

## In this edition

Cover story: Housing Microfinance in Africa.....	1
In the news .....	2
Report Review: State of Housing Microfinance in Africa.....	2
AUHF member profile: ZB Building Society.....	3
Player in focus: Erdemann Property Ltd.....	4
Graph of the month: Micro-Insurance Landscaping.....	5
Upcoming events.....	5

*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 [kecia@housingfinanceafrica.org](mailto:kecia@housingfinanceafrica.org) or Lorraine Nzimande at [lorraine@housingfinanceafrica.org](mailto:lorraine@housingfinanceafrica.org).*

### AFRICAN UNION FOR HOUSING FINANCE

The AUHF is an association of thirty-seven 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 sixteen countries across the continent of Africa. See [www.auhf.co.za](http://www.auhf.co.za)



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## Housing Microfinance in Africa

A recent report published by the [Centre for Affordable Housing Finance in Africa](#) reveals that the Housing Microfinance industry has undergone significant growth, however, still has great potential to scale up to meet the demand for housing on the continent. This report has gained much publicity and can now be found on various organisations' websites, such as HOFINET and Making Finance Work for Africa.

This sector is indeed receiving much attention from various organizations. In August this year, the 6<sup>th</sup> Annual African Microfinance Conference will be hosted in South Africa ([visit](#)

[our events page for details](#)). This year's theme is "Financial Inclusion: From Policy to Practice", and focuses on the key challenge of expanding financial inclusion. The African Microfinance Conference Series was started in 2003 by a range of stakeholders based in South Africa. Growing from strength to strength, this bi-annual conference has grown from 250 participants in 2003 to almost 600 in 2011. A sub-theme of the conference focuses explicitly on housing microfinance. Over five sessions are being planned, which focus on emerging practice and the investor climate for housing microfinance across Africa, policy developments in support of housing microfinance, and the opportunity for housing microfinance also in rural areas. A special workshop following the conference will focus on how lenders can develop appropriate housing microfinance products. The housing microfinance sector, clearly, presents great opportunities for addressing many of the housing issues on the African continent. AUHF members are urged to participate in the conference to learn more about how to develop housing microfinance products in their countries.

Of course, there are many examples of housing microfinance already underway, and the CAHF report offers useful insights in this regard (see page 2 for a summary). Akiba Bank in Tanzania and ProCredit Bank in Ghana are some institutions that have HMF products in the AUHF member countries. Our new member, Select Africa, explicitly offers a housing microloan in a number of countries. **We urge members to please send us news of product development that shows the AUHF's growth into this section of the housing finance sector in Africa.**

## In the news

This month in African housing finance

### What is financing Kenya's construction boom?

Prof Njuguna Ndung'u, governor of the Central Bank of Kenya has expressed concern with the level of construction activity in Kenya's real estate sector which is at variance with the low level of home purchase borrowing. He questioned where the money is coming from and announced that the bank will conduct a survey in investigating this issue. Home purchase borrowing in the country currently stands at about 17 000



mortgage accounts. According to the Housing Finance in Africa Yearbook only 1.1% of the top 60% of income earners in Kenya have an outstanding home loan. Source (9 January 2013): [Daily Nation](#).

### **Uganda's Foreign Real Estate Investment increased in 2012**

Real Estate developers in Uganda say that 2012 was the best performing year for the real estate sector. Sector players noted that the number of housing projects initiated in 2012 outnumbered those of 2011 and this has been attributed to the foreign real estate investors who joined Uganda's Housing industry. The Ugandan state minister for housing, Mr. Sam Engola has also announced that the government is fast tracking the construction of over 400 housing units for civil servants with the assistance of Shelter Afrique. Despite certain challenges and financial concerns in terms of household affordability, real estate developers are projecting a better year in 2013. Source (13 January 2013): [All Africa](#).

### **Nigeria's Abbey Building Society launches a new mortgage product**

AUHF member, Abbey Building Society, a primary mortgage institution in Nigeria, has launched a new mortgage product targeted at low income earners. Home Account is intended to simplify home ownership and to enable all classes of home seekers to access housing. The product, which promotes saving, achieves this through the four different categories in which it is offered. Once a client has saved for 6 months without withdrawal, they then qualify for a mortgage at 19% interest rate, for a 10 year tenor. Source (14 January 2013): [The Guardian Nigeria](#).

