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FINANCING HOUSING in Africa is a monthly publication of the African Union for Housing Finance for its members. Please submit material for inclusion to Kecia Rust, at auhf.kecia@iafrica.com

AFRICAN UNION FOR HOUSING FINANCE

The AUHF is an association of thirty-four mortgage banks, building societies, housing corporations and other entities involved in the mobilization of finances for the development of shelter and housing on the African continent. The AUHF is a non-governmental association and has its presence in some fifteen countries across the continent of Africa. See www.auhf.co.za

DEVELOPMENTS AT THE IUHF

The future of the International Union for Housing Finance has been the subject of much consideration and debate these last few months. In August 2011, a message was sent to members outlining the problem. The conditions created by the global financial crisis and its ongoing impact on IUHF membership had created considerable strain – membership had decreased substantially and this hampered the IUHF's capacity to continue to deliver services. Established in 1914, the IUHF currently has 84 members in 39 countries across the world.

At a meeting of the IUHF's Executive Committee and Council of Members on 4 October 2011, held in Brussels, Belgium, two proposals were put to members. The first, involved the absorption of the IUHF into Hofinet (the Housing Finance Information Network). The second involved a proposal by the European Federation of Building Societies (EFBS) to serve as Secretariat for the IUHF. After some deliberation, the Executive Committee recommended adoption of the second option – that is, the transfer of the IUHF's Secretariat to the EFBS. This recommendation was later endorsed by the Council of Members. According to the unofficial minutes of the meeting, the Council of Members adopted the following decisions:

- To transfer the Union's Secretariat to the EFBS as of the 1st of November 2011, with the EFBS subsidising the administrative costs of the Union should the IUHF membership and subscription fees not cover these. This

would allow the Union to keep its identity and maintain its current services to members, including the publication of the HFI and the recently re-designed website;

- To appoint Mr Hartwig Hamm as Secretary-General from the 1st of November 2011;
- To nominate Mr C. Coovadia and Mr A. Pollock as members of a Transition Sub-Committee tasked with the supervision of the transfer of the Secretariat; and
- To re-appoint the current members of the Executive Committee and Mr C. Coovadia as the President of the Union and Executive Committee until the next World Congress (date still to be confirmed).

On 1 November 2011, newly elected Secretary-General of the IUHF, Mr Hartwig Hamm, sent a letter to IUHF members outlining the new arrangements. In addition to being Secretary-General of the IUHF, Mr Hamm is also serving as the Managing Director of the Association of Public German Bausparkassen (LBS) and Second Vice-President of the EFBS. The IUHF has moved offices to those of the EFBS, still in Brussels. Current services and publications to members, including the maintenance of the IUHF Website (www.housingfinance.org) will continue as usual.

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In the news

This month in African housing finance

Housing delivery

Ghanian government plans a separate ministry for housing and urban development

Following the collapse of the STX Housing project under which 30,000 housing units were to be constructed, the Minister of Water Resources, Works and Housing announced of his proposal for the creation of a separate ministry that focuses solely on housing and urban development. He also stated that the country needs about \$1.5 billion to invest into the construction sector in order to provide infrastructure that will enable Ghana move up to the middle income country status, as well as provide more opportunities for affordable housing projects. Source: [Peace FM](http://www.peacefm.com)

Standard Bank clinches housing deal in Namibia

Standard bank recently entered an agreement with the National Housing Enterprise that would provide housing units for about of its 600 employees. The bank stated that the agreement came about through its ongoing wages and salary negotiations with the trade



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union representing bank workers - Bank Workers Union of Namibia (BAWON). Source: [New Era](#)

