



**International
Finance Corporation**
World Bank Group

**WE CAN END
EXTREME
POVERTY
IN A GENERATION
AND BOOST
SHARED
PROSPERITY**

**THE POWER
OF PARTNERSHIPS**

Affordable Housing Finance
Sub Saharan Africa
September, 2013

IFC's Purpose

- To promote open and competitive markets in developing countries
- To help generate productive jobs and deliver essential services to the underserved
- To support companies and other private sector partners where there is a gap
- To catalyze and mobilize other sources of finance for private sector development





Fiscal Year 2013 Highlights

Investments: 612 new projects in 113 countries

Advisory services: \$232 million in program expenditures

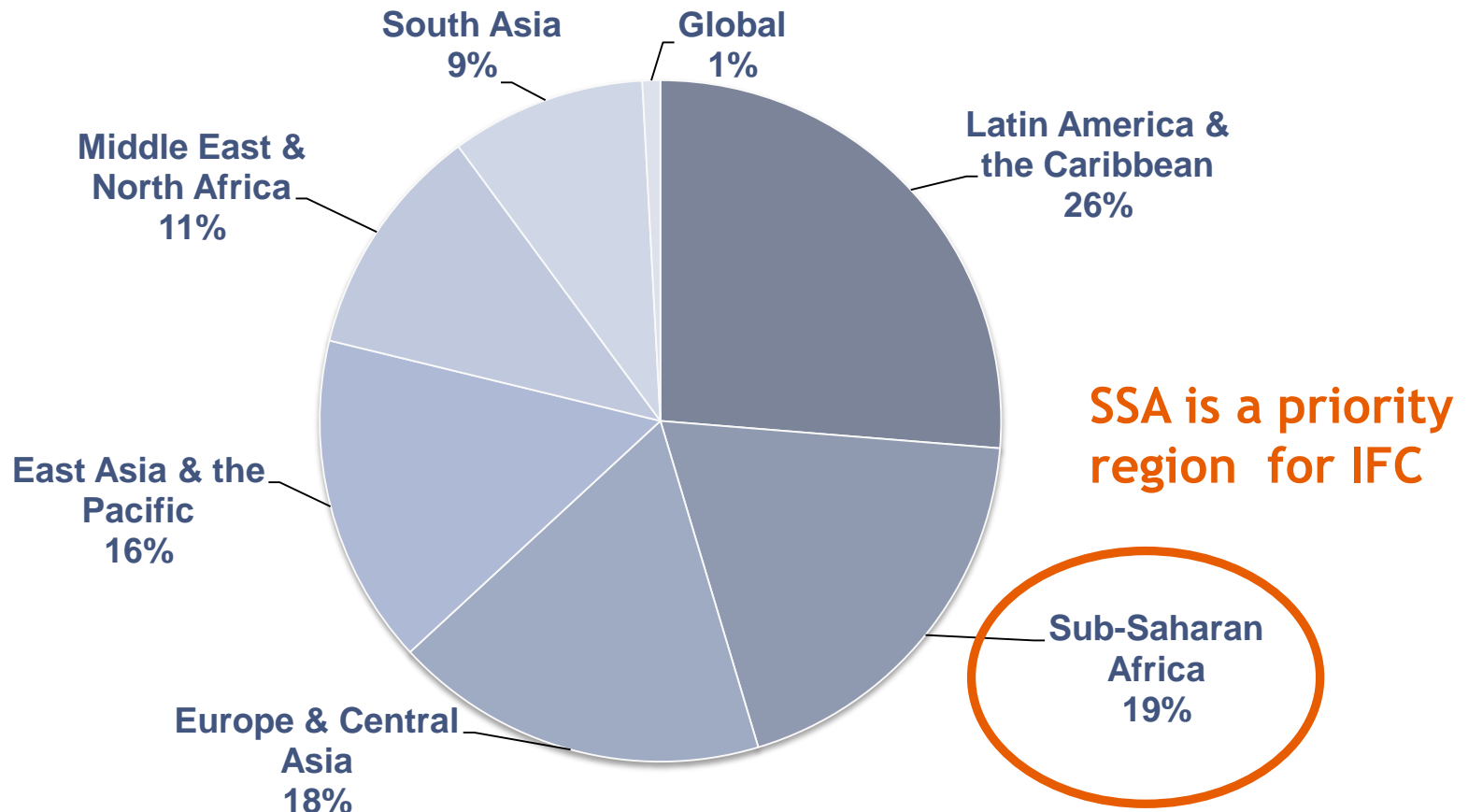
\$24.8 billion in financing: \$18.3 billion for IFC's own account, \$6.5 billion mobilized

