

**DECLARATION OF THE MEMBERS OF THE AFRICAN UNION FOR HOUSING FINANCE (AUHF)  
FOLLOWING THE ANNUAL GENERAL MEETING  
HELD IN CAPE TOWN, SOUTH AFRICA ON 6 NOVEMBER 2019<sup>1</sup>**

We, the members of the African Union for Housing Finance, having met with colleagues from the public and private sectors from thirty-nine countries over two days, and having held our 35<sup>th</sup> Annual General Meeting in Cape Town, South Africa, on 6 November 2019, express our commitment to **realising housing affordability across the African continent.**

**We note:**

- 1. The most critical issue facing housing markets worldwide, whether in established or emerging markets, is housing affordability.** Housing affordability challenges are especially acute in African countries, exacerbated by unfavourable macro-economic conditions, challenging labour market dynamics, municipal capacity constraints, as well as the pressures of urbanisation and climate change.
- 2. Government capacity to address the challenge on its own, is limited.** Higher government debt and lower revenue, as a result of economic downturns being experienced in most African countries, have limited the budgetary room of policy makers. At the same time, governments have an enabling and catalytic role to play in supporting the development of an enabling macro-economic framework and the growth and appropriate targeting of housing finance markets, while also developing policies conducive to affordable housing development.
- 3. Nevertheless, there is significant activity and innovation among a growing sector of housing practitioners** increasingly interested in addressing the housing affordability challenge. Their efforts are evident in initiatives underway in all links of the housing delivery value chain. Together, they are building a track record that can be scaled.

**We appreciate:**

- 1. The most pressing housing need is in our cities,** where a growing, urbanizing, and young population is changing the nature and scope of the demand for affordable housing. It is expected that by 2035, about half of Africa's population will be living in urban areas.
- 2. Housing is expensive** – often the most substantial investment that a household will make in its lifetime. Truly realising housing affordability will require a diversity of approaches and rely on the collective application of the capacities of the government, the private sector, and households themselves.
- 3. Government and the private sector are each already pushed to capacity,** straining to achieve the required returns to justify their investments. The opportunity lies in realising efficiencies in the housing ecosystem, improving timeframes associated with statutory approvals and other processes, finding innovative ways to de-risk housing-related investments, and better targeting markets for policy and regulatory attention, and for product development. We note that technological developments have the capacity to improve efficiencies.

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<sup>1</sup> The African Union for Housing Finance held its 35th Conference and Annual General Meeting in Cape Town, South Africa, from the 4<sup>th</sup> – 6<sup>th</sup> of November, 2019. Co-hosted with the International Union for Housing Finance (IUHF), and with the support of the Banking Association South Africa, Lafarge Holcim, TUHF, iBUILD Global, Botswana Housing Corporation, Altair, the African Development Bank, First National Bank and IFC Edge, the meeting attracted 216 delegates from over 100 companies and across 39 countries. The conference theme, **'Realising Affordability in Global Housing Markets'** focused on the key issues, opportunities and innovations in efforts to address housing affordability across the world. Presentations are available on the [AUHF website](http://www.auhf.co.za).

4. **Public and private actors have very different capacities.** The opportunity for effective public private partnerships lies in recognising these differences and leveraging the strengths of each to overcome the weaknesses or dependencies of the other. While the private sector has the capacity and intention to realise scale, it relies heavily on the public sector to create the enabling environment. Critically, the efforts of one must not crowd out the opportunity for the participation of the other.
5. **A significant proportion of households in our cities earn their incomes informally, in ways not easily recognised by private credit providers.** There is a very real opportunity for housing financiers to structure their products and services in ways that accommodate informal, erratic income flows and household savings, so that the financial capacity of this part of the economy can be effectively leveraged.

**And we acknowledge:**

1. 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).
2. The commitments by our governments in terms of **Agenda 2063**, which seek the transformational outcomes of: (1) improved standards of living; (2) transformed, inclusive and sustained economies; (3) increased levels of regional and continental integration; (4) the empowerment of women and youth; and (5) societies that are peaceful, demonstrate good democratic values and practice good governance principles, preserving and enhancing Africa's cultural identity, are well supported by a strong housing market in which housing is affordable to the breadth of each nation's population.
3. The United Nations-supported **Principles of Responsible Investing**, which encourage investors to incorporate environmental, social and corporate governance goals into investment practices across asset classes, are well addressed through an investment focus on affordable housing.
4. The parameters and intent of international guidelines such as **Basel 3**, and accounting standards, such as **IFRS9**, are important frameworks to which we must strive to comply, and which should guide the development of our housing finance markets.

