

February 2016

By Mounia Tagma

The FOGARIM: A Housing Loan Guarantee for the Informally Employed



1. Introduction

Khadija dreams of owning her apartment. She has found a “social¹” apartment that she wants to buy but her savings cannot cover the cost. Khadija has been working as a cook for a family from the upper middle class for almost two years. With her steady income, she knows she could afford a housing loan but she also knows how difficult it can be for salaried workers of the informal sector like herself to convince banks to grant them such a loan. With no salary slip², two banks have already refused her a mortgage loan. She is now awaiting the response of a third bank. In the quasi absence of social safety nets, especially for those who work in the informal sector, home ownership means more than housing. It means the possibility of having revenue from sub-letting the housing unit, even if unemployed. This makes home ownership, and not just housing, a primary goal for a large number of Moroccans.

Khadija lives and works in Casablanca, Morocco’s largest city and the heart of its economy. This North African country of 33 million inhabitants has no major natural resources. Like many other African countries, Morocco is faced with a shortage of decent affordable housing, particularly in its largest cities.

With a growing urban population and a shrinking household size, the shortage of housing reached 1 240 000 units at the end of 2003³. That same year the Ministry of Housing launched the National Urban Strategy. In order to support the production of affordable housing, the Government of Morocco established several programs including “social housing” programs with tax exemptions, public-private partnerships, changes in zoning and urban planning and a special solidarity fund⁴ that subsidizes urban upgrading and the production of housing for slum dwellers. A very popular

CONTENTS

1 Introduction	1
2 The history of FOGARIM	2
3 The FOGARIM Guarantees	3
4 FOGARIM terms and conditions	4
5 Operation in reality	5
6 Key issues	5
7 Questions for discussion	6
8 Exhibits	7
9 Bibliography and sources for further reading	9
10 List of abbreviations	9

Across Africa, practitioners are grappling with the challenge of creating an enabled housing finance environment. While these challenges may seem insurmountable, there is a growing track record of novel solutions and initiatives, pioneered by policy makers, financiers, developers and households themselves, suggesting that there are new opportunities for making the housing finance sector work for the poor in Africa. This case study is part of a broader series that CAHF has commissioned in order to support professional development and inform a broader research and dialogue process. The case studies vary, addressing themes as diverse as housing microfinance, mortgage liquidity facilities, cement block-banking, home loan guarantees for the informally employed, and infrastructure financing, highlighting experiences from countries across the continent. We hope this series contributes to more precise and successful endeavours that realise the opportunities in this market.

The Centre for Affordable Housing Finance in Africa (CAHF) is a not-for-profit company with a vision for an enabled affordable housing finance system in countries throughout Africa, where governments, business, and advocates work together to provide a wide range of housing options accessible to all. CAHF’s mission is to make Africa’s housing finance markets work, with special attention on access to housing finance for the poor. We pursue this mission through the dissemination of research and market intelligence, supporting cross-sector collaborations and a market-based approach. The overall goal of our work is to see an increase of investment in affordable housing and housing finance throughout Africa: more players and better products, with a specific focus on the poor.

¹ Social housing in Morocco has a price ceiling of MAD 250,000 (US\$25,000) and benefits from major Government incentives.

² In Morocco, salary slips are often required for various administrative procedures, including loan requests and visa applications.

³ Caisse Centrale de Garantie (CCG)

social housing programme among real estate developers is the one established by the 2010 Finance Act. It gives significant tax exemptions to real estate developers that build at least five hundred housing units over five years. These housing units must meet minimum technical and architectural requirements that are specified in a memorandum of agreement that the developers sign. In addition, each one of these apartments cannot be sold at more than MAD 250 000⁵ or US\$25 000⁶. There is no legal limit in the income of the “social housing” buyers; the only criterion is that they do not own housing. This “social housing” programme has produced more than 500 000 units since 2010⁷.

The availability of affordable housing on the market is not the only barrier to home ownership for a significant part of the Moroccan population. Access to formal housing finance is also an issue. Indeed, the informal sector in Morocco represents more than a third of the labor force⁸. Only 62% of the population has access to banking services⁹ and banks prefer to reduce their risk by not lending to the poor, let alone if they do not have steady revenue or cannot bring proof of a formal income.