Finance

Ghana the 43rd member of Shelter Afrique

Ghana has joined Shelter Afrique as its 43rd member country; following a cash payment of USD 10 million for shares as a Class "A" Shareholder in the Company. This achievement brings Shelter Afrique close to its objective of ensuring participation by all African countries as its members. Shelter Afrique will now work closely with the Government of Ghana and the private sector to improve the provision of mortgage finance to public and private developers with particular emphasis on the housing needs of the middle class. Speaking about the decision to join Shelter Afrique, Dr. Kwabena Duffour, Hon. Minister Finance and Economic Planning of Ghana said that, "Ghana is committed to improving the supply of affordable houses for its population. The membership in Shelter Afrique is just one of the steps to the global government policy for a better supply of affordable houses". Ghana is estimated to have a deficit in excess of 1.5 million houses. Source: Press release www.shelterafrique.org

Ethiopian Housing Development Office borrows 4.4 Br from the Commercial bank of Ethiopia

The Housing Development Project Office under the Addis Ababa city administration received a 4.4 Br loan from the Commercial Bank of Ethiopia for the construction of 43,000 condominium houses this year. The loan agreement between the bank and the project office is to be paid with six percent interest. The housing project will be the biggest project the Project Office has undertaken in a year. So far the project office has constructed 80,246 houses in the city out of which 63,677 have been transferred to owners. Source: [Addis Fortune](#)

Fidelity invests USD5m in Zimbabwean Housing Project

Fidelity Life Assurance of Zimbabwe recently announced its plan to invest USD 5 million in a housing project in the country. The project which is aptly titled Fidelity Life Park is expected to consist of 317 housing units. The first phase of the project which cost USD2.8 million is currently underway. The project would be managed by Zimre Property Investments and would be developed by Tencraft Construction Company. Source: [All Africa](#)

Kenya Commercial Bank to fund housing projects in Tanzania

Kenya commercial bank recently announced its intention to invest a total of USD 31 million into four housing projects managed by the Tanzanian National Housing Corporation. The company also pledged its commitment that investments will be made to a total of 10 housing projects that will be managed by Tanzania's National Housing Corporation. The housing deficit in Tanzania is estimated at three million housing units and growing annually by 200 000 housing units. Source: [Bloomberg](#)

Moroccan company to invest in Guinea's housing industry

According to Guinea presidency, Douja Promotion Groupe Addoha SA, a Moroccan real estate has announced its intention to invest 300 million Euros on a 500,000 metric ton cement factory. The company also plans to invest in a social housing project. Source: [Business Week](#)

Tanzania's National Housing Corporation signs mortgage finance deal with banks

The Tanzanian National Housing Corporation recently signed a mortgage finance deal with seven commercial banks present in the country including ABSA, National Microfinance Bank and the Kenya Commercial Bank. The deal is seen as a mechanism to address the absence of a mortgage finance system in the country which has led consumers to use up their savings on building their house. Source: [Reuters](#)

Land

Bill to Regulate the minimum and maximum land ownership on the way in Kenya

The Kenyan Ministry of Land recently announced that they have begun working on a bill to prescribe the extent of land an individual in the country can own. The minister stated that the purpose of the bill was to ensure that no ministry or government body has the power to dispose any public land entrusted to it. The bill will also seek to revise, consolidate and nationalize existing land laws as well as ensure that a foreigner can lease land in Kenya for a maximum of 99 years. Source: [allAfrica](#)

Introducing NEPAD

During the AUHF conference in August this year, Key Note Speaker, Tokyo Sexwale, Honourable Minister of Human Settlements in South Africa, called on the delegates at the summit to discuss partnerships within NEPAD. He said that the issues of housing finance should be included as part of inter-governmental engagements, so that the NEPAD initiative could contribute towards removing people from the poverty-stricken situation in which they found themselves.

The New Partnership for Africa's Development (NEPAD), is an African Union strategic framework for pan-African socio-economic development. It is both a vision and a policy framework for Africa in the twenty-first century. NEPAD is an intervention, spearheaded by African leaders, to address critical challenges facing the continent: poverty, development, and Africa's marginalisation internationally. The programme was adopted in Lusaka, Zambia in 2001.

