



Newsletter

---

## FINANCING HOUSING IN AFRICA

ISSUE 50: APRIL 2016

---

### HOUSING MICROFINANCE: A PRIVATE SECTOR PERSPECTIVE

Affordability, finance, unsophisticated banking environments and collections mechanisms, an inability to get to scale, the cost of credit, land and construction costs—the challenges facing organisations that enter the housing microfinance space are many and considerable. This was [according](#) to Wayne Faulds, CEO of Retail at Select Africa. Faulds was making the argument that there are substantial opportunities in the market, yet he had to acknowledge the significant work that needs to be done—both by housing microfinance lenders and in terms of creating an enabling environment for the sector—if these opportunities are to be taken advantage of.

Faulds was speaking at the [Centre for Affordable Housing Finance in Africa's side event](#) at the [Habitat III Thematic Meeting on Informal Settlements](#). The Meeting was attended by 512 delegates from 54 countries, with 14 Ministers of Housing present, providing the ideal platform to advocate for the importance of housing microfinance. As urgent as the need is to increase access to mortgages across Africa, there will still be many households for whom a mortgage will be inaccessible: in terms of cost, the longer tenors and the difficulty of securitising mortgages. Considering this, the [Durban Declaration](#) of the AUHF—signed by, then, all 48 members—urged governments to 'accommodat[e] non-mortgage, housing microfinance as a viable and central component of a national housing finance framework'.

Established sixteen years ago and operating in four Sub-Saharan African countries, and currently expanding into a further two, Select Africa has the experience and expertise to contribute to the development of the sector. Faulds' approach was to argue the business case for housing microfinance, a perspective that can be lost when it comes to the formulation of world urban policy. While stating that there is an important role that governments must play in enabling the housing microfinance environment, he also argued that lenders must do more to increase access. Innovation is required in terms of getting to scale, accessing funding at a lower cost and reducing costs per transaction. Housing microfinance will play an important part in increasing access to housing across Africa. It is only with cooperation that the innovation required to make the market work can be achieved.

---

### EVENTS

25-26 May | [Housing Finance in Emerging Markets](#), 7th World Bank Global Housing Finance

Conference, Washington D.C., U.S.A.

30-31 May | [East Africa GRI](#), Nairobi, Kenya | **AUHF Members receive a 10% discount**

06-16 June | [International Housing Finance Program: Improving and Expanding Housing Finance Systems](#), Wharton School of Business, University of Pennsylvania, U.S.A.

09-10 June | [5th Annual Infrastructure Africa Business Forum](#), Johannesburg, South Africa

17-18 June | [International Housing Finance Program: Workshop on Securitization and Mortgage Bonds](#), Wharton School of Business, University of Pennsylvania, U.S.A.

18 – 20 July | [3rd Annual Affordable Housing Africa](#), Cape Town, South Africa | **AUHF members should contact us for a 10% discount**

20 - 22 July | [Affordable Housing 2016](#), Johannesburg, South Africa

17-22 July | [Micro, SME & Housing Finance Summer Academy](#), Frankfurt School of Finance and Management, Frankfurt, Germany | **AUHF members qualify for a €450 discount**

18-19 August | [Africa Property Investment Week](#), Johannesburg, South Africa

05-16 September | [School of African Microfinance](#), Mombasa, Kenya

---

**AUHF EVENT** | 14-16 September | AUHF Conference & AGM, Abuja, Nigeria

---

19-21 September | [7th Global Pension and Savings Conference](#), Washington D.C., U.S.A.

02-08 October | [Housing Finance Course for Sub-Saharan Africa](#), Graduate School of Business, University of Cape Town, South Africa | **AUHF members receive a 10% discount, scholarships available**

06-07 October | [3INVEST UNITE Summit](#), Lagos, Nigeria

17-20 October | [Habitat III](#), Quito, Ecuador

20-21 October | [GRI Africa Summit](#), Johannesburg, South Africa | **AUHF members should contact us for a 10% discount**

*[\\*Let us know of any events not listed above](#)*

*[\\*Click here for our updated events page](#)*

---

## IN THE NEWS

SOUTHERN AFRICA

EASTERN AFRICA

In **Angola**, the Minister of Urbanisation and Housing inaugurated one of the largest housing projects in the country. The development will be in Chibodo, on the outskirts of Cabinda. The project is called Urbanização 4 de Abril, and will be comprised of more than 800 flats, as well as schools and shops. Commenced five years ago, it is intended for civil servants and employees of state-owned companies.

link: <http://bit.ly/auhf50san1>

The Draft Law on the Communication of Fixing and Changing Citizens' Residence was approved during the 5th Ordinary Plenary Meeting of the National Assembly in Luanda, **Angola**, in March 2016. In terms of this law, citizens are required to report within 30 days temporary or prolonged accommodation in residence, the change of address for any purpose, accommodation for health and study purposes. Therefore, national and foreign citizens who change their residence and settle elsewhere in the country without informing the state institutions may be precluded in the future from access to essential services, such as medical services, under the National Health Service. This law will also limit the provision of water and electricity services, access to municipal benefits, including housing programmes, and access to land rights for housing purposes.

link: <http://bit.ly/auhf50san2>

The trustees of Old Mutual's Housing Impact Fund (HIFSA), in **South Africa**, successfully applied to the South Gauteng Court for the listed affordable homes builder RBA Holdings, and its wholly owned subsidiary RBA Developments, to be placed in business rescue in February 2016. Three additional subsidiaries, RBA Building Projects, RBA Homes and RBA Executive Homes, were subsequently placed in business rescue in March 2016. RBA Holdings are to publish their 2015 annual financial statements by June to accommodate the implications of the company being in business rescue.