BOX: CAISSE CENTRALE DE GARANTIE

Caisse Centrale de Garantie (CCG) is a Moroccan Government agency that was created in 1949, initially to support private initiatives by guaranteeing loans to small entrepreneurs.

In 2003, CCG started guaranteeing housing loans. Today CCG offers three types of housing loan guarantees (FOGARIM, FOGALEF and FOGALOGÉ). FOGARIM and FOGALOGÉ are targeted at fixed interest loans (the banks determine the interest rates) that finance housing, land to be used for housing construction, or the housing construction itself. Clients can only benefit once from a Government guaranteed loan, except for land and construction loans that can be cumulated. FOGALEF is targeted specifically at teachers.

In addition to housing loan guarantees, Caisse Centrale de Garantie guarantees loans to small entrepreneurs who wish to start or develop a company. CCG also guarantees loans to students to finance their education in the private sector. This guarantee is called “enseignement plus”.

2. The History of FOGARIM

In order to improve access to mortgage loans, in December 2003¹⁰ the Government of Morocco created a fund that guarantees housing loans targeted at citizens with low and / or irregular income. It was called FOGARIM¹¹ and was administered by *Caisse Centrale de Garantie* or CCG, a Government agency that offers different types of loan guarantees (see box). People like Khadija could finally have access to formal home financing.

FOGARIM was not developed in isolation, and is one of three housing guarantees offered by the CCG. The Moroccan Government had been thinking about and implementing measures to support increased access to affordable housing and housing finance since as early as 1949 when the CCG was originally established.

Up until 2003, the government had supported access to housing finance through interest-rate subsidies. If the value of the housing for which the loan was contracted was less than US\$20 000, the government covered 3.5 points of the interest rate (meaning, if the total interest rate was for instance 7%, the Government would pay 3.5% and the client would pay 3.5% as well). If the value of the housing was between US\$20 000 and US\$35 000, the Government paid 2.0 points of the interest rate. The subsidy programme only applied to clients whose monthly income did not exceed US\$360 and who supported from their own resources at least 10% of the housing price, for a maximum loan duration of 25 years. In addition, borrowers benefited from a VAT exemption on the interest paid. While the programme helped reduce the cost of the housing loans and improve household affordability, it still excluded clients with unsteady incomes. In addition, the subsidy programme was very costly. It cost on average US\$30 million a year for about 10 000 beneficiaries¹².

⁴ FSHU or Fonds de Solidarité Habitat et Développement Urbain, previously known as Fonds de Solidarité Habitat (housing solidarity fund). The fund subsidizes urban and slum upgrading programs.

⁵ Excluding VAT, which is then reimbursed by the tax administration.

⁶ The exchange rate used throughout is 10 Moroccan dirhams for 1 United States dollar (Web. 02 Oct. 2015 <http://coinmill.com/MAD_calculator.html#MAD=1>)

⁷ La Nouvelle Tribune, 10 March 2015. Web. 09 Aug. 2015 <<http://int.ma/habil-benabdellah-pres-500-000-logements-sociaux-construits-depuis-2010/>>.

⁸ In 2007, 37.3% of the labor force (excluding those working in the agricultural sector) belonged to the informal sector. Haut Commissariat au Plan. “Enquête Nationale sur le Secteur Informel 2007, Principaux Résultats”, 08 Dec. 2009. Web. 09 Aug. 2015. <http://www.hcp.ma/downloads/Secteur-informel_t11887.html>

⁹ Challenge.ma. “Bank Al Maghrib dresse son diagnostic,” 08 Dec. 2014. Web. 09 Aug. 2015. <<http://www.challenge.ma/bank-al-maghrib-dresse-son-diagnostic-39221/>>

¹⁰ Bounakhla, Abdelaziz. Caisse Centrale de Garantie. “Damane Assakane : présentation et bilan,” 14 Oct. 2014. Web. 09 Aug. 2015.

<<http://www.finances.gov.ma/Docs/2014/DTFE/Presentation%20%20%20CCG.pdf>>.

