



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT



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1. Financing Africa's Housing Needs

Africa's financial system, and capital markets particular have a key role to play in funding continent's housing by:

- Mobilizing long-term financing from institutional investors (i.e. pension, insurance & sovereign funds into housing finance).
- Intermediating financing for Africa's real sector and promoting access to affordable mortgage finance products.
- Stimulating economic growth, boosting innovative solutions, and supporting job creation through allocation of funding to corporates and SME active in the housing sector.



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2. Overview of African Capital Markets

- \$66.2bn raised through equity capital markets between 2013 and 2019.
- African issuers have raised \$245.9 billion of non-local currency debt from 759 issues over the past ten years. Almost 50% of the debt was raised in the past three years.
- Local currency corporate debt market are growing in key markets like Nigeria

However markets remain shallow, illiquid & fragmented.

While many countries have successfully reduced mortgage interest rate over the past 10 years, prevailing Mortgage interest rate are still very high in many African countries **(25% in Nigeria, 28% in Mozambique, 29% in Zambia).**



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3. Supporting the Affordable Housing Sector in Africa: The AfDB Approach

Access to long-term local currency funding

Zambia National Building Society (ZNBS) – Zambia

To promote lower middle to middle income households' access to affordable mortgage products, and to enhance ZNBS capacity in delivering its mandate through a commercial TA programme.

Equity Investments

Shelter Afrique (SHAF) – Regional:

Supporting SHAF to deepen housing supply and demand.

Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA):

Supporting CRRH in expanding its impact, outreach and market footprint.

Promoting access to capital markets

Kenya Mortgage Refinance Company (KMRC)

The first wholesale liquidity facility in Kenya to deepen the mortgage market, and to increase the reliance on local capital markets through the issuance of Bonds and mortgage backed securities (MBS).

Urban Development

The establishment of a Bank dedicated division for the Urban Development in Africa

Dedicated to drive the Bank's vision for African Cities including urban planning, policy/strategy, infrastructure and municipal finance development, and governance.



3. Supporting the Housing Sector in Africa: The AfDB Approach

Capital Markets

Pillar 1: Strengthen Capital Market Institutions and Create an Enabling Environment

- World Federation of Exchanges
- IOSCO
- Intermediaries
- London Stock Exchange
- African Securities Exchanges
- Regulators
- World Bank and other DFIs

Pillar 2: Broaden Market Participants and Deepen Instruments

- Private Sector Institutions
- Mortgage Refinance Institutions
- Investment Banks
- Regulators
- Other Capital Market stakeholders

Pillar 3: Knowledge Management and Capacity Building

- Pension Funds, Insurance Companies
- Central Banks
- Regulators
- Custodians, Central Depositories
- World Bank and other DFIs
- Other Capital Market Specialists



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3. Supporting the Affordable Housing Sector in Africa: The AfDB Approach

Urban Development

Focus Area 1: Analytical and Advisory Activities (AAA)

- (i) Providing Technical Assistance to support Municipalities by:**
- **City diagnostics:**
City Diagnostic Tool
The Urban Resilience and Fragility Assessment and Response Tool.
 - **Planning:**
Urban development strategies, cadastral.
 - **Governance:**
Taxation, land reforms, regulations and property rights.

(ii) Municipal Capacity Development and Decentralization.

(iii) Business Development:

Conduct robust Sector Work / Project Preparation
Organize

(iv) Knowledge Dissemination Events

Focus Area 2: Transactions

- (i) Pipeline Development for Urban Infrastructure**
- PPP projects in Urban Mobility projects.
 - Affordable Housing, focusing on bulk infrastructure support.
- (ii) Develop skill base for Municipal Finance and Sub-Sovereign Operations**
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4. The Way Forward

- Creating a more effective enabling environment, **with inclusive and modern financial systems infrastructure**
- Strengthening legal and regulatory frameworks, including regional financial frameworks to **strengthen Capital Market Institutions, Liquidity Facilities, and Mortgage (re)finance companies**
- Increasing access to long term local currency funding through domestic capital markets by **strengthening capacity of market participants and deepening instruments availability and usage**
- Integrating Africa financial markets to increase depth and liquidity
- Deeper collaboration with other stakeholders, to support the development of new products **including alternative Capital Market Solutions**
- Development of a **pipeline of PPP projects** in urban mobility and **affordable housing, focusing on bulk infrastructure support.**



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Thank you