NEPAD's objective is to enhance Africa's growth, development and participation in the global economy. NEPAD provides unique opportunities for African countries to take full control of their development agenda, to work more closely together, and to cooperate more effectively with international partners. NEPAD's mandate includes conducting and coordinating research; facilitating and coordinating the implementation of continental and regional priority programmes and projects; as well as mobilising resources and partners in support of the implementation of these programmes and projects. NEPAD's programmes and projects are organized in six theme areas. These themes are:

- Agriculture and Food Security
- Climate Change and National Resource Management
- Regional Integration and Infrastructure
- Human Development
- Economic and Corporate Governance
- Cross-cutting Issues, including Gender, Capacity Development and ICT

NEPAD partners with a number of organizations as a way to promote coherent engagement at a national and continental level in its various programmes and projects. Some of their partners include African Development Bank, UNDP, and the African Union.

The offices of the NEPAD agency are located in Johannesburg, South Africa. Website: www.nepad.org | Telephone: +27 11 256 3600



AUHF Member Profile:

Abbey Building Society (Nigeria)

Abbey Building Society Plc was founded in August 1991, and received its license by the Central bank of Nigeria to practise as a primary mortgage institution in January 1992. The company started out by funding small and medium size businesses providing a solid base of deposits as well as good and reliable business. However in recent years the company introduced a mortgage financing strategy which led to housing finance being the company's main focus. Abbey's vision is to be the **"number one mortgage institution in Nigeria"** while its mission reads **"to empower our customers to access real estate products and other financial services"**.

The company's head office is located in Nigeria. The company currently has about 120 staff in their eight offices across the country.

PRODUCTS AND SERVICES

ABBEY offers a range of services to its clientele. At their various branches, ABBEY offers current accounts, savings deposits accounts, term deposits, mortgage products and services as well as personal loans. These products are offered to organizations and individuals alike. The company also finances and facilitates the provision of mortgage and real estate related services to meet the needs of their customers.

Some of the mortgage and housing related products and services offered by ABBEY include:

- ABBEY Home Ownership Account
- Cooperatives Home Ownership Scheme (CHOS)
- Rent Advance Account
- Home Refinancing
- National Housing Fund (an on-lending mortgage facility for individual time home owner)

Abbey Boost and Classic are two new housing loans that ABBEY has packaged to be launched before the end of the year to the Nigerian market. Boost is a variant of housing microfinance that has been widely acclaimed as successful in many African countries. The key selling point is to finance project on an incremental basis, i.e. in construction stages. The maximum tenure for the loan is 1-year and subsequent financing is based on the payment of the previous loan. Classic Homeloan is a mortgage product focused on middle income salary earners who earn between N5million (about US\$ 32 000) and N12million (about US\$76 250) per annum. The key feature here is the interest rate at Abbey, being the prime lending rate plus 1% - 3% depending on the risk assessment and ranking of the borrower. The product also has



Mr Akeem Akinfenwa is the representative of Abbey Building Society to the AUHF. In this photo, he is receiving Abbey's certificate of membership for the 2011/12 Financial Year, from our Chairman, Mr Reginald Motswaiso.



Mrs Rose Ada Okwechime is the Managing Director / CEO of Abbey Building Society Plc., and is also Abbey's representative to the AUHF.

an extended amortization to cushion the effect of the high overall cost of the mortgage payment.

ABBEY's retail banking services include (but are not limited to) savings accounts, cash management accounts, salary advance accounts, a special children's savings account product (KidzSave), and a school account administration account.

In addition, ABBEY also offers wholesale banking services such as:

- Construction Financing; and
- Estate Development Loans (through the NHF)

ABBEY is listed on the Nigerian Stock Exchange with ownership spread across over 600 Nigerians and corporate organization. ABBEY has a share capital of N2.1billion (about US\$14million) and a shareholders fund of (US\$36.6m). ABBEY also manages a portfolio of investment of over US\$18million from the FMO, Shelter Afrique and AfricInvest, and was recently rated Bbb+ by Agosto & Co in 2010.