¹¹ Fogarim stands for “Fonds de Garantie pour les Revenus Irréguliers et/ ou Modestes” or Guarantee Fund for Low and/or Irregular Income

¹² MAD 300 million. Bounakhla, Abdelaziz. Caisse Centrale de Garantie. “Damane Assakane : présentation et bilan,” 14 Oct. 2014. Web. 09 Aug. 2015.

<<http://www.finances.gov.ma/Docs/2014/DTFE/Presentation%20%20%20CCG.pdf>>.

3. The FOGARIM Guarantees

The FOGARIM guarantees sought to address the problems of previous interventions. The Damane Assakane Fund was established as the core fund, and from this, different guarantee products were developed.

Damane Assakane fund			
FOGARIM		FOGALOGÉ	FOGALEF
FOGARIM-VSB	Other FOGARIM		
FOGARIM is the guarantee for low and/or irregular income households. FOGARIM has given access to housing bank loans to populations who had no access to such loans before. Only citizens who do not own housing can benefit from FOGARIM loans. Duration of FOGARIM loans is not limited by CCG but banks rarely give more than 25 years (it also depends on the age of the borrower).		FOGALOGÉ is the guarantee to housing loans to Moroccan middle-class professionals living in Morocco or abroad. FOGALOGÉ loans have a 50% Government guarantee. While loan amounts are not capped, the undertaking of the guarantee cannot exceed US\$40,000. 100% financing is possible with FOGALOGÉ loans.	FOGALEF started in 2003, shortly before FOGARIM. FOGALEF is subsidized (by the Mohamed VI foundation, 2 to 4 percentage points) and provides 100% guaranteed loans to teachers of the public sector. The Government subsidizes part of the interest rate. FOGALEF differs from the others as it is also a subsidy and can be used for variable interest loans.
FOGARIM for “cities without slums households”: loans are 80% guaranteed and monthly payments must not exceed 1000 dirhams.	Housing value does not exceed US\$25,000. Loans are 70% guaranteed. Monthly installments must not exceed US\$175.		

FOGARIM loans were accessible to clients with irregular income. This was a major innovation compared to the housing loans that had existed in Morocco until then.

A special version of the FOGARIM guarantee applies to the Cities without Slums programme. “Villes sans Bidonvilles” was launched in 2004. This national programme initially aimed at improving the living conditions of about 360 000 households¹³ by the end of 2010, the deadline having been extended since then. It is funded by a Government subsidy (FSHIU, financed notably by a tax on cement), slum dwellers themselves and the implementing agency (Al Omrane, for about 85% of the program). The latter cross-subsidizes between the sale of land and housing to the middle class and “social” programs such as “Cities without Slums”.

Resettlements can happen in one of three different ways:

- “Upgrading”: slum dwellers stay on site and Al Omrane brings in all basic infrastructure (water, electricity, sanitation, roads).
- Slum households can also be given or sold (at a symbolic and largely subsidized price) a small apartment unit.
- Slum households can be given or sold at a low price a serviced plot of land on which they will build their housing, often incrementally, following minimum architectural standards provided by Al Omrane. Sometimes one plot of land is attributed to two families to share.

By September 2014, 12 332 slum dwellers had benefited from FOGARIM-guaranteed loans¹⁴.

Because it was a guarantee and not a subsidy, FOGARIM required a smaller budget per client¹⁵. It was therefore able to reach a larger number of clients: 123 990 clients and a total loan amount of US\$1.9¹⁶ billion by June 2015¹⁷.

The FOGALOGÉ guarantee (targeted at the middle class) had a smaller reach – about 23 000 clients benefitted. So, between December 2003 and June 2015, Damane Assakane (FOGARIM and FOGALOGÉ) had given access to housing credit to more than 147,000 individuals with a loan volume of about US\$2.6 billion (MAD 25,960.97 million) .

By June 2015, FOGALEF had guaranteed and subsidized 138,487 loans for a total amount of US\$2.3 billion (MAD 23,619.25 million)¹⁸.

¹³ Toutain, Olivier. “Le fonds d’assurance hypothécaire Damane Assakane: retour d’expérience et perspectives futures,” 14 Oct. 2014. Web. 09 Aug. 2015. <<http://www.finances.gov.ma/Docs/2014/DTFE/Pr%E9sentation%20Olivier%20toutain.pdf>>.

