



Unlocking the housing chain through innovation and capacity building

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développeur d'avenirs durables

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1 AFD at a glance



1.1 Profile

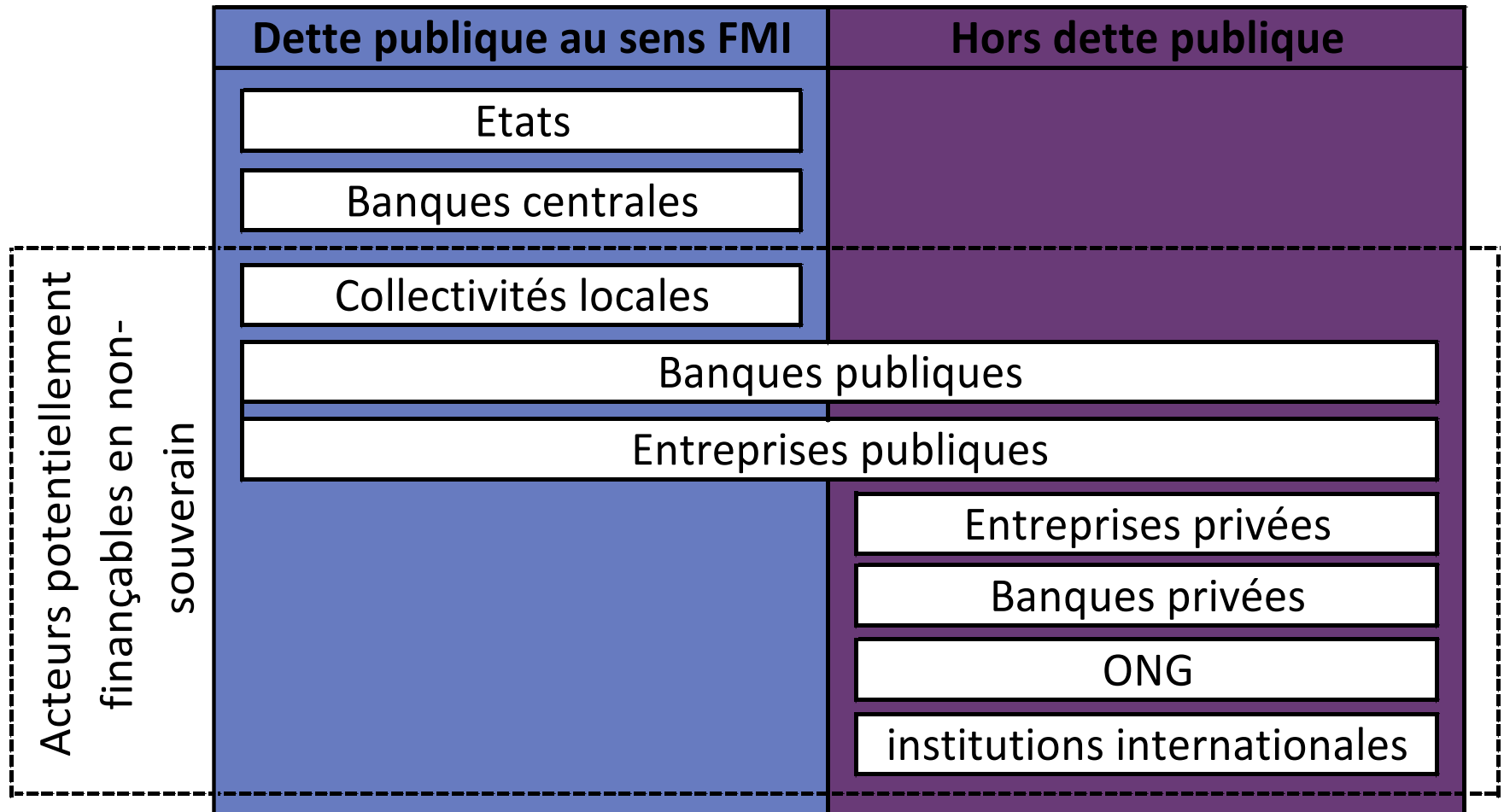
- A Public (state owned) Financial (banking status) Institution, registered under French Laws, created in 1942.
- AFD group: AFD, Proparco and FFEM (secretary)
- The main implementing agency for France's official development assistance: 7 billion euros of financing in 2013.
- Three main objectives :
 - Reducing poverty and inequalities;
 - Promoting sustainable economic growth;
 - Preserving Global Public Goods (climate, biodiversity, global public health...)