\$49.6 billion committed portfolio

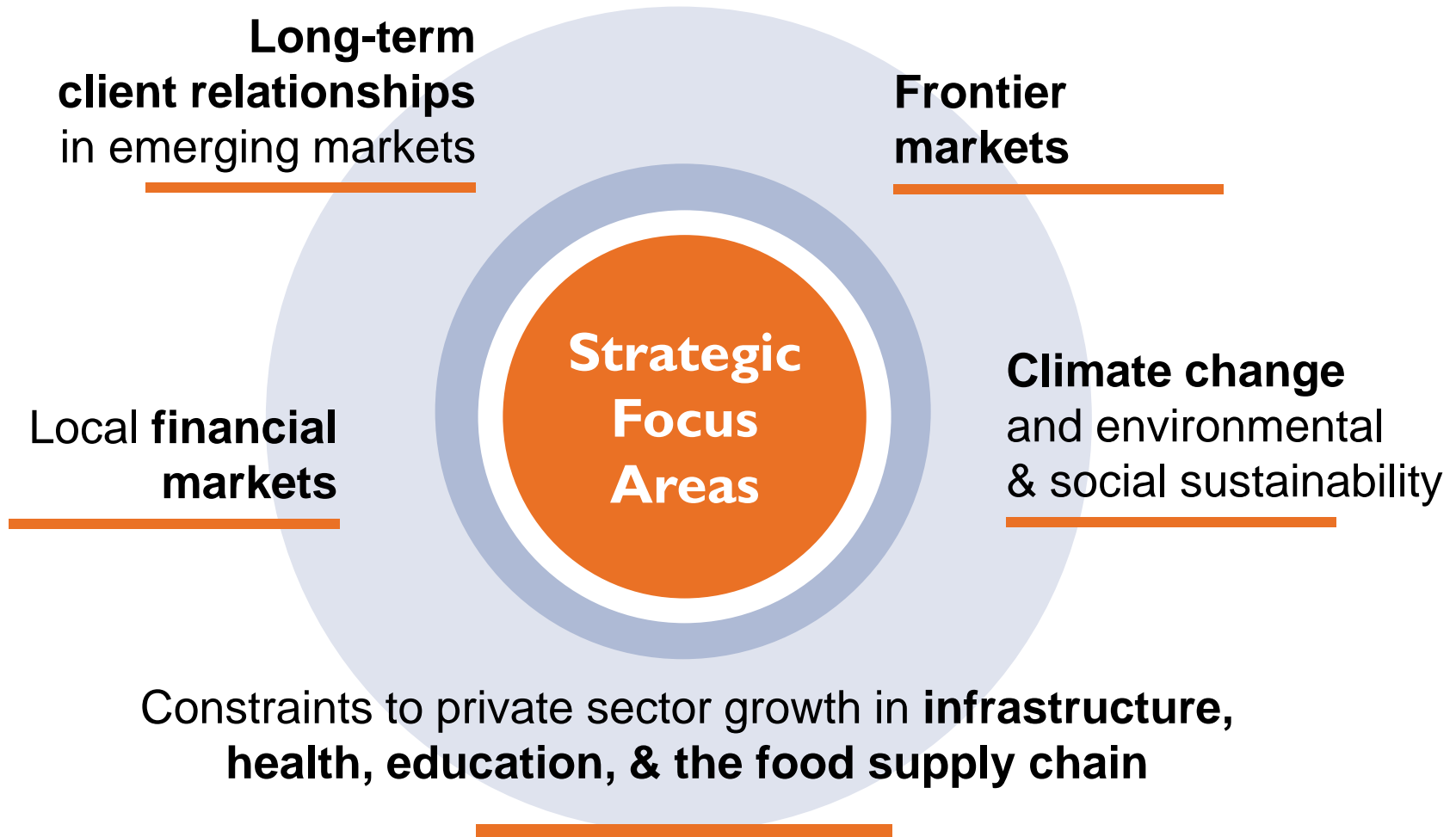
IDA countries account for almost half of IFC projects overall: \$3.5 billion invested in **Sub-Saharan Africa**

