial institutions in the country now offer bank-to-wallet and wallet-to-bank services, and a large number of providers now share their APIs with other players in the sector. Fintech firms have also started to innovate in this area. While the legal and regulatory framework for advancing DFS has been strengthened over the past years, additional regulatory and policy reforms are required. The recently gazetted NPS Act covers the spectrum of important payment system issues, including recent innovations in the market such as fintech, payment systems oversight, and remittances among others.[32]

The banking system remained relatively stable in 2021 despite an increase in nonperforming loans. During 2021, total banking system assets and customer deposits increased by 20.8% and 23.2%, respectively.[33] The ratio of nonperforming loans (NPLs) to gross loans increased by 2.5 percentage points to 15.2%.[34] The commercial banks' average lending rate increased to 19.81% in March 2022 from 19.77% in February 2022, while the savings deposit rate remained unchanged at 2.27% in March 2022.[35] Growth in monetary aggregates moderated during the first quarter of 2022, reflecting in part a decline in currency-in-circulation and banks' reserves with the Central Bank. Credit to the private sector declined by 1.59% in the first quarter of 2022, after expanding by 8.27% in the fourth quarter of 2021. The banking sector remained relatively stable during the first quarter of 2022, as most of the key financial soundness indicators remained above their minimum thresholds. However, although the NPL ratio declined marginally from 15.23% in the fourth quarter of 2021 to 15.13% in the first quarter of 2022, it remained above the minimum regulatory limit of 10%.[36]

Affordability

Poverty in Sierra Leone, which is associated with poor living conditions, overcrowding and poor public policies adversely affects the ability of poor people to earn enough to afford decent housing. In 2018, the overall poverty rate in Sierra Leone was 57%, with a total of 10.8% of the population living in extreme poverty. As in many developing countries, poverty rates are higher in rural areas than in the urban centre of Freetown (72.4% compared to 18.5%, respectively). This indicates that poverty in the country remains a largely rural issue.[37] Three districts have been identified as having the highest incidence of multidimensional poverty in the country: Pujehun (87.2%), Koinadugu (86.5%), and Tonkolili (85.4%).[38]

First Bank of Nigeria Limited (FirstBank) is a Nigerian premier commercial bank with two branches in Freetown, operating through FBN Bank Sierra Leone, formerly registered as International Commercial Bank (ICB). The bank offers a mortgage for buying a first home, construction and renovation. The home loan is available to individuals with verifiable and steady income flow and is for a maximum tenor of 20 years, requires a minimum down payment of below 30% and the property to be financed must be for residential and not commercial purposes.[39] HFC Mortgage & Savings Bank offers a minimum mortgage rate of 22% and a maximum mortgage rate of 28% for a period of 20 to 35 Years.

The prevailing mortgage interest rate in Sierra Leone in 2021 was 21%.[40] The price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units is Le1.15 billion (U$80 000) and the size of this property is 110-120 square meters.[41] The construction labour cost per square meter in local currency units for the cheapest, newly built house averages Le500 000 per month (US$34,54) and the total construction cost per square meter in local currency units for the cheapest, newly built house averages Le15 million (US$1 036). A standard 50kg bag of cement in local currency units costs Le120 000 (US$8.29).[42] The typical monthly rental price for the cheapest, newly built house by a formal developer or contractor in local currency units is Le25 million (US$ 1727).[43]

Housing supply

Sierra Leone faces challenges in providing decent affordable housing for the poor. The capital city Freetown, is situated on steep hills leading inland. In Freetown, older two-storey wooden houses have been replaced by structures built largely of concrete blocks, with corrugated iron or cement-asbestos roofs. In 2018, overall, 79.5% of households constructed the house in which they dwell and only 1.7% of households purchased their dwelling.[44] Rural village houses in the various provinces are traditionally made of sticks with mud walls and thatch or grass roofs and may be circular or rectangular in shape.[45]

Access to electricity is a challenge, both in terms of reliability and affordability. There is limited availability of the electricity grid outside of Freetown and a few other major cities. The price of electricity is high due to key gaps in the country's electricity transmission infrastructure.[46] The gap in infrastructure not only impacts people's ability to access services, but also impedes job creation and poverty reduction.[47] The low energy access levels in rural areas are primarily due to transmission challenges and the country's energy needs are hugely under-served, with approximately 100 MW of installed power capacity by 2019-20.[48] Recognising the inadequacies, the government has aimed to increase renewable energy (solar and hydro) contribution capacities and the government also aims to increase its energy transmission from 25% (2019) to 60% by 2023.[49] A significant population of Sierra Leone lack access to essential water and sanitation services. Of the total population, only approximately 16% have access to vital sanitation services, with only 42% having access to essential water services.[50]

The World Bank approved a Le535 billion (US$41.1 million) International Development Association (IDA) grant to support the establishment of an efficient and accessible land administration system in Sierra Leone in June 2022. World Bank assessments had revealed that only a tiny percentage of land in the rural and urban areas are mapped and recorded while institutional arrangements are opaque. The project will therefore help to strengthen the country's legal and institutional framework in the sector by financing the implementation of the core aspects of the 2015 National Land Policy, including the registration of customary and freehold land tenure.

The Sierra Leone Land Administration Project is aligned with the government's Gender Equality and Women's Empowerment Policy (2020), which identifies lack of access and ownership of land for women as a key issue. [51] Sierra Leone operates a dual land tenure system where land in the Western Area is administered under freehold tenure while customary land in the provinces is covered by customary tenure systems. The project seeks to ensure equal tenure rights and access to land for women and girls by addressing the outdated legal framework, thereby closing identified legal gaps, and updating and harmonising the legal framework for the land administration sector. The project was prepared in

SIERRA LEONE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Le1 500 000** per month

you could afford to purchase a **Le23.830 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Le4 500 000** per month

you could afford to purchase a **Le72.284 million** house with a mortgage.

Mortgage assumptions – Sierra Leone

- 25.0% interest rate
- 10% deposit
- 20 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

close coordination with the Food and Agriculture Organization (FAO) of the United Nations, which has supported the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure in Sierra Leone(which are principles and practices that governments can refer to when making laws and administering land, fisheries, and forests rights).[52]

Property markets

Land administration in Sierra Leone is complicated. There are two types of land tenure: colonial land or freehold land, and customary land or leasehold land. Foreigners cannot own land under either of these systems but they can lease land and property for up to 99 years. There is no land titling system to validate ownership, so lease rights are hard to secure.[53]

In the World Bank 2020 Doing Business indicators, Sierra Leone is ranked 163 out of 190 countries. It takes 56 days to register a property in Sierra Leone compared to 51.6 days in sub-Saharan African countries. The cost of registering property is 10.6% of the property value in Sierra Leone compared to 7.3% in sub-Saharan African countries.[54] For more than 30% of Freetown households, access to housing takes place in one of its 60 informal settlements in a "panbody" shack, which is a small room made of zinc or a zinc room. Rent can cost anything between Le 60 000 (US$6) and Le 120 000 (US$12) per month and to have access to one of these, tenants need to advance two years' rent.

Policy and legislation

The weakness of the land administration system has contributed to an environment where collection of taxes remains difficult; land markets are distorted; and urban planning and disaster risk management is undermined.[55] Customary land is land held under customary tenure and is mostly the property of indigenous land-owning families. Traditional leaders are not landowners but serve as trustees of such family property, this is complicated by variations in customary land practices among different ethnicities and that there is limited strategic coordination between the traditional conflict-resolution institutions, civil society initiatives and the statutory courts.[56] Although a legal framework exists that affirms that customary land in the provinces cannot be bought or sold, there are no safeguard mechanisms, protective oversight or redress mechanisms for dealing with violations. There is a general absence of well-established cadastral boundaries, and this is often complicated by corruption, mismanagement and gender-based discrimination. In Sierra Leonne nearly all ethnic groups practice patrilineal decent, with respect to succession, marriage and other family matters. Legal reform in 2007 removed the customary prohibition against women owning property and made men and women equal in the distribution of estates, but the law is seldom implemented. In many cases, women are denied the right to own land and inherit land upon her husband's death, with the latter being dependent on whether she bore children with the husband or willingness to remarry the male relations of her deceased husband.[57]

The Sierra Leone Collateral Registry is an initiative of the Bank of Sierra Leone with support from the International Finance Corporation (IFC) to improve access to finance. The Collateral Registry, originally established under Part II of the Borrowers and Lenders Act, 2014, has undergone an overhaul after the enactment of the new Borrowers and Lenders Act 2019.[58] It is a web-based system that allows lenders to search for any registrations relating to prior security interests, as well as perfect and establish the priority for their security interests over movable and immovable assets provided as collateral. The Collateral Registry facilitates the use of movable and immovable property as collateral that may remain in possession or control of the borrowers and thereby improves access to secured finance. The priority among competing security interests is generally established according to the time of registration. However, inconsistent enforceability of credit agreements constrains credit provision. In practice, collateral is mostly employed as a symbolic pledge since it does not provide sufficient protection against credit risk. Financial institutions consistently report constraints to repossession and realisation of collateralised assets.[59] Sierra Leone lacks a modern credit reporting system. The Bank of Sierra Leone operates the Credit Reference Bureau (CRB) manually via an Excel spreadsheet and the establishment of a digital credit registry would help with the digitisation of the underwriting process by credit providers.

Opportunities

Despite a strong commitment by the government to improve energy capacities, investments and private sector participation in the sector have been limited. Securing affordable risk capital has been identified as a critical challenge, primarily for renewable energy. To this end, the government aims to promote the sector through a number of initiatives, such as developing a comprehensive regulatory framework for mini-grid developers, promoting investments through financial incentives to investors in the renewable industry, and inviting independent foreign power producers.[60] The country has an open legal regime for the entry and establishment of foreign investment. There are no sectoral restrictions on foreign ownership of Sierra Leonean assets or businesses. Another aspect of benefit for foreign investors pertains to the repatriation of profits. Foreign investors are free to transfer funds (profits) from abroad after duly paying their taxes, and this includes dividends paid to a parent company incorporated outside Sierra Leone.[61]

The country needs to complement ongoing domestic revenue mobilisation efforts by deepening ongoing financial sector reforms to support domestic credit market growth.[62] Sierra Leone is on a development trajectory towards achieving middle-income status by 2035. Housing investment offers major investment opportunities that can boost GDP if the Government of Sierra Leone can develop an adequate policy tool to drive foreign and domestic investments in the housing industry in Sierra Leone.

Availability of data on housing finance

Data on housing finance in Sierra Leone is not easily accessible. The Bank of Sierra Leone provides data on credit and interest rates. However, specific data on mortgage and mortgage rates in the housing sector is not available. Commerce & Mortgage Bank Sierra Leone Limited and FBN Bank Sierra Leone collect data associated with home loan mortgage finance, but this data is not disaggregated and is kept confidential by these financial institutions. Sierra Leone Property Solutions and Global Property Guide record data on properties in the country available for sale, purchase and rent. Sierra Leone Urban Research Centre records data on informal settlements in the country.

Green applications for affordable housing

In Freetown, it is estimated that 66.6% of the population live in one or two rooms and that one in five residents sleep in a room with 10 or more people. 30 000 households depend on unsafe drinking water sources (2022. Homeleone). Approximately only 16% of the population have access to basic sanitation services, while 58% have no access to basic water services (2021. UNICEF). Sierra Leone also struggles with access to necessary infrastructure such as electricity and mostly relies on non-renewable energy resources. Sierra Leone has one of the lowest electricity access rates in the world with the national electrification rate being approximately 26%, and only 6% in rural areas (2021. Sustainable Energy for All). The production and use of energy are concentrated in the household sub-sector, with almost 65% of lighting generated by inefficient, battery-powered torches or lanterns. Fuelwood provides nearly 90%of the domestic energy needs of heating and cooking (2021. Intellecap).

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Somalia

Sireena Ramparsad

Overview[1]

Somalia is inhabited by approximately 16.4 million people 60% of whom live in rural areas, with an economy that mainly relies on agriculture.[2] Three consecutive periods of drought has displaced hundreds of thousands of Somalis and left them without water and food, with climate change flagged as a major contributing factor to this humanitarian crisis. In addition, the ever-increasing number of internally displaced people, the rise in oil prices, conflict, and dependence on importing building materials are all hurting the local economy. Food security and the basic need for shelter and access to services are of particular concern.

Housing supply does not meet the ever-increasing housing demand or cut into the existing (and increasing) housing deficit of two million units.[3] Housing developed by the private sector is too expensive for most Somalis. Access to affordable housing is limited and constrained by location. Compared to rural areas, land and housing in urban areas is scarce.[4] Urban land and housing in urban areas is also much more expensive than rural areas, with land values highest in Mogadishu, the country's capital city. It is estimated that since 2012, land prices have increased as much as tenfold.[5] Added to the housing deficit, at the end of 2021 the country had just over 3.5 million refugees, internally displaced households (IDPs) and asylum seekers, including approximately 550 000 return IDPs. Half of IDPs are women and only half of the IDP camps have access to water.[6] Furthermore, a three-year long drought has displaced more than one million Somalis since the beginning of 2022, resulting in a hunger crisis. More than 3 400 IDP sites nationally were reported at the end of July 2022.[7]

Somalia's Gross Domestic Product (GDP) at current market prices in 2020 was US$7 628 million and US$502 per capita, increasing by 2.9% in 2021.[8] Higher GDP is largely due to the recovery from the COVID-19 pandemic, with a 1.1% increase in per capita consumption of non-food items and an increase of household final consumption expenditure of 3.9%.[9] Somalia remains heavily reliant on imports at 86% of GDP. The annual inflation rate increased from 4.11% in 2020 to 4.63% in 2021.

A Country Preparedness and Response Plan (CPRP)[10] was developed in late March 2020 to tackle the public health, humanitarian, and socio-economic consequences of COVID-19. The plan identifies IDPs, the elderly, and the urban poor as the most affected and at-risk population groups. The Somalia Humanitarian Response Plan (HRP) 2022 was issued in December 2021 with the goal of reaching 5.5 million to reduce the loss of life, provide access to livelihoods, and monitoring environmental protections.[11] According to the HRP, in November 2021, government declared a drought emergency as the three consecutive seasons of drought left the country in dire need of assistance.[12] The HRP requires US$1.468 billion to meet the needs identified and has indicated housing, land, and property as key areas of focus for 1.3 million people concentrated in areas of conflict and IDP settlements.[13] The COVID-19 pandemic continues to test Somalia, but it is benefitting from the COVAX programme supporting the procurement of vaccines, with over 3.7 million doses donated by other countries as of 2022.[14]

KEY FIGURES

Main urban centres	Mogadishu, Hargeysa, Berbera, Kismayo, Marka
Exchange rate (1 July 2022): 1 USD = [a]	580.23 Somali Shilling (SOS)
1 PPP$ = (2021) [b]	8 912.14 Somali Shilling (SOS)
Total population (2021) [b] | Urban population (2021) [b]	16 359 500 | 7 644 958
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.89% | 4.16%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level (2010) [b]	2.5%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	25.20%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	19.9%
Percentage of women participating in the labour market formally (2021) [b]	21%
Gini coefficient	n/a
HDI country ranking | HDI country score	n/a | n/a
GDP per capita (Current US$) (2021) [b]	US$446
GDP (Current US$) (2021) [b]	US$7 293 million
GDP growth rate (2021) [b]	3.33%
Inflation rate (2018) [b]	2.80%
Lending interest rate	n/a
Proportion of adult population that borrowed formally (2014) [b]	57%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term (2020) [d]	10% | 15 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers (2021) [d]	3
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD) (2020) [e]	US$29 million
Number of microfinance providers [f]	6
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [g]	22 011 637 SOS
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2021) [g]	128m^2
Typical monthly rental for the cheapest, newly built house (2021) [g]	289 626 SOS
Cost of standard 50kg bag of cement in local currency units [g]	4 351 SOS (US$7.50)
Type of deeds registry: digital, scanned or paper (2020) [h]	Paper
World Bank Ease of Doing Business index rank (2020) [h]	190
Time to register property (days) | Cost to register property (2020) [h]	188 days | 1.40%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [h]	7.5

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] Amal Bank
[e] Central Bank of Somalia
[f] United Nations Industrial Development Organization (UNIDO)
[g] Interview with civil engineer at UNICEF
[h] World Bank Ease of Doing Business Indicators

Access to finance

The Central Bank of Somalia is responsible for licensing, supervising, and regulating the Somali commercial banking and non-banking financial institutions, including microfinance, mobile money transfer, insurance, and credit associations. Thirteen licensed banks operate in Somalia, namely Dahabshil Bank International, Daryeel Bank, SomBank, Agro Africa Bank, Galaxy International Bank, Mybank Limited, Salaam Somali Bank, Amal Bank, Premier Bank, International Bank of Somalia, Bushra Business Bank, Idman Community Bank, and Amana Bank. Three of these banks offer housing/real estate/land and construction financing. There are seven licensed money transfer businesses, three mobile money service providers, and six major microfinance providers: MicroDahab, IBS Microfinance, Premier Microfinance, AMAL Microfinance, KAABA Microfinance, and Kaah International Microfinance Services. Average microfinance loans are around US$1 000 with a tenure of less than one year.[15]

According to the Central Bank of Somalia, money transfer businesses are "the backbone of Somalia's inward transfers"[16] with US$4.302 million transferred into the country in

2021. Remittances account for approximately 31.3% of GDP up from 30.8% in 2020.[17] The banking sector is stable, with non-performing loans under 3% of total credit.[18] Real estate loans represented 16%, and household loans 15%, of total loans to the private sector in the fourth quarter of 2021. Real estate loans increased by 20% from US$34.6 million, up from US$28.9 million over quarter three of 2021.[19]

In 2017, 7.9%[20] of adults held accounts at formal financial institutions, indicating low levels of financial inclusion, however this is expected given the nascent nature of the financial sector in Somalia. Financial sector assets were equivalent to 17% of GDP and credit to the private sector was 3% of GDP at the end of 2021.[21] According to Making Finance Work for Africa 2018,[22] key challenges that face the financial sector in Somalia include trust and information deficits, a lack of capacity and financial infrastructure, unfavourable terms and conditions, and insufficient collateral available for most of the public. The Finance for Inclusive Growth in Somalia Programme (under the European Union) seeks to create financial inclusion for women and youth by connecting them to financial institutions for finance and technical support. So far, the programme has had a US$75.9 million development impact across sectors, benefiting 15 businesses and creating 423 jobs.[23] Three quarters of all informal businesses operate without a banking account.[24]

The Somalian banking sector is largely governed by Islamic banking with some conventional banking. Islamic banking is interest-free banking governed by principles of Islamic Sharia Law. This means, in Somalia, lending terms do not include an interest rate. Instead, there is a down payment requirement by banks require a down payment and a Murabaha payment (or profit mark-up) upfront on the net cost of the property.

On 25 March 2020, the International Monetary Fund (IMF) and the World Bank's International Development Association (IDA) approved Somalia's eligibility for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. On 24 March 2021, the IMF granted additional assistance under HIPC of US$0.97 million. Current disbursements amount to US$384.3 million. According to the IMF,[25] Somali authorities have preserved macro-economic stability considering current challenges, which include the COVID-19 pandemic, food security, drought, and energy prices.

Affordability

Almost 70% of the population lives below the international poverty line of US$1.90 a day. The poverty rate is more prevalent amongst the IDPs with approximately three out of every four (74%) living under the poverty line. Inflation is projected to reach 9.4% in 2022 due to higher food and oil prices.[26] This is spurred on by the Russia–Ukraine conflict and drought in Somalia which is an ongoing threat to food security. The unemployment rate was 21.4% in 2019 and 83% of total employment is in the informal sector.[27] The services sector makes up 59.9% of total employment, followed by industry at 18%, and agriculture of 13.5%. As an example of typical remuneration, a construction labourer may earn US$16/day.[28] These numbers notwithstanding, there has been growth in the economy, per capita income increased by US$117 over a 2-year period to US$557 in 2018 and household final consumption expenditure increased by 3.9% in 2021.[29]

Access to finance or the acquisition of credit is one of the major stumbling blocks for most people wishing to build or buy a house in Somalia. The lack of emphasis on government-regulated housing has allowed the private sector to dominate the housing, construction, and development market. When the poor economy and tenuous governance, as well as the lack of trust in institutions and government, are factored in the financial environment militates against most people acquiring housing finance. Shorter repayment periods and higher installments among other barriers put property acquisitions out of reach of the majority.

Jama[30] indicates that on the housing demand side, key challenges include short repayment periods due to liquidity risk, down payment value requirements, the high Murabaha rate, limited real estate developers and high costs of residential property. Repayment periods of three years, or 60 months (Amal Bank Home Finance), are sometimes too short. The Murabaha rate is between 12%-20%[31] depending on the bank, in addition to the down payment required. Some banks charge a 35% down payment. According to a resident cited in an Al Jazeera article, 60% of salary is spent on housing and 20% on bills.[32]

Housing supply

Given the scarcity of available land for housing developments and actual affordable housing stock for purchase in urban areas overall, a larger proportion of urban households (42%) live in rented accommodation compared to rural households (12%), with Mogadishu accommodating the highest proportion of households who rent at 71%. However, with the exception of land and housing, urban areas generally provide higher standards of living and better access to services compared to rural areas.[33]

Housing development is also constrained by the poor regularisation of land, property and the construction sectors. Some problems the real estate sector faces,[34] include land acquisition troubles, no proper regulation, the cost of materials, and unregulated pricing schemes. Informal settlements are particularly prevalent and growing in number in urban areas. Most informal settlements in urban areas are home to IDPs. At this stage, the government (national and local) has not been able to provide adequate shelter and security for the most vulnerable and poorest residents, who are mostly located in urban areas. A lack of housing has often left destitute Somalis without any option but to build makeshift shelter in informal settlements.

A 2019 International Institute for Environment and Development (IIED) report on Accessing Land and Shelter in Mogadishu[35] indicates that the city has four main types of housing:

- "Buuls" or temporary shelters made from mud, sticks and cloth – average cost is US$13 a month, and they are located on the city periphery, mostly tenanted by IDPs or residents wo cannot access regular housing in the city.
- Corrugated iron sheet housing – average cost is US$140 a month, located within the city and its periphery and typically housing low and lower middle income households.
- Villas – can be found within the city or its periphery, accessed by upper middle income to wealthy households or even rented out to foreign nationals or local and international organisations.
- Apartment buildings – average cost is between US$350 and US$500 a month, mostly located within the city and occupied by middle to upper middle income households.

The cost of the cheapest newly built house is US$40 000 for a 169m^2 house which rents at US$300 a month.[36] The cost of a 50kg bag of cement is around US$9. Approximately 90% of construction materials (mainly finishing materials such as steel, wood, and tiles) are imported increasing the cost of housing delivery. Buruuj is the largest construction company in Somalia and it manufactures bricks and concrete. Construction of apartment blocks in the city of Mogadishu has been booming, indicating increased investment in housing by the private sector; however, prices are exorbitant and out of reach for most Somalis.

Approximately US$90 million has been invested in the New Garowe project, which is expected to be complete by 2023. This development will include 2 000 housing units with a mix of three, four, and five bedroomed units, and just over 8 000m^2 of retail and commercial space. It is designed to include amenities such as shopping facilities, education, healthcare, established road networks, religious facilities, 24/7 security, and reliable access to services such as water and electricity.[37]

Property markets

The challenges identified in the National Development Plan (NDP) continue to bedevil the construction sector. The lack of an appropriate regulatory environment and poor governance in the public sector, the lack of building standards and health and safety regulation, high land prices and disputes, and the shortage of skills are all problems. According to an Al Jazeera article,[38] construction prices have increased considerably. For example, a 50kg bag of cement increased from US$6 to US$9.5 over two years. Housing demand is so high that properties are snapped up even before entering the market, inflating property prices to the point that dwellings are being established outside the city centre. Women are allowed to buy houses in Somalia, though only men are allowed to inherit property.

Some mixed-use projects aim to stimulate the property market and attract investment into real estate, such as the Daru Salam housing project. The price of rental property for a one-bedroom apartment in the city centre in Mogadishu, according to Numbeo (2022),[39] is US$161 and US$73 outside the city centre. For a 3-bedroom apartment in the city centre, it costs US$397 and US$207 outside the city centre. According to Numbeo (2022),[40] the price per square meter to buy an apartment in the city centre is US$43 852 and US$34 458 outside the city centre, more than US$7 000 higher than 2021.

SOMALIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Sh.So116 045** per month

you could afford to purchase a **Sh.So3.599 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Sh.So196 000** per month

you could afford to purchase a **Sh.So6.080 million** house with a mortgage.

Mortgage assumptions – Somalia

- 10.0% interest rate
- 10% deposit
- 15 year loan tenor

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

An internet search identified many formal real estate agents operating in Somalia, such as Horn Real Estate, My Property Somalia, SomTrust Real Estate, Kirosom Real Estate Solutions, Degaan Real Estate Somalia, Himilo Homes and Kaah Properties, indicating an uptick in the property market. Development is also increasing, with several multi-storey apartment buildings being developed.[41]

The World Bank's Doing Business Indicators[42] report shows that it costs 1.4% of a property's value to register it legally, which is lower than the regional average of 7.3%. There are five procedures and it takes 188 days to register a property, more than three times longer than the Sub-Saharan Africa average of 51.6 days. While title deeds are currently only documented on paper, these can be accessed at a notary office at the Court of Appeal. The Court of Appeal and Banaadir Regional Authority (Municipality of Mogadishu, Land Management Department) are responsible for immovable property registration. The Banaadir Regional Authority is also responsible for showing legal boundaries in the business district. The Ministry of Finance provides a tax clearance or Nulla Osta which verifies that a seller has paid all property taxes.[43] Articles 938 and 939 of the Somali Civil Code of 1973 provide the legal basis for dispute resolution.[44] Fraudulent titles and land disputes are still common in Somalia even though property sale transactions are mandated by law to be registered.[45] Prior to 1991, all titles were moved out the country and kept by a former Registrar official. Verification of the authenticity of a title registered before 1991 therefore goes outside the country, costs approximately US$1 000 – $2 000 and takes a month to be processed.[46] Ownership details on a property registration in the past ten years is available in an official bulletin at a lawyer's office and costs US$50 for the lawyer to check. While property registration is not normally done at the courts, banks require property registration at the Court of Appeal if the property is to be used as collateral to obtain a loan.[47]

Policy and legislation

The development sector, which includes building, land use and the construction sectors, is one of the most highly unregulated sectors in the country, lacking in effective legislation and policies. At present, no distinct regulatory board oversees the development and construction sector. No procedures or regulations appear to be in place to police safety, quality, and protection of rights. A developer and owner of a property or land simply come to an informal agreement with one another.

Evictions are frequent in Somalia with 92 269 evictions in 2022 thus far. Banaardir accounted for 75.2% of evictions with the main reasons for eviction being that the landowner needed their land back or rental default.[48] While the National Evictions Guidelines[49] were published in late 2019, a moratorium on evictions during the pandemic was implemented and 86 979 evictions were prevented through government interventions. In Baidoa where the Eviction Moratorium was extended to March 2021, there were zero evictions.[50] To tackle the problem of evictions in Somalia, National Eviction Guidelines[51] have been drafted to protect human rights and the right to adequate housing.

In 2020, a National Development Plan (2020-2024)[52] was adopted that outlined a five-year plan to improve and grow the economy as well as reduce poverty. This should have a positive impact on the development sector, starting with constructing roadworks. The Somali government signed the Kampala Agreement, which outlines the State's commitment to protecting IDPs and is relevant to the housing backlog in these communities. Since 2019, Somalia has adopted new policies including the Social Protection Policy, the National Eviction Guidelines, National Policy on Refugee-returnees and IDPs, and an Interim Protocol on Land Distribution for Housing to Eligible Refugee-Returnees and IDPs. The recently published Somalia Humanitarian Response by the United Nations is also committed to meeting the dire needs of Somalis and identifies housing, land, and property as a priority area of focus.

A National Environmental Policy exists for Somalia, endorsed in February 2020, which outlines the extent of the environmental crisis and the necessary policy directives, which, however, have not yet been passed by Parliament.[53] According to the Voluntary Review of 2022, Somalia has made great efforts to be gender inclusive and empower women. This is evident in the Somalia Women's Charter, coming out of a convention held in 2019 by the Ministry of Women and Human Rights Development. While women are allowed to buy and rent property, they are not allowed to inherit property.[54] In 2016, the Norwegian Refugee Council published a document on Housing, Land, and Property Rights for Somalia's urban displaced women[55] considering Islamic practices.

Opportunities

As more Somalis are displaced annually, the demand for affordable housing increases. The high prices of property in the city centre, driven by inadequate supply and ever-increasing demand, proves this. This is coupled with the demand for access to services becoming crucial as food and oil prices rise due to drought and the Russia-Ukraine conflict. The African Economic Outlook 2022 notes Somalia's dependency on fossil fuels for electricity supply. The impact of climate change on Somalia, its people and economy is devastating. This opens opportunities for innovation around sustainability in energy supply, water, and agriculture. In the face of climate change, alternative building technologies that ensure better adaptation to its impact need to be explored and considered in affordable housing design. Still, the regularisation of property development, real estate, and the construction sectors, as well as formalising legalities around tenure for both land and home ownership and regulating the rental housing market to protect property rights exists. Security of tenure especially for the most vulnerable or marginalised, such as the refugees, the poor, and disabled of Somalia, is imperative. Opportunity also exists for government to facilitate and foster public-private partnerships for private sector involvement and investment in affordable housing sector development. This can also support the formalisation of informal settlements that exist on privately-owned land.

