



**SADC DEVELOPMENT FINANCE INSTITUTIONS NETWORK
CHIEF EXECUTIVE OFFICERS FORUM**

**CRESTA LODGE, GABORONE, BOTSWANA
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REPORT

THEME: ADDRESSING THE BASICS OF AFFORDABLE HOUSING IN THE REGION

TABLE OF CONTENTS

Acronyms.....	3
1. INTRODUCTION	4
2. WELCOME REMARKS	4
3. OFFICIAL OPENING	5
4. KEYNOTE ADDRESS	5
5. FORUM DELIBERATIONS	7
Format of the forum.....	7
5.1 Housing Framework designed by the SADC DFI Network Infrastructure Working group	8
5.1.1 Housing Framework Key Pillars.....	8
5.1.2 Four categories of urban target market for housing	9
5.1.3 What needs to be done to ensure the success of the housing framework.....	9
5.1.4 Role of the Micro, Small and Medium Enterprises (MSMEs).....	11
5.1.5 The Role of Project Partners	11
5.1.6 Proposed Housing Delivery Model.....	12
5.2 The role of contractors/developers on alternative housing technologies	12
5.2.1 Benefits of ABT.....	13
5.3 Panel Discussion: How financiers can assist to unlock affordable housing	15
5.4 Panel Discussion: Risks impacting affordable housing provision and possible mitigation factors	15
6. CLOSING.....	16
7. KEY FINDINGS AND OUTCOMES.....	17

ACRONYMS

ABT	Alternative Building Solutions
AfDB	African Development Bank
CBO	Community Based Organisation
CEDA	Citizen Entrepreneurial Development Agency
CEO	Chief Executive Officer
DBN	Development Bank of Namibia
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DFRC	Development Finance Resource Centre
IDBZ	Infrastructure Development Bank of Zimbabwe
EPS	Expanded Polystyrene
FIP	Finance and Investment Protocol
GSH	Government Subsidy Housing
MSME	Micro, Small and Medium Enterprises
NHC	National Housing Corporation
PPP	Public Private Partnership
SADC	Southern African Development Community
SDG	Sustainable Development Goals
SDGCA	Sustainable Development Goals Centre for Africa
SMEs	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
UN	United Nations
WGs	Working Groups

1. INTRODUCTION

The SADC DFI Network Sustainable Development Goals (SDG) Infrastructure Working Group, as one of its achievements, has developed the Affordable Housing Framework and this was the central pillar of the forum. This is in recognition of the Sustainable Development Goal 11 with the premise “Make cities and human settlements inclusive, safe, resilient and sustainable” and is also in line with the UN-Habitat’s vision of “A better quality of life for all in an urbanizing world”.

DFIs, as critical agents in the development of infrastructure, both social and economic, it is only pertinent that the Network discusses housing as an important deliverable for the attainment of SDGs. In this regard, the forum addressed challenges relating to affordable housing in the region and the risks involved in housing finance as well as possible mitigating factors. The forum further explored the experiences of commercial banks, housing corporations and international DFIs, and the role of contractors/developers on housing technology.

The forum was attended by a total of eighty-nine (89) CEOs, Directors, Senior executives and officials from the SADC region and beyond. It also attracted practitioners within the housing and construction sector in the region.

2. WELCOME REMARKS

In his opening remarks Mr Stuart Kufeni, Chief Executive Officer of the SADC Development Finance Resource Center, welcomed all to the Forum, the first physical meeting of its kind since the COVID – 19 Pandemic two (2) years ago. He stated that the COVID – 19 Pandemic had resulted in severe socio-economic effects in the region characterised by declining economic growth, entrenchment of poverty and rising unemployment. Some sectors of the communities particularly the poor and vulnerable, women and children had to endure homelessness and loss of means of livelihood as a result of drought and floods.

It was against this background that the SADC DFI Network had chosen the vital topic of Affordable Housing in the region and was therefore of critical importance.