**We call on governments at the regional, national, state or provincial, and local levels to support the vision for adequate, decent and affordable housing for all, by actively creating an enabling environment for investment in affordable housing.**

**We urge our governments:**

1. **To set and pursue explicit targets for reducing the time and cost of key statutory and administrative processes** on which housing delivery depends, such as development and zoning approvals, occupation inspections, land titling, infrastructure connections, and services clearances.
2. **To strengthen property and collateral registration, maintenance 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.
3. **To pursue macro-economic policy and financial regulation and taxation conducive to long term, local housing investment**, focusing explicitly on interest rates and inflation targets, as well as other measures that lower maturity premiums and credit risk premiums, and leverage the utilization of collateral value. **These measures, as well as explicit attention to local long-term capital** (pension funds, institutional investors) will further stimulate investment and the availability of affordable housing finance.
4. **To support the affordable housing delivery process through enabling or otherwise incentivising the supply of well-located land and bulk infrastructure.**

5. **To support the Data Agenda for Africa**, agreeing on mortgage lending and other housing-related reporting standards to enable cross-country comparability, supporting the development of an effective and comprehensive credit reference system that efficiently covers all financially active consumers and stimulates market transparency, and explicitly supporting principles of data transparency and regular reporting.

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

1. **To invest in testing and establishing new, blended financing models explicitly focused on the particular nature of affordable housing**, that manage risk sustainably, enable the realisation of acceptable returns, and effectively shift especially local investor focus towards affordable housing.
2. **To make early stage, venture capital investments** in start-up initiatives with a strong business case, and track and share the performance of these to support the attention of more commercial investors on affordable housing.
3. **To actively assert an affordable green standard that addresses local climate-related and urbanisation pressures**. This includes promoting affordable green financing; establishing and promoting green building codes and incentives; and demonstrating confidence in green, alternative building and other technologies by supporting their market entrance.
4. To recognise and support with capital and technical assistance, **a diversity of housing financing mechanisms**, including housing microfinance, 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.
5. **To invest in the development of the information infrastructure necessary for investment in affordable housing, by supporting the Data Agenda for Africa**. This will include investment in strong data and market analytics systems, and active market tracking and longitudinal analyses that support a growing understanding of the housing financing dependencies and which track market growth and progress. Critically, this will also involve sharing the financial performance data of their own investments.

**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 green, climate responsive practices;
  - c) promote and drive effective professional development among our members through the provision of training and capacity building opportunities;
  - d) 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;
  - e) grow our membership base, in order to facilitate the affordable housing conversation among the breadth of practitioners involved on both the demand and supply sides of affordable housing; and
  - f) support and implement the Data Agenda for Africa, adopting and promoting a standard set of affordable housing indicators with standard definitions, and collecting and sharing market performance data of our members.
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) think more carefully about **risk and how we price for risk** in the microfinance and mortgage sectors, by ensuring that our pricing and underwriting mechanisms engage with the characteristics of low-income households, youth and women, how they earn their income and how they manage their housing investments;
- c) uphold **ethical business practices**, championing the Principles for Responsible Investing and tracking our performance with respect to environmental, social and corporate governance metrics. 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;
- d) 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
- e) **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 and its members look forward to working with governments and other stakeholders, in our respective cities, countries, and across the continent, in driving investments in Africa's housing sector so that we realise real housing affordability across the continent.

## Signed on 6 November 2019

### **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)*

*Mfundo Mabaso, Growth Head, FNB Home Finance, FirstRand Bank Limited, South Africa (Secretary)*

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

*Oscar Mgaya, CEO, Tanzania Mortgage Refinance Company*

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

*Kehinde Ogundimu, CEO, Nigeria Mortgage Refinance Company*

*May Abdelhamid, CEO, Social Housing and Mortgage Finance Fund, Egypt*

### **On behalf of the following active members of the AUHF:**

1. American Builders in West Africa
2. Atenu Developments, Namibia
3. Botswana Housing Corporation
4. Caisse Régionale de Refinancement Hypothécaire de l'UEMOA (CRRH-UEMOA)
5. Central Africa Building Society, Zimbabwe
6. David Lahu, Individual member
7. Development Bank Rwanda (BRD)
8. Echostone, Nigeria
9. eSwatini Housing Board
10. Family Homes Fund, Nigeria
11. FBC Building Society, Zimbabwe
12. Federal Mortgage Bank of Nigeria
13. FNB Home Finance, FirstRand Bank Ltd
14. GAP Solutions, South Africa
15. Habitat for Humanity International
16. Haggai Mortgage Bank, Nigeria
17. Home Finance Guarantors Africa Reinsurance Limited
18. iBuild Global
19. International Finance Corporation
20. Kenya Mortgage Refinance Company
21. National Housing Finance Corporation, South Africa
22. Nigeria Mortgage Refinance Company
23. NMB Plc Tanzania
24. Property KRO
25. Select Advisors Limited
26. Shelter Afrique
27. Social Housing and Mortgage Finance Fund in Egypt
28. Swaziland Building Society
29. Tanzania Mortgage Refinance Company Ltd
30. The Banking Association of South Africa
31. TUHF Limited, South Africa
32. Watumishi Housing Company, Tanzania
33. Zambia National Building Society
34. Zambian Home Loans
35. ZB Bank Limited, Zimbabwe