¹⁴ Bounakhla, Abdelaziz. Caisse Centrale de Garantie. “Damane Assakane : présentation et bilan,” 14 Oct. 2014. Web. 09 Aug. 2015. <<http://www.finances.gov.ma/Docs/2014/DTFE/Presentation%20%20%20CCG.pdf>>.

¹⁵ For each dollar in the Damane Assakane guarantee fund (Fogarim and Fogaloge), there are 26 dollars in loans outstanding (CCG).

¹⁶ MAD 19,023.68 million.

¹⁷ In order to evaluate more precisely the cost-efficiency of the FOGARIM compared to the loan subsidy, more information would have been required that could not be obtained from CCG. Such information would have also informed us about the cost of FOGARIM to the Government of Morocco and its sustainability over time.

¹⁸ CCG

4. FOGARIM Terms and Conditions

4.1 Eligibility criteria

In theory, all Moroccan citizens with low and/ or irregular income who had never benefited from a FOGARIM loan or housing loan subsidy are eligible for a FOGARIM loan through a bank. In addition to these criteria, banks have all the authority to decide who, among the eligible loan candidates, has the capacity to repay the loan. CCG only gives final approval (or rejection) of loan requests that have been already pre-approved by the bank. That explains why, in spite of the FOGARIM and the fact that she fits all eligibility criteria, Khadija's loan request was rejected by two banks.

A loan can be contracted by more than one person (two spouses for instance) but it is usually given to an individual. For that reason, it is possible for two people in the same household to contract two different loans for the purchase of two different housing units.

4.2 Terms of the guarantee

CCG guarantees 70% of FOGARIM loans to the banks but its actual loss in case of default is less than 70% of the loan value because FOGARIM loans are mortgage loans and, although foreclosures are lengthy and difficult to enforce, they do happen¹⁹.

One type of FOGARIM loan benefits from an 80% guarantee. Those are FOGARIM loans granted to individuals that are part of a "cities without slums" resettlement programme (see box on the "cities without slums" program). The eligibility criteria and conditions of the "FOGARIM-VSB" loans differ slightly from those of the other FOGARIM loans. Maximum monthly payments are smaller (US\$100), and clients can benefit from the loans even if their individual property title is not yet available. Instead, they sign a commitment to mortgage their property once the title is available. This is only possible because the larger property title is held by the Government (usually a municipality or Government agency), which provides added security to the banks.

4.3 FOGARIM: what happens if a client defaults?

When a FOGARIM client fails to make his or her monthly payment, they receive reminders from the bank in the form of phone calls, text messages or letters. If the client makes late payments or fails to repay more than once, the bank will reach out to the client in order to find a solution. But the actual process that makes the bank benefit from the guarantee and that can eventually lead to foreclosure cannot start unless the client fails to repay the bank for nine months.

According to the rules of Bank Al Maghrib, Central Bank of Morocco, when a client defaults on repaying the bank for a period of nine months, the bank reclassifies the loan as "compromised debt." It then asks the client to pay back the entire loan amount. If the client does not pay back the loan, the bank can request the involvement of the guarantee. CCG will then pay 70% of the client's debt to the bank (remaining capital owed to the bank at the time of the ninth month of default in addition to the nine monthly repayments the client defaulted on and the interest owed).

The bank will also start the legal process to recover all the debt, including the part that has been paid by CCG. After the tribunal has made the decision of foreclosure, local authorities are in charge of its implementation. The foreclosed land or housing is then sold in an auction. The amount of the sale goes to the bank that deducts the legal fees and splits the rest between itself and CCG in proportion to their respective debt. If there is any amount left, it is returned to the client.

If the client repays the bank before the auction, the bank can request the renewal of the guarantee for a consolidated and rescheduled loan. The loan and repayments then resume.

According to CCG and the banks, both the guarantee and the foreclosure processes have been implemented for FOGARIM loans. CCG asserts that banks can recover seventy per cent of the outstanding loan amount through an easy and straightforward process but neither the banks nor CCG would disclose more information on their experience with the guarantee (process duration, total amount paid to the banks, percentage of the actual defaulted loans that benefit from the guarantee, etc.). Bank representatives²⁰ confess however that the foreclosure process can be a difficult, lengthy and challenging one, especially in a post Arab Spring context. Fear of social unrest makes dialogue and negotiation preferable.