Mr Kufeni also expressed sincere gratitude to the Minister of Finance of Botswana, Honourable Peggy Serame, for officially opening the Forum. He further extended special thanks to DFI network and DFRC Staff for the hard work in preparation for the successful Forum. He in addition recognized forum participants and wished them fruitful deliberations.

3. OFFICIAL OPENING

Honourable Peggy Serame, Minister of Finance, Botswana, welcomed participants to Botswana and encouraged those visiting from outside the country to find time to enjoy the attractions and scenery of the country.

Honourable Serame, confirmed that both the SADC DFRC and the DFI Network were recognized as SADC institutions under the SADC Protocol on Finance and Investment (the FIP), the SADC framework for, among other areas, the liberalization of the financial sector in line with the goal of regional integration. She noted that the FIP recognises the role of national DFIs as development agents whose primary role was mobilisation of financial resources for investment in key economic growth sectors such as infrastructure, small, micro, and medium enterprises (SMMEs), agriculture and industrial development. Infrastructure development was not only confined to economic but also social infrastructure, including housing. Honourable Serame mentioned she was cognisant that the mandates of the DFIs cut across these sectors and it was in this respect that the focus of the forum was on affordable housing.

The Minister commended the SADC DFIs for heeding the call of the DFRC to attend the forum speaking on such an important topic in line with the Sustainable Development Goals (SDGs), specifically SDG 11, with the premise, “Make cities and human settlements inclusive, safe, resilient and sustainable” and the UN-Habitat’s vision of “A better quality of life for all in an urbanizing world”. She stated that she was delighted to address a Forum on this crucial topic, especially at this juncture as the world economy and, developing regions like ours, were on a recovery path from the debilitating effects of the COVID – 19 pandemic. Honourable Serame also noted that that while the characteristics of the housing sector and needs across the region were different, evidence for the urgent need for the provision of basic, adequate, and affordable housing for the SADC region abounded. The affordability of housing, however, remained a challenge due to economic effects like financial crisis and global pandemics and other natural disasters that negatively impact economies.

In conclusion, the Minister implored the Forum, to come up with tangible and actionable policy, regulatory and strategy recommendations to enable provision of habitable, affordable, and accessible housing in the region. These recommendations, she said, would then form building blocks for the formulation and adoption of a robust Affordable Housing Framework for the SADC region.

4. KEYNOTE ADDRESS

The Keynote Speaker, Mr Kennedy Mbekeani, the African Development Bank (AfDB) Deputy Director General Southern African Region, thanked, Mr. Kufeni for ably guiding the SADC DFI Network through the tumult of the COVID-19 pandemic and for the very important topic for the forum.

He noted that the topic of discussion for the first physical gathering for this Network in the post-pandemic era was testament to how serious the issue of housing was and congratulated the institutions represented on their commitment to addressing

the challenges faced in providing affordable basic housing in the region.

Mr Mbekeani stated that decent housing was a basic human need and a right, linked to quality of life, health, education, and economic activity. He noted that in many countries on the continent, the need was far from being met, leading to the proliferation of sub-standard, informal settlements. Across the board, housing remained unaffordable and policies on housing development needed improvement. He stated that the SADC region, urbanization experienced unprecedented urbanization – it was projected that by 2030, there would be over 230 million new urban dwellers, with more than half of SADC’s population living in urban areas - mostly young people looking for jobs.

Over the next few decades, it was estimated that SADC cities will double in population and resulting in creation of more cities. Cities were seen as a source of wealth and growth. Cities connect knowledge and innovation, people and opportunities, workers and jobs, capital and investments. Cities could also be a source of productivity, but they require transportation systems, water and sanitation infrastructure, and of course housing. But rapidly growing cities face deep challenges.

The rapid urbanization being seen in the region today is putting increasing pressure on the capacity of the public and private sector to deliver the housing that is needed. Where formal housing cannot be supplied, informal housing quickly fills the gaps and slums proliferate. Affordability of housing is a key issue across the SADC region, on both the supply and demand side. Housing developers face a myriad of obstacles in developing housing and have limited ways to fund construction. As a result, they end up catering to the high-end of the market, where margins are better, and most low-income households self-build or rely on the informal sector to meet their housing needs. On the demand side, low-income households with informal sources of income cannot obtain or afford a mortgage. Most financial systems in the region are either undeveloped or dominated by commercial banks, which do not cater to the vast majority of the population.