Websites

United Nations www.somalia.un.org
Central Bank of Somalia www.centralbank.gov.so
Ministry of Finance Somalia www.mof.gov.so
Ministry of Planning, Investment and Economic Development www.mop.gov.so
Directorate of National Statistics: Somalia www.dns.org.so
Global Land Tool Network www.gltn.net
The UN Refugee Agency www.data2.unhcr.org
Ministry of Health Somalia www.moh.nomadilab.org
International Monetary Fund www.imf.org
Numbeo www.numbeo.com
Making Finance Work for Africa www.mfw4a.org
World Bank www.worldbank.org

Availability of data on housing finance

Poor access and general lack of availability of data has been identified as a key problem by the Federal Government of Somalia, which has made significant efforts to improve this, which can be seen in the availability of more data and statistics. The primary sources of housing finance data are:

- The Directorate of National Statistics under the Ministry of Planning. Investment and Economic Development is the main provider of statistical data for decision makers and researchers for planning for socio-economic development in Somalia. To this end, the Somali Health and Demographic Survey 2020[56] was recently launched, the first of its kind in Somalia. The CPI index and COVID-19 situational update is also published by the department. A new development is the availability of statistical publications in the form of quarterly bulletins and the Voluntary National Review Report, 2022.
- The Central Bank of Somalia provides data on banking supervision and licensing, and has a function for economic research (as yet no archives are available). Generally, annual reports provide information but these have not been updated in three years. A new development has been the publication of quarterly reports.
- The United Nations High Commissioner for Refugees (UNHCR) collects data on internally displaced persons in Somalia by monitoring refugee and movement patterns, access to services and nature of vulnerability. In addition, UNHCR is monitoring COVID-19 outbreaks in some IDP camps in Somalia.
- The United Nations Office for the Coordination of Humanitarian Affairs collects data on humanitarian needs in Somalia.

Green applications for affordable housing

The number of displaced persons within the country increased from 1.1 million in 2017 to 3.5 million in 2022, hugely increasing demand for shelter and services. Given the history of displacement and unrest, informality remains a challenge in Somalia. The World Bank's Poverty Group has created a database of numerous subnational socio-economic and climate risk indicators to pinpoint high-risk disaster hotspots in Somalia where the adverse impact of natural disasters will be particularly high on the poor. This will support planning for humanitarian assistance linked to basic service provision.

Approximately 51% of households do not have access to electricity, with the main sources for cooking being charcoal and firewood. The private sector provides 90% of electricity in urban and peri-urban areas using isolated distribution grids, resulting in inefficiencies. 26.2% of households use cement as flooring material. 43% of households in Somalia have piped water in their yards or homes and 40% have basic sanitation services.[57]

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South Africa

Mandy Drummond

Overview

Akin to the rest of the continent, South Africa is rapidly urbanising. The urban population has been growing on average by 2% per year for the last decade, and it is estimated that by 2030, 71% of South Africa's total population will be living in urban areas and cities.[1] Although the government has delivered more than three million state-sponsored houses to low-income families since 1994, it has not been able to keep up with the growing urban population in terms of adequate housing provision. In 2018, an estimated 26% of the urban population lived in slums.[2] While income poverty, measured as the proportion of the adult population living below the upper bound poverty line (UBPL) of R1 335 (US$77) per month, is much higher in rural areas (81%) than in urban areas (41%),[3] the intensity of poverty in urban areas is often considered to be higher.[4]

South Africa is the second largest economy in Africa,[5] with a Gross Domestic Product (GDP) of R6.8 trillion (US$418 billion) and a population of 60 million. After a 6.4% contraction in 2020, the economy grew by 4.9% in 2021,[6] driven by the gradual reopening of the economy after COVID-19 regulations and mobility restrictions, an increase in global demand for South African exports, and high commodity prices. This growth continued in the first quarter of 2022, as GDP expanded by 1.9%. However global fears of a recession put downward pressure on commodity prices, and a massive resurgence in load shedding contributed to a decline of 0.7% in GDP growth during the second quarter.[7] The construction industry declined by 2.4% in the second quarter of 2022, which saw a decrease in residential buildings and construction work.

Uncertainties in global capital markets, fuelled by fears of a recession, international inflation, and interest rate hikes, as well as geopolitical events such as the Russia-Ukraine war, have caused the rand to plummet, especially since April 2022. On 8 September 2022, the rand weakened against the dollar to R17.52, the weakest level since 2020. This has contributed to a significant hike in consumer price inflation, which stood at 7.8% in August 2022,[8] the highest in over a decade. The South African Reserve Bank (SARB), in an effort to rein in inflation, has implemented a series of repo rate hikes. The latest repo rate increase of July 2022 to 5.5%, the largest in twenty years, puts tremendous pressure on homeowners already burdened by cost-of-living increases in food and petrol.[9] The prime lending rate now sits at 9%.[10]

South Africa faces several climate change risks, especially in terms of extreme weather events. Droughts are a common phenomenon in the country and are often followed by a water and food security crisis, especially for households that depend on agriculture for their livelihoods. Likewise, flooding in some areas has negatively impacted infrastructure, housing and food security.[11] In April 2022, flooding and landslides in Kwa-Zulu Natal displaced approximately 40 000 people, destroyed 12 000 homes, and caused severe damage to schools, roads, and health centres.[12] The fiscal impact of natural disasters on the government budget and overall economy is likely to grow as future climate-related disasters are expected to rise globally by 37% by 2025.[13]

KEY FIGURES

Main urban centres	Pretoria, Johannesburg, Cape Town, Durban
Exchange rate (1 July 2022): 1 USD = [a]	16.41 South African Rand
1 PPP$ = (2021) [b]	7.17 South African Rand
Total population (2021) [b] | Urban population (2021) [b]	60 041 996 | 40 736 693
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.23% | 1.96%
Percentage of urban population living in slums (2018) [c]	25.6%
Population living less than 5m above sea level (2010) [b]	0.2%
Most common fuels used by households | by B40 households (2016) [d]	Electricity | Electricity
Percentage of female-headed households (2018) [d]	42.6%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [e]	38.87%
Unemployment rate (% of total labour force, national estimate) (2022) [f]	33.9%
Percentage of women participating in the labour market formally (2021) [d]	46%
Gini coefficient (2017) [b]	62.80
HDI country ranking (2020) [c] | HDI country score (2021) [c]	102 | 0.71
GDP per capita (Current US$) (2021) [b]	US$6 994
GDP (Current US$) (2021) [b]	US$419 946 million
GDP growth rate (2021) [b]	4.91%
Inflation rate (2021) [b]	4.61%
Lending interest rate (2021) [b]	7.0%
Proportion of adult population that borrowed formally (2021) [b]	61%
Number of residential mortgages outstanding [g]	1 663 885
Value of residential mortgages outstanding (USD) (2021) [g]	US$68 559 million
Prevailing residential mortgage rate | Term [h]	9 – 13% | 30 years
Maximum LTV on a residential mortgage [h]	105%
Ratio of mortgages to GDP	16.33%
Number of residential mortgage providers [i]	15
Percentage of women who own a house alone and/or jointly (2016) [c]	27.8%
Number of microfinance loans outstanding [g]	6 256 063
Value of microfinance loans (USD) [g]	US$16 692 million
Number of microfinance providers (2020) [j]	4 500
Total number of residential properties with a title deed [k]	6 738 520
Number of formal dwellings completed annually [e]	32 627*
Number of residential projects certified by EDGE [l]	25
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [m]	679 000 ZAR
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [m]	55m^2
Typical monthly rental for the cheapest, newly built house [n]	4 734 ZAR
Cost of standard 50kg bag of cement in local currency units [o]	96 ZAR (US$5.85)
Type of deeds registry: digital, scanned or paper (2020) [p]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [p]	84
Time to register property (days) | Cost to register property (2020) [p]	23 days | 8.0%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [p]	15.5

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

First National Bank - Home Finance	Home Finance Guarantors Africa Reinsurance
iBuild Global Inc	Ilima Foundary
International Finance Corporation (IFC)	Kura Chihota
MDW Inc	Miyamoto
National Housing Finance Corporation (NHFC)	Reall
Select Advisors Limited	TUHF Limited

[a] Xe.com
[b] World Bank World Development Indicators
[c] United Nations Human Settlements Programme (UN-HABITAT)
[d] Demographic and Health Surveys, USAID
[e] Johns Hopkins University Coronavirus Resource Center
[f] Statistics South Africa (StatsSA)
[g] National Credit Regulator (NCR)
[h] Standard Bank SA
[i] Reserve Bank of South Africa
[j] MicroFinance South Africa (MFSA)
[k] Lightstone Property
[l] Edgebuildings.com
[m] Fine Home Southern Africa
[n] Blue Rise Village
[o] Buco
[p] World Bank Ease of Doing Business Indicators

Access to finance

South Africa has a sophisticated banking system, with a variety of banks, including mutual banks, cooperative banks, and foreign banks. However, five commercial banks, namely Standard Bank, First National Bank (FNB), ABSA, Nedbank, and Capitec dominate the banking industry. Fifteen banks[14] finance household mortgages to the residential sector as does a mortgage finance company, SA Home Loans. However, ABSA and Standard Bank tend to be the largest mortgage lenders to properties in the entry (valued under

R300 000 (US$18 280)) and affordable market (valued up to R600 000 (US$36 560)), often accounting for more than 50% of bonded transactions in these market segments.[15]

At the end of March 2022, residential mortgages amounted to R1.12 trillion (US$68.2 billion) with 1.6 million mortgage holders, who comprise 4.1% of the adult population aged 15 to 64.[16] The overwhelming majority (88%) of all mortgages granted in the first quarter of March 2022 exceeded R700 000 (US$42 600),[17] which indicates the low proportion disbursed to households in the affordable housing sector. Home loan advances have increased year-on-year to May 2022 by 7.2%[18] possibly due to prevailing low interest rates. New residential mortgages granted with a loan-to-value ratio less than or equal to 80% decreased from 53% in 2019 to 44% in 2021, indicating a relaxation of deposit requirements. This of course raised the credit risk for banks and the high interest rate environment is expected to significantly weaken mortgage affordability.[19]

The value of consumer credit increased year-on-year by R20.35 billion (US$1.23 billion) by March 2022, totalling 3.8 million accounts.[20] While this is an increase of 14.66% on year-on-year basis, it is nevertheless a decrease of 5.55% compared to the previous quarter that ended December 2021, reflecting the increased credit risk environment that accompanied 2022. The level of credit indebtedness has increased dramatically as the number of accounts increased by almost 20% year-on-year.[21] Non-performing mortgage loans stood at 4.3%, showing a year-on-year decrease of 7% to March 2022,[22] possibly reflecting the relief brought by reduced interest rates to financially strained households during COVID-19.

South Africa has made significant progress in recent years toward financial inclusion. A recent report showed that the number of women purchasing homes in their own right are increasing faster than men. In 2019 for instance, 27% of homeowners were single women, compared to 26% of single men.[23] In 2020, 185 070 mortgages (30%) were approved for historically disadvantaged women in and below the gap market, out of a total of 622 286 home loans approved overall.[24]

There is a ready supply of microfinance institutions in the country: over 1 300 microfinance provider offices, represented by MicroFinance South Africa, are currently registered with the NCR.[25] These institutions constitute an important credit line for low-income households who struggle to obtain housing finance through commercial banks. Microfinance institutions providing housing finance typically focus on incremental loans for home building or home improvements, and are often funded by the National Housing Finance Corporation (NHFC). These include Kanga Finance (previously Lendcor), which offers loans of up to R75 000, and a maximum repayment period of 36 months, and Evolution Finance (formerly REAL People), which offer loans of up to R175 000 (US$10 663) and a loan repayment period of up to 60 months.[26] Women are often the major beneficiaries as more than 60% of incremental housing loans are reportedly granted to women. Nevertheless, many people with informal or irregular income struggle to obtain access to incremental housing loans,[27] and many opt to borrow from informal microlenders that are not regulated by the NCR and often charge high interest rates.

Affordability

The affordability of available housing is undermined by several wider structural challenges, specifically inequality, income poverty, and unemployment. South Africa also has one of the highest unemployment rates in the world, which stood at 33.9% in the first quarter of 2022.[28] As such, a large proportion of households – 51% – rely on grants as a source of income, often topped up by work in the informal economy (which employs approximately three million workers)[29] and remittances.[30] Recognising the importance of grants as a measure of poverty alleviation, the government has announced an increase in the income threshold of the Social Relief of Distress Grant to R624 (US$38) per month, in order to improve access to the grant.[31]

The government has made efforts to address the affordability of mortgage finance to low-income households through demand-side capital subsidies. First-time buyers earning between R3 501 (US$213) and R22 000 (US$1 341) could be eligible to receive a subsidy to purchase property under the Finance-Linked-Individual-Subsidy Programme (FLISP).[32] In 2020/21, 2 917 households were assisted with FLISP subsidies against a target of 6 314.[33] Approximately two-thirds (67%) of all FLISP approvals were accorded to women this year.[34] Through the government's social housing programme households earning between R1 850 (US$112.73) and R22 000 (US$1 341) a month may qualify for subsidised rental housing.

The higher prime lending rate of 9% in July 2022 increased debt service costs, whilst reducing affordability at a time when most household finances are severely constrained. Less than 2% of mortgages granted in the first quarter of 2022, were extended to applications less than R350 000 (US$21 327). With the higher lending rates and high costs of living, many households simply cannot afford to purchase a home. Furthermore, difficulties in servicing debts are increasingly apparent. The number of consumers with impaired accounts increased to just over 10 million as at the end of March 2022.[35] The credit providers' debt relief measures for hard-hit consumers, set up during COVID-19, have come to end, thereby increasing financial strain on households.[36]

The cost of the cheapest, newly built two-bedroom house is R679 000 (US$41 374).[37] With an interest rate of 9% and no deposit, the monthly repayments would be R6 000 (US$366). This would be affordable to a household with a monthly income of R20 000 (US$1 219) with a FLISP subsidy. These house prices are not affordable to households with incomes equivalent to R18 000 (US$1 097) or less, even with a FLISP subsidy.

Housing supply

The majority of households (83% in 2021) live in a formal dwelling in metropolitan areas, while 15% live in informal dwellings. As of 2021, nationally 69.7% of households owned their home and 18.7% rented.[38] Backyard rental is a highly prevalent phenomenon and constitutes a vital informal strategy for housing supply in urban areas. In recent years, focus has increased on programmes to release land and build infrastructure for serviced sites, following a site-and-service model. The regulated smallest residential plot size is 40m2 of floor area in urban areas.

At municipal level, the City of Cape Town has fast-tracked the release of inner-city land on two sites for social housing, namely Salt River Market site and the Pickwick Road site.[39] In the Gauteng province, Balwin has developed projects for the affordable housing market, such as Greencreek and the Greenkloof Mooikloof Mega City project in Pretoria, which include FLISP units priced from R499 000 (US$30 406).[40]

The NHFC has been working on an initiative, involving the private sector, which aims to generate R1.5 billion (US$91.3 million) to finance 35% of social housing developments through public funds, debt and equity and aims to yield 8 000 to 10 000 new units in the next eight years.[41] The NHFC's strategy is instrumental in the effort to address the shortfall in the supply of "gap" housing, that is, households earning between R3 501 (US$213) to R22 000 (US$1 340) per month, by April 2032.[42]

Building materials are almost entirely sourced locally. Manufacturers of cement, bricks, concrete, steel, and timber have plants all over the country and there is good distribution to building supply stores throughout the country. At least 95% of residential construction materials are typically from within a 50 km radius from plant/manufacturer to the building supply store.[43]

There were 1.18 million people working in the construction sector in Q2 of 2022, of which 725 000 were employed in the formal sector and 452 000 in the informal sector, and 165 000 were women.[44] In 2020, women reportedly owned 48% of South African construction companies.[45] South African Women in Construction and the Built Environment (SAWIC BE) represents women-owned entities in construction, property development, and the property value chain.[46]

Property markets

There are 6.7 million residential properties with title deeds in the country. Nearly three million (2.85 million) are located in the eight metropolitan areas, and 31% comprise properties subsidised by the state. The majority (52%) are properties valued at less than R600 000 (US$36 559), affordable to lower income households. This does not include homes that are not formally registered on the deeds registry, which comprise informal housing such as backyard dwellings and informal settlements.[47]

South Africa is ranked 84th out of 190 countries according to the World Bank Doing Business Report of 2020. This compares favourably to the rest of Sub-Saharan Africa, particularly in terms of how minority investors are protected. On average it takes 23 days to register a property, entails seven procedures, and it costs 8.0% of the property value.

SOUTH AFRICA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **R9 710** per month	who earns **R9 000** per month
you could afford to purchase a **R339 871** house with a mortgage.	you could afford to purchase a **R315 019** house with a mortgage.

Mortgage assumptions – South Africa

- 11.0% interest rate
- 10% deposit
- 30 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

In 2021, 32 627 residential units were reported to municipalities as completed.[48] In the new build market, 65 591 new transactions were recorded in 2021, which entails properties that were registered on the deeds registry for the first time, i.e. newly constructed residential units. Nearly half of these (30 150) were properties subsidised by government. Largely as a result of government housing programmes, over half of residential properties (56%) are valued below R600 000 (US$36 559).[49]

With respect to the resale market, nationally, there were 197 010 resale transactions in 2021, 12% of which were government subsidised properties, delivered by the State. The entry level and affordable markets with property values of up to R600 000 (US$36 559) comprised 16% of the resale transactions. Yet, these figures do not reflect the informal sales market, which include state-subsidised homes. Although state-subsidised housing can be sold after eight years, formal trade in this market is beset by the backlog of title deeds registration.

Policy and legislation

The State plays various roles in housing delivery through ownership and rental interventions. Its major contribution has been the full-scale subsidisation, on the demand side, of low cost Reconstruction and Development Programme (RDP)/Breaking New Ground (BNG) housing and the FLISP subsidy for potential homeowners. On the supply side, the NHFC provides financial for social housing projects providing rental units.

There are several recent and upcoming pieces of legislation and policy frameworks that are directly linked to the delivery of affordable housing in the country. First, on 26 May 2021, the President signed the Upgrading of Land Tenure Rights Amendment Act 6 of 2021, which aims to allow the conversion of land tenure rights to ownership.[50] Second, the Expropriation Bill, making way for the expropriation of private land and property, has progressed to deliberations in Parliament as of June 2022.[51] The bill will then proceed to the National Council of Provinces for discussion and to the President for signature.[52] Third, a Comprehensive Rental Policy is in the pipeline, which seeks to consolidate all rental interventions that are currently fragmented with varied norms and standards for the housing typologies. Finally, the Prevention of Illegal Eviction and Unlawful Occupation of Land Act is being amended. The policy and guidelines for housing people with special needs have been formulated and still require full approval.[53] A draft policy on Affordable Housing has been partially completed by 8 June 2022.[54]

Opportunities

Between April and June 2022, there were 52 949 bond registrations on the deeds registry, a 30% increase from a year ago, which indicates an upswing in mortgage lending and consumer appetite for home purchasing, despite rising interest rates. Regarding transfers, sectional title registrations increased by 40% year-on-year in the same period.[55] This might suggest the appeal of more affordable sectional titles apartments to home buyers or investors, who can rent them out.

Furthermore, investors should be aware of two areas that can be attractive to potential buyers in the lower end of the market: firstly, the offer of green mortgages, albeit at reduced interest rates, and lower utility costs associated with "green" buildings in housing developments.[56] Secondly, building plans for houses less than 80m^2 showed a significant 68% increase year-on-year from January to May 2022, suggesting an increased demand for smaller housing units.

The incremental housing market for home-improvement and additions is also deserving of investment support and more micro-lending. There are also opportunities for lending to households who self-build informally on serviced sites in government land-release programmes. The rental market for student accommodation also provides prospects for investment as it is seen as a relatively stable income stream and yields above-inflation rental growth rates.[57]

Various technological advancements could support the housing sector such as the installation of fibre connectivity in new housing developments. Another is modular construction[58] of homes that are built off-site to the same norms and standards as conventional homes.[59] As part of a government-university partnership, a first-of-its-kind RDP house was recently developed in one day using a 3-D concrete printing model.[60] Technology also holds great potential for empowering households in the low-income market. The creditworthiness of unbanked households' can be assessed using data on payment for mobile airtime and data, with the potential to increase access to finance. Another method is to use an application, such as Bitprop, to connect low-income homeowners with potential renters, as well as finance for the building of backrooms. There is also the potential use of online contracts and online payment systems to arrange long-term rentals. Finally, there is the use of blockchain and digitised document management systems, as used by the Transaction Support Centre in Cape Town, to support the owners of state-built houses to obtain their title deeds.[61]

Websites

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Statistics South Africa www.statssa.gov.za
Construction Industry Development Board www.cidb.org.za
National Department of Human Settlements www.dhs.gov.za
National Credit Regulator www.ncr.org.za
The Banking Association South Africa www.banking.org.za
MicroFinance South Africa www.mfsa.net
Parliamentary Monitoring Group www.pmg.org.za

Availability of data on housing finance

Up-to-date reports on consumer lending and mortgage-related data are available from the National Credit Regulator, however, it was not possible to obtain data on mortgage terms. With respect to banking trends and the financial sector, the key sources of data are the Banking Association of South Africa and the South African Reserve Bank. Information on residential mortgages (advances) is also readily available through the banks' economic returns. Finally, Statistics South Africa published reports on building statistics and general household information but not on housing finance. Although some organisations collect disaggregated data on gender, in most case it is not possible to obtain reports with gender breakdown.

Green applications for affordable housing

The Green Building Council of South Africa (GBCSA) and the National Building Regulations and Building Standards (NBRBS) set out the green building standards for South Africa regarding energy efficiency. The requirements require that a building reduces energy consumption as per EDGE and SANS 10400-XA guidelines, and reduces energy pollution by way of greenhouse gases.[62] A number of other organisations and agencies are involved in standard-setting and regulation with regard to green housing, including GBCSA, EDGE, and the CIDB.

Within South Africa, a variety of products are available to retrofit homes to green living standards through flat panel solar water heaters and heat pumps to provide water where no solar exists. Other products include insulation, closed combustion wood-pellet stoves, and dual flush toilets,[63] as well as grey water harvesting systems.[64]

Recent affordable housing developments that meet EDGE (green) certification include Belhar Gardens, a social housing project of 630 resource efficient housing units in Cape Town. Balwin undertakes sustainable building practices and ensured EDGE Advanced Certification on 7000 apartments they have developed, including the affordable housing developments.[65] The International Finance Corporation (IFC) is investing R325 million (US$19.8 million) in the Alleyroads development to build 1 000 affordable housing rental units in Johannesburg which will meet EDGE advanced green building standards.[66] Finally, Green Court and Stepney Green, an International Housing Solutions (IHS) mixed-use development providing 357 affordable housing units in Parklands, Cape Town, is EDGE certified.[67]

Apart from IHS and the IFC, key green housing finance / green micro-finance providers in the country include Nedbank's Affordable Housing Development Finance Division that has collaborated with South Africa's Green Fund to create an R120 million (US$7.3 million) Sustainable Affordable Housing Finance Facility.[68]

CDC (renamed British International Investment), the UK government funded development finance institution, has invested in Divercity along with Futuregrowth. At present two leading banks offer green mortgages: ABSA with the Eco Home Loan[69] and Nedbank with the Green Bond.[70]

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South Sudan

Alex Mwai

Overview

South Sudan had a population of 11 381 377 in 2021,[1] with a lower population growth rate (1.7%)[2] than the Sub-Saharan Africa (2.6%)[3] average. Extended conflict between 2013 and 2020 has caused more than 400 000 deaths[14] and displaced over 2.2 million people to neighbouring countries.[5] Only 21% of the population is urbanised.[6] The largest city, Juba, is home to 18% of the urban population.[7] Poverty rates are extremely high with four out of every five inhabitants living below the national poverty line.[8] Poverty is more extreme in rural areas (79.6%) compared to urban areas (54.2%).[9,10] The Revitalized Agreement on the Resolution of Conflict in South Sudan (R-ARCSS) of 2018 helped the country begin its development agenda. However, advances are at risk of being reversed with South Sudan's President Salva Kiir making new agreements with opposition leaders.[11] The new agreements undermine the 2018 peace accord that had ended a five-year civil war. This has seen renewed conflicts in many states. COVID-19, devastating floods, droughts, persistent locust invasions, increasing food insecurity and ongoing conflict have had a devastating impact with at least 8.9 million people in dire need of humanitarian aid in 2022, a 7.2% increase from 2021.[12]

The economy is also under pressure with crude oil prices declining during the pandemic and the adverse climatic conditions.[13] Gross domestic product (GDP) decreased by 6% in 2020/21 after a 13.2% increase in 2019/20.[14] The service industry suffered significant losses due to pandemic-related movement restrictions that affected business trading hours. Close to 40 000 tons of cereals, comprising 3.6% of the total cereal production in 2021, were destroyed by floods in 2021.[15] This was then followed by a locust invasion. The extensive damage caused by the floods and locusts have undermined economic growth and food security.

Public debt in 2020/21 was SS£1 393 billion (US$2.743 billion), equivalent to 48.7% of GDP.[16] The annual inflation rate was 22.8% in June 2022, down from 70% in January 2021.[17] The improvement is attributed to new exchange rate regulations implemented by the government. The 2019 Article IV Consultation restricted multiple currency practices, and market and official exchange rates converged. The regulations, coupled with the 2018 peace deal, facilitated macroeconomic constancy, causing the currency to stabilise. However, the pandemic disrupted economic activity and caused high levels of exchange rate volatility. As of July 2022, the exchange rate was SS£507.8266 (US$1).[18]

With most of the population (95%) being dependent on climate-sensitive resources for their livelihoods, South Sudan is extremely vulnerable to climate change as rising temperatures, droughts and floods continue to devastate the country.[19] The most severe floods since independencein 2011 occurred between May and November 2021.[20] Over one million people were negatively affected, with 300 000 individuals displaced. This increased the number of internally displaced persons (IDPs) to 2 million.[21]

The Ministry of Environment and Forestry, the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) signed a Memorandum of Understanding for the implementation of a SS£4.621 billion (US$9.1 million) four-year project in May 2022 to deal with the impact of climate change on the country. The project will be implemented in accordance with National Adaptation Plan priorities including agriculture, disaster risk management, water resources and building institutional capacity.[22]

KEY FIGURES

Main urban centres	Juba
Exchange rate (1 July 2022): 1 USD = [a]	507.82 South Sudanese Pound (SSP)
1 PPP$ = (2021) [b]	6.90 South Sudanese Pound (SSP)
Total population (2021) [b] | Urban population (2021) [b]	11 381 377 | 2 334 776
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.66% | 3.21%
Percentage of urban population living in slums (2018) [d]	91.4%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	17.34%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	13.9%
Percentage of women participating in the labour market formally (2021) [b]	70%
Gini coefficient (2017) [b]	45.5
HDI country ranking (2020) [d] | HDI country score (2021) [d]	191 | 0.36
GDP per capita (Current US$) (2018) [b]	US$237
GDP (Current US$) (2018) [b]	US$2 870 million
GDP growth rate (2021) [b]	-11.20%
Inflation rate (2021) [b]	10.5%
Lending interest rate (2021) [b]	16.10%
Proportion of adult population that borrowed formally (2021) [b]	37%
Number of residential mortgages outstanding (2021) [f]	821
Value of residential mortgages outstanding (USD) (2019) [f]	US$8.40 million
Prevailing residential mortgage rate | Term [g]	15 – 18% | 20 years
Maximum LTV on a residential mortgage [h]	100%
Ratio of mortgages to GDP (2019)	0.29%
Number of residential mortgage providers (2021) [h]	3
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2019) [f]	36 466
Value of microfinance loans (USD)	n/a
Number of microfinance providers (2019) [f]	11
Total number of residential properties with a title deed (2019) [f]	10 000
Number of formal dwellings completed annually (2019) [f]	80 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	n/a
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Typical monthly rental for the cheapest, newly built house (2020) [j]	99 576 SSP
Cost of standard 50kg bag of cement in local currency units (2020) [i]	553 SSP (US$10.00)
Type of deeds registry: digital, scanned or paper (2020) [j]	Paper
World Bank Ease of Doing Business index rank (2020) [j]	185
Time to register property (days) | Cost to register property (2020) [j]	48 days | 14.60%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [j]	5.00

NB: Figures are for 2022 unless stated otherwise.

[a] Central Bank of South Sudan
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Ministry of Housing, Physical Planning, and Environment
[g] Equity Bank
[h] Kenya Commercial Bank (KCB)
[i] Emaha General Construction and Trading Company
[j] World Bank Ease of Doing Business Indicators

Access to finance

The financial sector is made up of numerous bank and nonbank institutions. The Bank of South Sudan regulates and supervises 30 operating banks,[23] 24 of which are foreign.[24] Many of these entered South Sudan after the 2005 Comprehensive Peace Agreement (CPA), which was designed to conclude the civil war through the equitable distribution of oil revenues and the ushering in of democracy. Investors were attracted by the extensive oil revenue and the high number of people who do did not have access to banking services. However, persistent subnational conflict and weak regulations have hindered

growth significantly, which has also impacted banks. While 11 domestic banks were considered highly insolvent in 2019, this did not pose substantial risk as domestic banks control only 16% of total banking assets, or 0.3% of the GDP.[25] Foreign banks hold 77% of banking assets and joint-venture banks hold 6.7% of banking assets.[26]

Overall access to financial services is poor, given that most of the population is rural. Only 1% of residents had bank accounts in 2016.[27] No recent data is available to determine overall changes in bank account registration since then. The number of borrowers per 1 000 adults was 81.82 in 2018 and 104.95 in 2019, dropping to 81.65 in 2022.[28] The peak in 2019 was attributed to macroeconomic stability related to the 2018 peace deal, but the pandemic reversed the gains. In 2014, the rate of commercial bank branches was 1.9 for every 100 000 adults, but this number dropped to 1.4 in 2020.[29] Only 0.7 ATMs are available per 100 000 individuals, and for every 1 000 adults, only 0.9 borrow from banks.[30] Overall, the financial sector is largely cash-based.