### **National Building Code not implemented in Nigeria**

The implementation of the National Building Code for Nigeria which was approved by the Federal Executive Council in 2006, has not yet been enforced. The code sets out minimum standards to be met in preconstruction, construction and post construction stages of buildings. The Building Code is of critical importance given the unprecedented spate of collapsed buildings in the country in the past seven years. The implementation of the Code would, therefore, reduce incidences of building collapse, the loss of lives and property. Source (29 January 2013): [3InvestOnline.com](#).

## **Report Review: State of Housing Microfinance in Africa**

With the rapid urbanization of the African continent, there is an increasing unmet need for housing in urban areas. This unmet need, which is also an affordability issue, has resulted in Africans housing themselves through various self build mechanisms.

This report provides a good and critical overview of Housing Microfinance in Africa. It explores the support for incremental housing by financial and other institutions. It sets out the current state of Housing Micro-Finance on the continent by exploring the institutions and actors in the market. It specifically highlights: investors, lenders and the HMF products offered.

The report illustrates the extent of investment into Housing Microfinance, through Development Finance institutions. It provides an analysis of the HMF products offered on the market and the terms of the products offerings. A key finding regarding HMF products is that, they are largely Home Improvement loans and are therefore associated with an already existing house and do not support incremental housing from the onset.

The report further investigates product growth and deduces that the proportion of HMF lending to general for business lending has averaged approximately 60% over four years (2008- 2011). This figure is higher than those of anecdotes which suggest a norm of 30% of general microloans being used for housing improvement.

From the findings the author is able to conclude that there is steady growth in HMF lending in Africa, although its prevalence is limited and does not meet potential demand. He places emphasis on the potential that exists in the HMF space on the continent and highlights evidence of investment interest in this area. In conclusion, the author further notes that general microfinance organizations are an important point of entry into HMF on the continent, based on their knowledge of small scale lending, familiarity with clientele and, an existing branch network. As a result they attract the immediate attention of funders and are therefore the most likely providers of HMF going forward.

To download the report visit:

<http://www.housingfinanceafrica.org/document/state-of-housing-microfinance-in-africa/>.



## AUHF Member Profile: ZB Building Society



ZB Building Society formerly known as Founders Building Society was established in 1954 and registered under the Zimbabwe Building Societies Act. It is a subsidiary of ZB Financial Holdings Limited which operates a network of fifty four (54) branches throughout the country. All branches are referral points for the Society's core business which is the provision of residential mortgage finance targeted to benefit all income segments, that is, those in the low, middle and upper incomes across Zimbabwe.

### ZB Building Society's offerings

ZB Building Society offers a wide range of products designed to meet the needs of its varied customers. The products can be grouped into three main categories: Savings and current account products, short term loan products and mortgages.

#### Savings and Current Accounts

These are for routine transactions and are accessed through ATMs, Point of Sale (POS) devices, banking halls and e-wallet. The Society also caters for financial inclusion and to this effect, the Informal Savings Account is targeted at the hugely unbanked public. In addition, treasury related products are also offered.

#### Loan Products

The Society offers short-term loans with a minimum term of six (6) months and up to twenty-four (24) months. These loans are offered against acceptable investment security.

ZB Building Society's core business is mortgage financing. The overall demand for mortgage loans in Zimbabwe exceeds the supply.

The following mortgage loans are offered by the Society:

**Ordinary Mortgage Loan:** This is when a customer pays a stipulated deposit to purchase a completed residential property and a bond is registered.

**Building Loan:** This is when a customer borrows for construction.

**Flexi-Mortgage loan:** As the name implies, this is a loan advanced to customers for which they are not restricted as to its use. It however has to be secured by registration of a bond against a property.

**Company Supported Mortgage Loan:** This is offered to corporates who want to assist their employees to either purchase existing property or build. The corporate would invest with the society an equivalent amount to be advanced to eligible company employees. The mortgage rate is negotiated.

#### Participation In Housing Development

The housing backlog in Zimbabwe's urban centres is ever-growing. Over and above the offering of mortgage finance, the Society has over the years developed and delivered its own housing projects throughout the country mainly in the high and medium density segments. Between 1993 and 1999 ZB Building Society successfully partnered with **USAID** in administering and on lending mortgage financing targeted at low income earners. The Society has delivered 2500 houses countrywide.