The AfDB, is committed to ‘Improving the Lives of the People of Africa’. It is estimated that the housing financing gap across the continent will be as much as \$170 billion by 2025, with an estimated gap of around \$100 billion per year. Half of this financing gap is linked to improvements and requirements in cities and towns. The AfDB, together with regional member countries, is working to establish a solid backbone from which the issue of housing can be tackled by building transport networks, helping cities with urban planning and development, as well as by developing water and sanitation infrastructure. AfDB is also increasingly aware of the need to build sustainability into any solution and it is making concerted efforts to tap into and grow renewable energy capacity in the region. Further to this, the Bank is working with regional member countries and the private sector to bridge the housing financing gap by:

- i) Promoting housing as an important asset class through securitization and mortgage-backed securities to crowd-in the private sector in housing finance;

- ii) Working to deepen and widen housing sector reliance on local financial markets;
- iii) Promoting the development of SDG/Green bonds with an emphasis on housing;
- iv) Collaborating with Governments and the private sector in the creation of sustainable local schemes for the delivery of adequate housing units and the extension of affordable mortgage finance products;
- v) Extending Technical Assistance to member states for policy formulation, and the establishment of liquidity facilities; and
- vi) Offering advice to financial institutions to strengthen their capacity in housing finance.

Mr Mbekeani, pointed out a few examples of initiatives that the AfDB was implementing in the SADC Region to alleviate the housing demand. AfDB has Invested in South Africa, Zambia, Eswatini and Lesotho.

Mr Mbekeani, assured the forum that although the challenges faced in reaching the goal of adequate, safe, and affordable housing for all in the region – especially for the extremely poor – are significant, he was confident that with the diversity of development experts, the private sector and investors gathered at the forum, concrete ideas and actions will emerge with lasting developmental impact. He urged the forum, to keep in mind that when done right, the development of housing markets stimulates economic growth, creates jobs, and helps reduce poverty. Investments in the housing sector have one of the best returns in terms of job creation and multiplier effects on the broader economy. For example, it is estimated that every job created in housing can result in the creation of eight indirect jobs in related sectors, such as finance, services, construction or manufacturing.

In conclusion, Mr Mbekeani noted that the challenges faced require a systematic approach to establishing the right legal, regulatory, and market environment for the efficient deployment of private and public capital. He noted that the AfDB is optimistic about the future of affordable housing in the region. He called upon all DFIs in the region, as well as the SADC Member States, to galvanise efforts around the establishment of the SADC Regional Development Fund, an instrument which could potentially bridge the gap in financing affordable housing in the region.

5. FORUM DELIBERATIONS

Format of the forum

The forum format entailed presentation done on the SADC Housing Framework that has been designed by the SADC DFI Network Infrastructure SDG working group. As well as a presentation on the involvement of contractors in providing alternative cheaper methods of building to the SADC community. The presentations led to two (2) panel discussions on how financiers could assist to unlock affordable housing in the region and the Risks Impacting affordable housing provision and possible mitigation factors.

5.1 Housing Framework designed by the SADC DFI Network Infrastructure Working group

Dr Reggie Dangarembwa, Head of Credit and Policies Department at the Infrastructure Development Bank of Zimbabwe (IDBZ), delivered the housing framework on behalf of the SADC DFI Infrastructure working group. He stated the reason for the development of the Housing framework was to come up with a model that would be implemented by the DFIs in the SADC Network to ensure provision of affordable housing in member states. The then housing framework and policies that existed, restricted the movement of black people to urban areas for better job opportunity. The reconfiguration of the legal architecture spawned unprecedented influx of people into urban areas. Exertion of inordinate pressure on municipal services was experienced due to lack of corresponding investment to cater for ballooning urban population. The development of the housing framework was therefore to ensure that pressure was eased on the existing infrastructure as urban migration increases.