4.4 Sustainability of the fund

All clients of FOGARIM or FOGALOGÉ-guaranteed housing loans pay a small percentage of the loan amount that contributes to the fund. The purpose is also to make these guaranteed loans less affordable than their non-guaranteed equivalents and ensure that clients who do not fall in the FOGARIM and FOGALOGÉ targets and who could actually have access to the more affordable, non-guaranteed loans would choose these rather than the more expensive guaranteed loans.

¹⁹ According to both the CCG and banks representatives interviewed, foreclosures are rare but do happen.

²⁰ Interviews by the author.

5. Operation in Reality

All banks in Morocco can grant FOGARIM loans. The FOGARIM loans are granted by the banks to the clients; there is no direct relationship between the end-clients and the CCG. The information check is done by the bank, which then decides the loan amount, the interest rate (taking into account the guarantee), the loan duration, and pre-approves or rejects the loan request.

In order to benefit from the guarantee, the bank must respect all FOGARIM criteria a fixed interest, a maximum monthly payment of US\$175, a housing value that does not exceed US\$25,000 (excluding VAT) and a client who is part of the targeted population (low and/ or irregular income and has never benefited before from a housing loan guarantee or subsidy). Every loan guarantee request that gets internal approval by the bank is then sent electronically to CCG for a final decision, which is communicated to the bank within 24 business hours.

By reducing their loss in case of default and transferring a large part of it to the Government, FOGARIM reduced the risk borne by banks. It also improved access to housing finance and made housing loans to the poor more affordable (although it is not a subsidy, by reducing the risk for the banks, the guarantee indirectly reduces the interest rate). The FOGARIM undeniably changed the housing finance landscape in Morocco. Its impact on the housing market is however more difficult to assess as the FOGARIM came with many other housing policies that could have caused similar changes in the market.

FOGARIM has been a lot more effective than the subsidy program, reaching out to a larger population, including people with informal or irregular income and slum dwellers, and costing less to the Government for each citizen that has benefited.

6. Key Issues

Considered as a success, FOGARIM presents multiple challenges however.

6.1 Issues in the design of FOGARIM

FOGARIM has undeniably filled in a gap in the housing value chain. But some gaps remain. According to Mohamed, deputy general manager of one of the Al Omrane regional affiliates, “the real problem is with the types of loans currently available. Poor people who are informally employed do not necessarily earn the same amount every month. They should be able to make higher or lower monthly repayments depending on the season. Those who work in the tourism industry, for instance, make a lot more in the summer.” Mohamed adds that payments could also be made twice a month instead of every month. “Money should go to the bank as it is earned, before the clients spend it.” Indeed, the FOGARIM guarantee did not stimulate major product innovations.

6.2 Issues in the implementation of FOGARIM

Although the guarantee operates between CCG and the bank, clients know about FOGARIM. Most banks advertise it on their web sites and leaflets under different names²¹. While this makes citizens aware of the effort that the Government puts into giving them access to housing credit, it also creates perverse incentives. Some clients believe that they do not need to repay their loans because the Government gave them the money²². Some clients even reported to their bankers that they got this information from the real estate company they wished to buy their housing from²³. The misunderstanding of the FOGARIM by clients caused banks to be more suspicious of the client category targeted by the guarantee.

Clients²⁴ from different regions of Morocco report that they have been told by their bankers that the delay of their FOGARIM approval was due to CCG. The latter asserts that the verification of a FOGARIM file received from a bank takes one day. Other clients claim that bankers told them that FOGARIM loans no longer existed. Finding out later on that this was not true, they concluded that banks did not want to deal with them. This reveals the banks’ reluctance towards working with FOGARIM and its cost might be a reason.