Lenders have varied product offerings. The biggest lenders include the Kenya Commercial Bank (KCB), which entered South Sudan in 2006, Equity Bank, which entered the country in 2009, and the Cooperative Bank, which entered the country in 2013. Equity Bank offers mortgages for the construction or purchase of residential or commercial buildings. The maximum repayment period is 20 and 10 years for residential and commercial buildings, respectively.[31] KCB offers several products, including already built homes, construction loans, land loans, and commercial loans. Each bank's terms and conditions influence access to housing financing. South Sudan had less than 1 000 housing finance loans in 2017, which was extremely low compared to other Sub-Saharan countries. At the time, Kenya had 18 240 housing loans and Tanzania had 7 000.[32] These loans covered the purchase of land, already-built houses, and construction. The average loan size was also very low in South Sudan, at SS£2 539 133 (US$5 000), compared to Uganda's SS£26 660 896 (US$52 500) or Rwanda's SS£37 071 341.80 (US$73 000).[33] South Sudanese borrowers were expected to pay their loans within five years, at a 24% interest rate, while lenders in other East African countries were allowed up to 20 years at 16%-21% interest.[34] Land loans finance 85% of the total property costs to be repaid in 24 months, while loans meant for both purchasing land and building cover 80% of total costs to be settled in 10 years.[35,36] Equity Bank South Sudan has achieved significant milestones, albeit with significant challenges. The 2021 audited financial statements indicated that the lender had 171 912 customers, 18 ATMs, five branches, and 39 agents in the country.[37] These figures represented a 5% increase in customer numbers from 163 603 in 2020.[38] Expectations are that access to finance will have increased as customer numbers increase, yet statistics indicate otherwise.

Women's access to finance is highly limited by social norms, low educational achievement, and institutional policies. Non-banking institutions, such as Women's WorldWide Web (W4), have made microfinance interventions to increase access to financial services. W4 provides women with small loans of SS£63 478 (US$125) to be repaid at 20% interest within 12 months. Beneficiaries use the loans to establish small businesses and support their families.[39] Additional assistance is provided by the South Sudan Women and Social and Economic Empowerment Project, which recently received SS£9 119 million (US$70 million) from the International Development Association to facilitate microloans to women in business. Such efforts promote inclusive development.[40]

Affordability

High levels of poverty and extreme food insecurity are persistent barriers to housing affordability, with 76.4% of the population living below the international poverty line of US$1.90 a day.[41] The pandemic slashed household purchasing power, as over half of the population reported decreased earnings from their main income source since the start of the pandemic. Safe and affordable housing remains out of reach for most South Sudanese. As of 2018, 91% of the urban population were living in slums.[42] Slum houses are substandard, constructed with non-durable materials. Households lack access to basic sanitation facilities, safe and consistent water supply, and law enforcement. The most common low cost housing alternative in urban areas is a traditional grass thatched hut. These houses are popularly referred to as Tukuls, are 28m^2 in size and cost approximately SS£3 250 (US$6.40) to construct.[43] The homes are easy to build, but maintenance costs are high because of vulnerability to rain, flooding, and extreme, dry weather. Most households upgrading from the mud hut often go for 80m^2 prefabricated houses, which cost SS£25 000 (US$49). These are high-quality houses from durable building materials, with high energy costs due to air conditioning in the desert climate. Poor maintenance causes these houses to quickly become dilapidated, leading to higher losses in the long term. UN-Habitat has provided more cost-effective housing alternatives for low income earners. These are bigger (180m^2), strong enough to withstand floods, and constructed by trained masons. However, these prefab houses cost SS£38 673 (US$76) and the raw materials are harder to find locally, which makes this alternative unattainable for many people.

Another key indicator of unaffordability is that the implied monthly income for South Sudanese borrowers to access these mortgages was SS£203 131 (US$400) in 2017.[44] Not many inhabitants can earn this much monthly. ReliefWeb noted that the average daily labour wage rate was SS£2 158 (US$4) for unskilled personnel in 2019.[45] Semi-skilled staff earned approximately SS£2 844 (US$5), whereas professionals took home SS£3 859 (US$7). These figures fall below the implied monthly income needed to access mortgages. Borrowers seeking a mortgage to buy an already-built house or land on which to construct a house must demonstrate the capacity to meet 40% of the total project costs.[46] As a result, many families cannot afford mortgages to do this or to purchase already-built houses.

Housing supply

Adverse climate change-related events and years of conflict have displaced more than 1.6 million people in South Sudan internally, while an additional 2.2 million are refugees in neighbouring nations.[47] These residents are now seeking housing as IDPs and returnees, thus increasing the demand for low cost housing and exacerbating the deficit in housing supply. The United Nations High Commissioner for Refugees had documented 507 506 spontaneous refugee returnees as of July 2021. However, the property market is inadequately prepared to house IDPs and returnees.

Added to this, the urban population is growing fast, but without corresponding developments in housing supply. Juba's population grew by 31.2% between 2015 and 2022,[48] driven by influxes into the city resulting from crop failure, regional conflict, food insecurity, and extreme poverty. Land disputes and forceful evictions are increasing as the incoming population occupy unregistered lands illegally.[49] Competition for basic resources and employment opportunities is also increasing. About 55% of the urban population live in unplanned areas with little to no access to sanitation facilities, safe housing, or transportation.[50] Years of armed conflict have also undermined tenure security and been a deterrent to large investments in the real estate sector.

Slums and informal settlements in urban areas have grown exponentially. Most slum dwellers live in makeshift houses constructed with non-durable, locally available materials like mud, plastic, and straw. Buying or renting homes in Juba is extremely expensive for low income earners, primarily because most building materials are imported. Unaffordable prices for low income earners are also attributed to homelessness in 20% of the population since 2013.[51] In the 2020/21 approved budget, the Ministry of Finance and Economic Planning (MoFEP) committed to rebuilding 50 low cost units in Juba and delivering 5 000 new affordable units. While this would be a vital intervention for bridging the housing supply gap,[52] there is no evidence that MoFEP has implemented these plans. UN-Habitat has delivered 600 low-cost houses and maintained 3 600 returnees in decent houses across the country, working closely with the Ministry of Land, Housing and Physical Planning.[53] Combined, private property developers delivered only 1 090 units between 2014 and 2016, a rate that was too low to meet the growing need for affordable houses.[54]

Many people opt for unoccupied lands, while others rent plots and houses at low prices. The South Sudan NGO Forum conducted an extensive study on land, property and housing issues and discovered that armed guerrillas often encourage returnees to settle in their territories to boost their political legitimacy and charge rent from the money that people get from humanitarian organisations. Land tenure laws are highly ambiguous.[55] Most leaseholders are unaware of the length of their rental term and make the most of their rented plots while awaiting eviction. The CPA of 2005 established a relatively stable government and leasing regulations, but these laws have not been fully executed across the country. Widely varying leasing rates are a further indication of poor regulation.[56]

Property markets

The World Bank Doing Business 2020 highlighted structural and procedural limitations in the South Sudanese property market. Lengthy approval processes and official charges increase building costs, which are eventually passed on to consumers. Private developments must remit 8.5% of their project costs to acquire building permits within 131 days.[57] To register the property, investors must pay

SOUTH SUDAN – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **SS£38 300** per month	who earns **SS£38 700** per month
you could afford to purchase a **SS£893 461** house with a mortgage.	you could afford to purchase a **SS£902 792** house with a mortgage.

Mortgage assumptions – South Sudan

- 16.5% interest rate
- 10% deposit
- 20 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

an additional 14.6% of the property value and wait 48 days. Burdensome procedures discourage investment. One of the main requirements is that investors verify land ownership through a survey engineer in the Ministry of Housing, Physical Planning, and Environment. While this is free, it takes at least one week to complete.[58] These kinds of barriers explain why South Sudan is ranked among the world's six most challenging countries in which to do business.[59]

Land-related disputes are common. Over the past three years, about 20% of households have had land disputes, including expropriation and land grabbing accusations. Over 80% of these disputes have involved IDPs and returnees.[60] The lack of proper land leasing and allocation laws inhibits the development of long-term housing solutions. Poor execution of the land policy and national urban development strategy has seen many South Sudanese develop their residential properties without state oversight or building permits. IDPs and returnees who take over unregistered land urgently need dwellings that are hard to acquire with the ambiguous land tenure system. They tend to construct houses using their own building plans without the prerequisite government approval.[61] However, there is a formal process for obtaining building permits: first, individuals must develop relevant building plans with an accredited engineer and submit them to the Town Planning Unit under the state Ministry of Physical Infrastructure;[62] second, the application is forwarded to the Town Planning Department to verify land ownership; finally, the applicant is directed to the Revenue Authority to remit processing fees that vary depending on the type and size of the intended building. If the application is successful, the Town Planning Unit provides a certificate approving construction.[63]

Another challenge is that this process is not well publicised. Many inhabitants are unaware of the importance of processing permits before building. Further, the ministry has inadequate structures and labour to consistently inspect the construction process after issuing permits to ensure complete adherence to relevant regulations. Residents have little incentive to obtain permits, as having one does not carry significant advantages. Despite the limited execution of the law, there have been instances when individuals have been accosted and punished with hefty fines by government officials.

Policy and legislation

In 2013, South Sudan enacted a land policy designed to streamline institutions and regulations in land governance.[64,65] One of the main tenets was for the ministry in charge of land to develop and maintain a digitised land tenure system that would coordinate operations across the board, including valuation, physical planning, survey, and registration.[66,67] However, there is no evidence that such an Information Management System exists. The process of legalising unregistered land to enable people to construct their homes is plagued by ambiguity, corruption, and disputes. The Land Act of 2009 acknowledges three types of land: public, private, and community. Public land is held by the government on citizens' behalf, private land is registered chiefly by individuals in urban areas, whereas community land belongs to various groups under customary laws.[68] The main area of contention relates to distinguishing between public and community land. Communities have occupied all land in the country. Applying the broad definition of community land implies that practically all land in South Sudan is community-owned, besides privately held plots and sections gazetted by the government. Such ambiguities hamper land purchase and development. The Land Act allowed the government to allocate community land for development and investment purposes.[69] However, poor implementation of the law often sees people violently evicted from their premises to clear land for investment. This fuels disputes, and communities have sometimes reacted violently to stop demolition activities. Private sector projects are delayed as costs and losses soar.

To further women's rights, the Transitional Constitution and the Land Act of 2009 formally promoted women's housing, land, and property rights. These include assuming ownership of properties by deceased husbands alongside other legal heirs.[70] Article 28 of the constitution further affirms that every citizen has an equal right to own property as stipulated by the law.[71] However, women still face unsurmountable hurdles in property ownership due to a patriarchal cultural system that has rigid land ownership and inheritance structures.[72] Customary law is routinely applied to determine lawsuits when judges raise concerns about success, marriage, inheritance, and family relationships.[73] Women find it difficult to own or develop properties. Even when they receive favourable rulings in courts, enforcing property rights is challenging. Also, the justice system has limited manpower to enforce court rulings and challenge land owners attributed to heavily armed military officers. The United Nations routinely implements Land Policy Workshops to empower women and increase their capacity to challenge discrimination and pursue their land, housing, and property rights.[74] Still, the impact is slow, given the systemic patriarchy.

Opportunities

South Sudan should align its legislation and fully implement the Land Act. More effective laws will safeguard landholding communities and prevent disputes when their properties are alienated for investment without their permission. Because agriculture is the largest employer, supporting livelihoods for four out of five families,[75] South Sudan's investments in arable land are key while building resilience against devastating climate events like floods and drought. There are significant opportunities for alternative energy sources, given the very low levels of electrification in the country. Gender mainstreaming is another requisite opportunity. Women constitute 49% of the entire labour force[76] but remain largely marginalised in education, housing, land and property (HLP) rights.[77] Women acquire land rights through marriage and other male relatives but hardly enjoy these rights given the customary patriarchal system. Ambiguous laws and poor execution deny women the opportunity to contribute positively to economic growth. Digitalising the land tenure system could help women define and fight for their HLP rights. Transparency, commitment, and accountability in land management are crucial to spurring sustainable economic development.

Availability of data on housing finance

A significant information gap is evident in most South Sudanese institutions. The Bank of South Sudan and MoFEP provide financial data, but most information is intermittent and outdated. The National Bureau of Statistics has published financial, survey, and census data, but most links are broken. Getting verifiable information directly from government ministries and institutions was difficult. Other sites like The World Bank, Land Links, and the Intergovernmental Authority on Development have independently published extensive data to bridge the information gap.

Green applications for affordable housing

South Sudan lacks green building standards. The World Bank spearheaded green applications by establishing an office building in 2014. The 470m^2 structure overcame the challenges related to poor electricity supply, expensive building materials, and inadequately skilled labour, to become the first green building in Central Africa and win first place in the LEED Earth Campaign run by the US Green Building Council.[78] However, there is no evidence of a Green Building Council in the country currently. Access to safe potable water, sanitation facilities and electricity is still limited. As of 2020, about 60% of the population lacked access to essential secure water services.[79] The rate was lower in rural areas (34%), where it has decreased progressively from 39% in 2011.[80] Urban areas have better access to safe well-managed water services (70%). Only 16% of the population accessed basic sanitation, mostly only in urban areas.[81]

The electrification rate is low, with only 7.2% of South Sudanese having access to electricity.[82] A mere 13.9% of the urban population has sufficient access to electricity,[83] 99.4% of which is generated from non-renewable sources like coal, oil, and gas.[84] Access to safe and well-managed water is 70%, while basic sanitation facilities are only accessible to 42% of the urban population.[85,86] Limited access to water, electricity, and sanitation services corresponds with poor and unsafe housing alternatives.

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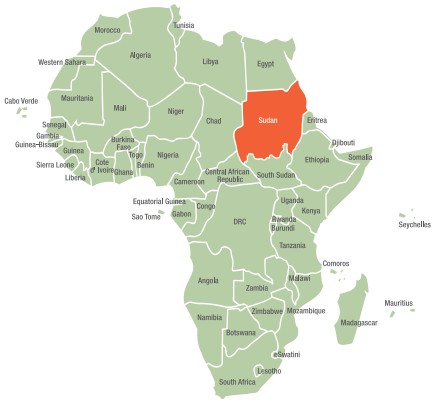
Sudan

Alex Mwai



Overview

In 2021, Sudan's estimated population was approximately 44.9 million, of which 49.1% (22.43 million) were male. An estimated 57% (25.5 million) of the population is working-age (15-64 years), and approximately 4% (1.6 million) older (65 years or more).[1] While the annual population growth rate has slightly declined over the past decade[2] – from 3.8% in 1990 to 2.4% in 2021 – the urban population has been growing. The urbanisation rate was 3.3% in 2021.[3] Approximately 36% (15.6 million) of the population live in urban areas.[4] More than a third (37%) or six million of this urban population resides in the country's largest city, Khartoum. The rural population constitutes 28.9 million.[5] Although most people live in rural areas, rural-urban migration is increasing[6] because of land shortages, poor amenities, conflict, and declining agricultural production. Despite the growing urban population, the construction of social, low-cost, and investment housing has remained low,[7] leading to a housing supply shortage of 2.5 million units.[8] At least 88% of Sudan's urban population lives in slums and informal settlements.[9]

Sudan's economy is sustained primarily by agriculture and mineral-fuel extraction. Sudan's economic growth has been stunted with a -3.6% drop in the gross domestic product (GDP) in 2020, improving to 0.5% in 2021.[10] Monetary policies by the Central Bank of Sudan designed to boost economic growth have achieved limited success since the CPI-based inflation peaked at 382.8% in 2021 when fuel subsidies were removed as the currency fell.[11] Other aggravating factors include the pandemic, political instability, and the Russia–Ukraine conflict. Inflation is expected to fall to 115% through 2023 as these challenges ease. However, political unrest resulting from the October – November 2021 coup d'état has also slowed economic growth. The military takeover was conducted by General Abdel Fattah al-Burhan, who assumed control of the government and detained many leaders.[12] The resulting chaos left scores of civilians and law officers dead. Massive economic losses followed, with exports decreasing more than 85% as of January 2022.[13] As an oil-exporting nation, COVID-19 dealt a macroeconomic blow to Sudan, as crude oil prices plummeted to unprecedented levels.[14] Oil income is the largest source of government revenue, accounting for 7.92% of total exports as of 2017.[15] Despite these problems, the AfDB expected growth to bounce back to 5.3% in 2021/22 and 6.5% in 2022/23 as economic activity increases with the elimination of travel restrictions associated with COVID-19.

Sudan struggles with land degradation, sustained temperature increases, devastating droughts and floods, and locust incursions that reduce farm production, hamper development, and disrupt household incomes. Subsistence farmers lose approximately 20% of harvests to adverse weather events, coupled with the loss of human and land resources. In August 2022, flash floods destroyed over 5 000ha of agricultural land and 47 400 houses in Gedaref, Darfur, Kassala, White Nile, and Sennar.[16] Sudan ranked 177th out of 182 nations in climate flexibility and adaptation in the 2020 Country Index of the Notre Dame Global Adaptation Initiative.[17]

Access to finance

Sudan is home to 35 operating banks concentrated in Khartoum,[18] including five foreign and four state-owned banks.[19] Most foreign banks originate from Gulf nations like Qatar, Saudi Arabia, and the United Arab Emirates. Banks dominate the financial industry and account for over 80% of its overall assets.[20] The Bank of Khartoum is the leading bank, with over 150 outlets and cash offices across the country and a portfolio exceeding S£913 billion (US$2 billion).[21] All banks are controlled by the Central Bank of Sudan following the 1970 Nationalisation of Banks Act. The Central Bank and the government either fully or partially own 41% of these banks through multiple capital injections over time to restabilise failing banks.[22] In 1974, the government instituted an open-door policy to encourage foreign banks to establish operations in Sudan. Key players in the industry, like the Faisal Islamic Bank and Abu Dhabi Islamic Bank, took advantage of such investor-friendly laws to enter the Sudan market.

KEY FIGURES

Main urban centres	Al Gadarif, Al Obeid, Kassala, Khartoum, Nyala, Port Sudan, Wad Medani
Exchange rate (1 July 2022): 1 USD = [a]	456.47 Sudanese Pound (SDG)
1 PPP$ = (2021) [b]	70.68 Sudanese Pound (SDG)
Total population (2021) [b] | Urban population (2021) [b]	44 909 351 | 15 984 585
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.39% | 3.35%
Percentage of urban population living in slums (2018) [d]	88.4%
Population living less than 5m above sea level (2010) [b]	0.3%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	15.16%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	19.8%
Percentage of women participating in the labour market formally (2021) [b]	29%
Gini coefficient (2017) [b]	35.4
HDI country ranking (2020) [d] | HDI country score (2021) [d]	171 | 0.51
GDP per capita (Current US$) (2021) [b]	US$764
GDP (Current US$) (2021) [b]	US$34 326 million
GDP growth rate (2021) [b]	0.11%
Inflation rate (2021) [b]	382.8%
Lending interest rate (2020) [b]	5.10%
Proportion of adult population that borrowed formally (2014) [b]	46%
Number of residential mortgages outstanding (2019) [f]	6 250
Value of residential mortgages outstanding (USD) (2019) [f]	US$937.5 million
Prevailing residential mortgage rate | Term [g]	12 – 21% | 20 years
Maximum LTV on a residential mortgage [h]	60%
Ratio of mortgages to GDP (2019)	4.96%
Number of residential mortgage providers (2019) [f]	15
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding (2019) [f]	1 300 000
Value of microfinance loans (USD)	n/a
Number of microfinance providers (2020) [i]	38
Total number of residential properties with a title deed (2019) [f]	185 000
Number of formal dwellings completed annually (2019) [f]	32 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	n/a
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Typical monthly rental for the cheapest, newly built house	n/a
Cost of standard 50kg bag of cement in local currency units (2019) [f]	1 315 SDG (US$29.01)
Type of deeds registry: digital, scanned or paper (2020) [j]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [j]	171
Time to register property (days) | Cost to register property (2020) [j]	11 days | 2.60%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [j]	5.50

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Kalamu Consulting
[g] The Bank of Khartoum
[h] Qatar National Bank
[i] Making Finance Work for Africa
[j] World Bank Ease of Doing Business Indicators

Islamic banking (Shari'ah) principles have governed the finance industry since the Islamic Legal Revolution in the 1980s.[23] Financial access is weak: only 15% of Sudan's population have registered bank accounts.[24] The unavailability of banking services is a major aggravating factor. Sudan had only 3.4 commercial bank branches per 100 000 adults in 2018 compared to 4.7 in Kenya[25] and 9.2 in South Africa.[26] However, promising trends in internet usage could increase financial access. As of 2020, 28% of the population constituted active internet users, which translates to approximately 12.5 million individuals. Mobile internet users opt for online banking services based on ease of use, quality of service, and convenience.[27] The banking sector has yet to fully optimise these modern technologies, including e-banking.[28]

Constrained access to banking services has increased reliance on non-bank alternatives. Most Sudanese seeking formal housing rely on cash and diaspora remittances from family members. The annual diaspora remittances to Sudan average S£1.369 trillion (US$3 billion).[29] Residents also seek funds from white-collar jobs, but this is complicated by a high unemployment rate, which currently stands at 19.8%.[30] Unemployment disproportionately affects women, as female unemployment is double (30.7%) the male unemployment rate (14.6%).[31]

The rate of non-performing loans in microfinance institutions was 7.7% in 2017 but decreased to 4% in 2018.[32] The improvement is associated with better credit supply, market confidence, and economic growth. However, the lending interest rate and minimum mortgage rate were high at 12%.[33]

Affordability

Poverty levels have worsened over time. Poverty increased in 2021 to 55.9%, partly due to COVID-19, but also other aggravating factors like conflict and climate change.[34] The Russia-Ukraine conflict is expected to make this worse. Many factors constrain housing affordability, including unemployment, default risk, economic performance, rising housing costs, and the inflation rate. The deterioration of economic activity due to COVID-19 slashed household incomes and purchasing power.[35] Many households extend their incomes by cutting back on food costs, depleting their savings, and relying on credit to survive.

Housing and land costs have increased over the years without a corresponding improvement in the employment rate or economic growth. In Khartoum, land prices averaged S£685 000/m^2 (US$1 500/m^2) in 2018, which the Sudan Contractors Association considered exorbitant.[36] The problem is compounded by a high reliance on imported building materials and escalating inflation rates. The housing inflation rate was 17.7% in 2018.[37] Notably, most employees earn monthly salaries between S£10 042 (US$22) and S£38 343 (US$84).[38] According to the Sudan Contractors Association, it would take between 20-83 years for most employees to accumulate enough funds to construct a decent house if they saved at least 25% of their salaries.[39]

Housing supply

Sudan has achieved significant milestones in housing but is yet to meet demand for housing. The overall housing supply deficit in 2018 was 2.5 million units.[40] The National Fund for Housing and Reconstruction was established in 2008 to build decent houses, which can be repaid in flexible instalments, for vulnerable families in slums and informal settlements. The organisation was later split into two agencies.[41] The first arm focused on low-cost housing for the poor and slum dwellers, while the second agency produced investment housing or apartments for more affluent Sudanese. As of 2020, 1 461 investment units had been completed compared to 9 358 low-cost houses. Financial limitations coupled with high land and construction costs have hampered the organisation's efforts, and 88% of Sudan's urban population still resides in slums.[42]

Approximately 87% of the population reside in modest own-built houses. In urban areas, 67.39% own homes while 21.66% pay rent and 4.85% live in houses provided by employers.[43] The average monthly rent for a 150m^2 furnished two-bedroom apartment in Al-Taif, Khartoum, is S£250 627 (US$549).[44] Most residential properties are constructed on land plots ranging from 300m^2 - 500m^2. Government structures and policies on land allocation and title deeds are underdeveloped. Land ownership is primarily governed by a combination of civil and customary rules.[45] Bureaucratic processes also hinder the housing supply. Investors undertake at least 16 procedures over 255 days to obtain construction permits, costing 2.6% of the project.[46]

Most building materials are primarily imported, including cement, plaster, mica, steel, paint, wood products, asbestos, and stone.[47,48] Dependence on imported building materials exacerbates house price increases. Commodity prices have increased globally, while the Sudanese pound weakened against the US dollar. The official exchange rate of the Sudanese pound to the dollar weakened by 15% in March 2022 as a result of the Central Bank allowing the currency to float. The pound fell to S£530 to the dollar compared with S£448 previously.[49,50] Ahmed et al in academic paper evaluated the impact of increasing commodity prices on public-funded housing projects using data from three contractors in Qadarif, Zalingei, and Khartoum. The basic contract price for a tonne of cement was S£2 150 (US$3.75) in June 2017 in the Khartoum project but increased to S£3 600 (US$6) by May 2018, while the price of reinforced concrete more than doubled from S£14 000 (US$107) to S£28 500 (US$219) within the same period.[51]

The growing urban population comprising individuals from war-torn areas was considered a threat to Omar al-Bashir's regime (1989-2019).[52] Strict property control and security measures were enacted to manage this population on the urban fringes, where plot sizes range between 200m^2 and 350m^2. These small plots were designed for fast and inexpensive connections to social amenities like water and electricity, but this was hindered by the inability to obtain legal property rights.

Property markets

Sudan's high-end real estate market has thrived. The number of gated communities has especially been rising, spurred by demand from a growing middle class that seeks secure, affordable, and fashionable housing. As of 2016, 14 gated communities featuring over 5 600 units were either complete or under construction in Khartoum.[53] Still, most Sudanese consider their rural homes their permanent address despite owning homes in urban areas. Limited access to financial services, a high poverty rate, and underdeveloped mortgage laws limit home ownership to inhabitants who can buy with cash or savings.

Poor digitisation and overreliance on a customary land tenure system have impeded housing progress. Most of Sudan's land is unregistered and communally owned for farming.[54] Such lands are considered vacant or state-owned by default. Government denial and repossession of communal land ownership are major causes of conflict. Repressive customary practices restrain women from owning land unless through their male relatives.[55] Also, land registration is an expensive and protracted process. Individuals must pay 2.6% of the property value to register a property through six procedures over 11 days.[56]

Affordable housing for low and middle income earners is in greater demand than high-end villas. More than 50% of Sudan's population can only afford houses made from nondurable materials, while middle income earners, who comprise at least 10% of the population, seek low-cost but durable houses.[57] These proportions represent millions of Sudanese, yet the National Fund for Housing and Reconstruction had completed less than 10 000 low-cost houses as of 2020.[58] Private developers have also had limited success in reducing the housing supply shortage.

Sudan is a highly patriarchal society where men dominate decision-making and access to goods, services, and property. Women are generally considered inferior and are deprived of education and economic resources. Prejudiced cultural practices inhibit women's access to property.

Policy and legislation

Sudan lacks a cohesive land tenure framework. Land ownership and registration are subject to discordant statutory and customary laws developed over time. The Land Resettlement and Registration Act of 1925 is still the primary legal framework dealing with land rights and land registration.[59] This law established government possession of all untenanted land alongside the procedures for land allocation, registration, leasing, resettlement, and titling. The law also outlined land allocation and utilisation arrangements and compensation mechanisms in urban areas. However, this law's real-life applications mainly feature forceful confiscation of community lands.[60] Powerful individuals connected to the ruling regime often use this colonial law to possess large tracts of land. The Unregistered Lands Act of 1970 created confusion by bestowing all unlisted lands to the ruling regime, even though local communities use the properties.[61] As a result, various regimes have assigned plots for commercial development without consulting current owners. Infringements of communal land ownership rights have fuelled violent conflict.

SUDAN – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **S£10 100** per month	who earns **S£38 700** per month
you could afford to purchase a **S£353 419** house with a mortgage.	you could afford to purchase a **S£1 354 188** house with a mortgage.

Mortgage assumptions – Sudan

- 16.5% interest rate
- 40% deposit
- 20 year loan tenor
- 60% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

The Local Government Act of 1998 improved land management through by establishing local committees that validate land ownership and registration.[62] These committees are still functional in Darfur and other urban areas, but political instability has impeded developing a secure land tenure system that would encourage housing investments. Area Land Committees also partner with the government and local communities to develop land use policies for various physical and social infrastructure. Slum upgrading projects and other housing schemes are facilitated by these committees, which spearhead mediation and consultation processes between landowners and investors. The Land Act prohibits foreign land tenure but recognises leaseholds of up to 99 years for investment reasons.[63]

Far-reaching land tenure reforms followed the Interim National Constitution of 2005, with customary land possession and traditional land regulations being acknowledged. Locals gained communal land use rights. If investors or communities need land for public use and development, claimants are compensated through cash or equivalent land. A Land Commission was also institutionalised to determine land issues. Developers can now access prime land for housing interventions, but complaints about non-existent or incomplete compensation often beleaguer major projects.[64]

Inadequate urban design and land tenure policy in the context of a rapidly increasing urban population have compounded the land management problem in the main urban areas. Poor use of the law exposes residents to aggressive evictions from areas earmarked for development and subsequent relocation to the fringes.[65]

For developers, acquiring land parcels from residents whose collective ownership rights are ambiguously itemised in legal frameworks is an ongoing challenge. Further, these land tracts are located in the peripheries where the city borders the desert. Other challenges entail illegal subdivisions of legally owned land through unofficial arrangements.[66] Powerful individuals often collude with government officials to acquire, subdivide, and develop unoccupied lands. The resulting housing developments occur without government approval and in violation of relevant laws.[67]

The government encourages housing interventions through policy and special programmes like the Khartoum Housing and Development Fund to provide low-cost houses, middle income apartments, and high-end villas.[68] Public-private partnerships involving banks, the Ministry of Planning and Public Utilities of Sudan, and the University of Khartoum have been forged to solicit resources for the project. However, the programme's ultimate objective of delivering safe and affordable housing to inhabitants is hindered by insufficient funds, prohibitive policy, and bureaucratic state procedures.[69]

UN-Habitat has proposed an actionable urban strategy to enable Sudan to optimise its assets and opportunities, given the growing urban population.[70] However, urban development remains a low priority in Sudan, overshadowed by other pressing issues related to political instability, poverty, and declining agricultural production.