Investments by Region, FY13

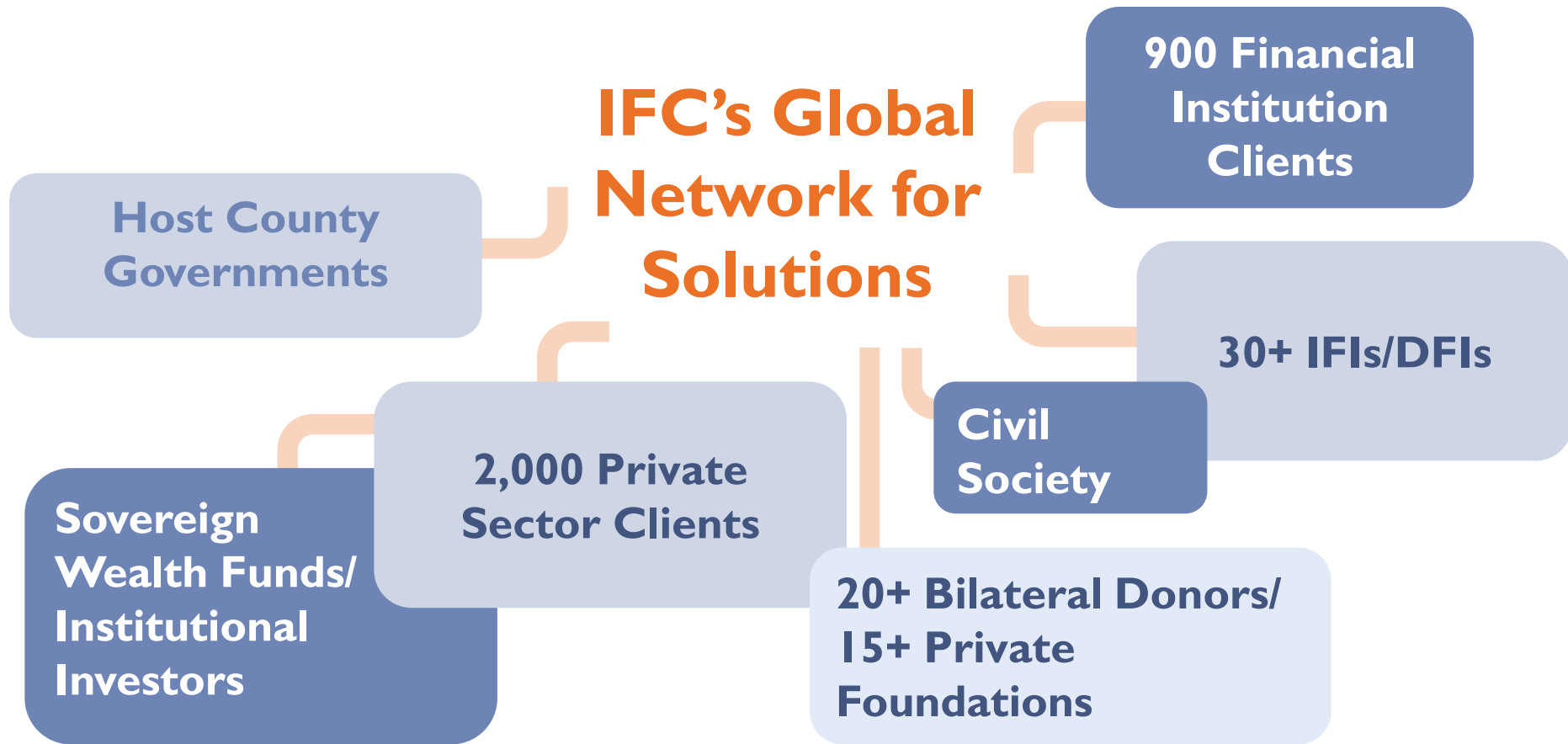
Commitments for IFC's Account: \$18.3 Billion



