

**DECLARATION OF THE MEMBERS OF THE AFRICAN UNION FOR HOUSING FINANCE (AUHF)
FOLLOWING THE ANNUAL GENERAL MEETING
HELD IN ABIDJAN, COTE D'IVOIRE ON 25 OCTOBER 2018¹**

We, the members of the African Union for Housing Finance, having met with colleagues from the public and private sectors from twenty-nine countries over three days and having held our 34th Annual General Meeting in Abidjan, Cote D'Ivoire on 25 October 2018, express our commitment to **promoting the development of housing finance across the African continent.**

We note:

1. **A growing, urbanizing, young population;** in which 60% are under the age of 25. It is estimated that half of global population growth between now and 2050 will occur in Africa, with an estimated additional 1.3 billion people. At the same time, growing rates of urbanization are shifting the population of the continent from one that has been predominantly rural to one that is increasingly urban. It is expected that by 2035, about half of Africa's population will be living in urban areas.
2. An environment marked by **stark mismatches between housing demand and supply in the affordable housing submarkets**, which manifest in housing backlogs that force the majority of low and middle income dwellers into substandard and informal dwelling conditions; but which also offers insights into innovation as low and middle income residents seek to meet their own housing needs independently outside of the traditional housing delivery channels, and through incremental housing construction.
3. An **increased presence and interest of global and local investors in the region**, who, constrained by lack of transparent, clear and actionable information, limit their presence in the housing sector and where present, concentrate in the high and middle income submarkets.

While appreciating:

1. The critical function played by housing in the economy, as its own sector and through its contribution to social and economic growth and development of primary, secondary and tertiary sectors; and the opportunities presented by this fact;
2. The inherent opportunities emerging through innovations in technology, communication and financing and payment systems and their potential for revolutionizing the affordable housing sector;
3. The interrelated nature of key issues and challenges facing the housing supply and demand ecosystems and the integral role of finance in unlocking opportunities along the affordable housing value chain;

¹ The African Union for Housing Finance held its 34th Conference and Annual General Meeting in Abidjan, Cote D'Ivoire, from the 23rd to the 25th of October, 2018. Co-hosted by its members, the [International Finance Corporation \(IFC\)](#), and the [Caisse Régionale De Refinancement Hypothécaire \(CRRH-UEMOA\)](#), and with the support of its partners [Making Finance Work for Africa \(MFWA\)](#), the [African Development Bank \(AfDB\)](#), and the [Centre for Affordable Housing Finance in Africa](#), the meeting attracted 192 delegates from 13 industry categories across 30 countries. The conference theme, '**Building Africa's Housing Financing Chain**' focused on the key issues, opportunities and innovations along the housing financing value chain, and how these could be leveraged to support the affordable housing sector. Presentations are available on the [AUHF website](#).

And acknowledging:

1. A global agreement to pursue a shared prosperity and decent work for all within a context marked by global partnership and solidarity as articulated in the [Addis Ababa Action Agreement](#) (AAAA);
2. The [Africa Youth Charter](#) adoption in the Executive Council Decision of the Banjul Summit 2006 which set aside Africa Youth Day to promote the increased recognition of youth as key agents for social change, economic growth and sustainable development in all areas of African Society. This presents an opportunity to harness and channel youth motivation, energy and creativity towards solving Africa's growing housing challenge;
3. A continued commitment from the global community and our individual governments to address the challenges of inequality and climate change by creating conditions for sustainable, inclusive and sustained economic growth as laid out in the [Sustainable Development Goals](#) (SDG) and the [New Urban Agenda](#) (NUA);
4. Continent-wide and specific national commitments to drive Africa's transformation through industrialization, integration, and the delivery of an improved quality of life as outlined in the [Africa Development Bank's 10-year strategy](#) (TYS);
5. A growing and stated commitment by individual governments as laid out in their respective legislative and policy documents;
6. A growing acknowledgement of the expanding role of governments from simply acting as providers of affordable housing into catalytic players that enable market development, driving innovation and investment that champion the poor;

We understand:

1. The critical role of the finance value chain in enabling effective housing markets across the continent.
2. The interdependent nature of challenges affecting the housing finance ecosystems at both the supply and end-user levels, whereby constraints at one step in the housing and housing finance value chain have implications both upstream and downstream.
3. The limited capacity of local authorities to deliver the bulk infrastructure services required to support greenfields housing development, and the need to find innovative finance mechanisms that support infrastructure investment without undermining household affordability.
4. How the lack of, or poor, information can negatively impact decisions by investors or lenders to participate in the housing finance market, which subsequently impedes developers from accessing needed finance. Without finance, developers are unable to establish the track record of credit and project delivery which in turn is required to attract finance and operate at scale.
5. Housing affordability, which is ultimately a function of household income, the price of the house and the funding terms, is thus limited by low wages, high unemployment, a largely excluded informal population, and challenging macro-economic conditions, in particular low economic growth, high inflation, and high borrowing rates in many African countries.
6. How, in many African countries, the cost of capital and long-term finance is impacted by high policy interest rates, high maturity premiums, high credit risk premiums and limited utilisation of collateral value, increasing the cost of capital for lenders and borrowers and thus impeding the affordability of housing. As a result, long term capital to support housing investment is insufficient and expensive,

contributing to the high cost of mortgage lending and compromising the development of effective mortgage markets which themselves would support large-scale delivery of affordable housing.