Opportunities

The country should prioritise urban planning to better manage its assets and systematise basic infrastructure as well as land acquisition, registration, and use. More deliberate efforts are necessary to align civil and customary land tenure systems. The conflict between traditional and legal land laws aggravates poverty, political instability, and the spread of informal settlements.

Incremental housing policy could alleviate the gap between housing demand and supply. Efforts by the Ministry of Planning and Infrastructure to meet the demand for housing alternatives via the Housing and Development Fund are well-intentioned but inadequate. The houses are meant for low and middle income earners and typically include a secure wall and a small house with a room, toilet, and kitchen. These houses are located on sizeable 150m^2 - 350m^2 plots on urban fringes.[71] Beneficiaries are expected to improve their houses as income and family size increase. However, the fund has supplied too few units for the large Sudanese population needing houses. Greater funding should be directed to such housing mechanisms.

Digitisation of the land tenure system and banking services represents another vital opportunity. Increasing penetration of the internet and electricity in Sudan should correspond with a rise in digital banking. The number of Sudanese with access to the internet has increased, but partial digitisation of banking services continues to restrict access to housing finance. Technology optimisation will increase convenience and reduce costs.

A digitised land registration system would help individuals and investors access land records and conduct land searches. Land registry digitisation is also critical to enhancing transparency, efficiency, and accessibility of land records. The goal is to ensure appropriately defined property rights. Multi-sectoral collaboration between technology firms and the government will help Sudan achieve this objective. Research conducted by Iheanachor and Umukoro (2022) shows how partnerships in digital financial services often enable creation of a robust ecosystem based on mutual relationships that facilitate financial inclusion.[72]

Local manufacturing of building materials is another opportunity. Sudan's inability to meet the housing demand is precipitated, in part, by an overreliance on expensive imported building materials.

Availability of data on housing finance

There is a wealth of online housing finance data. The Central Bank of Sudan consistently publishes annual financial reports on money supply, economic developments, gross domestic product, and lending. These reports are publicly available online, but some are published in Arabic, which limits access. Other sources include the Ministry of Finance and Economic Planning and the Sudan Contractors Association. However, information is published sporadically. The Central Bureau of Statistics is archived. Overall, Sudanese institutions are yet to openly share housing finance data online. Independent entities like The World Bank and The African Development Bank help bridge the information gap.

Green applications for affordable housing

Ongoing peace-building efforts and global economic restructuring in the aftermath of COVID-19 present Sudan with an opportunity to initiate and sustain a green economy. Sudan, however, seems unprepared to alter prevailing carbon-heavy growth strategies.

A Sustainable Building Council was launched in 2018 through collaboration between the ruling regime and the World Green Building Council.[71] However, the organisation does not have a website or active social media engagement to demonstrate its progress. EDGE certification is provided by Sintali-SGS, a globally recognised organisation for auditing and credentialing houses.[72] Evidence of EDGE-certified buildings could not be found.

Approximately 40% of Sudanese lack adequate access to clean and safe water, 67% lack proper access to basic sanitation, and 44.6% lack sufficient access to electricity.[73] Sudan relies primarily on non-renewable sources of electricity, particularly coal and oil.

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Tanzania

Lesley Takunda Mashiri

Overview

The population of the United Republic of Tanzania was approximately 61.5 million in 2021,[1] with a population growth rate of 2.9%.[2] The percentage of the population that is urbanised increased from 34% in 2018 to 37%[3] in 2021, and is expected to reach 49% by 2040, with the fastest growth in secondary and tertiary cities. As part of the Tanzania Cities Transforming Infrastructure and Competitiveness initiative, introduced in June 2022, the government is working with partners such as the European Union, the Danish International Development Agency, the Nordic Development Fund, the French Development Agency, the Credit Institute for Reconstruction, the German Corporation for International Development, and the United Nations Refugee Agency to assist participating cities in addressing gaps in urban management, including municipal finance, urban planning, resilience, and green development, as well as improving service delivery and local economic development. In addition, as a result of the approval of a TSh648.218 billion (US$278 million) World Bank credit in June 2022,[4] more than seven million residents of Tanzania's secondary cities will benefit from improved urban management and better infrastructure and services.

In 2020, Tanzania formally graduated from low income to middle income country status. In addition to the country's rich natural resources and strategic geographic location, sustained macroeconomic stability and the government's expansionary monetary policy has contributed to this achievement.[5] As a result of global economic recovery, Tanzania's GDP grew at a rate of 4.9% in 2021, an increase from 4.8% in 2020.[6] In September 2021, Tanzania's current account deficit reached 2% of GDP,[7] despite an increase in exports of services and manufactured goods to member states of the East African Community (EAC). The implementation of capital projects led to a sharp increase in imports of oil and capital goods. Foreign direct investment and external loans largely financed the current account deficit. In 2021, the Tanzanian shilling remained relatively stable against major trading partners' currencies.[8] The inflation rate reached 4.1 % in November 2021, its highest level in three years. Tanzania's inflation rate remains among the lowest and least volatile in the EAC.[9]

As a coastal country, Tanzania is vulnerable to extreme weather conditions including floods and rising sea levels which will impact infrastructure, housing, energy, water, and transportation services.[0] It is expected that the cost of lost land and flood damage will reach approximately TSh466.200 million (US$200 million) per year by 2050.[11] In addition, 80% of Tanzanians live in informal settlements that are vulnerable to extreme weather conditions. These conditions significantly reduce the supply of adequate housing and depress property values.[12]

KEY FIGURES

Main urban centres	Dar-es-Salaam, Dodoma
Exchange rate (1 July 2022): 1 USD = [a]	2 331.72 Tanzanian Shilling (TZS)
1 PPP$ = (2021) [b]	890.58 Tanzanian Shilling (TZS)
Total population (2021) [b] | Urban population (2021) [b]	61 498 438 | 22 111 148
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.91% | 4.95%
Percentage of urban population living in slums (2018) [d]	8.2%
Population living less than 5m above sea level (2010) [b]	0.7%
Most common fuels used by households | by B40 households (2017) [e]	Wood | Wood
Percentage of female-headed households (2019) [e]	25.4%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	33.82%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	2.6%
Percentage of women participating in the labour market formally (2021) [b]	80%
Gini coefficient (2017) [b]	37.8
HDI country ranking (2020) [d] | HDI country score (2021) [d]	160 | 0.55
GDP per capita (Current US$) (2021) [b]	US$1 136
GDP (Current US$) (2021) [b]	US$67 775 million
GDP growth rate (2021) [b]	4.28%
Inflation rate (2020) [b]	3.29%
Lending interest rate (2020) [b]	16.70%
Proportion of adult population that borrowed formally (2021) [b]	47%
Number of residential mortgages outstanding [f]	6 177
Value of residential mortgages outstanding (USD) [f]	US$200.82 million
Prevailing residential mortgage rate [g] | Term [h]	4 – 17% | 10 years
Maximum LTV on a residential mortgage [i]	90%
Ratio of mortgages to GDP	0.3%
Number of residential mortgage providers [f]	33
Percentage of women who own a house alone and/or jointly (2016) [e]	37.9%
Number of microfinance loans outstanding (2019) [j]	6 711
Value of microfinance loans (USD) (2021) [j]	US$7 713 million
Number of microfinance providers (2020) [f]	4
Total number of residential properties with a title deed (2017) [k]	722 346
Number of formal dwellings completed annually (2021) [l]	16 241
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [m]	115 450 000 TZS
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2021) [m]	284m^2
Typical monthly rental for the cheapest, newly built house (2021) [m]	1 384 000 TZS
Cost of standard 50kg bag of cement in local currency units (2021) [m]	14 500 TZS (US$6.21)
Type of deeds registry: digital, scanned or paper (2020) [n]	Paper
World Bank Ease of Doing Business index rank (2020) [n]	141
Time to register property (days) | Cost to register property (2020) [n]	67 days | 5.20%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	7.50

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
NMB Plc Tanzania
Tanzania Mortgage Refinance Company Ltd
Watumishi Housing Company

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] TanzaniaInvest.Com
[g] ABSA
[h] NCBA Bank Tanzania Limited
[i] Tanzania Mortgage Refinance Company Limited
[j] Bank of Tanzania
[k] CRDB Bank
[l] Ministry of lands, Housing and Human Settlements Development
[m] National Bureau of Statistics
[n] Construction Review Online
[o] World Bank Ease of Doing Business Indicators

Access to finance

About 56% of Tanzanians borrow money to cover consumption costs and access to social services;[13] 63% of Tanzanians obtain loans from informal networks, such as friends and family; 17% use mobile network loans; and only 7% get credit from banks.[14] Mobile money stocks, or the amount deposited by mobile operators in commercial banks in trust accounts, accounted for less than 3% of total bank deposits at the end of 2015.[15] Mobile money loans represented less than 1% of the total bank credit. According to Tanzanian firms, the most significant constraint to doing business is access to finance. Women have less access to formal financial services than men, with 60.7% of women having access versus 70.1% of men. In addition, 33.3% of women are financially excluded, and 9% rely on informal financial services.[16] Several factors contribute to the gender gaps in financial inclusion, including insufficient income, poor financial literacy, and lack of access to smartphones and other digital devices.

As of August 2022, there were 48 licensed banks in Tanzania: 36 commercial banks, five community banks, three microfinance banks, two mortgage banks, and two development banks.[17] Looking at mortgages and their market share, CRDB Bank commands 38.02%, Stanbic Bank (8.11%), Azania Bank (7.13%), NMB Bank (6.82%), and NCBA Bank (4.63%).[18] The outstanding mortgage debt on 30 June 2022 increased to TSh509.99 billion (US$ 218.72 million). As a result of this +7.5% market growth, compared to June 2021, new lenders could enter the market, increasing mortgages and access to affordable housing finance.[19] In May 2022, domestic credit extended by banks grew by 22.3%, compared with 8% in May 2021. Credit growth in the private sector increased to 15% in May 2022 from 13.4% in April 2022.[20] The largest portion of outstanding credit in the private sector is personal loans, followed by trade, manufacturing, and agriculture.[21] Mortgage loans grew by 1.41% in the quarter to 31 March 2022, compared with 2% growth in the previous quarter.[22] The Tanzania Mortgage Refinance Company (TMRC) provides mortgage liquidity to Tanzanian homeowners through its mortgage refinancing services. The TMRC is an established member of the African Union for Housing Finance where it specialises in refinancing mortgages up to TSh500 million (US$214 434),[23] though if loans exceed this threshold, it can partially refinance up to the TSh500 million limit. However, such loan amounts should not exceed a maximum of 25% of any given refinance mortgage portfolio.

In recent years, a sevenfold expansion of the housing finance market was achieved in Tanzania due to International Development Association funding and an innovative approach to housing. Through these initiatives, a total of 5 000 mortgages and 2 000 loans for housing microfinance were provided, with women accounting for nearly 34% of the beneficiaries.[24] To ensure long-term market sustainability, market-based solutions were implemented. Added to the growing local housing demand, financial factors such as a minimum mortgage rate of 4% offered by banking institutions, and a maximum mortgage rate of 17%, also play a role. The maximum mortgage term is 25 years with the required mortgage instalment to household income ratio being 30%. The maximum loan-to-value ratio on residential mortgage is 90%. The ratio of outstanding mortgage debt to gross domestic product (GDP) decreased to 0.35% in 2021 compared to 0.30% recorded in the year ending 31 December 2020.[25]

Tanzania has a licensed credit bureau called Creditinfo, which offers services to assist banks to provide quality credit data to the Bank of Tanzania's Credit Reference Databank, which is responsible for automating and capturing new credit applications. Additionally, the bureau offers credit risk management consulting services. The Tanzanian bond market accounts for 7% of GDP. Oversubscriptions have been reported for the last three bond sales. The latest offering raised TSh182.3 billion (US$78 million) in 25-year bonds at 15.95%, attracting more than three times the amount offered.[26]

In support of the national agenda to increase the access to finance for women, the Tanzania Commercial Bank (TCB) has developed specialised products. TCB's group savings in 2020 were valued at approximately TSh15 billion (US$6.433 million), with about 90% coming from women.[27] Apart from commercial banks, there are 1 620 Savings and Credit Cooperatives (SACCOs), 48 Savings and Credit Associations, 45 Community Based Operations (CBOs), 62 Non-governmental Organisations and 95 government programmes in Tanzania.[28] There were 6 711 microfinance loans, with a value of TSh17 979 billion (US$7.713 billion) in 2021.[29]

Affordability

Tanzania's unemployment rate for 2021 increased to 2.65% from 2.53% in 2020.[30] An estimated one-third of Tanzania's employed population took up informal employment between June 2020 and July 2021.[31] In Dar es Salaam, the country's largest city, 62% of those employed are in the informal sector. The rate of informal employment in other urban areas was 52.5%, compared to 19.6% in rural areas.[32] Partly as a result of Tanzania's sustained progress in expanding women's economic opportunities, the country has been able to grow and reduce poverty. Female labour force participation increased from 67% in 2000 to 80% in 2019, surpassing the Sub-Saharan Africa average of 63%. Tanzanian women also make up a large share of salaried workers; the ratio of women to men in jobs paying wages and salaries has risen from 0.35 in 2000 to 0.64 in 2019. However, several factors still hinder Tanzanian women from realising their economic potential. Poverty rates in urban areas differ significantly between women-headed households (20.3%) and male-headed households (14%). Women are much more likely than men to be engaged in unpaid labour, and women with wage jobs tend to earn less than their male counterparts.

Due to the cost of building materials, along with value added tax, houses cost at least TSh40 million (US$17 155) and can reach TSh55 million (US$23 588), making them unaffordable for most urban residents. The available mortgage financing tends to favour middle income and higher income homeowners. As a result, most households in Dar es Salaam rent their housing.

In Dar es Salaam, 59% of renter households occupy a freestanding house and 39% live in an attached house.[33] Approximately 2% of renter households live in flats or low-rise apartments. Tenants pay monthly rents ranging from TSh10 000 (US$4) to TSh40 000 (US$17).[34] A median rent of TSh30 000 (US$12) a month is paid in central, regular settlement areas of the city, while TSh25 000 (US$10) is paid in the less formal central areas of the city and TSh20 000 (US$8) in the periphery. Rentals in the city centre are TSh10 000 (US$4) a month.[35] The minimum wage ranges between TSh40 000 (US$17) and TSh400 000 (US$171) a month. Accordingly, people earning less than TSh30 000 (US$12) cannot live in formal residences in the centre, but they can afford to live in irregular settlements or urban fringe areas.

Housing supply

Tanzania needs three million additional housing units, with an estimated 200 000 units delivered annually. The urban areas and towns have a housing deficit of 1.2 million units, of which 36% are in the eastern city of Dar es Salaam.[36] According to estimates, rural households will grow by 255 000 household a year by 2022, while urban households will grow by 130 000. As a result, more affordable housing units will be needed to meet the growing housing need.[37] The government has set a target for 30 000 housing units to be built by the National Housing Corporation (NHC).[38] Furthermore, the Tanzania Public Servants Housing Scheme aims to construct 50 000 housing units in five phases for government employees. A state-run property developer and real estate investment trust manager, Watumishi Housing Company (WHC), launched Phase 1 of this project at the end of 2015.[39] Since 2015, only 613 of 50 000 units have been built.[40] The housing projects offered by the NHC cater to all income levels – high, medium, and low.

To meet the high demand for local construction, Tanzania imports much of its construction materials. The increased demand is partly due to the number of mortgage lenders in the market increasing from 21 in 2015 to 34 at present. During the pandemic in 2020, the value of building materials imported into Tanzania fell to TSh2 192 billion (US$940 million) from TSh2 332 billion US$1 billion the previous year.[41] Tanzania's construction industry is made up of the Ministry of Works, Transport, and Communications, regulatory boards, clients, suppliers of materials and equipment, construction companies, consulting bodies and firms, and professional associations. Obtaining a building permit can take up to 131 days, 90 of which are spent in approval meetings requiring councillors' approval and approval by officials. Construction permits are obtained by following 24 procedures, including obtaining location plans, registering with regulatory boards, and having Local Government Authority officers inspect the project.[42]

In the rental market, approximately 80% of tenant households live in shared houses with one or two rooms.[43] Typically, the landlord lives on the same plot as the tenants. According to the Measuring Living Standards in Cities survey, 32% of the 811 owner-occupiers interviewed rent out part of their property for residential use.[44] On average, these live-in landlords rent out four rooms of their property. This type of tenancy has been dominant in Dar es Salaam since the 1920s. Despite the informality of this market, the majority of tenants have a lease agreement with their landlord.[45] In recent years, written contracts have become increasingly common.

The smallest residential plot size in urban areas is between 90m^2 and 300 m^2, however, these are mainly reserved for special areas and unplanned settlements.[46]

Property markets

In Tanzania, all land is public land, vested in the President on behalf of all Tanzanians. As trustee of all land in Tanzania, the Ministry of Lands, Housing and Human Settlements Development (MLHHSD) is responsible for administering land and human settlements on behalf of the President of Tanzania. There are three types of land in Tanzania: general land, village land, and reserved land. The Land Act of 1999 that regulates general and reserved land, and the Village Land Act of 1991 regulates village land. People in Tanzania do not recognise absolute ownership of land, but do have the right to use and occupy it as approved, whether it's residential,

TANZANIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **Tsh784 000** per month	who earns **Tsh1 340 000** per month
you could afford to purchase a **Tsh19 367 350** house with a mortgage.	you could afford to purchase a **Tsh33 102 359** house with a mortgage.

Mortgage assumptions – Tanzania

- 10.5% interest rate
- 10% deposit
- 10 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

commercial, a mixture of residential and commercial, or for pastoral or farming purposes. In accordance with this, an individual may be granted right of occupancy for a period of 33, 66 or 99 years. Generally, the right to use and occupy land is granted by the President, while the Village Council grants approval rights specifically for village land.

In 2019, 26 408 residential properties had obtained title deeds, as a result of a project run by the non-governmental organisation ADP-Mbozi, which facilitates socio-economic empowerment of marginalised rural and urban communities in Tanzania. The ADP-Mbozi project also highlighted significant hurdles in promoting and protecting women's land rights in Tanzania. The project issued 1 117 occupancy certificates, of which 765 were issued to men and 42 to women.[47] (The remaining 310 were distributed equally to men and women.) However, despite the Village Land Act of 1999 allowing women to become registered landowners and forbidding any customary discrimination against women, very few customary certificates were registered by women in Mbozi. Significant cultural resistance to women's land ownership remains. Therefore, although the law aims to promote gender equality in theory, officials must work hard to ensure its implementation.[48] According to Centre d´Estudis Immobiliaris de Catalunya data, it took 67 days to register a property in Tanzania in 2017. There are eight procedures to be followed to register property and the cost amounts to 0.25% of the total property value, often payable by the buyer.[49]

Land rights must be registered before mortgages are granted and mortgages are regulated by formal law. Tanzania has a limited formal land sale market, so most land transactions take place on the informal market and are usually leases. In accordance with the Land Act and to improve land administration, 195 170 Certificates of Right of Occupancy (CROs) and 375 259 Certificates of Customary Rights of Occupancy have been issued to date, of which 1 516 were used as collateral for loans totalling TSh61.3 billion (US$26.30 million).[50] The development of the Integrated Land Management Information System has expedited the provision of CROs and also set out sectoral plans, strategies, programmes and policies to improve sustainable housing financing. The establishment of the TMRC, the formulation of the Investment Policy (1996) and the Investment Act (1997), and the establishment of the Investment Bank (funded in 1970) have all served to promote sustainable housing finance options in the country.[51]

Women mainly access land through their husbands or male relatives, although the extent of access varies according to ethnicity, family relations and socio-economic status. Women are generally not hindered from accessing and holding land by these practices. However, when a woman becomes a widow or is divorced, her land rights may be threatened.[52]

Policy and legislation

Tanzania's Country Partnership Framework for 2018-2022 aims to consolidate the gains of the past decade as well as to address the country's continuing development gaps – including sharp disparities between rural and urban areas, a lack of human capital and public service delivery, and a reliance on unsustainable natural resources.[53] The National Human Settlements Development Policy from 2000 still stands, although there have been efforts to develop a new National Housing Policy since 2003.[54] The government has reformed existing policies such as the Unit Titles Act No. 16 of 2008, which enables unit properties to be created and registered, defines the rights and obligations of holders of unit titles, and sets out a framework for dispute resolution. Through the National Regularization Program (2015-2023), 1 444 586 properties have been regularised in unplanned settlements, 148 000 land parcels identified, and 50 000 residential licences issued. As a result, a total of 3 811 Regularization Drawings were prepared and approved from 1 457 mitaa (sub-wards) countrywide.[55]

As part of Tanzania's commitment to economic development, reducing poverty, increasing food security, ensuring social justice, and empowering women, land rights are considered a key factor. In the 1990s, Tanzania adopted a national policy that recognised women's right to land tenure. Further, the Land Act of 1999 generally guarantees women's rights to land ownership, control, and access, as well as their participation in land governance decision-making bodies. Local experts, however, say many women – especially farmers in rural areas – are still discriminated against or denied their rights. Insufficient land administration systems remain an obstacle to fulfilling the rights set out in the new constitution.[56]

Opportunities

Tanzania's construction-driven growth has boosted housing demand, but supply still exceeds demand. The gap between informal and formal housing and housing finance must be bridged to keep up with rapid urbanisation. Access to formal finance (mortgages and loans) remains a major challenge for supporting affordable housing. Mobile money services present an opportunity for the private sector and investors to provide more financial assistance, given that 94.3% of people in Tanzania use mobile phones as a means to be included in the economy financially.[57]

Tanzania faces several challenges in the real estate sector, most significantly the lack of serviced land. Typically, developers must undertake greenfield developments, which require them to provide basic infrastructure, such as roads, electricity and water. These services could be provided more efficiently by public authorities,[58] through government initiatives such as the Tanzania Rural Water Supply and Sanitation Programme. As part of this programme, 1 228 villages have already been served by Community-Based Water Supply Organisations with improved operation and maintenance capability, thereby reducing the cost of water infrastructure for developers, and in turn lowering the cost of housing.[59]

Availability of data on housing finance

The Bank of Tanzania is a key custodian of data relating to Tanzania's macroeconomic environment, including interest rates, financial stability of the banking system, foreign investment trends and general economic performance. The National Bureau of Statistics disseminates census data, household budget surveys, financial inclusion statistics, surveys on land rights and tenure security, as well as various sectoral reports. Other data sources in the public sector include the MLHHSD the Tanzania Buildings Agency and the Tanzania Investment Centre. In the private sector, the TMRC, commercial banks and Tanzania Invest are key sources for regularly updated mortgage market and residential real estate information. Housing developers such as the NHC and WHC are also key sources for project-level housing data.

Green applications for affordable housing

Established in 2014, the Tanzania Green Building Council has completed two impressive green building projects that have played a significant role in advancing green building in the country.[60] The first is the NHC Place, Tanzania's first zero incremental cost green building. The building costed an estimated TSh23 million (US$9 864). A second completed project is Kigamboni Housing Estate in Dar es Salaam, which has effectively set the standard for future housing developments in Tanzania.[61]

Green finance is provided by the CRDB Bank, an accredited financial intermediary and executing entity of the United Nation's Green Climate Fund.[62] This is important as more companies are moving towards sustainable business models, in keeping with the global commitments to address climate change. The private sector in Tanzania has grown increasingly vocal about the need for businesses to be environmentally sustainable and inclusive. This is due to businesses' experiences with the negative impact of a degrading environment and poor inclusivity.[63]

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Togo

Gbetoho Joachim Boko

Overview

Although the Togolese government's concern for social or affordable housing has been clearly expressed in several public policy documents in the sector since the 1970s, the issue remains unresolved and without a clear solution. Despite many instruments designed by the public authorities to solve the issue, none really seemed to meet expectations, and some have been abandoned. The Local Construction Centre (CCL) still exists but has achieved little. The unfortunate experience of housing banks in other countries such as Benin, Ivory Coast and Mali, has convinced Togo not to launch the same initiative, even if the Togolese Bank for Trade and Investment (BTCI) and the Caisse d'Épargne du Togo (CET) have tested products such as housing savings for their clients. Similarly, private investors in the housing sector in Togo, despite their stated will, are struggling to propose effective solutions, in a country where almost one in two Togolese lives below the national poverty line and the urban population, already a high proportion of the total population, is growing fast. The Togolese population was estimated at 8.5 million inhabitants in 2021, growing at a rate of 2.38% per year. The urban population represents 43% of the total population and grows at an annual rate of 3. 7%.[1]

Togo has rebounded following the Covid-19 pandemic but must face like all the other countries of the sub-region, the inflation crisis caused by the war in the Ukraine which increased the price of necessities in particular. Togo's economic growth was 5.3% in 2021, compared to 1.8% in 2020.[2] The economic outlook is good for 2022, with a growth projection of 5.7%. However, the fiscal deficit remains worrying at 6.3% of Gross Domestic Product (GDP) in 2021, compared to 6.9% in 2020. The State's debt has deteriorated, from 60.3% of GDP in 2020 to 64.7% in 2021, due to spending in response to the pandemic and the decline in state revenues because of lower economic activity. The year-on-year inflation rate rose by 6.0% in July 2022, mainly due to the increase in the prices of food by 7.6% and transport by 11.8%.[3]

Following the re-election of the Head of State in February 2020, the country has set up a 2020-2025 Presidential Strategy, with three main strategic objectives. To bolster social inclusion and consolidate peace; boost job creation and build on the strengths of the economy; and to modernise the country and fortify its structures. The government's commitment to enhance the supply of affordable housing is reflected in the strategy, with the announcement of a programme to build 20 000 social housing units by 2025, under the aegis of the Ministry of Urban Planning, Housing and Economic Reform. In addition, Togo's National Development Plan (PND) 2018-2022 aims to use the housing programme to promote sustainable land use planning; promote access to decent housing at affordable costs for the most vulnerable; build up land or real estate reserves for social housing production; and use social housing as an economic driver.[4] To this end, several initiatives have been launched, notably with the support of Shelter Afrique and the Technical Assistance Programme for the Financing of Affordable Housing in the West African Economic and Monetary Union (WAEMU) area, financed by the World Bank.

KEY FIGURES

Main urban centres	Lomé, Kpalimé, Attakpamey, Sokodè, Kara, Dapaong, Tsevié, Aneho
Exchange rate (1 July 2022): 1 USD = [a]	630.05 CFA Franc XOF
1 PPP$ = (2021) [b]	231.19 CFA Franc XOF
Total population (2021) [b] | Urban population (2021) [b]	8 478 242 | 3 675 996
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.38% | 3.68%
Percentage of urban population living in slums (2018) [d]	54.3%
Population living less than 5m above sea level (2010) [b]	3.6%
Most common fuels used by households | by B40 households (2017) [e]	Wood | Charcoal
Percentage of female-headed households (2017) [e]	27.4%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	26.15%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	4,0%
Percentage of women participating in the labour market formally (2021) [b]	55%
Gini coefficient (2017) [b]	43.10
HDI country ranking (2020) [d] | HDI country score (2021) [d]	163 | 0.54
GDP per capita (Current US$) (2021) [b]	US$992
GDP (Current US$) (2021) [b]	US$8 413 million
GDP growth rate (2021) [b]	5.26%
Inflation rate (2021) [b]	1.80%
Lending interest rate (2020) [b]	5.1%
Proportion of adult population that borrowed formally (2021) [b]	49%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate [f] | Term [g]	8 –12% | 25 years
Maximum LTV on a residential mortgage [f]	60%
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers [h]	10
Percentage of women who own a house alone and/or jointly (2017) [e]	27.4%
Number of microfinance loans outstanding [h]	3 852 551
Value of microfinance loans (USD) [h]	US$520 million
Number of microfinance providers [f]	75
Total number of residential properties with a title deed (2019) [i]	47 326
Number of formal dwellings completed annually (2019) [i]	1 800
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [j]	11 500 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2021) [j]	30m^2
Typical monthly rental for the cheapest, newly built house (2021) [j]	55 000 XOF
Cost of standard 50kg bag of cement in local currency units (2021) [k]	4050 XOF (US$6.43)
Type of deeds registry: digital, scanned or paper (2020) [l]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [l]	97
Time to register property (days) | Cost to register property (2020) [l]	35 days | 1.60%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [l]	9.50

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Caisse Regional de Refinancement Hipothecaire de l'UEMOA (CRRH-UEMOA)
Miyamoto

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Orabank
[g] Bank of Africa Togo
[h] Central Bank of West African States (BCEAO)
[i] Land Registry Office
[j] Ivorian Real Estate Promotion Company (SIPIM)
[k] Africardv.com
[l] World Bank Ease of Doing Business Indicators

Togo suffered severe floods in 2010, along with many other West African countries, and has taken serious steps to equip itself with disaster crisis- management instruments including a National Platform for Disaster Risk Reduction, a National Civil Protection Agency, as well as the ongoing preparation of a national strategy of disaster risk reduction 2022-2026 and a national strategy for post-disaster recovery. The national disaster risk-reduction strategy includes risk reduction in codes, standards, rules and plans for land use, town planning and construction.[5]

Access to finance

Access to finance in Togo is still relatively limited. According to the Findex 2021 report, one in two adults, but only 44% of women and 40% of poor adults have an account with a bank or microfinance structure.[6] The banking landscape in Togo includes 14 banks, including eight sub-regional banks (including the WAEMU Regional Mortgage Refinancing Fund – CRRH) and six international banks, as of 31 December 2021[7] and three financial institutions of a banking nature. Nevertheless, Togo does almost as well as countries with larger banking sectors such as Senegal or Ivory Coast, which are home to twice as many banking institutions.

