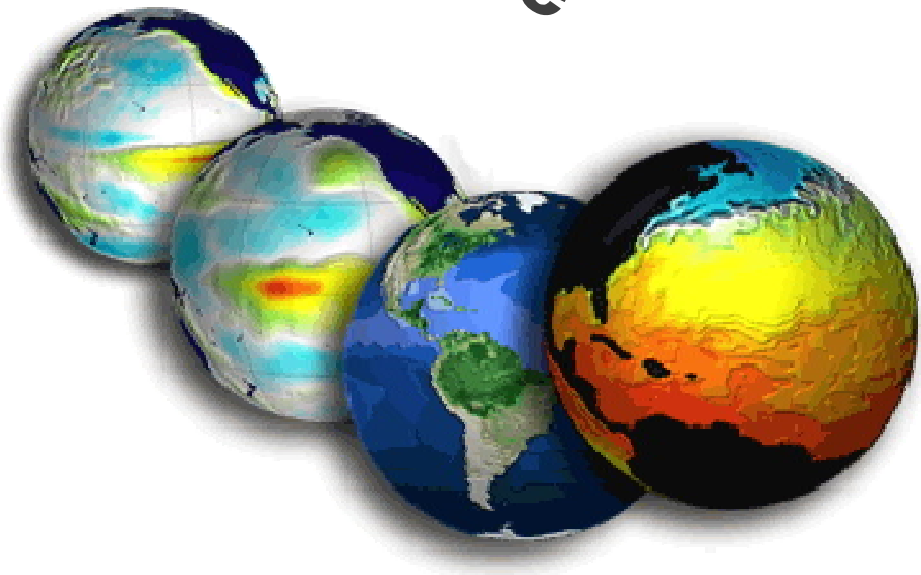




Gerhard M. Engel
FMO The Netherlands



**Investment
Climate**

**African Union for
Housing Finance**

September 6th, 2011



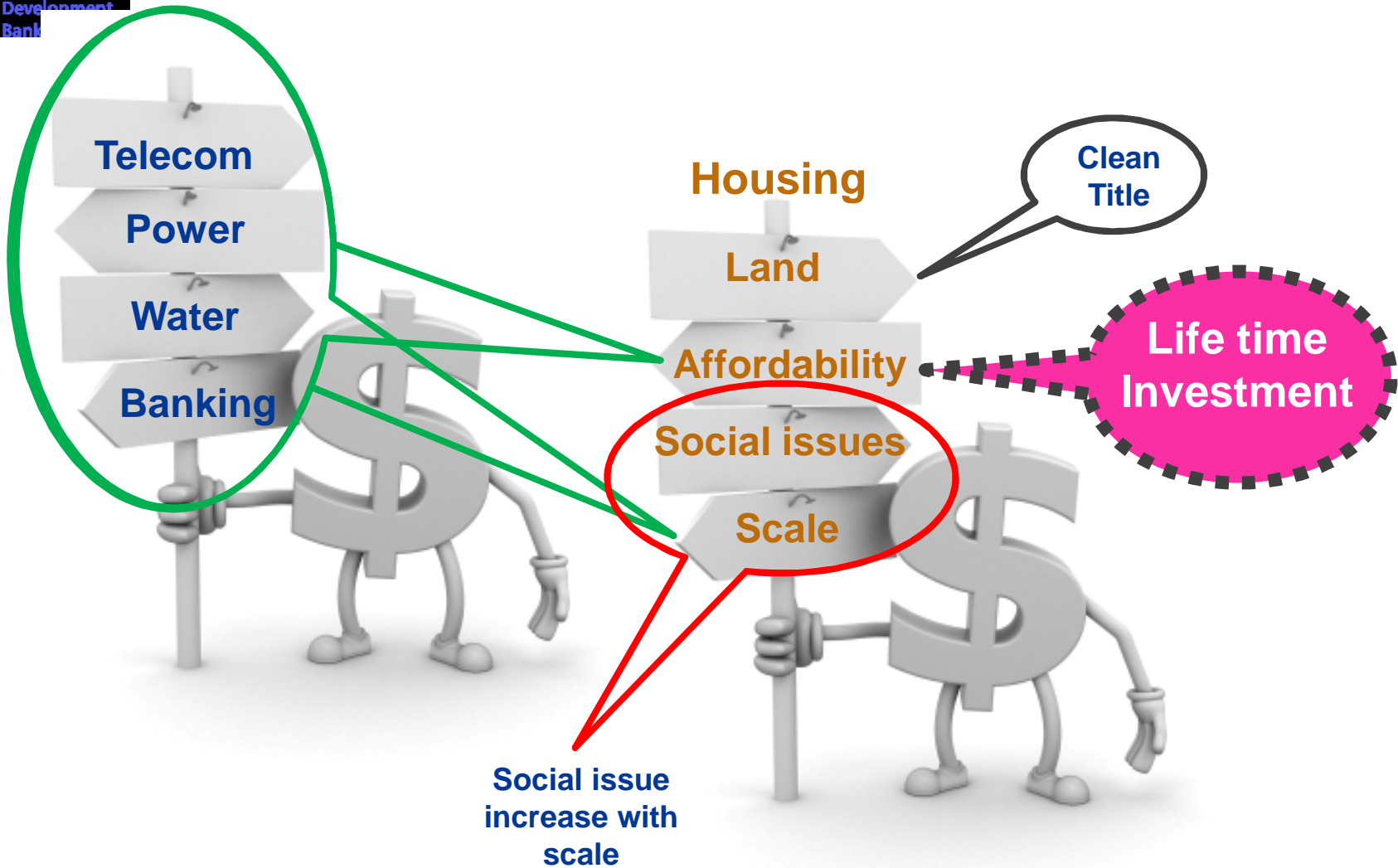
Who is FMO

- PPP Dutch Government (51%) / Private Sector (49%)
- supporting the local financial sector by being complementary
- taking high risks with appropriate/market-driven returns
- Worldwide partnerships

- Sectors: Access to finance, energy, agriculture and housing



Why is housing different to other Sectors?