Besides being a member of the AUHF, Abbey Building Society is also a member of the Mortgage Banking Association of Nigeria (MBAN) as well as the International Union of Housing Finance (IUHF). Abbey was the first mortgage bank in Nigeria to have foreign equity investment through AfricInvest Capital Partners, Tunisia. In 2007, the Institute of Direct Marketing awarded Abbey the 'West African Best Mortgage Bank of the Year', recognizing their contribution to the mortgage banking sector.

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Player in focus: Homeless International

Homeless International (HI) is a UK based charity that supports urban slum dwellers in Africa and Asia to improve their lives and find lasting solutions to their poverty. The organization was established in 1989 with the specific mandate to support community-led shelter and settlement initiatives in the developing world. HI helps communities transform local social movements into self-reliant organisations that are able to negotiate and engage with stakeholders in the public and private sectors towards the provision of shelter and basic services solutions in their own neighbourhoods. HI helps these local organisations transform their slums by accessing secure land, building homes, and accessing safe water and sanitation.

HI believes that sustainable solutions to homelessness can be created only if people play a leading role in designing solutions that work for them. HI's programmes include:

Grants are offered to partner organisations to undertake a wide variety of work, including the mobilization of slum communities to form savings and credit groups, assisting slum dwellers to collect information about their own settlements to negotiate with government for better service provision or secure tenure, income-generation support, and housing and toilet construction.

The Community-Led Infrastructure Finance Facility (CLIFF) is a venture capital facility that can be used by organisations of the urban poor to gear public, private, and civil society sector resources towards the development of sustainable housing and basic services projects for slum dwellers. CLIFF offers both capital and operational grants, and targets projects that have the potential for scale delivery.

HI's **Guarantee Fund** provides bank guarantees to encourage banks to lend to HI partners in their local currency for housing and infrastructure projects.

HI's **Bond** provides low interest loans to existing partners for community-led housing and infrastructure projects. The Bond bridges the finance gap for organisations that have grown with CLIFF support but which are not yet large enough to access commercial credit, even with the support of the Guarantee Fund.

For more information visit:
www.homeless-international.org

Current projects in Africa

Angola | Partner: Development Workshop Angola (DWA). DWA was established in 1981, is Angola's leading human settlements organization, and a pioneer of housing microfinance. DWA transformed two of its humanitarian development projects in microfinance and shelter into social enterprises (including Angola's first microfinance institution - KixiCrédito). Through HI, DWA received a 3-year grant from the Department for International Development (DFID) that started in July 2011. The support will help DWA continue its current work.

Kenya | Partner: National Co-operative Housing Union (NACHU). NACHU was founded in 1979 and helps poor communities in Kenya to improve their homes and quality of life. It now supports over 250,000 people who are members of 300 housing cooperatives in Kenya. HI has provided a bond loan to the organization, also the organization is currently on the phase 2 of the CLIFF programme. With this support, NACHU hopes to broaden the market reach in terms of membership and its loan portfolio as well as to diversify their housing delivery solutions.

Kenya | Partner: Pamoja Trust. Pamoja Trust was founded in 2000 and supports a Kenyan network of slum dwellers. HI has granted a 5-yr strategic grant to Pamoja and CLIFF operational funding to finish outstanding projects from CLIFF phase 1. The focus is to influence change in practice and policies regarding service delivery and tenure for the urban poor.

Malawi | Partner: Centre for Community Organisation and Development (CCODE). CCODE started in 2003 and works with Malawi Homeless People's Federation (a network of slum dwellers). The organisation supports poor urban communities to plan and implement their own solutions to the challenges of human settlements. Through HI, CCODE received a 4-yr Comic Relief grant as well as a DFID grant for a multi-country water and sanitation initiative with Tanzania and Zimbabwe.

Namibia | Partner: Namibia Housing Action Group (NHAG). NHAG was founded in 1992 and works with Shack Dwellers Federation of Namibia (a network of slum dwellers and some rural poor). NHAG supports poor urban (and some rural) communities to plan and implement their own solutions to the challenges of human settlements. HI began working with NHAG in the later 1990s. Through HI, NHAG was awarded a 5-yr Comic Relief strategic grant.