The balance sheet total of banks operating in Togo was estimated at CFA3 945.9 billion (US$626 million) representing approximately 7.1% of the WAEMU banking market. These banks had a total of 1 331 766 bank accounts, 264 branches, offices and points of sale, and 333 ATMs as at 31 December 2021.[8] Long-term loans grew by 34.6% in 2021 compared to the previous year, compared to only 4.7% for short-term loans and 5.6% for medium-term loans.[9] On average, the portfolio of banks operating in Togo has improved, with a gross rate of portfolio degradation down 3.9 percentage points compared to 2020.[10]

The indicators for monitoring financial inclusion in Togo show good progress in recent years. The e-money segment offers the greatest opportunities for financial inclusion, especially for the poorest and most vulnerable. This segment relied on five banks issuing electronic money, in partnership with telecommunications operators or technical service providers in Togo, as of 31 December 2021.[11] The use of electronic money services in Togo was 95.84%, the highest in the WAEMU region, in 2020.

In addition, the geographical penetration of electronic money services (Number of electronic money service points per 1 000 km^2) was 400.62, the third highest in the WAEMU zone.[12] In total, the overall geographical penetration of financial services (the number of financial service points per 1 000km^2 total area) at 422.38 (third, behind Benin and Ivory Coast) is mainly driven by the penetration rate of electronic money services. The geographical penetration rate of microfinance services (the number of microfinance service points per 1 000km^2 total area) was only 9.95.[13]

The nominal interest rate on deposits at bank level was 5.62% against a real interest rate (nominal interest rate on loans at bank level – inflation rate on average) of 3.75%. Nominal interest rates and credit rates at bank level were 7.6% and 5.7% respectively.[14]

Only a dozen banks operating in Togo offer real estate loans, with interest rates ranging between 7.75% for Orabank and 12% for the Togolese Bank for Trade and Industry. The product "Prêt Ma Maison" has the highest term, up to 25 years.[15]

Over the past decade, the WAEMU Regional Mortgage Refinancing Bank (CRRH) has become the main provider of long-term resources, which primary banks need to expand their mortgage offering. In addition to the bonds issued by the CRRH, it has benefited in recent years from financial partners such as the World Bank and the French Development Agency, with whom it has signed partnerships for refinancing primary banks.

Microfinance has so far made only a modest foray into the financing of real estate loans. Although the will exists and resources have been set aside, for example, by the Affordable Credit Financing Project, financed by the World Bank to facilitate the supply of real estate loans by the microfinance sector, financing operations are quite rare.

Affordability

Togolese household poverty remains a concern, particularly in rural areas where the incidence of poverty (58.8%) is double that in urban areas (26.5%). Poverty also affects women more than men, with 45.7% of households headed by women, compared with 42.5% headed by men, living below the poverty line. The Gini index, a measure of inequality, stands at 42.4% for Togo.[16]

Togo has a highly informal economy. Despite the efforts made by the government to formalise the sector, in particular through the Delegation to the Organization of the Informal Sector (DOSI), 93% of the citizens continue to operate in the informal sector, with low and uncertain incomes. Even in the formal sector, wages are low, with the monthly minimum wage set at CFA35 000 (US$55) for more than a decade, in the context of widespread price increases. For example, the annual inflation rate of the sub-index "Housing, water, gas, electricity and other fuels" of the Consumer Price Index rose by 5.7% at the end of July 2022. Similarly, the basic salary of a Category B manager at the first step of scale 3, corresponding to a teacher, is CFA86 772 (US$137).[17] The net income per capita was estimated at CFA519 163 (US$824) in 2020.[18] At the same time, the price of a bag of 50kg of cement has increased in price since 2021, and, bare land cost in 2020 was CFA250 000/m^2 (US$396/m^2) on average in urban centers,[19] while the cheapest housing (a studio of 30m^2) built by a real estate developer cost CFA11 500 000 (US$18 252). All this illustrates the problem of housing accessibility for low-income Togolese, especially in urban areas.

The National Housing and Urban Development Policy, the 2009 National Housing Strategy, the 2018-2022 National Development Plan, as well as the Government Roadmap 2020-2025 have all taken up the theme of housing accessibility, but tangible solutions remain elusive. Indeed, the rate of access to decent housing is estimated at 47.7% in 2015, with a target of reaching 70% in 2022.[20]

Housing supply

According to Togo's National Development Plan (PND 2018-2022), the housing deficit is estimated at 500 000 housing units for the entire country in 2020. Indeed, it is estimated that the supply of housing will have increased by only 800 units between 2012 and 2020, to 12 800 in 2020. At the same time, demand for housing remained high compared to supply, standing at 144 000 dwellings in 2012, and 178 000 dwellings in 2020.[21] This demand is broken down into 47 000 housing units for the city of Lomé alone, 36 000 for other urban centres, and 95 000 for rural areas.[22]

Support mechanisms for the construction of decent housing have proven to be ineffective, with some even disappearing from Togo's institutional landscape. Among those that have survived, namely the Centre for Construction and Housing (CCL) and the Special Fund for the Development of Housing (FSDH), under the Ministry in charge of urban planning, have had limited impact. Under these conditions, the supply of housing is dominated by self-construction and the use of the services of various builders and skilled workers, including real estate developers.[23]

Only a few developers produce more than a few dozen homes a year. The best known of these remains the National Social Security Fund (NSSF), which has historically been present in real estate development since the 1970s. It is currently piloting the housing project called Renaissance Residences, launched in 2017, with the aim of producing 594 homes of different ranges by the end of the project. Other players have entered the field, such as the SIPIM-Abri2000 consortium, promoter of the Mokpokpo City, which aims to build 1 000 housing units, mainly for state officials in Adidogomé. The consortium is about to complete another 234-unit construction project called Cité Mimosas in the Lankouvi district. More modest developers are active, such as the Confortis group, which launched the Wellcity project in Adétikopé, not far from the Plateforme Industrielle d'Adéticopé (PIA), the new special economic zone promoted by the Togolese government. The aim is to build a mini-city of 1 000 housing units. Another project worth noting is the Cité des Anges Project of 162 housing units and 40 apartments on an area of 10ha, launched in 2015 and promoted by the CCI Patrimoine Group.

All these initiatives are far from satisfying the government's ambition, as expressed in its various policy documents, to increase access to social housing for the lowest incomes. That is why, while postponing the deadline to 2025, the government has stepped up efforts to make the 20 000 social housing project a reality. After signing a partnership and financing agreement with Shelter Afrique for the construction of a tranche of 3 000 housing units, and in 2021 reserving an area of 1 177ha of land for the 20 000 social housing programme, the government decided in 2022 to accelerate the concrete phase of production of housing on the identified pilot sites of Dalavé (Tonoukouti Avé Doumé) and Aflao Sagbado, with the support of the technical assistance program of the Affordable Housing Financing Project (ELAP) in the WAEMU zone, financed by the World Bank. In addition, discussions are underway with the World Bank Group's International Finance Corporation (IFC) to identify new public-private partnership financing for the 20 000 social housing programme. Other financial partners such as the West African Development Bank (BOAD) and the African Development Bank (AfDB) have expressed interest in financing the programme.

TOGO – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **CFA70 000** per month	who earns **CFA86 772** per month
you could afford to purchase a **CFA3.852 million** house with a mortgage.	you could afford to purchase a **CFA4.774 million** house with a mortgage.

Mortgage assumptions – Togo

- 10.0% interest rate
- 40% deposit
- 25 year loan tenor
- 60% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Property markets

Two main segments make up the Togolese real estate market. Essentially they are the production and sale of residential land through subdivisions, and transactions on land built for residential use. The latter is marginal, given the reality of the housing construction market in Togo. According to the National Housing Strategy, land supply is in surplus compared to the demand for building land, the surplus being used mainly for land speculation.[24] However, the demand for housing itself is high and was estimated at approximately 500 000 homes in 2020. With the growing population and the limited supply of housing by real estate developers, this demand should be reassessed. Indeed, it is estimated that the urban population is growing by 4.5% a year, while that of Lomé and its periphery by 5% a year.[25]

The Togolese government has focused on new regulations to facilitate residential land transactions, including strengthening the Directorate of Cadastre and Land Conservation (DCCF); establishing the Cadastre of the city of Lomé, with the digitisation of all cadastral plans; important reforms such as the creation by Decree No. 2019-033/PR of the Single Land Window, streamlining land formalities for obtaining land title and codifying DCCF services; and simplifying ownership transfer formalities

There is also a rental housing market, with the main players being homeowners and intermediary agents (referred to as direct sellers) between these owners and rental housing applicants. These direct sellers also act as intermediaries between real estate properties, built or not, and the buyers, against commission. Some real estate players in Togo have organised themselves under the National Association of Real Estate Developers of Togo (ANIT) and the Togolese Federation of Real Estate (FTI) and are now posing as interlocutors of the government on real estate and housing issues. The government has decided to better organise the rental housing sector, especially in the city of Lomé, through the adoption of Decree No. 2022-001/PR of 5 January 2022 regulating the deposit, the rent guarantee, and the residential lease.

Policy and legislation

Since 2017, the country has adopted a National Housing and Urban Development Policy that guides government action in urban development and housing, with the vision of making Togo, by 2040, a country where human settlements are sustainable in a context of effective decentralisation and good governance.[26] The will displayed in the PNHDU has been reaffirmed through various other documents, such as the National Development Plan (NDP 2018-2022) and the Government Roadmap 2020-2025. The country has also adopted several other instruments such as the Urban Development Master Plan (SDAU) of Greater Lomé (composed of the Gulf Prefecture and that of Agoègnyivé) by 2035, accompanied by an Urban Planning Regulation. The NDP is supported in part by the Infrastructure and Urban Development Project (PIDU), funded by the World Bank. In addition, an Urban Planning Code is being prepared. Several policy implementation instruments have been developed over the years, with mixed fortunes. These include the Special Fund for the Development of Housing (FSDH) for financial support to real estate developers, and the Centre for Construction and Housing (CCL), under the Ministry in charge of Urban Planning and Housing, whose main mission is to lower the cost of housing construction by promoting local building materials.

The legal and regulatory framework has made a qualitative leap since the passing in June 2018 of the law on the Land and State Code of Togo. This law makes it possible to modernise land management in the country, but also to strengthen land security. The code contains specific provisions relating to expropriation in the public interest and co-ownership. Several other regulatory texts have been adopted since then, one of the most important being the Decree 2019-033, creating the Single Land Window, the central portal of land formalities.

More recently, the regulatory framework for residential rental housing has also been bolstered, with the adoption of Decree No. 2022-001/PR of 5 January 2022, regulating the deposit, the rent guarantee, and the residential lease to protect tenants and clean up the residential lease market.

Finally, several regulatory acts also exist, organising the various trades in the housing and urban planning sector. Similarly, there are several professional associations in Togo in the housing and construction sector, such as the National Order of Architects of Togo (ONAT).

Opportunities

Despite the political will of the Togolese government and the presence of some developers and investors in the sector, the problem of providing developed land and affordable housing remains unsolved. Togo is now looking for significant investment, and developers with viable economic models, if only to honor its already compromised promise to provide 20 000 social housing units by 2025, as indicated in the Government Roadmap 2020-2025. However, the country has undeniable assets in its business climate, with important reforms carried out in recent years, including boosting the legal and regulatory arsenal on land, the lynchpin of which is the Land and State Code, passed into law in Togo in June 2018. Since then, several implementing texts have been adopted to create favourable conditions for investment in the housing sector.

Similarly, a credit information office has been operating for several years now in Togo through the Creditinfo Group. Also, the launch of the Togo e-ID project is imminent, which is the priority project in the Togo Government Roadmap 2020-2025. The e-ID project aims to give each resident in Togo a basic digital identity allowing access to several services. The project is funded to the tune of CFA45 363.76 billion (US$72 million) by the World Bank and is part of the WURI (West Africa Unique Identification for Regional Integration and Inclusion) unique identification program. With these initiatives, conditions are gradually being created for the implementation of housing finance tools in Togo.

Although violent extremism has marred the country since November 2021, Togo remains one of the most politically stable countries in the West African sub-region, with significant progress in terms of good governance.

Availability of data on housing finance

The availability of data on the Togo housing sector is a major challenge. The main sector-specific data sources on housing in Togo are not available. The most recent study on the sector to understand public policy issues dates back to 2014, when the Central Bank of West African States (BCEAO) published the study on housing finance in the countries of the West African Economic and Monetary Union (WAEMU). This study remains the most comprehensive available to understand the financial challenges of housing finance in these countries. The BCEAO also produces annual data on the state of banks operating in the WAEMU area, as well as a number of indicators on microfinance and financial inclusion, in each of the eight WAEMU member countries.

Population data generally comes from the Institution National de la Statistique et des Etudes Economiques et Démographiques (INSEED), which is the authority for the production and dissemination of official statistics on poverty, population characteristics and urban development.

The CRRH regularly publishes on its website and in its financial reports, data on the resources available for mortgage refinancing by primary banks.

The cadastre data is available from the Directorate of Cadastre and Land Conservation, but access is subject to a fairly strict protocol. Finally, the World Bank is a significant source of data.

Websites

Information portal on building permits in Togo www.construireautogo.gouv.tg
CNSS Togo Renaissance Residency Program www.r-renaissance.tg
Togo Credit Information Office www.uemoa.creditinfo.com
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Miyamoto International www.miyamotointernational.com
Institution National de la Statistique et des Etudes Economiques et Démographiques (INSEED) www.inseed.tg

Green applications for affordable housing

The relative recurrence of extreme weather events, such as floods and droughts, has led the Togolese authorities to take important prevention measures as well as measures for natural disaster risk management. These measures include the establishment of a national platform for disaster risk reduction, and the preparation of a national disaster risk reduction strategy (2022-2026), as well as a national strategy for post-disaster recovery (2022-2026).

These provide for specific measures in the housing sector such as the integration of DRR disaster risk reduction into codes, standards, rules and land use, town planning, and construction plans. However, these regulations have yet to materialise in practice. Thus, neither green building standards nor a regulatory body for ecological standards for the building industry exist. The EDGE certification, little known by real estate investors, is therefore not yet in use. Meanwhile, the Centre for Construction and Development (CCL) under the Ministry of Town Planning and Housing has conducted research on the use of local materials for construction, which can be considered the only ongoing initiative of the promotion of green housing for low-income households. No bank operating in Togo offers green mortgages, and the concern for green housing is not yet integrated by real estate developers.

The main source of energy remains firewood, especially in rural areas, where the rate of access to electricity, according to the national development plan (PND 2018-2022), was low at 6% in 2016 (with the desire to increase it to 22% in 2022), against 35% at the national level, with the desire to increase this to 60% in 2022. Access to drinking water remains unevenly distributed in the country, with more than 80% of the urban population having access to a source of drinking water, compared to only 45% in rural areas, according to data from the National Development Plan – PND 2018-2022. Recent government initiatives such as the creation of the National Agency for Sanitation and Public Health (ANASAP) have improved access to sanitation, especially in Greater Lomé. Yet 60% of households still use private garbage collection services. In addition, approximately half of the inhabitants of Greater Lomé (45.6%) have access to flush toilets linked to a septic tank.

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Tunisia

Benita M. Ngoy

Overview

Tunisia is a highly urbanised country with 69.9%[1] of its 11 935 763[2] inhabitants living in urban centres. The population growth rate was 0.99%[3] in 2021. However, 15.2%[4] of this population lives below the national poverty line and 8.2% of the urban population lives in slums.[5] While the large urban centres of Tunis, Ben Arous and Ariana, Sfax and Nabeul concentrate most of the economic activities and jobs and have the lowest poverty rates of the country, they have the highest property prices in the country and contain much of the country's informal housing and slums.[6]

Tunisia is facing a growing political crisis as President Kaïs Saïed, the country's second democratically elected president, has suspended parliament and removed the Prime Minister, Hichem Mechichi. These events emanate from growing protests in several cities in 2021 due to rising COVID-19 cases and the resultant economic turmoil, including unemployment and declining state services.[7]

COVID-19 exacerbated the unemployment crisis, with the country recording a loss of 165 000 jobs in the first wave of the pandemic between March and June 2020.[8] During this period, government gave little support to struggling businesses and the unemployed.[9] Unemployment increased from 15% prior to the pandemic to 17.8% by the end of the first quarter of 2021.[10] The economy grew by a modest 3.3%[11] in 2021, with a moderate inflation rate of 5.7%.[12] Compared to the previous year, the appreciation against the US dollar continued on average in 2021, albeit at a slower rate of 0.5% against 4.3% in 2020.[13]

Climate change, most notably rising sea-levels, limited fresh water sources, land degradation and declining crop productivity, is forcing many Tunisians to give up their agrarian life and migrate internally to other regions in Tunisia or to other countries.[14] Floods have been a problem in urban areas.[15] Urban sprawl significantly reduces soil permeability and disrupts the natural flow of rainwater. The use of hard paving materials prevents water from reaching the ground and thus favours the increase of surface runoff. The overflow of water during heavy rains is a constant threat to populous cities and the lack of drainage infrastructure leads to flooding.[16]

Tunisia has a limited carbon footprint, but it has set targets for reducing greenhouse gas emissions and has prioritised climate change as part of its political and economic agenda.[17] The country's National Disaster Risk Reduction Strategy[18] aims to integrate Disaster Risk Reduction (DRR) measures into housing and land-use planning programmes in areas of high urban growth, areas of major investment, industrial zones, and logistics zones. The long-term objective is to reach a 70% inclusion of DRR in land-use planning and housing programmes in areas of high vulnerability.[19]

Access to finance

Almost three quarters of housing projects are self-financed in Tunisia. Only 4% of Tunisian households take out a mortgage to build a house. The poorest households do not meet the bank credit conditions for eligibility as they often do not meet the solvency requirements.[20] There is no law preventing women accessing finance to buy a property. In 2021, 37% of adults had a bank account, of which women represented 29%.[21]

Of the 44 banks and financial institutions operating in Tunisia, 30 provide mortgage loans.[22] Mortgage loans are granted for a period ranging between 10 and 25 years with interest rates varying between 5% and 13.15%.[23] Lenders do not report data disaggregated by gender. The total value of mortgage loans held by the 30 banks has increased by 1.5%, from DT11.4 billion[24] (US$3.7 billion) in 2020 to DT13.5 billion[25] ($4.4 billion). Only 23.3% of mortgages were granted to women.[26] The percentage of non-performing loans for the housing sector in 2021 was 9.8%, or a value of DT108 billion (US$35 billion).[27]

KEY FIGURES

Main urban centres	Tunis, Sfax, Sousse
Exchange rate (1 July 2022): 1 USD = [a]	3.08 Tunisian Dinar (TND)
1 PPP$ = (2021) [b]	0.95 Tunisian Dinar (TND)
Total population (2021) [b] | Urban population (2021) [b]	11 935 764 | 8 341 667
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	0.99% | 1.45%
Percentage of urban population living in slums (2018) [d]	8.2%
Population living less than 5m above sea level	8.5%
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	75.27%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	16.1%
Percentage of women participating in the labour market formally (2021) [b]	25%
Gini coefficient (2017) [b]	35.8
HDI country ranking (2020) [d] | HDI country score (2021) [d]	94 | 0.73
GDP per capita (Current US$) (2021) [b]	US$3 924
GDP (Current US$) (2021) [b]	US$46 840 million
GDP growth rate (2021) [b]	3.34%
Inflation rate (2021) [b]	5.7%
Lending interest rate (2019) [b]	7.78%
Proportion of adult population that borrowed formally (2021) [b]	51%
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD) [e]	US$4 413 million
Prevailing residential mortgage rate | Term [e]	5 – 13% | 25 years
Maximum LTV on a residential mortgage [e]	80%
Ratio of mortgages to GDP	9.49%
Number of residential mortgage providers [e]	30
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding [f]	707 568
Value of microfinance loans (USD) [f]	US$570.2 million
Number of microfinance providers [f]	288
Total number of residential properties with a title deed (2021) [g]	480 079
Number of formal dwellings completed annually (2021) [h]	79 000
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [i]	130 000 TND
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [i]	65m^2
Typical monthly rental for the cheapest, newly built house (2019) [i]	550 TND
Cost of standard 50kg bag of cement in local currency units [j]	16 TND (US$5.19)
Type of deeds registry: digital, scanned or paper (2020) [k]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [k]	38
Time to register property (days) | Cost to register property (2020) [k]	35 days | 6.10%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	13.50

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Central Banque of Tunisia
[f] Microfinance Control Authority
[g] National Land Ownership Office
[h] Tunisienumerique.com
[i] Elimrane Development Company
[j] Comptoir Africain (COMAF)
[K] World Bank Ease of Doing Business Indicators

The loan to value ratio is usually 80% as banks require self-financing of a minimum of 20% of the value of mortgage loans.[28] This requirement makes it almost impossible for low income Tunisian households to afford the purchase of housing.

For those who do not meet the requirements for bank finance, microfinance is an alternative way to finance buying or building decent housing. The country has 288 microfinance institutions (MFIs). A total of 707 568 microfinance loans were granted in 2021 for a total value of DT1.7 billion (US$551 million).[29] A good example of microfinance products for housing are the EDDAR loans. These loans were launched in 2007 by the microfinance company EDNA and they are granted to low income households to finance housing improvements. The maximum amount granted is DT5 000 (US$1 621) for a 24-month repayment period.[30] The other MFIs grant a maximum of DT40 000 (US$12 970) for a term of seven years and Microcredit Associations (ACM) a maximum of DT10 000 (US$3 242) for five years.[31]

Recently promulgated in Tunisia by the decree-law n° 2022-2 of 4 January 2022, a legal framework governing the activity of credit bureaus has just been adopted to support a better tracking of the credit behaviour of consumers. These credit bureaus collaborate with and collect information from banks, financial institutions, collection companies and other credit companies.[32]

Banque de l'Habitat (BH) has been instrumental in supporting the private sector's involvement in housing projects, mainly through construction loans to qualifying private developers. In addition, BH grants loans to individuals to finance buying a house or residential land, and/or house improvement. Over half of BH disbursements for low income housing are made to private enterprises.[33] The National Solidarity Fund is financed by the government as well as private and corporate donations,[34] and supports the improvement of housing for the very poor.

Tunisian government bonds are under pressure since the cost of insuring against their default hit a record high, as concerns over an ongoing political crisis in the country continued to mount.[35]

Affordability

Access to formal housing is limited in urban areas because of the limited access to social housing programmes and the difficulty of meeting financing and payment requirements. To avoid exorbitant property prices, consumers are looking for smaller, more affordable housing units, ranging from 120m^2 to 160m^2. However, more large housing units (over 120m^2) are on offer. Rental tenure in urban areas is increasing because of the rising cost of building houses and land prices. In addition, the discrepancy between supply and demand in the housing sector forces the consumer to resort to renting.[36] The regulated minimum size of a residential plot in urban areas is 250m^2.[37] In 2021, the average cost of buying land in an urban area was DT2 292/m^2 (US$734/m^2).[38] The cheapest newly built housing unit in an area around the Greater Tunis costs DT140 000 (US$45 389.08). In contrast, the monthly rental for a housing unit in the lower end of the market is DT500 (US$162).[39]

Tunisia has a high rate of home ownership, of both existing and newly constructed housing stock.[40] Over 80% of Tunisian households own their homes. However, the access to property is different according to the environment: in rural areas, 93% of households are owners, whereas less than 75% are owners in urban areas. One fifth of the urban population are tenants.

The high level of unemployment is one of the contributing factors of poverty and is considered the biggest barrier to accessing housing for many Tunisian households. The informal sector absorbs 36% of the workforce.[41] The overall unemployment rate, which fell slightly to 16.2% in the last quarter of 2021, is still well above its pre-COVID level (14.9% in 2019).[42] The Gini Coefficient for Tunisia is 32.8[43] with 15.2% of the population living below the national poverty line.[44]

The annual repayment of housing loans for households with a mortgage loan represents on average 36% of household expenses. However, this proportion often exceeds 40% in urban areas such as Greater Tunis, the North, and the Southwest.[45] The average Tunisian household living in urban areas spends DT13 069 (US$4 237) in urban areas per year. In large cities, they spend up to DT14 800 (US$4 798). In contrast, an average monthly household income varies between DT201 (US$65) and DT500 (US$162) per month. Housing is the second only to food as a major expense of Tunisian households. Energy and water expenses account for one fifth of household expenditure.[46]

Housing supply

Because of the continuing rise in the price of land and building materials, as well as the failure of social housing infrastructure programmes, renting is increasingly prevalent in urban areas.[47] Public subsidies for housing include housing promotion programmes such as the Housing Promotion Fund for Employees with a limited salary (FOPROLOS – Fonds de Promotion du Logement pour les Salariés) for building new housing units and the National Housing Improvement Fund (FNAH – Prêt du Fonds National d'Amélioration de l'Habitat) for renovating housing renovations. The government subsidises interest rates for mortgage loans granted by the Banque de l'Habitat.[48] Unfortunately, these programmes fail to accommodate the needs of lower-income households who still do not meet the minimum requirements of solvency to benefit. The government programmes in Tunisia are geared more toward urban middle and upper middle classes than the most vulnerable of the population.[49]

The lack of support for low income households by government has led to the proliferation of informal settlements and slums in urban areas. Informal housing is characterised by a lack of infrastructure and public facilities, including a deficiency of sewage systems, sanitation, roads, lighting, and access to potable water. Formal housing units in urban areas are typically large and built with solid and expensive imported building materials such as cement and steel. Informal housing units, on the other hand, are relatively smaller and built on land not suitable for residential use. They are usually built with cheap local building materials such as mud bricks and straw.[50] The smallest residential plot is 65m^2.[51]

The pandemic combined with soaring prices for construction materials caused by the depreciation of the currency has exacerbated the crisis in the construction sector.[52] Between 2020 and 2021, the price of cement increased by more than 9% and steel by 26%. The same applies to wood, bricks, and PVC pipes, whose prices have risen by 163%, 23% and 69% respectively over the same period.[53]

The bureaucracy involved in obtaining a building permit pushes up the cost of building, making it difficult for individual builders, who are often forced to take illegal steps to cut costs.[54] A response to a building permit application can take up to 45 days.[55]

Property markets

The decline in the purchasing power of citizens, the high cost of mortgages and high interest rates as well as the lack of residential land have dented the property market.[56] In 2020, the National Land Property Office held 1 732 528 land titles. Its website makes it possible to consult electronically stored land titles and the land transactions recorded on them, as well as to follow the processing stages of the file.[57] Deed titles can be issued in women's names as there is no legislation forbidding it. The registration fees for buying property are calculated according to the sale price and depend on, among other things, the nature of the property, and whether it is new or old. The registration fees for a new property include registration fees (3% of the property price), Land Registry fees (CPF), and additional registration fees.[58]

Tunisian property market sales have been stagnant over the past four years. The stagnation has been attributed to the weakening of the citizens' purchasing power in relation to housing prices.[59] The volume of real estate transactions decreased by 6.9% in the fourth quarter of 2021, against a decline of 8% in the fourth quarter of 2020.[60] In contrast, the housing price index rose by 9% year on year in the third quarter of 2021. According to the National Institute of Statistics (NIS), this increase is explained by the increase in the price of apartments by 5.5%, but also by the increase in the price of land by 13.2%.[61] The Agence Foncière d'Habitation (AFH) has registered between 280 000 and 300 000 applicants who are waiting to obtain lots; 70% of these requests are concentrated in the Greater Tunis area (Tunis, Mannouba, Ben Arous, and Ariana) and the governorates of Sousse and Sfax. The long waiting times are due to the great scarcity of land for residential use.[62]

Licensed real estate agents compete with informal real estate agents. Anyone can play real estate agent, buy, and sell properties. This has become even easier with growing internet usage. Only 5%-10% of real estate transactions are carried out by licensed real estate agencies. Unlicensed real estate agents, known as "samsara," who have no legal status to operate, have taken over a large part of property transactions, especially in rentals.[63]

TUNISIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **DT1 120** per month	who earns **DT2 300** per month
you could afford to purchase a **DT50 048** house with a mortgage.	you could afford to purchase a **DT102 777** house with a mortgage.

Mortgage assumptions – Tunisia

- 9.0% interest rate
- 20% deposit
- 25 year loan tenor
- 80% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

Policy and legislation

The government has introduced policies aimed at improving the control and management of properties, including informal. The 2021 Finance Act foresaw an income tax reduction of up to DT200 (US$65) per month for any Tunisian citizen wishing to acquire a house in 2021 and 2022, hoping that this measure would help citizens to buy property.[64] The 2022 Finance Act provides for a reduction in the tax burden on the sales of houses built by property developers and extends the exemption from registration fees to the acquisition of residential buildings financed in foreign currency by non-residents.[65]

The bill n°104 (2020), relating to the economic recovery and the settlement of foreign exchange offences, was approved in July 2021. This legislation ensures that any Tunisian can acquire a home through a loan with an interest rate of not more than 3%. The loan will be repaid over a maximum period of 40 years, with no requirement for self-financing for the first house.[66]

To reduce the accumulation of requests for allotments, and to help the AFH to satisfy the requests of Tunisians seeking to acquire a residential plot of land, the government's Decree No. 327 of 5 May 2021 makes the periodic update of clients' applications mandatory. If the application is not periodically updated, it will be automatically cancelled.[67] To put in place concrete measures and promote a green economy, it has been decided under the 2022 Finance Act to reduce the rate of customs duty payable on importing solar panels to 10% and to raise the rate of the environmental protection tax from 5% to 7%.[68]

Tunisian law designates the spouse and children as heirs to a property. The spouse inherits a quarter of the property, and the children inherit the rest divided equally between them.[69]

Opportunities

The promotion of local construction materials can help solve the problems of unemployment and climate change. It could support the creation of employment in the construction industry, strengthening it and make the construction of houses less dependent on cement and steel. Local construction materials such as straw, mud bricks and compressed earth bricks are much more adapted to the local climate and environment than the usual concrete blocks.[70]

Websites

Banque Centrale de Tunisie www.bct.gov.tn
Institut national de la statistique www.ins.tn
Société Nationale Immobilière de Tunisie (SNIT) www.snit.tn
Ministère de l'Équipement et de l'Habitat (MEHAT) www.mehat.gov.tn
Banque de l'Habitat www.bh.com.tn
Contrôle Bancaire et Financier www.apbt.org.tn
Agence Foncière d'habitation (AFH) www.cpf.gov.tn
Ministry of State property and real estate affairs, National Office of Real Estate ownership www.cpf.gov.tn

Availability of data on housing finance

Organised data on housing finance is lacking. The Central Bank of Tunisia and the National Institute of Statistics (NIS) collect and report most of the data on housing finance in the country. Professionals in the housing market do not have a price monitoring centre and there is no official indicator apart from the price index published by the NIS. The NIS does not provide detailed data on housing finance. The central bank is slow to update its publications, such as the annual report of its activities and those of other financial institutions. The data on housing and land provided by the Ministry of Equipment and Housing (MEHAT) are not updated regularly; the latest data available is that of 2017.[71] The NIS collects and reports most data disaggregated by gender.