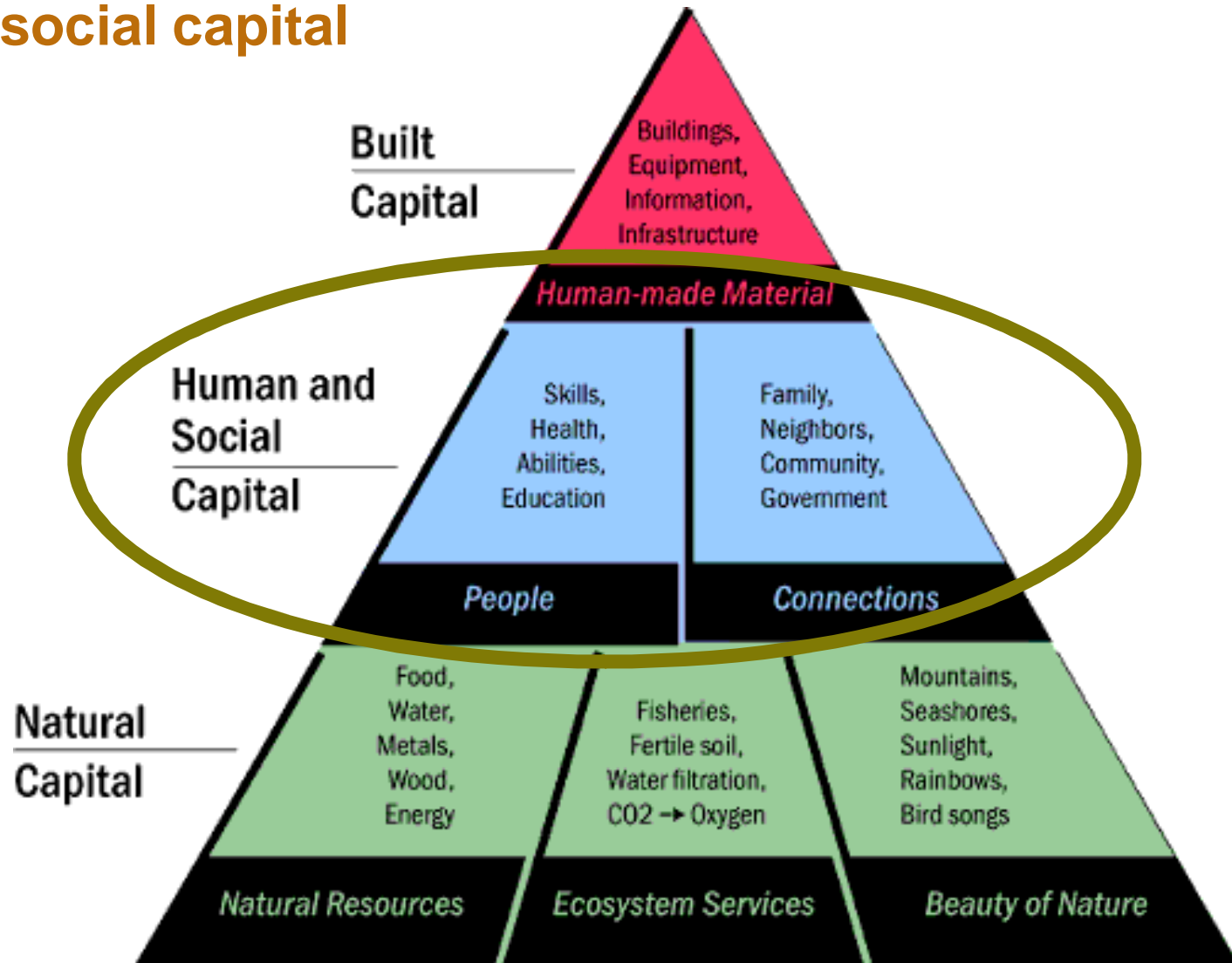
FMO experience in housing

- FMO has no local presence
- difficult to find the right, aligned partner
- cumbersome land acquisition process
- very little market data available
- corporate governance issues
- lack of infrastructure / government support
- lack of equity and take out funding
- high interest and margin regime
- low sensitivity towards social issues
- too much waist/cost in the funding chain
- lack of human- and social capital/capacity

In consequence: cost escalation, long throughput times, frustration and very often only moderate returns.