7. The impact of the regulatory and legislative environment--including requirements of Basel II and III, and the IFSR 9 accounting standards, which carry implications for governance, management and risk for lenders and impact upon tenor of funding.
8. How mortgage markets are out of reach for the majority of Africans for whom low incomes, lack of awareness and financial literacy, and the absence of finance products designed to meet their realities and needs, means that households--on the whole--must adopt innovative, incremental and long-term cash-based strategies to address their housing needs themselves.
9. The opportunity to be found in the growing population of urban and rural, young people, sustaining their livelihoods in new ways that are often unfamiliar to the structure of our financial products and services, and of harnessing the energy, and innovative potential of youth in Africa not just for contributing to housing labour, but also developing solutions for meeting their own housing needs
10. The availability of data on supply and demand for housing in some African countries is itself a serious impediment to market growth and constrains housing investment and policy making. More accurate and transparent data serves as market infrastructure and improves decision-making, enables market segmentation and facilitates risk management.
11. These realities contain both obstacles and opportunities. We understand that these can be effectively overcome through cooperative efforts of both public and private role players, working with innovation, collaboration and political will. In addition, we recognise the ingenuity and perseverance of households in the implementation of their own, independent housing strategies.

We call on governments at the regional, national, state or provincial, and local levels to actively support the vision for adequate , decent and affordable housing for all across our continent, by undertaking to do the following:

1. To assert the **critical role that macro-economic policy and financial regulation** play in realising effective housing markets. Measures that reduce policy interest rates, lower maturity premiums and credit risk premiums, and leverage the utilization of collateral value will all stimulate investment and the availability of affordable housing finance. They are fundamentally driven by macro-economic policy and should be a priority of Central Banks.
2. To institute measures that **stimulate the attention of long-term finance** (pension funds, institutional investors, etc.) on affordable housing as an investment target.
3. To use **incentives to encourage innovation** in both mortgage and non-mortgage lending for housing that explicitly targets lower income earners including youth and women in the affordable housing sector.
4. To **strengthen property and collateral registration and foreclosure mechanisms**, improving transaction timeframes, and to ensure the transparency of the collateral registry through free access to record-level data. We recommend the automation of deeds registries.
5. To insist, through regulation, on **credit information-sharing** and the development of an effective and comprehensive credit reference system that covers all financially active consumers and stimulates market transparency.
6. To facilitate through **public education**, knowledge on different options of access to adequate, decent and affordable housing for different populations including low income, youth and women.

7. **Address risk and uncertainty in the housing delivery value chain.** These are key factors contributing to the high cost of housing and the reticence of investors to fully commit to this segment of the economy. Governments at all spheres of operation can impact significantly on both of these factors by formally adopting policy and promulgating clear legislation for the housing sector, while also developing and implementing protocols that establish clear timeframes for the delivery of administrative approvals or the implementation of other regulations. Focused attention to the time it takes to deliver and achieve approvals, and the trust necessary for the system to work, is a key contribution that government can make to engaging the housing value chain for growth.

We also encourage/invite/urge international development finance institutions and other development agencies specifically, to:

1. **Target affordable housing with capital that is patient** with time, target and capacity, promoting blended finance arrangements that manage risk sustainably, and explicitly pursue innovation that shifts investor focus towards affordable housing.
2. **Provide targeted technical assistance:** operational development and support towards effective public-private partnerships, as well as the development of viable social enterprises and commercial undertakings that explicitly target affordable housing.
3. Engage with and develop financing **interventions for the full housing delivery value chain**, providing support for sector development and promoting effective linkages between public, private and NGO sectors along each link in the chain from land through to infrastructure, housing construction, and financing.
4. Invest in **strong data and market analytics** systems, active market tracking and longitudinal analyses that support a growing understanding of the housing financing dependencies, and which track market growth and progress.
5. Recognise and support in their broader efforts, **a diversity of housing financing mechanisms** not limited to mortgage finance for end users but also including housing micro finance, rent-to-own schemes, homeownership savings plans, homeowner led construction and other end user finance products, the critical need for construction finance, affordability supports and risk management interventions, and capital market development in support of affordable housing.
6. To support efforts to integrate the growing and expanding youthful population of Africa in the affordable housing discourse as a way to breaking the generational housing challenges in Africa.