The only data source available for understanding climate change issues and their impact on affordable housing in Tunisia is the Ministry of Environment.

Green applications for affordable housing

The construction sector is predicted to be one of the leading consumers of energy in Tunisia by 2030. Industry professionals are exploring ways to adapt buildings to climate change and the rising cost of energy and conventional building materials by replacing them with materials much more suited to the local climate and environment, such as compressed mud bricks, produced in northern Tunisia from sieved, moistened, and highly compressed mud.[72]

In June 2019, the Tunisian government set up an interdepartmental committee to make it compulsory to show the thermal and energy performance ratings of new buildings for rental or purchase. This measure will first be applied to commercial buildings and later to residential buildings.[73]

The Tunisia Green Building council is the Tunisian part of the World Green Council. It is supported by national councils whose purpose is to create favourable conditions for the green building market.[74]

The National Agency for Energy Management (ANME), the country's energy saving agency, has a number of programmes. These include the Promo-Isol, an incentive programme that promotes better insulation of roofing, and Promo-Frigo, a similar programme that is helping to replace 400 000 refrigerators that are 10 years old or more, and therefore high energy consumers. Promo-Led aims to replace almost four million incandescent bulbs with LED bulbs. In 2019, ANME, and Italy's national agency for technology and sustainable economic development ENEA, put in place financing to boost these three programmes. The two agencies plan to set up a unit specialising in conformity and energy performance testing for lighting equipment.[75]

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Uganda

Duncan Kayiira

Overview

As a landlocked country in the middle of East Africa, Uganda is faced with excellent connectivity opportunities and challenging dependencies in almost equal measure. The country offers a gateway through which imports from Mombasa are routed to neighbouring countries including Rwanda, Burundi, South Sudan, and the Democratic Republic of Congo (DRC). To do this, Uganda heavily relies on Mombasa's port in Kenya as a trade route to support the rising needs of a population of 43.7 million[1] people growing at a rate of 3.0% a year.[2] Most Ugandans are dependent on the agricultural sector which contributes approximately 22% of the Gross Domestic Product (GDP).[3]

The past decade has witnessed an increase in rural-urban migration with the current urban population growth rate standing at 5.3% a year.[4] Urban population growth has led to initiatives taken by the government of Uganda to transform the peasant economy to a middle income country through the focussed implementation of Vision 2040.[5] In pursuit of this ideal, the authorities established a number of industrial zones in several peri-urban areas such as Kampala, Mukono, Luwero, and Masaka in the central region, Jinja, Mbale, and Tororo in the eastern region, and Gulu in the northern region. This has been accompanied by tax incentives to encourage the establishment of industries in designated areas. Furthermore, to stimulate investment, the government provides free land on serviced plots in designated industrial zones.[6] These initiatives have culminated in the rise in informal settlements around industrial zones as thousands of industrial workers seek accommodation.

The Ugandan economy shows promising signs of recovery in the aftermath of COVID-19. Gross Domestic Product grew to 4.6% in the 2021/22 financial year (FY), up from 3.4% in the previous year.[7] The industrial sector performed particularly well and contributed 26.8% to the country's GDP.[8] Economic growth has largely been supported by an expansionary monetary policy that increased access to credit through the flooring of the benchmark Central Bank Rate (CBR) to an all-time low of 6.5%[9] for much of the 2021/2022 financial year. However, recent developments in international markets, largely stemming from the Russia-Ukraine conflict, have caused the price of oil and other commodities to surge.

These events have trickled into the Ugandan economy and significantly increased the price of goods and services. The annual headline inflation rate surged to 7.9% in July 2022 from 2.7% in January 2022.[10] To curb the rise in inflation, the Bank of Uganda responded by raising the Central Bank Rate (CBR). The first increase came in April 2022, when the CBR rose to 7.5%, up from 6.5% the previous month, followed by another 1 percentage point increase in July 2022, to 8.5%, and then another increase to 9% in August 2022.[11] This contractionary monetary policy has translated into a rise in the cost of borrowing. Commercial banks announced interest rate changes to an average of 21% for August 2022. The developments in the credit market will certainly affect access to credit for the real estate sector to both supply-side actors such as property developers, and demand-side actors, particularly prospective homeowners.

KEY FIGURES

Main urban centres	Entebbe, Kampala
Exchange rate (1 July 2022): 1 USD = [a]	3746.39 Ugandan Shilling (USh)
1 PPP$ = (2021) [b]	1309.51 Ugandan Shilling (USh)
Total population (2021) [b] | Urban population (2021) [b]	47 123 533 | 12 041 476
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.98% | 5.35%
Percentage of urban population living in slums (2018) [d]	48.3%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2018) [e]	28.3%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	40.19%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	2.9%
Percentage of women participating in the labour market formally (2021) [b]	64%
Gini coefficient (2017) [b]	42.80
HDI country ranking (2020) [d] | HDI country score (2021) [d]	166 | 0.53
GDP per capita (Current US$) (2021) [b]	US$858
GDP (Current US$) (2021) [b]	US$40 435 million
GDP growth rate (2021) [b]	3.38%
Inflation rate (2021) [b]	5.7%
Lending interest rate (2019) [b]	7.78%
Proportion of adult population that borrowed formally (2021) [b]	75%
Number of residential mortgages outstanding [f]	7 200
Value of residential mortgages outstanding (USD) [f]	US$217 million
Prevailing residential mortgage rate | Term [g]	16 – 26% | 25 years
Maximum LTV on a residential mortgage [g]	85%
Ratio of mortgages to GDP	0.54%
Number of residential mortgage providers [f]	6
Percentage of women who own a house alone and/or jointly (2016) [e]	37.8%
Number of microfinance loans outstanding [f]	20 182
Value of microfinance loans (USD) [f]	US$43.1 million
Number of microfinance providers [f]	5
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [g]	58 000 000 Ush
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [g]	88m^2
Typical monthly rental for the cheapest, newly built house [g]	500 000 USh
Cost of standard 50kg bag of cement in local currency units [h]	34 000 USh (US$9.08)
Type of deeds registry: digital, scanned or paper (2020) [i]	Computer - Scanner
World Bank Ease of Doing Business index rank (2020) [i]	38
Time to register property (days) | Cost to register property (2020) [i]	42 days | 3.90%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [i]	10.50

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
SOLUTI Finance East Africa Ltd
Easy Housing Concepts

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Uganda
[g] Housing Finance Bank
[h] Cheap Hardware Ltd
[i] World Bank Ease of Doing Business Indicators

More specifically, inflation continues to rise rapidly across the basket of consumer goods and services. The rise in global commodity prices, partly due to COVID-19-induced supply chain disruptions, is being heightened by the Russia-Ukraine conflict. Higher business costs have already spread into consumer prices and affected the construction sector. Inflation as measured by the construction sector index, covering material prices, wage rates, and equipment hire rates, increased to 3.0% in March 2022 from 2.3% in February 2022.[12] The inflation rate is expected to peak in the first quarter of 2023 and revert to the 5% medium-term target in the middle of 2024.[13] The inflation outlook is uncertain and dependent on the evolution of the Russia-Ukraine war and possible measures to contain the conflict.

Although the economy has registered growth of 4.6% in FY2021/22, the worsening global growth and inflationary environment are likely to undermine domestic economic prospects. These developments will have a profound impact on the supply side of housing units for a country that is already struggling with a deficit estimated at 2.4 million housing units and a rapidly rising population.

Uganda is experiencing changing weather patterns, decreased water levels, floods and landslides and droughts. Rapid population growth has damaged the environment, particularly as people clear forest cover for settlement. Landslides in the Elgon sub-region have left thousands of families displaced and homeless over the last decade.[14] In August 2022 floods, after heavy rainfall, left 400 000 people without access to clean water, and destroyed more than 2 000ha of crops in the Eastern region.[15] Earlier attempts to resettle the households from the Elgon region to the safer Kiryandongo area in the Masindi district were hampered by inadequate government funding. Only 289 houses of the expected 600 houses had been constructed by the end of April 2022.[16] Most of these houses lacked sanitation facilities. The country's Ministry for Disaster Preparedness is largely reactive and usually provides basic survival kits to the affected families in disaster areas. Furthermore, Uganda's economy is still largely reliant on agriculture, making the country highly vulnerable to the effects of climate change and households vulnerable to food insecurity.

Access to finance

The recovery of economic activity over the FY 2021/2022 had a positive impact on access to finance as financial institutions renewed their appetite for heightened visibility by setting up new branch networks. The total number of bank branches increased by 48 to 614 in 2021 compared to 2020, along with an increase of 49 automated teller machines (ATMs) operated by commercial banks to 886 in 2021.[17]

The cumulative number of Credit Reference Bureau (CRB) financial cards issued to borrowers increased by 9.6% to 2 157 828 in December 2021 compared to December 2020.[18] At the same time, the number of branches of Institutions with access to the CRB system increased from 598 to 603. Borrowers must have a financial card, which functions as a credit score card, to apply for credit.[19] The rise in the number of cards indicates an increase in the demand for credit facilities. This is supported by a 20% increase in credit enquiries to CRBs, which totalled 975 238 in December 2021, up from 810 782 in December 2020.[20]

To improve gender equality in access to credit, several financial institutions have introduced programmes focusing on women financial empowerment. Housing Finance Bank , DFCU Bank and Centenary Bank[21] have all established differentiated savings and business accounts for women. The account-holders in these segments have an opportunity to network with other business owners and also access training opportunities from the respective banks on matters of financial management and business planning. There has however been limited traction on fostering access to housing finance for women.

The demand for credit was more pronounced in the commercial banking space and banks registered strong growth in credit during 2021 at a rate of 8.8%, to Ush17.7 trillion (US$4.72 billion). Loans by microfinance deposit-taking institutions (MDIS) increased by 2.3% while those by credit institutions contracted by 58.4%, reflecting the upgrade of Post Bank from a credit institution to a commercial bank in December 2021.[22] This upgrade will enable PostBank to access a larger pool of funding options by taking on collection roles of government agencies, including the Uganda Revenue Authority and Pension Sector contributions. These funds can, in turn, provide funding for long-term assets including mortgages. Loans to all sectors increased, except to the business and social services sectors where credit contracted by 6.2% and 11.7% respectively.[23]

Overall, credit risk remained elevated over the last financial year, but more adverse effects were moderated by the Bank of Uganda's credit relief measures. The share of Non-Performing Loans (NPLs) to total loans rose to 5.3% in June 2022 from 4.8% in June 2021.[24] More specifically, the NPL for building, construction and real estate segment portfolio rose to 9.7% in June 2022 from 6.5% in June 2021.[25]

Commercial banks' interest rates increased, reflecting the residual impacts of the pandemic on business entities that were still under the support of the Credit Relief Measures (CRM) in the education and entertainment sectors.[26]

On the back of accommodative monetary policy, the growth of Private Sector Credit (PSC) persisted through much of 2021. The cost of borrowing across most segments of business and consumer credit continued to remain low, averaging 16.3% for commercial bank loans. Due to the favourable lending rates, the banking industry witnessed a slight increase in sector credit uptake during the one year period to May 2022.[27] Credit for residential mortgages grew by 11.0% between June 2021 and June 2022.[28]

While the demand and supply of credit increased over the past year (especially from October 2021), the value of loan approvals remain slightly above half of the value demanded by borrowers.[29] The value of loan applications, which is a proxy for demand for credit, rose to Ush5.1 trillion (US$1.36 billion) in the quarter to January 2022 from Ush4.9 trillion (US$1.30 billion) in the quarter to October 2021. The value of loan approvals, on the other hand, rose slightly, totalling Ush2.9 trillion (US$774.08) million in the quarter to January 2022 from Ush2.8 trillion (US$747.39 million) in the quarter to October 2021.[30] Despite this modest rise in demand and value of disbursements, the growth in shilling denominated loans fell to an average 10.4% from 12.0% for the quarter to February 2022. That credit growth has slowed despite demand for credit increasing indicates that banks are increasingly risk averse and are concentrating more on the recovery of NPLs.

The rise in inflation during the first half of 2022 has exacerbated the already fragile credit market. In addition to raising the central bank rate to contain inflation, Bank of Uganda in June 2022 increased the cash reserve requirement (CRR) from 8% to 10% of total deposits of commercial banks. This increase in the CRR enabled the regulator to mop up over Ushs600 billion[31] (US$160.15 million) of market liquidity which would otherwise be available to boost commercial bank lending for deserving sectors, including housing.

Affordability

While Uganda's unemployment rate is one of the lowest in the region at 2.9%,[32] compared to Kenya at 5.7% and South Sudan at 13.9%, affordability remains a key challenge. Poverty levels remain high at 30%[33] putting a new two-bedroom house priced at Ush205 million (US$54 719)[34] out of reach of most low income Ugandans.

Earlier anticipation of a post-pandemic easing of the price of real estate on account of eased supply chain lines did not materialise as global inflation in commodity prices and building materials helped increase the price of land and houses in Uganda's major urban areas. The year-on-year inflation rate for material inputs, equipment hire, and wages increased to 3% by March 2022, up from 2.3% in February 2022. Roofing sheet increased by 16.9% in March 2022, followed by other iron and steel by 11.7%, and cement by 5.3%.[35] These three items constitute the major manufactured items for most affordable housing units across the country. A combination of the surge in prices of building materials alongside the increase in borrowing interest rates continues to stifle the affordability of decent housing units for prospective homeowners.

The price of housing units has remained relatively stable despite the rise in prices of construction materials. The price of a newly constructed 46m^2 one-bedroom house is approximately Ush120 million (US$32 031) while a 98m^2 two-bedroom house goes for Ush185 million (US$49 381) and a 112m^2 three-bedroom unit for Ush250 million (US$66 731).[36] These prices are likely to rise as inflation affects the new stock of housing units coming onto the market.

Housing supply

Uganda's high population growth rate at 3%[37] coupled with a high urbanisation rate of 5.2%[38] translates into a widening gap between the demand and supply of decent housing units. The current housing deficit is estimated at 2.4 million housing units[39] with the bulk of these falling in the affordable housing segment. This housing gap is further estimated to be growing at a rate of 300 000 a year, largely due to increased population expansion in urban areas.[40] Uganda has no deliberate government programme to support the delivery of affordable housing units and government supply of land for affordable housing has been insignificant. Its major impact had been on the free extension of electricity to the rural areas through the Rural Electrification Agency, which was suspended in 2020 due to lack of funding. Currently, the cost of a new connection ranges from USh720 883 (US$192) to Ush2 741 188 (US$731)[41] depending on the number of poles needed to connect the residential house. This remains out of reach for most homeowners.

UGANDA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **Ush470 000** per month

you could afford to purchase a **Ush9.009 million** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **Ush500 000** per month

you could afford to purchase a **Ush9.584 million** house with a mortgage.

Mortgage assumptions – Uganda

- 22.0% interest rate
- 15% deposit
- 25 year loan tenor
- 85% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

On the supply side are private developers delivering housing units of approximately 1 000 units a year. These complement individual households developing their own residential units for owner occupation. Many individual developers also build for rental income. Most such developers usually build fewer than five units to earn passive rental income.

Given the housing gap, nearly half (48.3%) of the country's urban population live in informal settlements.[42] These settlements have limited access to water and sanitation, posing significant challenges for urban planning. Traditional homes in Uganda are built with mud walls and thatched roofs, with more modern housing using concrete or mud bricks and metal roofs.[43]

Property markets

At the household level, the demand for residential real estate is still robust, particularly for housing units located in planned residential estates. Several property developers in the Greater Kampala Metropolitan Area (GKMA) covering the Kampala district and urban areas of Wakiso district have seen some of their on-sale properties bought in less than three months. Prices as measured by the Residential Property Price Index (RPPI) for GMKA fell by 5.8% over the quarter to March 2022 compared to a 4.5% decline over the quarter to December 2021.[44] This noted decrease in RPPI is mainly attributed to a 7.9% drop in Residential Property Inflation for Kampala in March 2022, compared to the earlier 17.4% increase over the quarter to December 2021.

Cumulatively, loans totalling Ush7.2 trillion (US$1.92 billion) representing approximately 40% of the banking industry's gross loan portfolio have been restructured by financial institutions from April 2020 to March 2022.[45] With the reopening of economic activity after the lockdown, borrowers that benefited from the programme resumed repayment of their obligations and subsequently reduced the stock of loans under credit relief to Ush2.6 trillion (US$694 million) in March 2022, from Ush3.1 trillion (US$827 million) in December 2021 and a peak of Ush5.2 trillion (US$1.39 billion) in September 2020.[46] The reductions have also been strongly influenced by foreclosures, particularly where the borrowers have failed to meet their obligations for the sectors where the CRM program expired on 30 September 2021.

Policy and legislation

In November 2021, the Bank of Uganda revised the annual licence fees for all supervised financial institutions. The rationale was, in part, aimed at harmonising the license fees with other East African Community (EAC) member states and also increasing the funding line for the regulator. With the new licensing structure, commercial banks must pay the higher of 0.05% of their Gross Annual Revenue (GAR) or Ush50 million (US$13 346) while Credit Institutions must pay the higher of 0.05% of their GAR or Ush20 million (US$5 338), and Microfinance deposit-taking institutions (MDIS) must pay the higher of 0.05% of their GAR or Ush10 million (US$2 669).

The central bank is also in the final stages of drafting the MDIS (Registered Societies) Regulations, 2021, to guide regulatory oversight for Savings and Credit Cooperative Societies (SACCOs). Once finalized, these regulations will pave the way for the supervision of select SACCOs by the Bank of Uganda. Also, the Bank of Uganda is concluding the amendment of the Microfinance Deposit-taking Institutions Act, 2003. The proposed amendment will enable the institutions to provide Islamic banking, agent banking, and bancassurance services. The amendment will also allow for access to the credit bureaus. This will further increase access to finance for low-income earners seeking to enter micro-mortgage arrangements, by enabling the micro-lenders to establish the credit track-record of prospective borrowers and improve processing of loans, including those to the housing sector.

The Uganda Retirement Benefits Regulatory Authority as the regulator of the pension sector has issued new regulations to enable the assignment of pension contributions towards the acquisition of a residential property. The Assignment of Retirement Benefits of Mortgages and Loans Regulations, 2022, paves the way for members of Retirement Benefits Schemes to access mortgages or home loans to buy, build or renovate a residential property/ house by using 50% of their accumulated savings as security as opposed to using the ordinary residential property as security. This development is likely to spur increased access to decent housing, making homeownership a reality for many by allowing savers to leverage their accumulated savings to meet their housing needs before they reach retirement age.

The regulations further place conditions for assigning the retirement benefits to include a mandatory 10-year period of contributions and the lending institution to access the retirement benefits only as the last resort in the recovery process. Once harmonised, the development will enable up to 2.5 million savers with pension schemes to use part of their pension contributions as collateral for residential house construction and development.[47]

Another significant development is the amendment in the National Social Security Fund (NSSF) Act that allows for midterm access to pension contributions for members aged 45 or older who have saved for a decade, or people with disability aged 40 and above who have saved for a similar period. Given that more than 60% of retiring NSSF contributors deploy their pension funds for to buy or build residential houses,[48] the amendment in the act will promote further delivery of residential housing units.

Over the first three months of this provision coming into effect (March to May 2022), a total of 21 278 members representing 51.6% of the total savers eligible for the NSSF midterm benefits had applied for their 20% benefits. A total of Ush414.1 billion (US$110 million) has been paid out, the bulk of which finds its way to the real estate sector.

Opportunities

Uganda's growing population presents a unique opportunity for investment in the residential housing marketplace. The current influx of housing units is largely in the middle to high-end space, targeting largely the corporate salaried income earner with access to mortgage facilities from the banking industry. However, the bulk of the highlighted two million housing units is in the affordable housing segment with most prospective homeowners being in the low income segment of the population.

Additionally, the newly implemented regulations on using retirement benefits to secure a residential mortgage offers an excellent opportunity for both lenders

and housing developers to increase the scope of their product offering to this emerging niche.

Uganda has many renewable energy resources that could be used for energy production, including hydropower, biomass, solar energy, geothermal energy, peat, and wind. Many of these have not yet been fully explored.[49] The Ugandan government is developing projects with international development organisations to make better use of these renewable energy sources and such projects could present many opportunities.

Websites

Affordable housing www.affordablehousing.ug
Bank of Uganda www.bou.or.ug
National Planning Authority www.npa.go.ug
Uganda Bureau of Statistics www.ubos.org
Easy Housing Concepts www.easyhousing.org
SOLUTI Finance East Africa Ltd www.solutifinance.org

Availability of data on housing finance

Data on financing for residential mortgages is compiled monthly by the central bank and released in aggregate form for the entire industry. The Bank of Uganda website itself appears to be incompatible with some browsers and some pages prove inaccessible. However, specific information about the number of mortgages issued by financial institutions is not readily available as lenders are reticent about sharing such information.

Green applications for affordable housing

A number of mortgage lenders are beginning to incorporate renewable energy solutions as complementary products to the basic mortgage for affordable housing. Housing Finance Bank, the largest mortgage bank in the country, now offers solar loans, side by side with the Incremental Loan facility tailored for the affordable housing segment. The amounts range from USh500 000 (US$133) to USh20 million (US$5 338) and can be used for home construction, including solar installation for domestic use.

Fuelwood and charcoal are primary sources of household energy across Uganda. The use of these are contributing to environmental problems including deforestation and the destruction of wetlands, and health problems due to indoor air pollution through cooking and heating. Approximately half of Ugandans have access to electricity and approximately 24% have access to electricity for more than four hours per day.[50]

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Western Sahara[1]

Overview

Western Sahara lies in the Maghreb desert region, in the north-western part of the continent.[2] It is bordered by Mauritania, Algeria and Morocco while on the western front it is bordered by the North Atlantic Ocean. According to the latest Worldometer estimate of September 2022, the territory has a population of 629 873 people living on 266 000 km^2 of land. Due to the vast expanse of arid land, the population density is extremely low – approximately 2 persons per km^2. However, the low average density is not reflective of the densities throughout. For example, in Laayoune, the largest city in Western Sahara, the population is estimated at 196 331 meaning close to a third of the territory's population lives in the capital. Overall, about 86.8% of Western Sahara's population lives in urban areas.[3]

An issue that has plagued Western Sahara over the years is its self-governance, or the lack thereof. The territory is among the 17 non-self-governing territories listed by the United Nations (UN)[4] and the sovereignty of the territory is highly contested. The dispute is a result of several issues at play. Western Sahara was colonised by Spain until the Spanish regime relinquished their reign over the territory in 1975.[5] More conflict ensued at that point when Morocco and Mauritania lay claim to different portions of the territory but the indigenous Sahrawi people, led by the Polisario Front, wanted self-governance. Morocco and Mauritania's claims were agreed upon by the two countries in a bilateral agreement, however this agreement was deemed null by the Polisario Front who did not give their concession to the two countries' taking over the territory. The Polisario Front's assertion was bolstered by Algeria's support for their cause. One of Morocco's primary concerns is that self-governance for the Sahrawi people may breed increased terror activities from groups such as Al Qaeda who are already operating in the region.[6]

Between 1975 and 1991, there was an armed struggle in the region which saw Mauritania releasing their entitlement to Western Sahara. The guerilla warfare resulted in the Polisario Front controlling a fifth of Western Sahara and Morocco having control of 80%. During this time the Polisario Front, as representatives of the Sahrawi people, declared themselves a sovereign republic in 1976 and established the official name Sahrawi Arab Democratic Republic (SADR) which is a recognised member of the African Union (AU) and is officially acknowledged by many countries. The armed conflict ended with a UN negotiated ceasefire in 1991.

A heavily fortified buffer strip (known as the Berm) with landmines now separates the western region controlled by Morocco from the Polisario Front controlled eastern region of Western Sahara. Polisario Front troops recently breached the ceasefire in 2020 after Moroccan troops entered the UN-patrolled buffer zone, sparking a renewed conflict. The Polisario Front still strongly maintains their position on full self-governance and they cited this as the primary reason why they broke the ceasefire.[7]

However, it is the fight over valuable resources such as renewable energy and water that is fueling the ongoing conflict. Worth over MAD5.4 billion (US$500 million), the fisheries and phosphates industries are a particular area of contention.[8] The territory is rich in phosphates thus one of the dominant trades in Western Sahara is phosphate mining. The coastal location is also strategic in terms of the economy, as it supports a strong fisheries industry in Western Sahara with both professional fishermen and locals going out into the northern Atlantic to fish. The tourism sector has also brought in some good revenue over the years, but its success was curtailed by the restrictions that came with the Covid-19 pandemic.[9]

As is the case in many regions characterised by war and conflict, it is the local people who suffer. Sahrawi locals have been greatly affected by the conflict, so much so that many of them have sought refuge in Tindouf, Algeria. The Moroccan occupation of the west of Western Sahara, which includes the coast, has pushed the Sahrawi population further inland, into less hospitable areas more affected by climate change issues. Part of Algeria's support to the Polisario Front and the Sahrawi people is through the establishment of multiple refugee camps in and around the Tindouf region of Algeria.[10] Climate change has however exacerbated the poor living conditions for the displaced and refugee Sahrawi population in these geographically isolated refugee camps. Water scarcity is already a major problem in the country, and climate change is putting additional

KEY FIGURES

Main urban centres	Laayoune
Exchange rate (1 July 2022): 1 USD = [a]	10.06 Moroccan Dirham (MAD)
1 PPP$ = (2021) [b]	4.20 Moroccan Dirham (MAD)
Total population (2022) [c] | Urban population	626 168 | n/a
Population growth rate (2017) [d] | Urbanisation rate (2017) [d]	2.7% | 2.87%
Percentage of urban population living in slums	n/a
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households	n/a | n/a
Percentage of female-headed households	n/a
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October	n/a
Unemployment rate (% of total labour force, national estimate) (2019) [c]	n/a
Percentage of women participating in the labour market formally	n/a
Gini coefficient	n/a
HDI country ranking | HDI country score	n/a | n/a
GDP per capita (Current US$) (2007 est.) [d]	PPP$2 500
GDP (2007 est.) [d]	PPP$906.5 million
GDP growth rate	n/a
Inflation rate	n/a
Lending interest rate	n/a
Proportion of adult population that borrowed formally	n/a
Number of residential mortgages outstanding	n/a
Value of residential mortgages outstanding (USD)	n/a
Prevailing residential mortgage rate | Term (2021) [e]	n/a | 26 years
Maximum LTV on a residential mortgage	n/a
Ratio of mortgages to GDP	n/a
Number of residential mortgage providers	n/a
Percentage of women who own a house alone and/or jointly	n/a
Number of microfinance loans outstanding	n/a
Value of microfinance loans (USD)	n/a
Number of microfinance providers	n/a
Total number of residential properties with a title deed	n/a
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	n/a
Size of cheapest, newly built house by a formal developer or contractor in an urban area]	n/a
Typical monthly rental for the cheapest, newly built house	n/a
Cost of standard 50kg bag of cement in local currency units (2021)	304 MAD (US$34.02)
Type of deeds registry: digital, scanned or paper	n/a
World Bank Ease of Doing Business index rank	n/a
Time to register property (days) | Cost to register property	n/a | n/a
World Bank DBI Quality of Land Administration index score (0-30)	n/a

NB: Figures are for 2022 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Populationpyramid.net
[d] Moody's Analytics - Economy.com
[e] Sahara Press Services

stress on the limited water resources. Extreme heat, dust storms and flash floods have caused damage to homes, health services and food stores over the years. Important infrastructure and services have also been impacted. This all undermines the fragile conditions of the refugee population as food security and water is threatened. Floodwaters also have the potential to spread water-borne diseases.[11] Rising sea-levels are also a concern for the country with infrastructure, settlements and livelihoods being at risk in the Bay of Dajla and the coastal settlements of El Aaiún and El Marsa.[12] As the Sahrawis are not represented as a United Nations member state, they are not able to access climate finance or low carbon development to build resilience and implement adaptation strategies.[13]

Over many years, the conflict in Western Sahara greatly impacted the economic activities taking place there. The region's aridity also limits the economic activities and outputs from sedentary agriculture. The temperatures are generally high with minimal rainfall and cold offshore currents producing fog and heavy dew. The climate is not conducive for food production. Pastoral nomadism is therefore a common practice in Western Sahara as a means of offsetting the reduced food production. Some locals, in the rural areas, do not settle continuously in one place, but they move around cyclically from one area to another in search of better pastures for livestock feed. However, these activities are inadequate for food production, therefore more food is imported and there is a reliance on the Moroccan government for food supply, water and subsidies.