#### Current Housing Projects

The Society has recently completed servicing a high to medium density residential development 20km from Harare City Centre. The development, known as Springvale Park was approached in two phases and comprises of 800 residential stands ranging in sizes from 300 to 2000 square metres. The servicing entailed full installation of on-site and off-site infrastructural services. The Society will offer mortgage finance to enable beneficiaries to build.

#### ZB Building Society

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## Player in focus: Erdemann Property Ltd

Erdemann Property Limited (EPL) was incorporated in Nairobi, in 2003 with a mission to provide affordable and decent housing to middle and low income earners. Erdemann Property Limited was pioneered by a Chinese investor, Mr. Zeyun Yang (the company's managing director), through the assistance of a dedicated team of professionals who have been very instrumental in the company's achievements over the years.

In Kenya there is a lack of bilateral and multilateral support for low cost housing, which has brought the public sector's provision of low cost housing to a virtual halt, leaving the private housing developers as the lead providers of low cost shelter. EPL has, as a result, cultivated numerous relationships and earned the trust of key players and stakeholders in the Real Estate fraternity.

EPL looks for opportunities in the residential sector and therefore seeks to develop decent and affordable residential housing. EPL's residential work includes: Great Wall Apartments Phase 1 in Mavoko Municipality, completed in December 2009 and, Windsor View Residential Apartments at Thindigua in Kiambu district, completed in December 2003. EPL's ongoing developments are the construction of low and middle income housing: Metro-fair View Towers at Pangani, and Kenya National Housing Corporation Kileleshwa Executive Apartments project.

### Windsor View Residential Apartments



Windsor View Residential apartments are part of the first developments by EPL, completed in 2003. Windsor View Apartments are leisure residential apartments located about 10 Kilometers from Nairobi town, in the serene environment of Windsor County and Golf Club. The apartments are small but compact available as single and double bed roomed flats.

The apartments cover 486 square meters and are accessible from both the major highways of Kiambu and Thika roads. It has a supermarket located nearby and it is a 3Km walk from Paradise Lost- a camping site with a taste of nature, with the fishing experience to indigenous flora and fauna.

### Great Walls Apartments Phase 1



Great Walls Apartments is a middle class and low income Housing Project located in Mavoko Municipality. It is named after the famous Chinese Great Wall landmark and tourism attraction. The apartments consist of six floors which comprise 528 units of self contained 2 bed roomed apartments which cost Ksh 3.3 Million. The project is fully financed and was completed in December 2009. One of the highlights of the project include a commercial center and a nursery school beside other facilities.

### Metro Fair View Towers

Metro Fair View Towers is currently under construction. It is a 12 storey block of 2 and 3 bedroomed flats, shops and restaurants covering a total floor area of approximately 18 500m<sup>2</sup>. It is located within the Pangani shopping centre, a 5 minute drive away from the Nairobi Central Business District and served by a 24hour public transport system. The development is to consist of 144 flats; 48 units of three bed roomed flats and 14 shops located on the ground floor. It will also have basement parking for residents and an underground water tank.

The cost of a 2 bedroom apartment is from Ksh 4.2 Million (US\$ 48 137) and the 3 bedroom apartments are from Ksh 7.2 Million (US\$ 82 521).

### Kileleshwa Executive Apartments

The proposed Kileleshwa Executive Apartments are located in Kileleshwa in Nairobi. The apartments are to be bedveloped on a 3.6 acre plot of land, and will consist of 105 executive apartments of 4 and 5 bedroom units. This project is charged by NHF, under the Ministry of Housing, for civil servants and the public. It was taken to the open tender to choose the contractor and it was requested that the contractor construct it with funding. EPL succeeded in the tender and got the official notice in June 2009.

Erdemann Property Ltd [www.erdemann.co.ke](http://www.erdemann.co.ke)



## Graph of the Month: Micro-insurance landscaping

The graphs presented here are derived from the findings of The Landscape of Micro-insurance in Africa 2012 study which provides an overview of the status and dynamics of the micro-insurance industry in Africa. The survey uncovered a total of 598 micro-insurance products covering a total of 44.4 million lives and properties at the end of 2011. 60% of these products are reported to be from South Africa, where 27.2 million lives and properties are insured. Eight other countries were identified as having micro-insurance coverage reaching more than one million lives and properties each and they account for over 90% of the coverage in Africa.