1.2 A worldwide establishment



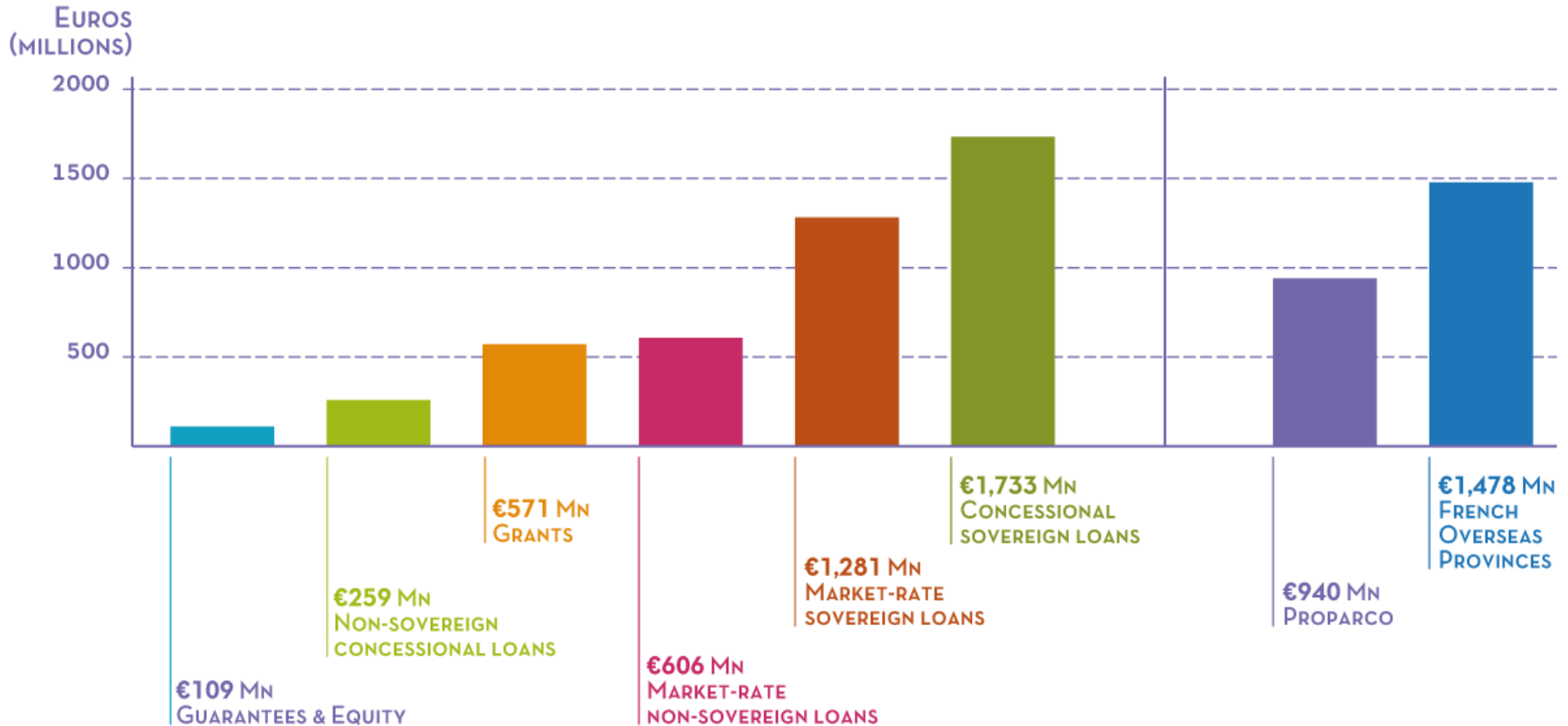
1.3

Various and numerous counterparts



1.4

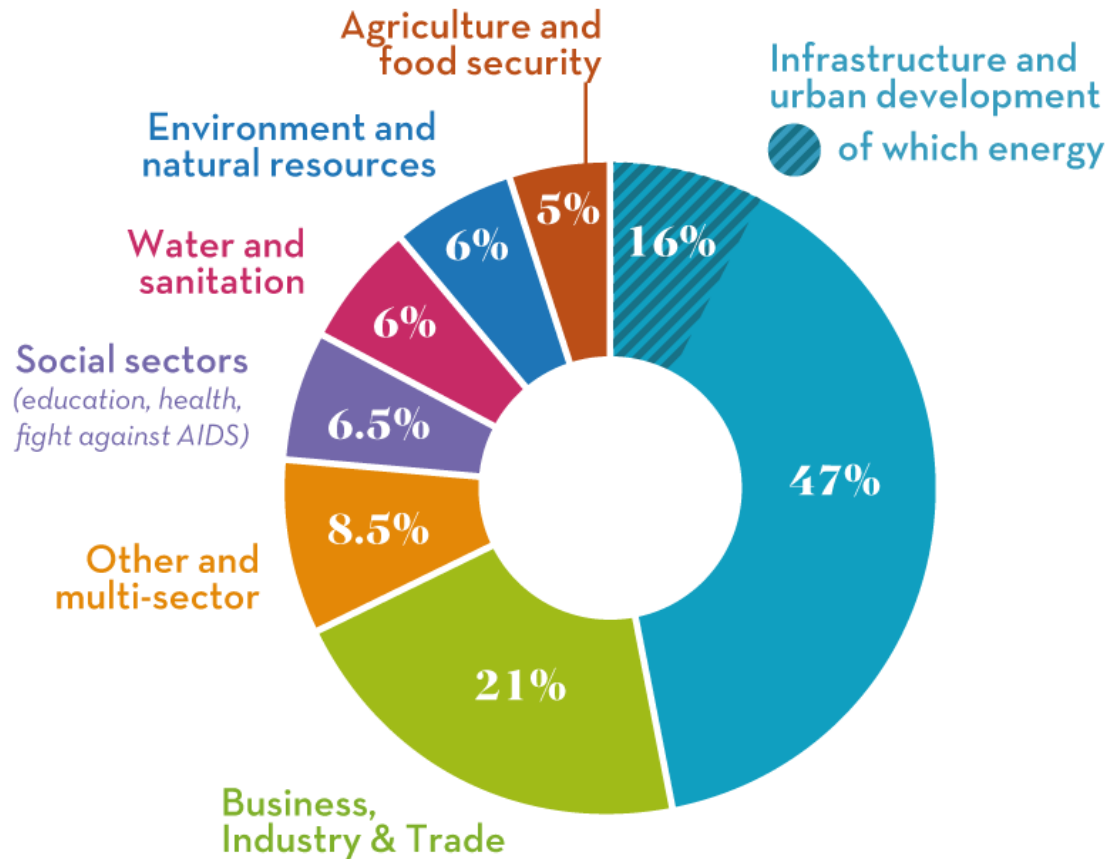
AFD has a complete range of financing tools