The Moroccan government is very active in the territory, and they impact the lives of many Sahrawi people. Their role and government spending includes food security, social development, infrastructure development and even employment. Morocco continues to carry out these government activities and hold their control of the bulk of the territory because there are some fears that if ever they withdrew and pulled out of Western Sahara, the territory could possibly evolve into a haven of some extremist groups. This strengthens Morocco's claim of the territory.[14]

When Spain gave up control of Western Sahara, as was the case with many African countries after obtaining independence, massive development leaps were taken in the built environment, that is inclusive development, not just for the colonial minority. Such development saw infrastructure and housing projects erected, especially in Laayoune. The disjointed neighbourhoods within Laayoune were then spatially connected by the multiple housing complexes built under the territory's housing programmes, thus making Laayoune a large city-region. The bulk of this development was overseen and funded by the Moroccan government. The recent renewal of the conflict in 2020 has cast some doubt over the continuity of such development.[15]

Housing and housing finance data in Western Sahara is largely unavailable. Extensive desktop research has found no credible data on the number of outstanding residential mortgages nor their total value. There is also a data gap on mortgage terms, that is the prevailing mortgage tenor, the interest rate, the number of non-performing mortgage loans and the general loan to value ratio (LTV) in the territory. Data on price points and the cost of construction is also unattainable. There is no data on the price of land, the prices of newly developed units and neither is there any data on the prices of units sold in the resale market.

Availability of data on housing finance

Western Sahara's disputed sovereignty as a state has undermined the legitimacy of its government, thus undermining its capacity too. Systems and state entities that champion data collection, analysis, management and reporting are not in place. For example, there is no official bureau of statistics in the territory.

The data provided in this country profile is mainly sourced from surveys and data collection initiatives undertaken by stakeholders outside of government, most of which are international.

Given the limitation on the availability of data, some of the data shared in this year's profile is the same data obtained in 2021.

The INDC (2021) released by the Office of the President provides significant recent information of the country's resources and infrastructure in support of housing.

Green applications for affordable housing

Western Sahara is largely characterised by sunny weather and strong winds for most of the year. This makes the territory ideal for renewable energy. The Moroccan government has capitalised on the renewable energy potential that Western Sahara has by building three large wind farms (with five more in the pipeline) and two solar farms (with one more planned). Estimates show that Western Sahara's carbon emissions are at 0.5t per capita which is relatively low compared to many other countries. The clean energy is by way of renewable wind energy which has been operational since 2013.[16] Currently Morocco has about 15% of solar energy and 18% of its wind energy coming from the territory and it is expected that by 2030, up to half of Morocco's wind and a third of their solar energy will be from the Western Sahara.

However, the benefit of the clean energy has sparked some debate with the Polisario Front arguing that the renewable energy projects are only undertaken because Morocco is in serious need of energy. The Polisario Front view it as 'greenwashing Morocco's occupation' of Western Sahara. They argue that the generated power benefits the Moroccan government and Moroccan people and not the Sahrawi people. Another argument posed is that the renewable energy projects by the Moroccan government were strategically located in Western Sahara to strengthen Morocco's occupation of the territory.[17] Furthermore, the Polisario Front and some Sahrawi researchers have claimed that forced evictions of some local Sahrawi people took place in order to make way for the solar farms.[18]

Water resources are scarce as there are no permanent bodies of water in the country and water scarcity has added to the conflict. Water is provided by truck to nomadic families and is stored in tanks and bladders. Limited rainfall replenishes groundwater reserves periodically and during these times water can be accessed from wells. More recently solar pumps have been used to access groundwater in pilot-projects for small scale agriculture. The Association of Secours Sahraoui has implemented a Water for All project in the Liberated Territory. This has led to 30 wells being drilled, 70 000 – 100 000 people and 60 000 – 90 000 head of cattle supported and produces 1500-2000 m^3 of water per day. This infrastructure is powered by solar and wind energy, at a total project cost of MAD16 million (US$1.48 million).[19] There are opportunities to expand solar pumping in the region as this pilot project has proven successful. Morocco has installed wastewater treatment and desalination plants in the Occupied Territory to support its settlement policies in the region.

The Office of the Prime Minister for the Government of the SADR, with the help of international experts, has prepared an Indicative Nationally Determined Contribution (INDC) for the territory of Western Sahara, comprising both the Occupied Territory west and north of the Berm, and the Liberated Territory east and south of the Berm in 2021. The INDC summarises the conditions in the country and presents an overview for climate change mitigation and adaptation in the country and is critical of Morocco's use of the natural resources.[20]

In terms of housing and infrastructure, the INDC notes that urgent action is needed to improve infrastructure and upgrade housing from tents and mud bricks, to more durable, low carbon footprint materials. The INDC also calls for the application of building standards to maximise passive cooling.[21] For dealing with water scarcity, adaptation measures based on water harvesting, storage and efficiency are urgently needed including the construction of additional reservoirs and systems for channelling and capturing runoff and small-scale domestic water harvesting and groundwater abstraction systems.[22] However, these actions are dependent on finding a solution to the conflict and international support and funding. Only the establishment of a cross-ministry unit for coordination of action on climate change is possible without international support.

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Zambia

Maria Nkhonjera

Overview

Zambia is experiencing a demographic transition with a rapidly growing young population, growing at a rate of 2.9%.[1] With a population of approximately 19 million,[2] much of it is urban (45%).[3] Lusaka, Kitwe and Ndola are amongst the country's rapidly growing cities. These trends have varying impacts on urban poverty, and access to public services and infrastructure.[4] Zambia's housing challenge is acute for low income earners[5] and delivery will especially need to respond to the growth in the number of new households, as young people will exponentially drive affordable housing demand.

Various shocks including the pandemic and climate variability have impacted the country's growth trajectory. Gross domestic growth (GDP) was 4.6% in 2021,[6] and is projected to grow to 3% in 2022.[7] Zambia's GDP per capita of ZMW18 558 (US$1 120) has decreased by 40% since 2013.[8] The new government, elected in August 2021, has spearheaded an economic recovery programme focussed on addressing rising inflation, creating jobs and creating an enabling environment to attract international investments. Zambia's high debt portfolio has also been the focus of the government's efforts to restore fiscal sustainability. Spending on public services declined by 21% between 2019 and 2021, with the country relying on debt finance to fund its infrastructure projects.[9] In August 2022, the Zambian government secured a ZMW21.5 billion (US$1.3 billion), three year loan from the International Monetary Fund (IMF) to restructure its debt.[10] As of August 2022, the Bank of Zambia left its monetary policy interest rate at 9% to support the country's growth and socioeconomic challenges. In the same month, the kwacha appreciated against the dollar, and has been named the best performing currency globally, against the dollar.[11] This follows renewed optimism in Zambia's new administration.[12] In the first quarter of 2022, domestic banking sector credit increased by 11.5%, year on year – largely because of increased lending to the private sector.[13] Inflation has fallen to single digits to 9.8% in August 2022, from 24.4% a year prior[14] and is expected to reach the central bank's target range of 6% to 8% by the end of 2023.[15]

In recent years, Zambia has been heavily affected by intense droughts, unprecedented rains and floods and strong winds – reversing economic gains in Zambia's agricultural sector and damaging the country's infrastructure.[16] Across the country, 1.6 million people were estimated to be in need of food and shelter in February 2022.[17] Projections suggest that climate change is currently costing Zambia 0.4% of annual economic growth,[18] and could cost Zambia ZMW228.6 billion (US$13.8 billion) in GDP.[19] Zambia launched its National Policy on Climate Change in 2017.[20] However the policy has no explicit focus on housing or the built environment. In 2021, a National Climate Change Learning Strategy which mainstreams climate change across sectors such as housing, energy, water and sanitation was launched.[21] A National Adaptation Plan is expected to be completed by 2023.[22]

Access to finance

The Bank of Zambia's Strategic Plan (2016-2019) places emphasis on financial inclusion and gender equality. Efforts by the Bank of Zambia culminated into Zambia's first National Financial Inclusion Strategy (2017-2022), which aims to increase formal financial inclusion to 70% by 2022.[23] Progress has been made, with financial inclusion increasing to 69.4% in 2020, from 59.3% in 2015.[24] Innovative financial products and the adoption of mobile money is a key driver of financial inclusion in Zambia.[25] The Development Bank of Zambia has also played a major role in the provision of finance. While 28.8% of men were financially excluded, this figure was higher for their female counterparts – at 32.1%.

In 2021, Zambia's banking sector consisted of 17 licensed commercial banks – down from 18 in 2020. This follows Access Bank acquiring a 100% stake in Cavmont Bank Zambia.[26] Ten banks are subsidiaries of foreign banks (which dominate the sector in terms of assets, loans and deposits), four are partially owned by the government and

KEY FIGURES

Main urban centres	Lusaka, Litwe, Ndola, Livingstone
Exchange rate (1 July 2022): 1 USD = [a]	16.56 Zambian Kwacha (ZMW)
1 PPP$ = (2021) [b]	6.19 Zambian Kwacha (ZMW)
Total population (2021) [b] | Urban population (2021) [b]	18 920 657 | 8 550 623
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	2.89% | 4.13%
Percentage of urban population living in slums (2018) [d]	54.6%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2018) [e]	Wood | Charcoal
Percentage of female-headed households (2018) [e]	34.8%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	42.84%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	13.0%
Percentage of women participating in the labour market formally (2021) [b]	69%
Gini coefficient (2017) [b]	69
HDI country ranking (2020) [d] | HDI country score (2021) [d]	154 | 0.57
GDP per capita (Current US$) (2021) [b]	US$1 123
GDP (Current US$) (2021) [b]	US$21 203 million
GDP growth rate (2021) [b]	3.58%
Inflation rate (2021) [b]	22%
Lending interest rate (2020) [b]	9.50%
Proportion of adult population that borrowed formally (2021) [b]	7%
Number of residential mortgages outstanding (2020) [f]	10 436
Value of residential mortgages outstanding (USD) (2020) [f]	US$1 418 million
Prevailing residential mortgage rate [g] | Term [h]	18 – 35% | 20 years
Maximum LTV on a residential mortgage [h]	90%
Ratio of mortgages to GDP (2020)	6.15%
Number of residential mortgage providers (2021) [f]	12
Percentage of women who own a house alone and/or jointly (2018) [e]	34.8%
Number of microfinance loans outstanding (2021) [f]	10 915 261
Value of microfinance loans (USD) (2021) [f]	US$11.18 million
Number of microfinance providers (2021) [f]	116
Total number of residential properties with a title deed (2019) [i]	200 000
Number of formal dwellings completed annually	n/a
Number of residential projects certified by EDGE [j]	2
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2021) [k]	575 000 ZMW
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters (2021) [k]	75m^2
Typical monthly rental for the cheapest, newly built house (2021) [l]	1 500 ZMW
Cost of standard 50kg bag of cement in local currency units [m]	175 ZMW (US$10.57)
Type of deeds registry: digital, scanned or paper (2020) [n]	Paper
World Bank Ease of Doing Business index rank (2020) [n]	85
Time to register property (days) | Cost to register property (2020) [n]	45 days | 9.5%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [n]	7.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Horizon PropertiesZambia National Building Society
Zambian Home Loans

[a] Xe.com
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Bank of Zambia
[g] Zambian Home Loans
[h] ABSA
[i] Land-links.org
[j] Edgebuildings.com
[k] Zambia National Building Society
[l] Pam Golding Zambia
[m] Zambia Price
[n] World Bank Ease of Doing Business Indicators

three are locally owned. As of December 2021, the sectoral distribution of private sector credit shows that households (personal loans) accounted for the highest proportion of loans (16.3%). The construction sector only accounted for 1.8% of loans.[27] Personal loans also made up a large share (24.6%) of non-performing loans (NPLs)[28] suggesting many households are overstretched and indebted. Out of the 17 banks in Zambia, ten banks offer residential mortgages.[29] However, other institutions such as building societies and finance businesses such as Zambian Home Loans (ZHL) are also major mortgage lenders.[30] There were 125 non-bank financial institutions (NBFIs) in 2021. The NBFI sector includes 29 micro-finance institutions, two building societies and one savings and credit institution.[31] The Association of Microfinance Institutions of Zambia consists of 16 member institutions and has disbursed over 100 000 microfinance loans averaging ZMW4 357 (US$263).[32] However, the uptake of microfinance products and services in Zambia remains low,[33] including for housing.

As of December 2021, the Bank of Zambia reported 7 400 outstanding mortgages in the market with a total value of ZMW 10 billion (US$603 million).[34] Across mortgage lenders, the minimum and maximum mortgage rates offered is 16%[35] and 34.5%,[36] respectively. The maximum loan to value on a residential mortgage is 100% offered by banks such as Standard Chartered, while ZHL offers one of the lowest loan to value rates at 50%. Mortgage loans extended can range from ZMW50 000 (US$3 182) (a case of ZHL) to ZMW5.5 million (US$350 096) (a case of Stanchart).[37] Most mortgages in Zambia are offered for a period up to 25 years. As of December 2021, ZHLs' residential mortgages outstanding were valued at ZMW72 022 411 (US$4.3 million).[38] ZHL is considered to be one of the fastest growing mortgage finance companies in Zambia. Beyond mortgage loans, ZHL offers financing for construction and land. ZHL has built over 700 homes since its inception in 2014 and continues to rapidly contribute towards reducing the housing gap. The Zambia National Building Society (ZNBS) had a total of 1 089 mortgages (14.7% of total mortgages) with a value of ZMW297 million (US$17.5 million). Products offered include outright purchase mortgage, financing of undeveloped land,, construction mortgages, equity release mortgages and building materials loans for incremental housing finance. ZNBS was recently awarded the Best Mortgage Provider, 2022 by Capital Finance International (CFI).[39]

Affordability

Approximately 90% of the Zambian population works informally or are employed in the informal sector.[40] This has a direct impact on housing affordability and access to finance. At the same time, the unemployment rate was 13% in 2021,[41] with slightly more women (13.8%) unemployed, compared to males (12.3%). The youth unemployment rate in urban areas is even higher at 17.1%.[42] Salaries in Zambia range from an average high of ZMW26 800 (US$1 617) to the lowest average of ZMW1 520 (US$91.7).[43] A typical Zambian could therefore earn ZMW6 000 (US$362) a month. The mandated minimum wage is lower and depending on job type and grade, ranges between ZMW1 699 (US$102.5) and ZMW3 159 (US$190.6.[44] This includes housing, transport and other allowances. Approximately 80% of Zambia's population are considered to be low income.[45] Formal finance and housing in the formal market would be relatively unaffordable to lower income groups due to competing household expenditures. Most civil servants, for example, reside in rental housing and spend up to half of their income on rent. This locks individuals out of home ownership or accessing formal mortgages at inaccessible interest rates.[46]

ZHL's' offering for construction and land finance requires that applicants earn more than ZMW6 600 (US$398) monthly, own a stand with a title and demonstrate a steady monthly income.[47] For a minimum loan amount of ZMW50 000 (US$3 000), over a 20 year loan period the estimated monthly instalment on a construction loan would be ZMW1 135 (US$68.5). For Absa Zambia, the minimum home purchase price is ZMW80 000 (US$4 828), with a deposit of 20% and interest rate of 19% over 20 years. The monthly mortgage repayment translates to ZMW1 037 (US$62.5).

Housing supply

The National Housing Authority (NHA) has a prime mandate to expand the provision of affordable public housing in Zambia. The National Housing Policy made provisions for allocating 15% of Zambia's national budget towards housing, however, in 2020 only 3.3% was actually allocated.[48] The country's housing deficit in 2021 was 1 539 000 million units,[49] with this figure expected to rise to 3.3 million by 2030, if not adequately addressed.[50] Some estimates suggest that 110 000 units are required annually to close the housing backlog over the next decade.[51] The government has plans to reduce the housing deficit to 1 378 000 units over the next four years.[52] Although various initiatives continue to target affordable housing developments, inadequate funding and budgetary allocations have exacerbated the large gap in affordable housing[53] – fuelling the growth of informal settlements.[54] More than half (55%) of Zambia's urban dwellers were estimated to be living in slum housing in 2018.[55]

Public private partnership models are being leveraged by the Zambian government to reduce the housing deficit. With financial and technical support from the Ministry of Infrastructure, Housing and Urban Development (MIHUD) housing cooperatives in Chadiza district are being trained to make stabilised soil bricks, which is economic for low cost, quality housing. The aim is to expand the use of this construction technique across different areas of the country.[56] In Chongwe, Lusaka province, 36 affordable housing units with flexible payment schemes were constructed by Emerald Hill Housing and handed over to the MIHUD. MIHUD has also partnered with Horizon Properties and Habitat for Humanity Zambia to deliver low cost units for households residing in informal settlements. The units to be built by Horizon Properties will be environmentally friendly, while Habitat for Humanity is scaling efforts to provide adequate housing for the most vulnerable groups in society.[57]

A government initiative under the Multi-Facility Economic Zone (MFEZ) has also designated land for the construction of staff houses in the south of Lusaka.[58] The National Housing Empowerment Fund (NHEF) is in its second phase of the Affordable Housing Development Project, which aims to deliver 130 000 affordable homes in the capital city, Lusaka.[59] In its various developments, the fund is also in the process of selling plots with title deeds. Following a partnership between Stanbic Bank Zambia, the Zambia Homeless and Poor Peoples Federation (ZHPPF) and People's Process on Housing in Poverty in Zambia (PPHPZ) and with support from MIHUD, 67 low cost houses were built in Kasupe, Lusaka.[60] On 23 August 2022, the PPHPZ, also signed a memorandum of understanding (MoU) with the Zambia Institute of Architects to design low cost housing that builds climate adaptation capacity at a community level.[61]

Rent to own models are emerging as an opportunity for households to more affordably own. An MoU between Zambia Union of Government and Allied Workers (UG) and Collins Mutual was signed to provide 40 000 affordable housing units over the next decade, at a total investment of ZMW23 billion (US$1.4 billion).[62] This enables civil servants (on low to moderate incomes) who can't afford housing at current market prices to own a home without having to purchase land or access mortgages. A 400m2 plot in Lusaka can cost ZMW72 000 (US$4 345). Through this rent to own empowerment scheme, monthly rentals will be spread over a defined period and will go towards home ownership. The project will also create thousands of jobs in the housing construction value chain.[63] Urban housing in Zambia highly depends on concrete blocks and iron sheets. Cement is therefore a key input in the construction of housing.[64] A 50Kg bag of cement ranges between ZMW165 (US$9.9) and ZMW180 (US$10.8).[65] Due to the cost of materials, building standards are not adequately adhered to and are often of substandard quality.[66] The MIHUD has implored local developers to adhere to construction standards and for the National Council for Construction (NCC) to enforce standards in accordance with the law.[67]

Property markets

Zambia's construction industry is expected to grow at an annual average growth rate of 2% from 2023-2026. The residential construction market dominates construction activity and is largely driven by public housing development efforts.[68] Middle and low cost housing segments have remained active (in part due to expatriates returning to the country), as has demand for smaller lots and housing developments.[69] House prices and rentals have also stabilised, following a decline during the 2020/2021 pandemic period. A one bedroom apartment in Lusaka's city centre typically costs ZMW4 900 (US$296), while a three bedroom costs up to ZMW12 730 (US$768).[70] Outside of the city, a one and three bedroom cost ZMW3 580 (US$216) and ZMW8 200 (US$495), respectively.

Approximately 93% of land in Zambia is under customary ownership.[71] Property rights are well regulated in principle, but the country faces challenges in implementation.[72] Closing the housing deficit will require 194 600 hectares of land to be availed between 2015 and 2030.[73] The process of land acquisition and registration has been identified as an obstacle for investors.[74] The process of registering land (converting from traditional or subdivision up to titling) on average

ZAMBIA – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area

who earns **ZMW3 660** per month

you could afford to purchase a **ZMW85 380** house with a mortgage.

If you are a **teacher** living in a major urban area

who earns **ZMW4 350** per month

you could afford to purchase a **ZMW101 477** house with a mortgage.

Mortgage assumptions – Zambia

- 16.5% interest rate
- 10% deposit
- 20 year loan tenor
- 90% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

takes up to one year. The process starts at the council who survey the land and present to a full council meeting – both processes can take months. The lands office also surveys the land, which also takes months due to the manual processes.[75] Zambia's Ministry of Lands and Natural Resources embarked on a process to digitise properties, with over 300 000 properties digitised thus far. In 2021, the Land Survey Amendment Act made provisions for the digitisation of paper records and for documents to be received electronically, and this is expected to speed up the process of issuing title deeds.[76]

Policy and legislation

Zambia's urban development system is largely centralised, with the Ministry of Local Government at the centre of developing and implementing key urban development projects.[77] Under the National Housing Authority Act, the NHA is mandated to make better provisions for the development of public housing in Zambia.[78] The 2020 National Housing Policy and Implementation Plan which repealed the 1996 Housing Policy, is viewed as a prerequisite for closing the housing deficit and will be implemented through 2024.[79] Zambia notably launched is Eighth National Development Plan (8NDP) in 2022, which guides urban development in Zambia.[80] In 2021, the Government of Zambia amended the Lands and Deed Registry Act No. 39 of 2021 to provide for electronic and digital signatures in land registration, as well as a certificate of title in electronic form.[81] This should streamline land registration processes.

The Ministry of Green Economy and Environment was established in 2021,[82] with a dedicated Department of Green Economy and Climate Change, that is responsible for introducing and reviewing policies and legislation in line with promoting investment in low carbon activities and sustainable development.[83] The government is also shaping the regulatory framework to scale the uptake of green construction. The NCC is a statutory body regulated by the NCC Act No.10 of 2020 to promote and build capacity of the construction industry for sustainable infrastructure development, including for green construction technologies.[84]

Opportunities

The government's targeted promotion of public private investment models in all areas of infrastructure development[85] is an opportunity for private developers and investors to tap into Zambia's real estate and construction sector and narrow the financing gap. Through a number of initiatives, such as improving access and management of housing data, as well as reviewing standards in housing and infrastructure development, the Zambian government is actively supporting the real estate sector.[86]

The demand for building materials will continue to grow and localising the production of sustainable building materials is an opportunity to directly address the housing challenge and climate change.[87] The expansion of Zambia's Constituency Development Fund in the 2022 budget provides scope to respond to the country's public needs[88] and better integrate sustainable livelihoods and climate change, at a local level.[89] The 2022 Census of Population and Housing is expected to run from August 2022 to September 2022,[90] and the results of this process will more accurately inform the country's service delivery needs, and budget allocations for housing and infrastructure.[91] Furthermore, the Bank of Zambia and other regulators are introducing guidelines and data reporting templates to ensure the systematic collection of sex disaggregated financial data.[92]

Availability of data on housing finance

The Bank of Zambia hosts macroeconomic and financial data, including lending rates in the banking and financial system. However most formal housing finance data is not publicly available or aggregated – specific information can be accessed directly from key lenders such as the and ZHL. The data ecosystem is also characterised by a lack of supply side information that would otherwise help determine where and what types of homes to build. The Bank of Zambia has been central in measuring financial inclusion, segmented by gender. Zambia's Statistics Agency is responsible for the Census of Population and Housing, with the latest census expected to be completed in 2022. Information pertaining to policies and legislation, as well as ongoing public projects and programmes are available on the websites of relevant Ministries. The Policy and Monitoring Research Centre provides useful analysis on climate change, land and infrastructure development in Zambia. Climate change related data is largely available on international data portals.

Green applications for affordable housing

The government developed Sustainable Housing Guidelines in 2016 to "support the development of housing that addresses global climate change and local sustainable development priorities."[93] The Zambia Green Building Association (ZGB was established to support the development of sustainable construction technologies and oversee issues relating to green building governance and education[94] in Zambia's property and constriction industry.[95] Green building practices are seen as a luxury undertaking. Few buildings structures have been green rated in Zambia and most housing projects are developed without any assessments.[96] The first EDGE certified building in Zambia is a Standard Chartered office building, which reduced energy usage by 50%, water by 55% and 34% less energy embodied in materials.[97] This demonstrates the possibility for sustainable buildings. In urban centres, only 50% of the population have access to safe drinking water[98] and 32% have access to basic sanitation services.[99] Approximately 44.5% of Zambia's population has access to electricity.[100] Solar energy projects have been responsible for driving energy self-sufficient households in Zambia.[101] Development partners are seeking to significantly scale and accelerate renewable energy deployment in Zambia, through a ZMW256.8 million (US$15.5 million) funding initiative.[102]

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Zimbabwe

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Overview

The population of Zimbabwe totaled 15 178 979 in 2022, with 48% of the population being male and 52% female.[1] However 40% of the population lives below the poverty line,[2] with 33.5% of the urban population living in informal settlements.[1] Given this context, affordable housing in Zimbabwe remains a challenge due to the high cost of serviced land, high costs of construction and building materials, inadequate government support, insufficient low-cost housing programmes, inflexible construction or lending policies and the high cost of borrowing. Furthermore, hyperinflation and foreign currency shortages in Zimbabwe have created economic instability and eroded real disposable incomes.[4] All transactions in land and housing development are usually denominated in US dollars. The demand for United States (US) dollars has placed immense pressure on the local exchange rate, further eroding disposable incomes for income earners. The mortgage market has been subdued in recent years and buyers prefer the use of cash to acquire or build houses.

Zimbabwe's inflation rate remains high, but decreased slightly from 2021 to 106.3% in 2022.[5] The Reserve Bank of Zimbabwe suspended lending in May 2022 and then hiked lending rates to 80% and later to 200% to arrest speculative borrowing by economic agents.[6] The Reserve Bank introduced gold coins in July 2022 to curb inflation and for use by investors for use as value preservation and to ease demand for US dollars.[7]

The Global Climate Risk Index for 2021 ranks Zimbabwe among the world's 10 most affected countries by climate change in 2019.[8] In the past three years, increased climatic variability has increased, marked by higher day-time and night-time average temperatures, an increase in intense rainfall interspaced by long dry spells, and late onset and early rains.[9] The devastation of Cyclone Idai during March 2019 affected more than 270 000 people, leaving 341 dead and missing – 17 608 households were destroyed, and health facilities, schools and infrastructure were damaged by landslides and floods. The government possesses a national disaster handling plan (under the Civil Protection Unit) to address disasters such as these, but has also since incorporated new recommendations in the National Human Settlements Policy to encourage Zimbabweans to move away from unsafe traditional building methods.[10] These include the recommended use of strict standards of planning and construction to cope with extreme weather such as strong winds, heavy rains, flash floods and landslides. These new standards are, however, mostly unaffordable.

Access to finance

Zimbabwe has a well-developed financial sector and housing finance systems.[11] There are 16 housing financiers with 10 commercial banks, four building societies, one savings bank and one mortgage finance company. There were 3 849 mortgage borrowers, 291 of whom had borrowed money in US dollars.[12] This marks an 18% decline from the total of 4 679 borrowers in 2021. The mortgage portfolio in Zimbabwe was Z$13.5 billion (US$36.9 million), reflecting an increase in value from Z$1.3 billion (US$3.5 million) from 2021.[13] In general, loan values per application were larger due to inflation of the local currency. There is no recent report to advise on the number of women who possess mortgages or who use financial institutions in Zimbabwe.

KEY FIGURES

Main urban centres	Harare, Bulawayo, Gweru, Mutare
Exchange rate (1 July 2022): 1 USD = [a]	366.27 Zimbabwean Dollar (ZWD)
1 PPP$ = (2021) [b]	50.86 Zimbabwean Dollar (ZWD)
Total population (2021) [b] | Urban population (2021) [b]	15 092 171 | 4 875 224
Population growth rate (2021) [b] | Urbanisation rate (2021) [b]	1.53% | 1.72%
Percentage of urban population living in slums (2015) [d]	33.5%
Population living less than 5m above sea level	n/a
Most common fuels used by households | by B40 households (2018) [e]	Wood | Wood
Percentage of female-headed households (2018) [e]	40.6%
Percent of population that have received at least 1 dose of COVID-19 vaccination as of 1 October [c]	43.52%
Unemployment rate (% of total labour force, national estimate) (2021) [b]	5.2%
Percentage of women participating in the labour market formally (2021) [b]	79%
Gini coefficient (2017) [b]	44.3
HDI country ranking (2020) [d] | HDI country score (2021) [d]	145 | 0.59
GDP per capita (Current US$) (2021) [b]	US$1 737
GDP (Current US$) (2021) [b]	US$26 218 million
GDP growth rate (2021) [b]	5.85%
Inflation rate (2021) [b]	98.5%
Lending interest rate (2021) [b]	45.5%
Proportion of adult population that borrowed formally (2021) [b]	3%
Number of residential mortgages outstanding (2020) [f]	4 894
Value of residential mortgages outstanding (USD) (2020) [f]	US$13.92 million
Prevailing residential mortgage rate | Term [f]	45 – 55% | 10 years
Maximum LTV on a residential mortgage [g]	75%
Ratio of mortgages to GDP (2020)	0.08%
Number of residential mortgage providers [a]	12
Percentage of women who own a house alone and/or jointly (2018) [e]	36.7%
Number of microfinance loans outstanding [a]	288 135
Value of microfinance loans (USD) (2021) [f]	US$7.02 million
Number of microfinance providers [a]	187
Total number of residential properties with a title deed (2019) [a]	256 780
Number of formal dwellings completed annually (2019) [h]	599
Number of residential projects certified by EDGE	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units	20 000 000 ZWD
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters	100m^2
Typical monthly rental for the cheapest, newly built house (2020) [i]	1 500 ZWD
Cost of standard 50kg bag of cement in local currency units [j]	9 300 ZWD (US$25.39)
Type of deeds registry: digital, scanned or paper (2020) [k]	Paper
World Bank Ease of Doing Business index rank (2020) [k]	140
Time to register property (days) | Cost to register property (2020) [k]	29 days | 7.3%
World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	10.0

NB: Figures are for 2022 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

CBZ Bank Limited	Central Africa Building Society (CABS)
FBC Building Society	Homelink (Private) Limited
Steward Bank Limited	ZB Building Society

[a] Reserve Bank of Zimbabwe
[b] World Bank World Development Indicators
[c] Johns Hopkins University Coronavirus Resource Center
[d] United Nations Human Settlements Programme (UN-HABITAT)
[e] Demographic and Health Surveys, USAID
[f] Zimbabwe Association of Housing Financiers
[g] Peoples Own Savings Bank (POSB)
[h] Open Council Marondera
[i] National Building Society (NBS)
[j] Open House
[k] World Bank Ease of Doing Business Indicators

By December 2021 financial institutions provided Z$14.7 billion (US$40.1 million) in loans to women, almost five times the Z$3.2 billion (US$8.7 million) provided in the same period in 2020. In 2021 the number of beneficiaries declined due to high inflation.[14]

There is no mortgage refinance company in Zimbabwe, and the practice of mortgage refinancing is still in its infancy, with traditional mortgage funders providing loans up to a maximum of 50% of the property value. The mortgage bond refinance market is virtually non-existent. Mortgage interest rates rose from between 40%-60% in April 2021 to 80% in April 2022[15] and later to 200% in July 2022.[16] The Reserve Bank suspended lending

and later imposed interest rates hikes to block cheaper speculative borrowing which adversely affected exchange rates. Mortgage lenders do not possess data disaggregated by gender. The average value of a mortgage loan as of July 2022 was Z$3 509 093 (US$9 580) for a period of between five and 10 years, while the maximum acceptable loan-to-value ratio is 75%.[17] There appears to be no deliberate strategy to lend specifically to women as current conditions are not conducive for mortgage lending in general. Although the Reserve Bank has encouraged all banks to provide separate reports on financial inclusion, lenders need to consciously increase the availability of mortgages to women and report on this separately. As of 31 March 2022, 60.01% of the microfinance loan portfolio was for productive purposes, while approximately 39.99% was for consumptive purposes.[18] Microfinance lending institutions have not yet disaggregated reports to show borrowings towards housing. To encourage financial inclusion the government sponsored the opening of a gender-sensitive banking institution, the Women's Microfinance Bank, in 2021.