Figure 4: Number of lives/properties covered by region (2005 without South Africa; in millions)

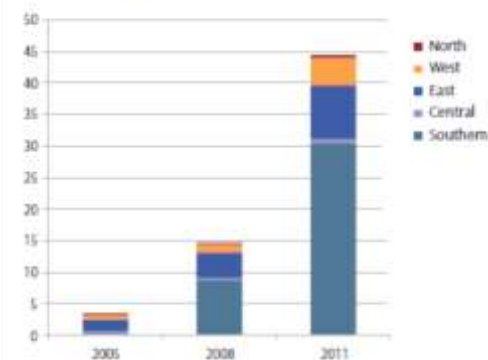


Figure 4, above, illustrates the growth of micro-insurance in Africa since 2005. It illustrates the number of lives and properties covered by region, showing significant coverage by the Southern region and the least coverage by the north. The Southern region reflects the largest increase in coverage from 2005 and 2011, followed by the east. According to the report and as can be seen from the graph; the prior Africa Landscape studies with data from 2005 and 2008, identified a total of 3.5 million lives and 14.7 million properties covered by micro-insurance in 32 countries, excluding South Africa. The current study indicates a growth of over 200% between 2008 and 2011, identifying 44.4 million lives and properties covered in 39 countries.

Figure 5: Number of lives/properties covered by product (in millions)

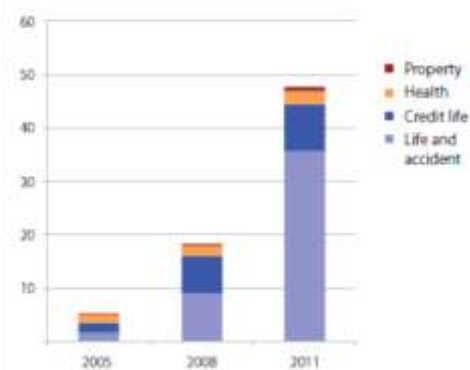


Figure 5 shows the various micro-insurance products and their value throughout the whole continent. This graph indicates a significant increase in property micro-insurance across the continent between 2005 and 2011. View interactive graph on [MFW4A](#)

## UPCOMING EVENTS

### CONFERENCES / WORKSHOPS / COURSES

2013

\*Click on event for the link\*

#### MARCH

- 10- 11** [LOU CASTEQU ACADEMY. Urbanisation in Africa: Investing in New Cities & Infrastructure..](#) Cote d'Azur, France.
- 13- 14** [URBAN LANDMARK CONFERENCE: Moving from knowledge to change.](#) Johannesburg, South Africa.
- 11-15** [AFRICAN REAL ESTATE & HOUSING FINANCE ACADEMY Training.](#) Accra, Ghana.
- 14- 15** [MICROCAPITAL MONITOR EVENT: Impact Investing Summit.](#) California, USA.
- 20-21** [UNIGLOBAL: Global Microfinance Forum 2013.](#) Vienna, Austria.
- 26** [Boleswana Housing Conference.](#) Windhoek, Namibia.

#### APRIL

- 4** [AUHF Regional Seminar.](#) Lagos, Nigeria. **DETAILS TO FOLLOW.**
- 8- 13** [SAVEACT & VSL ASSOCIATES. Savings Groups: Programme design & implementation management.](#) Pietermaritzburg, South Africa.
- 10-13** [ASIA PACIFIC UNION FOR HOUSING FINANCE & NATIONAL HOUSING BANK CONFERENCE. Housing: An Engine for Inclusive Growth.](#) New Delhi, India.
- 15 -16** [IQPC Housing Development Summit.](#) Muscat, Oman.
- 15- 19** [SAVEACT & VSL ASSOCIATES. Savings Groups: Management Information systems.](#) Pietermaritzburg, South Africa.

#### MAY

- 29-31** [Mixed Use Developments.](#) Johannesburg, South Africa.

#### JUNE

- 5- 7** [INTERNATIONAL UNION FOR HOUSING FINANCE WORLD CONGRESS. Sound Housing Finance Around the World.](#) Vienna, Austria. *E200 discount for AUHF members!*

#### AUGUST

- 13- 15** [6<sup>th</sup> African Microfinance Conference.](#) Durban, South Africa.