IFC's Priorities



The Power of Partnerships



Our Three Businesses

Integrated Solutions, Increased Impact

Investment Services

- Loans
- Equity
- Trade finance
- Syndications
- Securitized finance
- Risk management
- Blended finance

\$49.6 b portfolio (FY13)

Advisory Services

- Access to finance
- Investment Climate
- Sustainable Business
- Public-Private Partnerships

\$232 m (FY13)

IFC Asset Management Company

- Wholly owned subsidiary of IFC
- Private equity fund manager
- Invests third-party capital alongside IFC

\$5.5 b under mgmt (FY13)

IFC Housing Finance & Property Investments

- **IFC finances the entire housing value chain, from building materials to capital markets**
- **Since 2002, IFC has directly financed more than 76 housing finance lenders worldwide, providing over USD 2.6 billion in financing** to these institutions in emerging markets.
- **IFC's Housing finance clients have provided USD 18.3 billion in housing finance loans to 1.9 million homeowners.** As of March 2013, IFC HF projects included 85 clients, 167 projects, and \$1.1 billion in commitments in all of the regions in which IFC works.
- **IFC has committed approximately US\$1.2 billion in Real Property production in 53 projects since 2007** (before 2007 negligible), of which **45%** has been in Commercial Property and **55%** in Residential Property (affordable housing) as of 6/20/2013.
- **In FY 2012 & 2013, IFC funded lines of credit for US\$20 million to Housing Finance Kenya, including up to \$4 million from the IFC-Canada Climate Change Program to support a Green Mortgage component.** Additionally, IFC recently committed **US\$100 million to the Kenya Commercial Bank** to support its mortgage lending business.

IFC's Approach to Housing Finance in SSA

- **Our focus for now is on primary mortgage and microfinance lenders**
 - **Need a robust primary lending market to support bond issuances – Deal Flow**
 - **Capital market solutions currently feasible in a only few places: SA, possibly Kenya, eventually Nigeria, Uganda, Ghana**
- **Production, Production, Production**
 - **PPPs with authorities, JVs with international and local builders**
 - Banks can only make affordable mortgages if the formal sector builds affordable houses
 - The residential construction industries in SSA ex-South Africa is atomized and inefficient
 - IFC seeks to support mass scale developers and lenders in Africa, and Public Private Partnerships for large scale housing production
- **Housing microfinance shows promise** for lower income households that build incrementally.
- **Partnerships**
 - Shelter Afrique, AfDB, World Bank, AUHF, U.N. Habitat, AfD, KfW, and more.

Issues for Housing Finance in Sub-Saharan Africa

- **Housing demand is strong, and public authorities in many countries have made reforms in recent years**
 - **Uganda** mortgage law; **Rwanda** cadaster automation, BEE reforms; **Nigeria** national strategy for housing
- **Insufficient residential developer/builder capacity**
 - Banks can only make affordable mortgages if the formal sector builds affordable houses
 - The residential construction industries in SSA countries outside of South Africa is atomized and inefficient
- **The Business Enabling Environment (BEE) remains weak for housing construction and finance in many SSA countries**
 - To make housing affordable, it is critical to reduce the cost and time that it takes to trade in real property
- **Interest rates remain too high** in most SSA countries – improved macro conditions would boost affordable housing production
 - Mexico, mortgage rates fell from 19% in the year 2000 to 7% by 2008
 - Housing production from 200k units/year in 2000 to 750k units in 2008

Contacts

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