1.5

AFD works in a wide range of sectors

Share of total volume of funding approvals





2. Housing Finance at AFD



2.1

Rationale

- Moto : support **innovative and efficient** initiatives to unlock the housing chain in Africa

- Main focus:
 - Support housing finance to the benefit of the middle to low income households
 - Promote “green and sustainable housing” initiatives

- Cooperate with all stakeholders:
 - Work with national and local authorities to simplify the regulation towards housing, to secure the land and to integrate housing into the cities
 - Provide adequate funding
 - Support the private sector in innovative approaches

A recognized expertise in social housing in French Overseas Regions

- **An important role in financing urban development and social housing in French Overseas Regions**
 - **equity investments : AFD owns shares in 7 companies (“the SIDOM”) that build and manage social housing**
 - **debt financing : AFD funds urban development programs and construction projects**

- **In 2012 :**
 - **110 M€ of loans for urban development and construction in French overseas regions**
 - **3.300 housing units built by the SIDOM**

- **AFD aims at reinforcing its role in the housing and urban development sector in French Overseas Regions**
 - **by setting up specific financial products**
 - **by deepening its links with the SIDOM (governance and financing)**

2.4

A wide range of partners in Africa since the 70s

- Local authorities and cities, as well as their operators
- Specialized mortgage institutions : Uganda, Bénin, Sénégal, Tunisie
- Urban planer or Developers: Morocco, RSA
- Commercial banks
- Financial intermediaries
- Mortgage insurance company
- MFIs
- Housing private companies

2.5 A sample of operations



A strong partnership with Shelter Afrique

- Supporting their institutional lending activities and their « social housing » programme through soft loans and grant (2008 and 2013).
- Supporting the enhancement of the institution and financial innovation in affordable housing through grants

2.5

A sample of operations

A strong cooperation with Al Omrane in Morocco

- A regular support to the operator in financing and TA, especially on ESMS issues.
- Acting to develop and regulate the affordable housing sector in Morocco through an innovative and integrated approach.



2.5 A sample of operations

HFGA : Supporting a deposit mortgage insurance company

- Replicating a successful business model that has been developed and run in RSA by HLGC for more than 20 years.
- Currently operating in Ghana, Rwanda, Kenya, Uganda, Zambia and Tanzania



2.5 A sample of operations

LAPO in Nigeria: designing a new housing microloan, in cooperation with Lafarge, a cement company

- Soft loan in local currency (NGN) to support the development of a housing product (pilot phase)
- TA grant to build the MFI capacity towards housing
- Strong partnership with Lafarge, providing building TA
- Cooperation with *Global Communities*
- On-going process: project started in September 2013.

2.6 Next steps



- Share experiences and support innovation through the Donors' group coordinated by Making Finance Work for Africa
- New model/methodology to operate in the sector, to identify and support innovative initiatives
- Next “Private Sector and Development” review edited by AFD group devoted to housing finance



3. Challenges and opportunities to address the housing issues in Africa

3.1 Feedback from AFD's experience in housing finance

- Lack of integrated and effective public policy towards housing, with poor regulation and management on land
- Insufficient cooperation between the public authorities and the private investors to design a proper model for mass and affordable housing
- Poor investments on infrastructure to enable the production of mass housing
- Failure of financial markets and regular financial tools, with bad perception from the private investors

3.2 « Thinking outside the box »

- Integrate housing in its environment and provide long standing solutions
- Strengthen and ease the cooperation between the government, the local authorities and the private investors: identify mature projects for donors to support
- Create an attractive business environment to mobilize capital for housing finance
- Structure and enhance the housing sector as a whole (public authorities, developers, investors and end users) with knowledge management, training and TA services





photo by Alysia Peyton



Many thanks for your attention

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