Non-performing loans amounted to Z$126 million (US$344 010) for 119 accounts for July 2022 compared to Z$79 million (US$215 689) for 206 in June 2020.[19] Adverse economic conditions aided by steep interest hikes have led to an increase in the value for non-performing loans in 2022, although the number of accounts were fewer. Forty accounts were listed as under-foreclosure in 2022 (down from 41 in 2021), while two properties were sold in execution for both periods. African Union for Housing Finance (AUHF) members in Zimbabwe are the traditional mortgage financiers, and this has contributed to affordable housing through the provision of serviced land as well as multiple-roomed apartments.

There is one formal non-banking mortgage finance company offering mortgage finance, although Covid-19 has generally decreased financial services of non-banking institutions. As of 31 March 2022, there were 187 registered microfinance institutions, made up of 179 credit-only institutions and eight deposit-taking institutions. Clients who accessed loans from the microfinance sector decreased to 288 135 as at 31 March 2022 from 314 745 at 31 December 2021.[20] Financial inclusion indicators relating to gender reflect a stable trend in the proportion of loans granted to women, at 42.2% as at 31 March 2022, which is a marginal decline from 44.2% as at 31 December 2021.[21] Microfinance institutions increased the average loan value to female borrowers by 31% and the average loan size of women borrowers ranged from Z$18 904 (US$52) to Z$24 857 (US$68).[22] Microfinance institutions are mandated to report on their financial inclusion activities by the Reserve Bank, hence there is a deliberate strategic intent to offer their products to women.

There are two credit bureaus in Zimbabwe. The Reserve Bank runs the main credit reference platform and is accessible to all registered lenders.[23] Loan underwriting practices in most banks still do not accommodate informal income sources, while microfinance lenders are specifically geared to provide security to this type of customer. Women cannot access loans without seeking the consent of a male member of their family, unless they have declared that they are married in community of property. Male mortgage loan applicants are also required by law to provide proof that their partner consents to borrowing.

Construction finance is available from all mortgage lenders on a progressive disbursement basis after meeting specific loan contract requirements.[24] Housing financiers use own their credit power to access funding from local and international partners including Shelter Afrique. In August 2021, Shelter Afrique extended a Z$9 047, US$25 million line of credit for the provision of low cost housing in Zimbabwe through the support of three institutions, for the construction of five thousand low-cost houses under the government's National Development Strategy 1.[25] Financial markets in Zimbabwe are still not at a level to provide a secure bond market, although in the past the government used to provide affordable funding to housing developers and lenders through the Infrastructure Development Bank of Zimbabwe (IDBZ). The parastatal has a mandate to raise capital for infrastructure development by raising funds through floating bonds. The projects are not necessarily housing related but include any project of national significance.

Affordability

3.3 million people were listed as employed in 2022 with an unemployment rate of 19%.[26] Trade unionists have disputed the employment figure as being too low, but ZIMSTAT has argued that the percentage is correct since around 85% of those deemed "employed" are located in the informal sector.[27] Most of the working population are civil servants who earn around Z$36 000 (US$98) per month. This means that even well-paid civil servants barely have enough for household subsistence, let alone property rentals or mortgage repayments. The government includes a supporting allowance of between Z$25 333 and Z$63 332 (US$70 and US$175) a month and helps pay school fees for civil servants' children.[28] The average mortgage loan in July 2022 was Z$3 509 093 (US$9 581), and the tenure is between five and 10 years.[29] The monthly repayment of Z$584 905 (US$1 597) is still way above the capacity of formally potential mortgage earners.

Land servicing costs amounted to Z$8 500/m^2 (US$23/m^2) and on average the cost of construction in Zimbabwe per m^2 is between Z$29 830 and Z$44 745 (US$81 and US$122).[30] A simple two- roomed cottage building costs around Z$2 344 120 (US$6 400), a three-roomed house Z$4 688 239 (US$12 800), and a four-roomed unit Z$5 274 269 (US$14 400). Rentals in high-density suburbs of Harare such as Mbare, Highfields and Budiriro average between Z$18 095 and Z$25 333 (US$50 to US$70) a room.[31] Rentals is mostly payable in US dollars or in local currency, the latter using parallel market rates at almost double the Reserve Bank rate.

Housing supply

58.6% of occupants own the properties they occupy and 22.4% are tenants, while the rest of the population have special accommodation arrangements.[32] Approximately 83% of Zimbabweans live in modern houses and 16% in traditional dwellings,[33] Modern dwelling units include detached, semi-detached, mixed, flats/townhouses and clustered dwelling units while traditional dwelling units are old-style family buildings made of poles and mud brick.[34] The average household consists of four people.[35] The housing backlog for state-initiated housing is at least 1.5 million units countrywide.[36] To deal with this backlog, the government has identified several sites where 324 blocks for civil servants are to be constructed, yielding a cumulative 5 184 units for emergency settlements at a total cost of Z$140.6 billion (approximately US$384 million).[37] Construction commenced in July 2022.[38] Zimbabwe is also adopting alternative construction methods such as the use of polystyrene.[39] An agreement amounting to Z$23.5 billion (US$64 million) from Shelter Afrique to construct green buildings has also been initiated to reduce the housing backlog.[40] The relaxation of building by-laws to accommodate cheaper and modern construction technologies was announced in 2013[41] but will only be implemented in 2022. The IDBZ has partnered with various urban councils to service and build houses across the country.

The high cost of urban land remains a stumbling block for affordable housing. The smallest stand size is 100m^2 [42] and at the price of Z$8 500/m^2 (US$23/m^2), one parcel of land costs Z$850 000 (US$2 300) and sells for at least Z$1 639 370 (roughly US$5 000). This translates into a monthly mortgage repayment of Z$273 228 (US$746). The cost of building materials is also high when compared to other countries in the region: one 50kg bag of cement costs between Z$3 619 and Z$5 066 (US$10 and US$14) compared to Z$1 809 (US$5) in Zambia.[43] Building materials like cement, bricks, timber, sand, stone and iron are mostly available in local hardware and stores. There is concern that some building materials such as wood-fired clay bricks could cause land degradation, deforestation and high carbon emissions, which has prompted local councils like Bulawayo City to embrace the hydraform technique, which uses interlocking soil cement blocks with limited use of mortar.[44]

The unaffordability of these formal housing systems has led to the mushrooming of land barons who typically trade land for informal occupation within unplanned urban settlements.[45] In many cases, informal settlements have no access to social amenities and infrastructure. Housing production therefore largely relies on the self-build housing initiative of the poor, where property developers will provide stands while the buyer is expected to build a home, mostly with no supporting subsidies. Urban councils in Zimbabwe maintain a strong stance against informal settlements, as attested by the latest demolitions in Chitungwiza.[46] There is however evidence of renewed efforts to regularise and upgrade informal settlements where possible. Formal housing supply in contrast is dominated by the private sector which seeks large profit margins, making housing well beyond the reach of many. The government has therefore altered the policy model of housing delivery from "house ownership" to the provision of "decent accommodation". This prescribes that settlement planners should reserve 40% of residential land for apartments, or high-rise flats,[47] which promotes vertical expansion and increases access to cheap rental accommodation options as opposed to ownership.[48]

Property markets

The real estate market in Zimbabwe is experiencing growth as people have realised the importance of property investment. This has created a huge demand

ZIMBABWE – Considering housing affordability from a household perspective

For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

If you are a **law enforcement officer** living in a major urban area	If you are a **teacher** living in a major urban area
who earns **Z$36 000** per month	who earns **Z$28 800** per month
you could afford to purchase a **Z$343 023** house with a mortgage.	you could afford to purchase a **Z$274 418** house with a mortgage.

Mortgage assumptions – Zimbabwe

- 50.0% interest rate
- 25% deposit
- 10 year loan tenor
- 75% loan to value ratio

Cautionary notes

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country's population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process.

in the housing market to the extent that demand often outperforms supply.[49] Real estate transactions are dampened by the fact that sellers usually dictate the price and currency of housing due to low housing stock, which results in exorbitant prices.[50] There have also been allegations of financial abuse within lending facilities to manipulate the exchange rate. The government thus recently increased the lending rate to 200% to discourage borrowing.[51] There is generally an increased uptake of residential cluster units, and the market has responded by increasing the availability of such housing types. However, house prices have remained high and are out of the reach of ordinary citizens. The cheapest house built in a high-density urban area costs up to Z$20 million (US$55 000), which is unaffordable. The rental price for such a house is approximately Z$200 000 (US$550).

The rental market has suffered from a lack of good and well-priced properties[52] as prices have been increasing beyond the reach of most citizens. There is a shortage of rental units in market-preferred localities and the demand for rental accommodation far outstrips available supply, leading to rental increases. Properties within a comfortable budget range are rarely available as they are rented out as soon as they become vacant.

There are no credible and comprehensive databases relating to land registration, title deeds, or for gender-disaggregated information. The Deeds Registry of Zimbabwe is responsible for the registration and management of the property register, but is yet to be digitised for easy storage and access to data. The time required to register a property in Zimbabwe is 29 days, has five procedures and costs approximately 7.3% of property value.[53] Laws in Zimbabwe do not formally discriminate against women holding title to property, and the major challenge lies in the lack of opportunities available to women to secure finance for building or purchase. The government has made strides towards female empowerment by boosting the economic and political means for women to acquire and own the means of production, including land.

Policy and legislation

The Environmental Management Act (Chapter 20:27) prescribes measures to protect the environment, including the need for an Environmental Impact Assessment Report prior to development. The Deeds Registries Act (Chapter 20:05) governs the registration and transfer of ownership. The Finance Act (Chapter 23:04), the Stamp Duties Act (Chapter 23:01) and the Capital Gains Tax Act (Chapter 23:01) cover the various taxes payable when acquiring or disposing of property. The Land Survey Act (Chapter 20:12) deals with title surveys that enable the registration of a real estate property. The Urban Councils Act (Chapter 29:15) and Rural District Councils Act (Chapter 29:13) are critical in specifying the roles and responsibilities of the governors and the populace in rural areas, and for identifying, planning and managing land for housing. These are all part of the institutional framework that determines the environment for housing delivery in Zimbabwe. The efficient administration and continuous realignment of these laws has a positive impact on housing delivery, defined through the role of national and local government. There has been a conscious effort by the state to improve the ease of doing business through key sector reforms. For example, the Regional Town and Country Planning Act (Chapter 29:12) is undergoing reform to improve relevance in determining urban residential needs, which will create a more conducive environment for housing development. The 2018 National Human Settlements Policy sets a framework for the general development of affordable housing and sustainable human settlements. The government also directly supports affordable housing delivery through funding construction. In the 2022 National Budget the government committed to continue supporting housing development and to work with the private sector.[54] These measures prioritise the delivery of affordable, fully serviced housing stands, construction of housing units, including institutional accommodation, and attempts to regularise and upgrade informal settlements. There are no deliberate housing policies that target the women in Zimbabwe, although property laws do not overtly discriminate against women in accessing housing opportunities.

Opportunities

The government welcomes partnerships for constructing affordable housing through build-operate-transfer mechanisms, which involve investor-built houses at affordable rental or flexible purchase terms. There is already a long waiting list for people within this particular sector. There is some scope to introduce green building concepts in Zimbabwe. Newer technologies using steel, concrete, polystrene, hydraform technique, rammed earth bricks and solar power are available to help improve standards for affordable housing. Current building technologies are predominantly brick and mortar and often follow strict standards, which can discourage to low income groups. Conventional construction funding models for housing now find competition with players such as Palmer Construction, Laperch Construction and Vaka Building Suppliers and Hardware, which offer construction materials and contractor services on credit. These credit arrangements are flexible enough to allow for incremental construction. Formal lenders have yet to learn from these methods which are more flexible and commonly used by those who seek to fund construction of the traditional rural village home, or *musha*.

Security of tenure issue is a problem for many rural properties because owners do not often have formal title, which limits access to funding. Many microfinance institutions have therefore opted to use digital payment platforms to create credit histories for the informally employed. The potential exists for financial technology companies (FinTechs) to take advantage of this to create a database for credit references, that can be used by lenders, using available data on construction material purchases or contractor records. The government's efforts to decentralise commercial activities away from main urban centres and the creation of Special Economic Zones on the outskirts of cities, provides opportunities for the expansion of housing construction in the short to medium term, particularly as targeted areas tend to become more urban. Investors could target areas such as Muzarabani[55] and Chivhu[56] where new mining developments are taking place, and could produce lowincome housing for these areas which are poised to become economic hubs in a few years.

Websites

Central Africa Building Society (CABS) www.cabs.co.zw
Estate Agents Council www.eac.co.zw
FBC Building Society www.fbc.co.zw
Homelink Limited www.homelink.co.zw
Zambia National Building Society www.nbs.co.zw
Reserve Bank of Zimbabwe www.rbz.co.zw
Urban Development Corporation www.udcorp.co.zw
ZB Building Society www.zb.co.zw

Zimbabwe National Statistics Agency www.zimstat.co.zw
Zimbabwe Association of Housing Financiers www.zahf.co.zw.
Urban Councils Association of Zimbabwe (UCAZ) www.ucaz.org.zw
Association of Rural District Councils of Zimbabwe (ARDCZ) www.ardcz.org.zw
Ministry of National Housing and Social Amenities www.nationalhousing.gov.zw
Steward Bank Limited www.stewardbank.co.zw

Availability of data on housing finance

Population statistics are readily available from the ZIMSTAT. Statistical updates are informed by household surveys conducted every two to five years, although the most recent census of 2022 has been delayed due to COVID-19. While data on mortgages can be obtained from Zimbabwe Association of Housing Financiers, the information is exclusive to member organisations and the government. However, not all banks authorised to provide mortgages are members of this organisation, and these institutions are not included in the report. Data is updated monthly.

Data on microfinance institutions, exchange rates, inflation and economic performance can be obtained from the Reserve Bank of Zimbabwe website. The information is updated weekly, monthly and quarterly depending on the area of interest and practicality. For national housing programmes and policies, data can be obtained from the Ministry of National Housing and Social Amenities portal. The portal contains all government construction project updates and historical information on partnership agreements. The Estate Agents Council of Zimbabwe maintains a register of the realtors and disseminates up-to-date information of a regulatory nature about the sector. Updates are made quarterly. The Urban Councils Association of Zimbabwe the Association of Rural District Councils of Zimbabwe report on broader regional development goals and projects. Updates do not show much information about housing development and are mainly concerned with regulatory issues and compliancy.

Green applications for affordable housing

New green initiatives include the Green Buildings Council of Zimbabwe (GBCZ), which is mandated to coordinate efforts for a green housing plan and associated pilot projects through three state institutions: the Environment, Climate, Tourism and Hospitality Ministry; the Ministry of National Housing and Social Amenities; and Local Government and Public Works. Since its inception, the GBCZ has developed a local context report for the adoption of green-star building ratings and certification systems.[57] However, despite these efforts, the activities of the GBCZ are still not visible. The concept is largely still in a planning stage as green building standards are still in development.[58] Only a few buildings can be categorised as a green build, especially in residential properties.[59] The Eastgate Mall in Harare is one recent example of a green building as the mall uses natural temperature control, but Zimbabwe currently does not have an institutional framework that governs green building, and the GBCZ has no legal mandate to assist in capacity building for the adoption of the concept as it is a voluntary organisation. Other challenges include lack of political will, lack of expertise, poverty, weak policy environment, and reluctance to adapt to innovation through preference of conventional building methods.[60]

Zimbabwe's electrical power is generated by coal and hydropower with solar energy planned to supplement. Recent census reports state that at least 68.9% households have access to electricity, but only 53.9% are connected to the national grid – the remainder use alternative power sources such as solar.[61] Around 96.1% of the population have access to clean drinking water, with more than 68% relying on groundwater as their primary source of water.[62] Both clean water and power sources can be adversely affected by harsh weather conditions and are therefore targeted for green development to foster sustainability.

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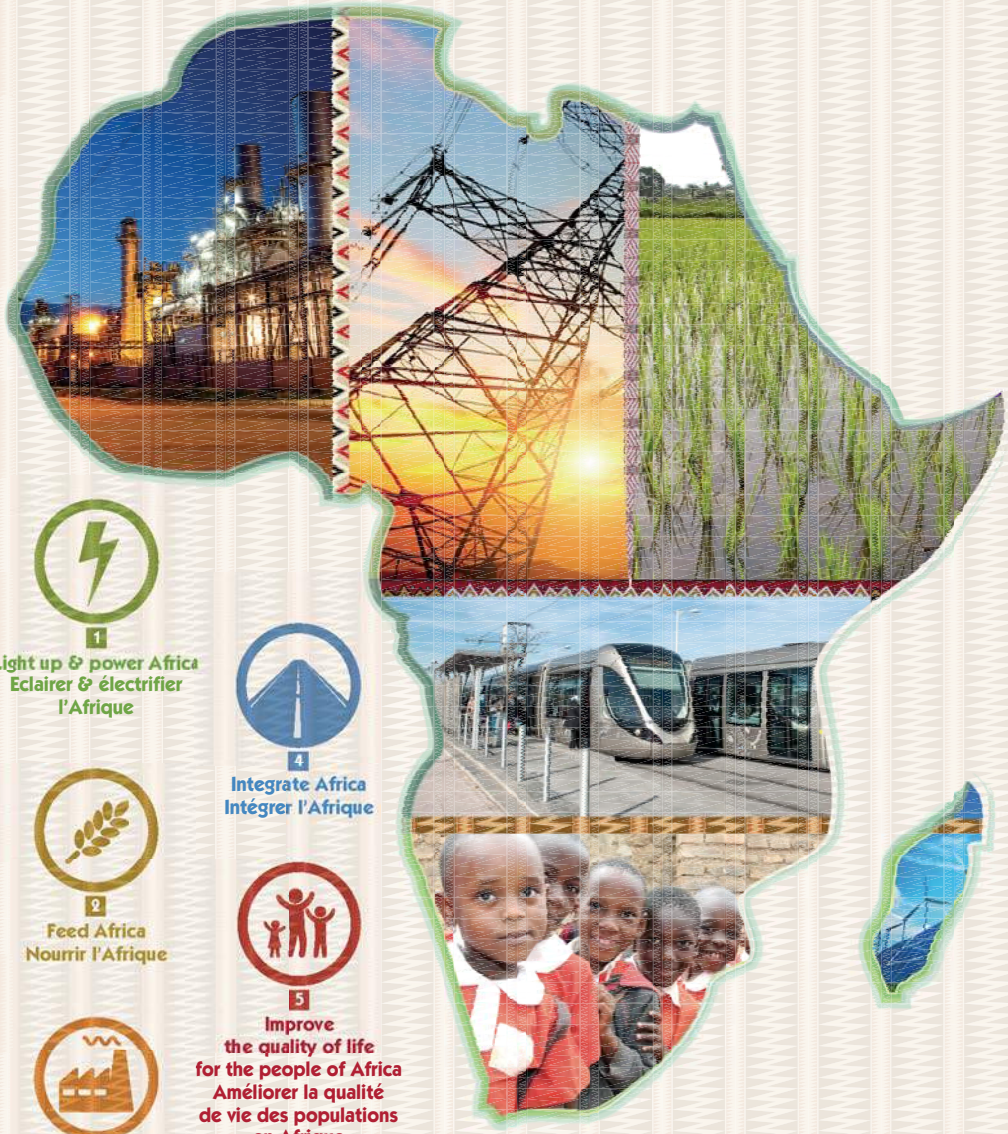

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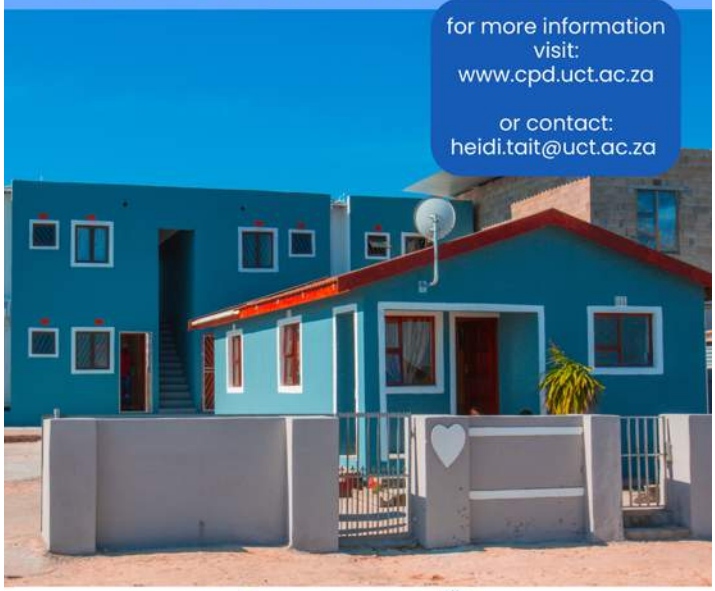

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Cursus Formation CFLA

« FINANCEMENT DU LOGEMENT ABORDABLE EN AFRIQUE SUBSAHARIENNE »

Dakar, Octobre 2023

Les travaux se dérouleront uniquement en français

De quoi parle-t-on ?

L'Afrique subsaharienne, en particulier dans les pays francophones, est confrontée à un défi majeur en matière de logement lié à l'urbanisation rapide et à la formation de nouveaux ménages urbains. La production de logements formels ne peut suivre la croissance urbaine, entraînant une détérioration de l'état du parc de logements existant et une augmentation du nombre de logements auto-construits et d'abris de fortune.

Pourquoi s'inscrire ?

Pour répondre à cette demande croissante de logements abordables et très abordables, il convient de développer un cadre sécurisé et attractif pour les investisseurs immobiliers, correspondant à la demande. Les systèmes de financement du logement doivent se développer, s'adapter et s'innover de toute urgence. L'objectif du cursus est donc bien de donner aux participants les outils analytiques pour évaluer les systèmes de financement du logement dans leur pays et devenir des partenaires actifs pour améliorer ces systèmes et les rendre plus en phase avec les capacités des demandeurs.

Pour qui ?

Le cursus est destiné aux professionnels du secteur (agences de financement, d'institutions universitaires et d'institutions internationales de développement opérant en Afrique subsaharienne, aux développeurs, aux promoteurs, etc) dans un cadre de partage d'idées et offrant d'excellentes opportunités de mise en réseau.

Modules du Cursus

- Introduction : Les chaînes de valeur du logement ; notions financières et techniques de base
- Rôle de l'Habitat dans l'économie en Afrique de l'Ouest
- Comprendre et évaluer les marchés du logement dans l'UEMOA
- Les éléments constitutifs et les produits d'un système de financement du logement
- Le financement du logement en tant qu'activité
- Les banques et unions économiques et monétaires : cycles, bulles et régulation
- Les sources de financement : le rôle des marchés de capitaux
- Les banques et le financement de l'habitat
- Vers un financement du logement plus inclusif
- Leviers pour l'accès au logement abordable des ménages non bancarisés
- La promotion sociale immobilière
- Filière du BTP et économie de la construction

Les interventions théoriques seront accompagnées d'ateliers, d'étude de cas et de visites de terrain

Inscrivez-vous dès maintenant

Frais d'inscription :
1 500€
Réduction disponible pour les membres AUHF

L'inscription comprend la restauration jusqu'à 18h, une soirée cocktail ainsi que la remise d'un diplôme **CAHF / CEH**
(transport et hébergement non compris)

Plus d'informations ?
Contactez-nous !
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Centre for Affordable Housing Finance in Africa

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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2023 CALENDAR

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29 MARCH 2023
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10th ANNUAL EAST AFRICA PROPERTY INVESTMENT SUMMIT
17 - 18 MAY 2023
NAIROBI, KENYA
WWW.EAPISUMMIT.COM

MOZAMREAL
MOZAMBIQUE'S PROPERTY FORUM
14 JUNE 2023
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14th ANNUAL API AFRICA PROPERTY INVESTMENT SUMMIT
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18 - 19 OCTOBER 2023
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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 59 members from 23 countries across the continent. Members include commercial and mortgage banks, building societies, microfinance banks/institutions, housing development corporations, and other institutions involved in the mobilisation of funds for shelter and housing. As an industry body, the AUHF promotes the development of effective housing finance markets, and delivery of affordable housing across Africa, working in the interests of both the members and the industry as a whole.

In serving its members and realizing its goals of effective housing finance markets and delivery of affordable housing in Africa, the AUHF pursues three main activities:

1 Member Services	2 Lobbying and Advocacy	2 Investment support
▪ Annual conference ▪ Information & Capacity Building ▪ Member showcasing	▪ Annual declaration ▪ Issue Fact Sheets ▪ Profiling at local and regional level	▪ Investment landscape database ▪ Open Access Initiative & Data Agenda ▪ Building partnerships

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David Akinin, Founder, Atenu Developments, Namibia

Director

Oscar Mgaya, CEO, Tanzania Mortgage Refinance Company, Tanzania

Open Access Initiative

The Open Access (OA) Initiative is all about market development. Although data is fundamental to investment decisions, **good quality, focused data relating to affordable housing projects is limited.** Investors and developers, all highlight the difficulty of accessing data that gives an accurate picture of the affordable housing investment opportunity and its risks.

The Open Access Initiative seeks to catalyse scale intervention. It is founded on the premise that when capital is invested into a development initiative it should have a twin objective of
(a) achieving the immediate development output (i.e. the building or financing of houses) and
(b) supporting broader market development.

In order to achieve the latter, the sharing of data and information related to the investment experience becomes a condition of investment. Over the course of the investment, this data and information will be collected and then developed into useful outputs for sharing in the public domain.

Centre for Affordable Housing Finance in Africa

The Open Access Vision:

The OA vision is that affordable housing practitioners – developers, financiers and investors – share micro-level data and delivery experience into a central repository that becomes a full database of all investments into affordable housing in Africa. Data and information-sharing between the parties, will lead to more effective collaboration and leverage the individual efforts of the parties to realise economies of scale in improving the enabling environment for affordable housing.

Our objectives:

The overall objective of the Open Access approach is to harness the collective experiences and learnings produced by DFIs (and other participating investors) through their investments in affordable housing, and to use this to:

- support these investments in **overcoming any blockages** they face;
- develop tools, frameworks, and baseline research to **support both the investee and other market players;**
- **showcase** the activities of market players engaging in affordable housing; and
- **encourage greater investment** into the affordable housing sector.
- **foreground attention** to particular impact intentions – climate responsiveness, green development and management; raising the bar on quality; improved housing affordability and access to affordable housing by lower income earners, etc.
- create the opportunity for patient, **blended finance** products
- provide the background data and market information to enable the development of **appropriate financing tools and deep regulatory support**
- highlight, and create the potential for **addressing key areas of risk**
- build sector capacity for scoping **demand-side affordability**
- create a central repository of data and information on investments into affordable housing, that can be reviewed and considered by market players, **reducing barriers to entry and sharpening investment interventions**

The overall Open Access approach leverages the collective capacity of investment into affordable housing for the benefit of all stakeholders. The OA Initiative follows a process that involves the four main steps shown below to generate a wide range of market developing outputs such as Project Fact Sheets, Investment Fact Sheets, Action Briefs, Case Studies as well as data dashboards.

The Open Access (OA) Initiative is a joint venture market systems intervention spearheaded by the Centre for Affordable Housing Finance in Africa (CAHF), FSDAfrica Investments, FSDKenya, and Reall. These market facilitators have formed the Affordable Housing Investment Alliance (AHIA) to drive the OA Initiative.
For more information, contact Allan Mutuma on Allan@housingfinanceafrica.org

Data collection: Product | Process | People | Performance → **Assembly** → **Outputs** → **Advocacy & Dissemination / Engagement**

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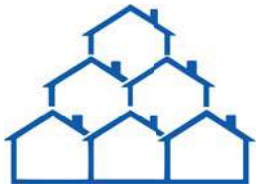
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