link: <http://bit.ly/auhf50san3>

Kora Housing, a semi-private real estate company, is working in partnership with the **Angolan** government to construct 40 000 affordable units across 15 Angolan municipalities and six provinces, including Horizonte Housing Project.

link: <http://bit.ly/auhf50san4>

Dangote Cement announced that the Nigeria-based cement group would expand its investment in **Ethiopia**, expanding its existing capacity by a further 2.5mtpa. The expansion work will be carried out at the cost of US\$600m. The company has been in search for new markets and has already started exporting cement to northern Kenya. Also In Ethiopia, Dangote is also planning to construct a cement bag-making factory in Muger City. The US\$ 19 million bag plant will have an annual production capacity of 120 million cement bags. Dangote will only use 30-35 per cent of the cement bags it manufactures. The rest will be supplied to local cement factories.

link: <http://bit.ly/auhf50ean1>

Derba Cement, a MIDROC Ethiopia subsidiary, is planning to expand its cement plant at a cost of US\$ 300 million in **Ethiopia**. The expansion project is expected to take between 18 and 24 months to be completed. The plant, Derba Cement's second, will be in Chancho City. Upon completion, the plant would have the capacity of producing 2.5 mtpa of cement. Because power interruptions shorten production days by six hours currently, Derba is commissioning the Gilgel Gibe III, a power station, to resolve this issue.

link: <http://bit.ly/auhf50ean2>

President Uhuru Kenyatta, of **Kenya**, gave out leasehold titles to squatters on the "Waitiki Land" in early 2016. Since the handout, stories have been spread that these were "mere pieces of paper". In April, the state confirmed that the leasehold title documents received by the residents are valid and guaranteed by the state. In addition, because of the long lease period (99 years) and the fact that the lease is guaranteed by the state, the lease can also be used for collateral.

link: <http://bit.ly/auhf50ean3>

The 2014 National Housing and Census report was released by the **Ugandan** National Bureau of Statistics (UBOS) in April 2016. The report shows that 47 percent of the total households surveyed reside in dwellings with one room for sleeping, with the average household size remaining constant at five members. About 73

---

## WESTERN AFRICA

The 15th Annual Lagos Housing Fair took place between 25 - 30 April 2016. The aim of this fair was to make **Nigeria** self-sufficient in the production of building materials and the delivery of quality houses. The Federal Mortgage Bank of Nigeria (FMBN) announced that contributions to the National Housing Fund (NHF) had reached N 191.9 billion (US\$ 964 million) as of March 2016. Through this, the NHF has funded the construction of 25 606 housing units and advanced 16 506 mortgage loans, while disbursements are pending for the delivery of an additional 15 085 housing units and 10 726 mortgage loans. Richard Esin, FMBN Acting Managing Director, also announced a loan which will integrate the informal sector (this sector makes up approximately 85 percent of the national workforce). FMBN has also introduced the 'Home Renovation Loan': a micro-mortgage product designed specifically for the improvement and expansion of existing residential properties.

link: <http://bit.ly/auhf50wan1>

In April, Realty Point Limited reported on the activities of the **Nigerian** real estate sector in 2015 and provided a forecast for 2016. In its 2016 forecast, Realty highlighted that the Nigerian real estate sector will contribute 7.6 percent to the GDP and is anticipated to be valued at US\$ 13.6 billion by the end of 2016—a US\$ 4 billion increase from 2014. The cost of building materials excluding cement and building blocks is anticipated to increase due to the weakening exchange rate.

link: <http://bit.ly/auhf50wan2>

In a bid to secure greater support from Beijing for the development of **Nigeria's** infrastructure, including the country's housing sector, President Muhammadu Buhari visited China in April. Several new agreements and memoranda of understanding that would boost trade and economic relations between Africa's largest economy and China were concluded and signed in the course of the visit.

link: <http://bit.ly/auhf50wan3>

percent of households own their own homes, with the majority of households (83 percent) residing in rural areas. Uganda has an estimated housing shortage of eight million units, including a deficit of 2.3 million units in urban areas.

link: <http://bit.ly/auhf50ean4>

---

## MEMBER NEWS

In Kenya, **Shelter Afrique** signed a KSh 100 million (US\$ 1 million) credit deal in the beginning of April 2016 with Kenyan financial services firm Modyn Credit for onward lending to low-income households with a monthly income of less than KSh 100 000 (US\$ 1 000). The credit facility to Modyn Credit has a tenor of 7 years. The loans to individuals will be used for housing acquisition, including the option of building incrementally. As reported in the last newsletter, Shelter Afrique has recently received an \$8.2 million capital injection from its largest shareholder, the African Development Bank.

link: <http://bit.ly/auhf50mn>

---

This is the monthly newsletter for AUHF. The AUHF is an association of fifty mortgage banks, microfinance institutions, building societies, housing corporations and other entities involved in the mobilisation of finances for the development of shelter and housing on the African continent. AUHF is a non-governmental association and has a presence in sixteen countries across Africa.

website: [www.auhf.co.za](http://www.auhf.co.za) | linkedIn: [African Union for Housing Finance](#) | twitter: [AUHF Housing](#)

---

*Copyright © 2016 African Union for Housing Finance. All rights reserved.*

You have received this correspondence because you signed up to the African Union for Housing Finance's mailing list.

[enquire about membership](#) | [find out about the AUHF](#) | [AUHF members](#)

[follow on Twitter](#) | [follow on LinkedIn](#) | [forward to a friend](#)

Our mailing address is:  
African Union for Housing Finance  
PO Box 72624, Parkview,  
South Africa, 2122

[add us to your address book](#) | [unsubscribe from this list](#) | [update subscription preferences](#)

The MailChimp logo is displayed in a white, cursive font within a grey rounded rectangular box.