Irrespective of their default rate of 5.6%²⁵, FOGARIM loans are also costly to banks. The fixed costs associated with any loan are supported by a smaller loan amount in the case of FOGARIM (capped at US\$25,000). In addition, those fixed costs may be higher in the case of FOGARIM loans. Karim, a Banque Populaire banker, explains that, in the beginning, the estimation of a FOGARIM client’s income was only based on his or her declarations (versus a salary slip for non-FOGARIM clients in addition to their banking history, often non-existent with FOGARIM clients). The Bank then realized that FOGARIM clients needed a differentiated information check to reduce the information asymmetry. Now, Banque Populaire bankers visit their clients at their work place and conduct

²¹ “Iskane Madmoune Fogarim” for CIH bank (<http://www.cihbank.ma/particuliers/decouvrir-nos-offres/financer-projets/prets-immobiliers/credits-conventionnes/iskane-madmoune-fogarim>), “Salaf Al Baraka” for BMCE bank (<http://www.bmcebank.ma/front.aspx?SectionId=150>), “Salaf Bayti Fogarim” for Société Générale (<http://www.sgmaroc.com/index.php?id=2156>)

²² Bank interview

²³ Toutain even speaks of a social and political manipulation of FOGARIM by local stakeholders, suggesting that wrong information about FOGARIM was sometimes purposefully given. Toutain, Olivier. “Le fonds d’assurance hypothécaire Damane Assakane: retour d’expérience et perspectives futures,” 14 Oct. 2014. Web. 09 Aug. 2015. <<http://www.finances.gov.ma/Docs/2014/DTFE/Pr%E9sentation%20Olivier%20toutain.pdf>>.

²⁴ Interviews by the author

²⁵ 5.6% in Aug. 2014. Bounakhla, Abdelaziz. Caisse Centrale de Garantie. “Damane Assakane : présentation et bilan,” 14 Oct. 2014. Web. 09 Aug. 2015. <<http://www.finances.gov.ma/Docs/2014/DTFE/Presentation%20%20%20CCG.pdf>>.

investigations to assess their client's ability to repay the loan. While Karim does not affirm it, this added procedure is likely to increase the cost of a FOGARIM loan.

Moreover and generally speaking, the overall “business” generated by the relationship with FOGARIM clients is weak. They are more used to dealing with cash and do not consume many banking services. Even if the opening of a checking account is made compulsory by the FOGARIM loan (monthly payments go through that account), “there is generally little activity on these accounts²⁶.” This could explain why most banks seem uninterested in FOGARIM.

Both CCG and bankers report that the default rate on FOGARIM loans²⁷ is not higher than on other mortgage loans. The difference appears to be at the foreclosure stage. After a lengthy judicial procedure, local authorities are responsible for the enforcement of the legal decision. The fear of social unrest, particularly in poorer neighborhoods, makes foreclosures more sensitive²⁸.

Although this was not confirmed by the banks or by CCG, it seems that lenders would no longer continue to serve the “low and/or irregular income” market in the absence of the guarantee. Even with the guarantee, many banks stopped granting FOGARIM loans. While FOGARIM is open to all banks (and many of them were involved in it at the launch of the guarantee), Banque Populaire and Crédit Immobilier et Hôtelier (CIH) account for 81% of the FOGARIM loans granted in 2014²⁹. The fact that the State is a major shareholder in both of these banks³⁰ could explain that they pursue FOGARIM loans as part of a “social” mission dictated by an important shareholder rather than because of a business objective. Even at Banque Populaire and CIH, clients report having been told that “FOGARIM no longer exists.” That would also mean that the guarantee alone was not enough of an incentive to give low income citizens access to housing loans.

Despite these challenges, after more than ten years of existence, FOGARIM has proved to be a success. It has widened access to housing finance and through it to banking services in general. In addition to improving finance inclusion, FOGARIM achieved its primary goal to improve access to housing.

7. Questions for Discussion

FOGARIM has inspired several countries, including in Africa (Sénégal, Côte d'Ivoire) to launch similar guarantees, but to what extent is it replicable? How would the FOGARIM eligibility criteria need to be adapted? Would the terms of the loan guarantee work in different contexts? And what would be realistic consequences for clients who default? The FOGARIM loan is a mortgage loan. This assumes at the same time a strong land tenure regime and the enforceability of foreclosures³¹. FOGARIM also rests on a strong banking system, ideally with a credit bureau to limit the risk of default by clients who have already proved their inability to repay. Besides these, what other lessons can be drawn from the Moroccan experience? FOGARIM has created perverse incentives among some clients: it became an excuse not to repay the loan. How might this risk be better managed in the design of FOGARIM? What other perverse incentives could FOGARIM create? Could the banks use the guarantee to simply transfer most of the risk to the Government and become less diligent about the loans? Could they use the guarantee to serve clients who would have had access to housing loans even in the absence of the guarantee?