The lack of human- and social capital





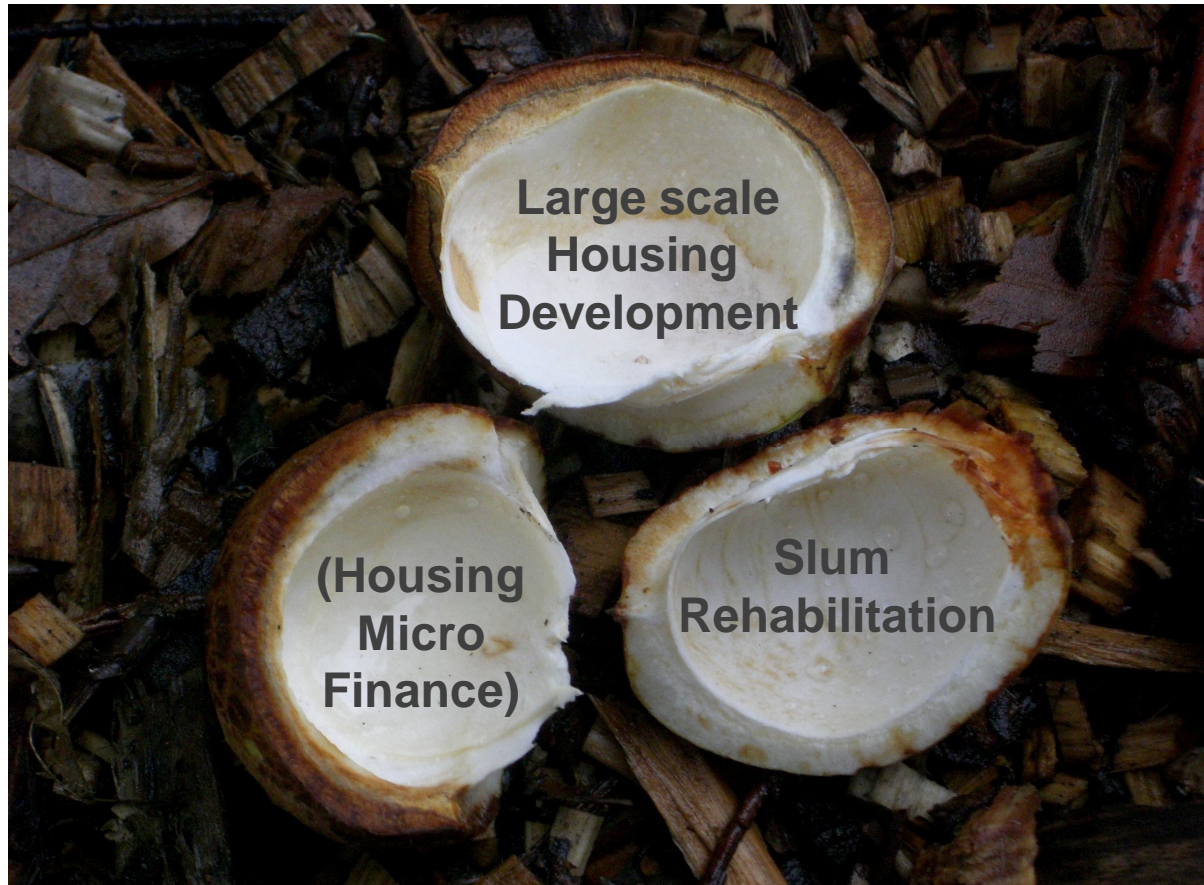
- leaner approval processes
- structuring capacity
- equity/trust/track record
- new building material-/tech
- strong local partners/
participation

- product diversification
- local currency loans
- longer tenor > 15 yrs
- employer schemes
- rent-to-buy options etc.
- Government subsidy

What could be done to improve investments



FMO housing sub-sectors in a nutshell





FMO's Housing Portfolio

Housing portfolio:
Pipeline:

Euro 407 mln
Euro 200 mln



