Africa’s chronic housing crisis: challenges and opportunities

Growing demand from countries and commitments for reform

- **Low & informal incomes**: 70% live on less than $2 per day
- **Growing slum population**: 62% of SSA urban residents live in slums, and growing
- **Large impact on employment and growth**: 5 jobs created per housing unit built
- **Growing middle class**: 2x number of people consuming $4 to $20 per day, from 1980 to 2010
- **Rapid urbanization**: 25 countries in SSA will double their urban populations in less than 20 years
- **Tenure Insecurity**: 70% of urban land in Cameroon is held without title
- **Ample room to improve access to finance**: 94% with no access to formal housing finance products
- **Housing contributes to wealth**: 50% of all tangible assets in housing

High construction costs: $700 per m² of affordable housing in SSA, vs. $350/m² in India, $250/m² in China

Housing contributes to wealth: 50% of all tangible assets in housing

An integrated World Bank Group approach

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Middle Class Growing but Slowly

- Still very small potential population able to afford mortgage loans
- $20 a day → max mortgage of around $20k - limited formal supply at that level
- Need to cater for ‘middle class’ but also need solutions for ‘majority class’
- 11% of Kenya’s urban population estimated to be able to afford a mortgage → potential market of over $8bn compared to current $1.5bn

WB Housing Finance interventions

**Enabling Environment for Housing Finance**
- Improve Land management, titling and registration
- Improve mortgage registration mechanism → lower cost and more efficient
- Improve Foreclosure process → greater certainty for creditors → loan repayment discipline
- Creation of a Housing PPP mechanism to encourage investment into housing supply
- Improve data and information availability to help develop market and improve policy making

**Expanding Access to those on Lower Incomes**
- Support better credit management to bring down margins → Better credit bureau data, improve foreclosure cost and speed, more market intelligence, better products, consumer protection
- Expand access to those working in informal sector → Guarantee mechanism
- Demand Side subsidy mechanism → help improve affordability through private provision
- Explore options for expanding role of Cooperatives in provision of housing finance
- Support Development of Housing microfinance – environment, products, funding
- Rental Housing – tenant and landlord framework, investment, supply

**Expansion of Long Term Funding**
- Support on regulatory framework for liquidity management/basel III rules
- Creation of a mortgage liquidity facility such as in Nigeria/Tanzania/Egypt
- Support introduction of capital markets instruments such as MBS or Covered Bonds
- Expansion of Savings products for housing
### Egypt - $840m over 3 loan programs
- New Mortgage Law
- Demand Side Subsidy Scheme
- Mortgage Regulator
- Secondary Mortgage Market institution – EMRC

### Nigeria - $300m Housing Finance Project
- Creation of NMRC
- IDA funds used as quasi capital → leverage impact of limited WB funds
- State level approach on enabling environment
- Support for reforms to mortgage registration and foreclosure process
- Working actively across GPS/IFC and with other donors AFD, DfID, AfDB and GIZ

### India - $100m loan – Low Income Housing Finance project
- Support for expansion of housing finance market to informal sector (both income and property)
- Working with secondary mortgage market institution
- Support on alternative collateral financing (group guarantees, other property rights)
- Technical Assistance in improving underwriting for those on informal incomes

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