How can the issues in the design and the implementation of FOGARIM be tackled? How can financial education prevent a misinterpretation of the guarantee? Should Governments communicate this?

²⁶ Author's interview with a banker

²⁷ This is questionable given that, just within the different CCG guarantees, there are differences between FOGARIM loans and guarantees targeted at higher income clients. In Aug. 2014, the default rate on FOGARIM loans was 5.6% while it was 1.1% on FOGALOGÉ loans.

²⁸ Bounakhla, Abdelaziz. Caisse Centrale de Garantie. “Damane Assakane : présentation et bilan,” 14 Oct. 2014. Web. 09 Aug. 2015. <<http://www.finances.gov.ma/Docs/2014/DTFE/Presentation%20%20%20CCG.pdf>>.

²⁹ Cf 23

³⁰ CCG. The FOGARIM market share is 44% for CIH and 37% for Banque Populaire. Mètre Carré. “BP et CIH seules à octroyer des prêts Fogarim,” 25 July 2013. Web. 09 Aug. 2015. <<http://metrecarre.org/bp-et-cih-seules-a-octroyer-des-prets-fogarim/>>

³¹ According to Kecia Rust, across sub-saharan Africa, mortgage markets are small “because land cannot be secured.” Rust, Kecia. Centre for affordable housing in Africa. “Extending the reach of housing finance in Africa,” 13 May 2013. Web. 09 Aug. 2015. <http://www.finmark.org.za/wpcontent/uploads/pubs/Pres_Zambia_seminar_14May2013_pptx.pdf>.

³² The World Bank. Web. 09 Aug. 2015. <<http://data.worldbank.org/country/morocco>>

8. Exhibits

Exhibit 1			
8.1 Morocco: key information			
Capital:	Rabat	GDP per capita (2013 est.):	3,108.65
Largest city:	Casablanca	Unemployment rate:	9%
Population (2014) :	33.39 million ³²	Population below national poverty line:	9%
Population growth rate (2014 est.):	1.49%	Housing shortage (2014 est.):	650 000
Urban population (% of total, 2014):	59.20%	Annual housing demand (2011 est.):	150 000
Urbanization rate (2013):	2.34%		

Exhibit 2	
8.2 Documents requested to the client for a FOGARIM-guaranteed loan application	
Documents requested by the bank:	Additional documents requested by the notary:
Copy of the national identification card	Copies of the payment receipts (when downpayments have been made)
Certificate from the tax administration that shows that the client does not own any other housing in the province where he/she wishes to buy housing ("certificat de non imposition")	Bank's agreement in principle to the loan
	Marriage certificate or divorce certificate or a certificate that proves that the client is single
Residence certificate (to prove that the client lives in the same province where he/she wishes to purchase housing)	Copy of the spouse's national identification card (if the client is married)
A document from the real estate developer that proves that the client has booked a housing unit	
Copy of the sale contract	
Last three monthly bank statements that show that the client's bank account is "active"	
A letter from the client in which he/she states his/her sources of income ("regular" clients must provide salary slips instead)	

Exhibit 3

8.3 Pictures of social housing in Morocco

Social housing (the type that is sold up to US\$25,000 excl. VAT)



Buildings of the US\$ 14k apartments

Marrakech – The red color of the Marrakech buildings is mandatory in Marrakech, not just for social housing.



Meknes



9. Bibliography and Sources for further Reading

Al Aissami, Nouaman, The World Bank.

http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/GHFC_2021_Nouaman_AI_Aissami.pdf

Baverl, Anne. Development Innovations Groupe. "Best practices in slum improvement: the case of Casablanca" (draft, not dated). Web. 09 Aug. 2015.