We commit ourselves:

1. **As an African Union for Housing Finance, to:**
 - a) actively engage governments and regional bodies in the pursuit of policy, regulatory, and other interventions that support the growth of affordable housing markets;
 - b) promote best practice in the affordable housing industry across Africa including youth and gender sensitives practices;
 - c) understand and communicate the key issues facing practitioners and our members in the housing sector in Africa;
 - d) enable our members to respond to the challenges and opportunities within the contexts of their businesses, supporting better engagement between the public and the private sectors;
 - e) promote and drive effective professional development among our members through the provision of training and capacity building opportunities; and

- f) provide our members with opportunities to network with one another, share information and build capacity towards improved housing finance systems in Africa, through the delivery of conferences, seminars, workshops, member exchanges and other mechanisms.

2. As individual organisations involved in the financing and delivery of housing across Africa, to:

- a) actively seek projects and investments, and to develop products and services, that **respond to the breadth and diversity of demand** at the base of the income pyramid, prioritising affordability in our efforts, including leveraging emerging green and energy efficient systems to enhance affordability;
- b) develop products and services that engage with the **particular needs and capacities of youth and women**, recognising also the important opportunity that the housing sector itself may offer for their professional development as participants in the housing sector, for example, as small-scale landlords, contractors or labourers;
- c) think more carefully about **risk and how we price for this** in the microfinance and mortgage sectors, engaging in our pricing and underwriting mechanisms with the characteristics of low-income households, youth and women, how they earn their income and how they manage their housing investments;
- d) uphold **ethical business practices**, championing sustainable impact together with financial return. In the delivery of products and services to our clients we are committed to sound and effective consumer education to support their sustainable entry into the property market;
- e) work effectively in the development of **strategic partnerships** with each other, our governments, and the wider housing sector in our cities, countries and regions; and
- f) **tracking these commitments** with clearly defined key performance indicators, to which we will each contribute, and will report back on these at our next AGM.

Conclusion

The AUHF is keen to engage with respective governments at the regional, national and sub-national level on both macro and micro-economic issues, including interest rates, tax and monetary policy, and housing and land policies as they influence the growth and performance of housing markets.

The AUHF and its members look forward to working with governments and other stakeholders, in their respective cities, countries, and across the continent, in driving investments in Africa's housing sector so that it contributes substantially to Africa's growth agenda.

Signed on 31 October 2018

AUHF Board of Directors:

Joseph Chikolwa, MD Zambia National Building Society (Chairperson)

Andrew Chimphondah, CEO Shelter Afrique (Vice Chairperson)

Cas Coovadia, MD Banking Association of South Africa (Treasurer)

Chii Akporji, Executive Director, Nigeria Mortgage Refinance Company (Secretary)

Mehluli Mpofo, Deputy Managing Director for Central Africa Building Society (CABS)

Mfundo Mabaso, Growth Head, FNB Home Finance, FirstRand Bank Limited

Oscar Mgaya, CEO Tanzania Mortgage Refinance Company

Christian Agossa, Director General Caisse Régionale de Refinancement Hypothécaire de l'UEMOA, CRRH-UEMOA

On behalf of the following active members of the AUHF:

1. Botswana Building Society
2. Botswana Housing Corporation
3. Caisse Régionale de Refinancement Hypothécaire de l'UEMOA (CRRH-UEMOA)
4. CBZ Bank Limited, Zimbabwe
5. Central Africa Building Society, Zimbabwe
6. Federal Mortgage Bank of Nigeria
7. FNB Home Finance, FirstRand Bank Ltd
8. Gauteng Partnership Fund, South Africa
9. Habitat for Humanity International
10. Haggai Mortgage Bank, Nigeria
11. Home Finance Company of The Gambia
12. Home Finance Guarantors Africa Reinsurance Limited
13. Housing Finance Bank Uganda Ltd
14. iBuild Global
15. International Finance Corporation
16. National Housing Finance Corporation, South Africa
17. Nigeria Mortgage Refinance Company
18. NMB Bank Limited, Zimbabwe
19. NMB Plc Tanzania
20. Select Advisors Limited
21. Shelter Afrique
22. Swaziland Building Society
23. Swaziland National Housing Board
24. Tanzania Mortgage Refinance Company Ltd
25. The Banking Association of South Africa
26. TUHF Limited, South Africa
27. Watumishi Housing Company, Tanzania
28. Zambia National Building Society
29. Zambian Home Loans
30. ZB Bank Limited, Zimbabwe