



SHELTER AFRIQUE

Financing Affordable Housing for Africa

AUHF ANNUAL CONFERENCE, MAURITIUS

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MOBILISING CAPITAL FOR HOUSING FINANCE: - STRUCTURING HOUSING PPPS

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- **Pan-African Housing Finance** Institution established by the AfDB and 44 African Governments to finance affordable housing;
- Only **specialist** Housing Finance Institution on the Continent;
- Share Capital : **USD1bn**;
- Expects to approve about **USD1.2bn** of financing for new housing supply over the next 5years;
- **Key Products** : Project Finance, Line of Credits, Equity Investment and Trade Finance;
- Moody's **Baa** - stable rating (2012)
- Based in **Nairobi, Kenya** but with presence in **32 African Countries**.

During the course of this session.....

Thousands of families would have migrated to one of the major cities in Africa in search of a new life adding to already severe shortage of housing in urban areas.



Competing Needs.....

In the face of competing demands from health, education etc, housing simply does not get adequate attention for public expenditure. For instance in many countries less than 5% of the budget is allocated to new housing.

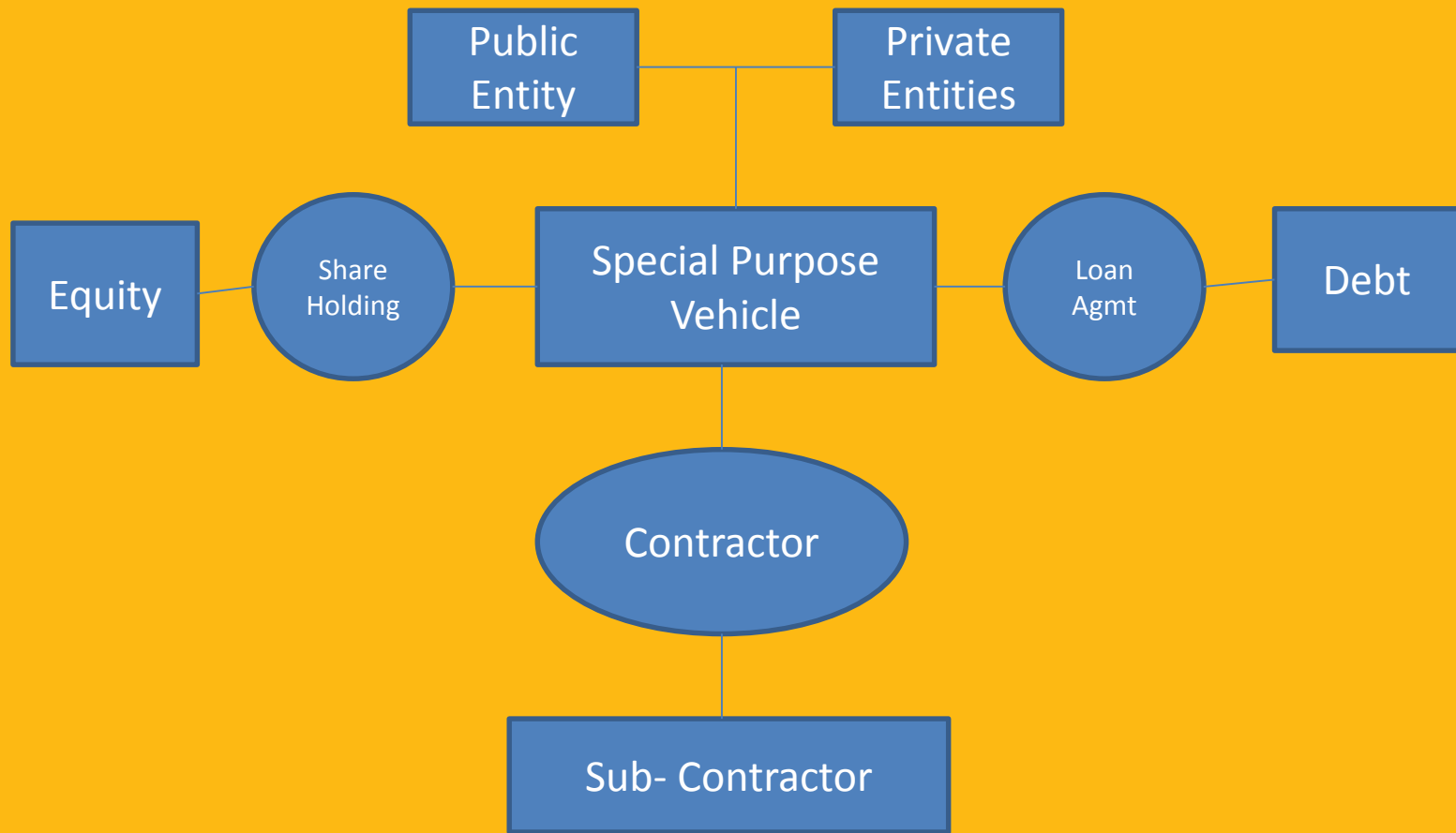


PPPs are a viable solution.....

Given inadequate public resources to finance housing, access to the increasing resources available in the private sector is an important option. We believe that PPPs has to be the main choice for scaling up housing supply to reduce need.



Housing PPPs : An important Solution





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AKAMUNIGO, KIGALI – RWANDA (2700 Homes)



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Project Highlights

- 58 Ha Site about 5km from the Centre of Kigali
- Proposal for about 2700 homes for sale including trunk and social infrastructure;
- Objective to create a high quality, high density urban neighbourhood with affordable housing;
- Project was initiated by the Mayor of Kigali in 2012.
- Shelter Afrique and Bank of Development of Rwanda invited to assist in conceptualising the Project and implementing preliminary feasibility studies;
- Detailed Project Design and Development to commence in October 2013
- Commencement in June 2014 with completion of the first phase 18 months later.



Rationale for Conceptualising this Project

1. **Housing Need** : The City of Kigali identified need for up to 10,000 new affordable housing units/per annum to meet severe shortfall. Political determination to do something about it.
2. **Lack of Financing** : Recognition that the City lacked adequate resources to finance an appropriate housing programme on its own;
3. **Private sector participation** as the only real option for realising political and social objective;
4. **Early sponsors** : Development Bank of Rwanda and Shelter Afrique who carried the pre-feasibility cost and risk (US\$250,000)



Outline Transaction Structure



Making the Transaction Work

A number of important early steps were taken to ensure that the Project was likely to be attractive to potential investors:

- **Selection of a Lead Adviser with track record and substantial experience;**
- **Adequate funding of initial feasibility, transaction structuring, site investigations, stakeholder consultations. This was paid for at risk by BRD and Shelter Afrique as early investors;**
- **Secure firm commitment of City of Kigali in respect of critical success factors including Land and infrastructure to Site.**

Some Lesson we are Learning

- Desire to execute a PPP project is not enough. It is important to have the capacity and experience of managing the process.
- It is critical to get a good Lead Adviser. It costs but it is money well spent. Don't fly blind.
- Ensure that the project conceptualisation is funded and well executed.
- PPPs take time and partners can loose interest, therefore keep interest alive with good communication.
- Acute shortage of Construction Capacity for large scale projects. Its useful to start selection process early.
- Disciplined planning is crucial. With many parties involved, its easy to loose track



Some thoughts for Discussion

If PPP structures are an effective structure for facilitating increased housing supply, why are there so few of them?

What role can organisations like the AHUF play in developing and promoting Housing PPP practice and structures in Africa. How can an initiative like this be funded?



Thank you

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