<http://www.housingfinanceforthe poor.com/data/images/casablanca%20best%20practices%20in%20slum%20improvement.pdf>

<http://www.bmcebank.ma/front.aspx?SectionId=150>

Bounakhla, Abdelaziz. Caisse Centrale de Garantie. "Damane Assakane : présentation et bilan," 14 Oct. 2014.

<http://www.finances.gov.ma/Docs/2014/DTFE/Presentation%20%20%20CCG.pdf>

Challenge.ma. "Bank Al Maghrib dresse son diagnostic," 08 Dec. 2014.

<http://www.challenge.ma/bank-al-maghrib-dresse-son-diagnostic-39221/>

<http://www.ccg.ma/fr/index.php>

<http://www.cihbank.ma/particuliers/decouvrir-nos-offres/financer-projets/prets-immobiliers/credits-conventionnes/iskane-madmoune-fogarim>

http://www.finances.gov.ma/Docs/2008/dept/7353_ref_2009_fr_def.pdf

http://www.finmark.org.za/wpcontent/uploads/pubs/Pres_Zambia_seminar_14May2013_pptx.pdf

Haut Commissariat au Plan. "Enquête Nationale sur le Secteur Informel 2007, Principaux Résultats", 08 Dec. 2009.

http://www.hcp.ma/downloads/Secteur-informel_t11887.html

<http://www.housingfinanceafrica.org/country/morocco/>

http://www.housingfinanceforthe poor.com/data/images/dig%20subsidy%20paper%2020-08_edited%20rw_changes%20accepted%20to%20post.pdf

Mètre Carré. "BP et CIH seules à octroyer des prêts Fogarim," 25 July 2013. Web. 09 Aug. 2015. <<http://metrecarre.org/bp-et-cih-seules-a-octroyer-des-prets-fogarim/>>

Mètre Carré. "Les banques en "grève" de Fogarim," 29 Aug. 2013. Web. 09 Aug. 2015. <<http://metrecarre.org/les-banques-en-greve-de-fogarim/>>

<http://www.microfinance.ma/wp-content/uploads/2014/09/rapport-annuel-2013.pdf>

https://www.microlinks.org/sites/microlinks/files/resource/files/ML5597_mr_96_morocco_housing_finance_for_the_poor.pdf

Ministère de l'Economie et des Finances.<http://www.finances.gov.ma/fr/SitePages/Home.aspx>

Ministère de l'Economie et des Finances.<http://www.mhu.gov.ma/Pages/default.aspx>

Ministère de l'Habitat et de la Politique de la Ville. "Etude 2020."

<http://www.mhu.gov.ma/Nouvelles%20publications/Etude%202020.pdf>

La Nouvelle Tribune, 10 March 2015.

<http://nt.ma/habil-benabdellah-pres-500-000-logements-sociaux-construits-depuis-2010/>

Rust, Kecia. Centre for affordable housing in Africa. "Extending the reach of housing finance in Africa," 13 May 2013.

http://www.finmark.org.za/wpcontent/uploads/pubs/Pres_Zambia_seminar_14May2013_pptx.pdf

Société Générale Maroc. <http://www.sgmaroc.com/index.php?id=2156>

Toutain, Olivier. "Le fonds d'assurance hypothécaire Damane Assakane: retour d'expérience et perspectives futures," 14 Oct. 2014.

<http://www.finances.gov.ma/Docs/2014/DTFE/Pr%E9sentation%20olivier%20toutain.pdf>

USAID. http://pdf.usaid.gov/pdf_docs/pnadh339.pdf

The World Bank. <http://data.worldbank.org/country/morocco>

The World Bank. http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/HousingFinanceforEMs_Ebook.pdf

10. List of abbreviations

CCG	Caisse Centrale de Garantie, a Moroccan Government agency that administers the FOGARIM and other guarantee funds	GDP	Gross Domestic Product
CIH	Crédit Immobilier et Hôtelier, the first bank in Morocco to grant housing loans	MAD	Moroccan Dirham
FSHIU	Fonds de Solidarité Habitat et Intégration Urbaine or Housing and Urban Inclusion Solidarity Fund	VAT	Value Added Tax
		VSBS	Villes Sans Bidonvilles or Cities Without Slums, a national programme to eliminate slums