Tanzania | Partner: The Centre for Community Initiatives (CCI). CCI was founded in 2004 and supports the Tanzania Federation of the Urban Poor (a network of slum dwellers). Through HI, CCI received a Comic Relief grant that will help support programme work and organisational development. Also with help from HI, CCI has signed an agreement with Paradigm Housing for an investment in a pilot rental housing project.

West/Central Africa | Partner: Centre Regional pour l'Eau Potable et l'Assainissement a faible cout (CREPA). Headquartered in Burkina Faso, CREPA is a pan-African NGO. Through its network of local country offices, CREPA works to improve the water, sanitation and hygiene of poor communities in 18 African countries. Over the last five years, CREPA has reached more than 25 million people through its initiatives. It plans to initially use CLIFF funds for water and sanitation projects in five countries.

Zambia | Partner: People's Process on Housing and Poverty in Zambia (PPHPZ). PPHPZ was registered in 2005 and currently supports the Zambia Homeless and Poor People's Federation (a network of slum dwellers). With HI support, PPHPZ received various grants towards its growth and development. PPHPZ recently signed an MoU with the National Housing Authority (NHA), covering the provision of technical support and a commitment to providing secure land to the Federation.

Zimbabwe | Partner: Dialogue on Shelter for the Homeless in Zimbabwe Trust (DZ). DZ supports the Zimbabwe Homeless People's Federation (a network of slum dwellers). Homeless International has supported the work of DZ since 1998. Through this support DZ received a 5 year Comic Relief Grant as well as a DFID grant for a multi-country water and sanitation project with Malawi and Tanzania. DZ has reportedly supported over 5,400 poor households to obtain land and/or secure tenure, over 1,200 households to build houses, and over 1,500 households to access water and sanitation.



Graph of the month

This graph compiles data from the FinScope surveys, conducted now in 15 countries across Africa. FinScope, a FinMark Trust initiative, is a nationally representative study of consumers' perceptions on financial services and issues, which creates insight to how consumers source their income and manage their financial lives. The sample covers the entire adult population in order to create a segmentation of the entire market and to lend perspective to the various segments. FinScope explores consumers' usage of informal as well as formal products, and builds a picture of the role that the informal sector can play in the financial markets of developing countries. The graph below shows the relatively small numbers of those banked across the countries studied, with the exception of South Africa, Botswana, Swaziland and Namibia. Access to non-bank formal systems and informal financial services increases the numbers somewhat but in very many countries over half the population are financially excluded. This has specific implications for access to housing finance, and the ability of households to finance their housing needs. The analysis of FinScope data assists financial services providers design their products appropriately for the needs and capacities of the unbanked population.

For more information, visit www.finscope.co.za.

UPCOMING EVENTS

TRAINING / COURSES

Malaysia International Workshop: Developing & financing Africa's Housing Market. 14th – 18th November, 2011. Kuala Lumpur, Malaysia. US\$2500, including study tour. For more information: www.pisonhousing.com

Housing Finance in a Changing Environment; 4-14 June 2012, Pennsylvania, Philadelphia. For more information: www.ihfp.wharton.upenn.edu

CONFERENCES / WORKSHOPS

2011 Global Development Finance Conference: Making Finance Work for Development; 8-10 November 2011, Dubai, United Arab Emirates. For more information: www.africagrowth.com

Global Microcredit Summit 2011; 14-17 November 2011, Valladolid, Spain; For more information: <http://www.globalmicrocreditsummit2011.org/>

ULI Urban Investment Network Summit; 23-24 November 2011, Amsterdam, The Netherlands. For more information: www.uli.org

Urbanisation in Africa: Investing in new cities. 4-5 March 2012, Cote d' Azur, France. For more information: www.loucasteou.com/academy

2nd Annual Africa Banking & Finance Conference; 6-7 March 2012; Crown Plaza Hotel, Nairobi, Kenya. For information: www.aidembs.com