5.1.1 Housing Framework Key Pillars

The Housing Framework was developed based on the following key pillars:

i) Reliable and sustainable finance

There is need for reliable and sustainable funding which is key to the delivery of successful housing. It was reported that there is adverse macro-economic dynamics that have limited the availability of sustainable housing finance. The saving and lending cycles and public sector capital funding streams have been disrupted as a result.

ii) On and off-site infrastructure funding

The housing framework states that adequate on-and-off-site infrastructure is critical for land development. Limited investment and lack of capacity have hampered the provision of offsite infrastructure, especially in the high-density areas. Most Local Authorities were not able to establish new settlements as this would irreversibly strain existing bulk infrastructure. Most of the infrastructure available is old in most countries in the Southern Africa from as far back as 1965 with no changes to suit the current status of urban migration and population demands on the infrastructure.

iii) Land administration

The associated challenge is the ambiguous legal status of designated land and complicated incorporation processes in most SADC Countries. This has manifested in slow delivery of land for new housing developments by Local Authorities.

iv) Legislative framework

Housing policy and legislation are major factors in human settlement development as a result policy and legislation need to be rationalized and streamlined to ensure they are in line with current development approaches.

v) Promoting community-based organisation

Community Based Organizations (CBOs) are found to be lacking financial support. This then makes them not be able to participate in issues of affordable housing for the communities they exist in.

vi) Gender mainstreaming

The Sustainable Development Goals (SDGs) have highlighted the role of gender equality in all their goals and included a specific goal that addresses gender directly (Goal 5). This breeds the mammoth task to address the glaring and significant challenges that have excluded the vulnerable and disenfranchised since time immemorial, especially women. Addressing the challenges of women's exclusion requires an adoption of a gender lens approach in housing delivery endeavours. Given that housing investments are generally made in environments that are fraught with gender disparities, it follows that the proposed solutions will impact men and women (beneficiaries and suppliers of services) disproportionately.

5.1.2 Four categories of urban target market for housing

The Forum discussed the four categories of target markets for housing in the urban areas in the SADC region as follows:

- i) **Low-income housing:** These are served by high-density housing developments and they require considerable financial assistance. This category encompasses persons in formal employment, unemployed or self-employed.
- ii) **Middle income housing:** These are served by medium-density developments. This segment requires limited financial assistance. They often may afford periodic payments either linked to mortgage arrangements, saving schemes, associations, or employer financing assistance. This market segment comprises those in employment or self-employment.
- iii) **High income housing:** comprises persons with capacity to sustain mortgage installments and/or use own savings or income to construct or buy houses in low-density areas.
- iv) **Social Housing:** This segment has always suffered due to lack of funding. It's high time that DFIs start to seriously consider participating in this segment through provision of appropriate medium- and long-term funding. This will enable the construction of tertiary students, health personnel and academic personnel accommodation. The returns on social housing have proved to be much higher than those of low, middle and high income.

5.1.3 What needs to be done to ensure the success of the housing framework

The Network Infrastructure Working Group shared benchmark experiences in some countries within and outside the region that have assisted in coming up with a sound housing framework and ways to ensure that it is successfully implemented. Therefore, they came up with the following that will help come up with a robust housing framework

i) Individual Subsidy Scheme

Housing is a constitutional right with the government bearing the obligation to provide support and resources for citizens. The South African government often provides housing for its people using the Government Subsidy Housing (GSH), Community Residential Units, Upgrading of Informal Settlements Programme, Emergency Housing Programme, Finance Linked Individual Subsidy Programme and Social Housing initiatives. The plan integrates different housing typologies such as rented, bought and subsidised dwellings as well as provide facilities, including schools, clinics, recreational and commercial to enable integrated spatial development. The low-cost subsidy programme is a subsidy programme for poor South African households with a combined income ranging from as little as R 1,500 to R 15,000. All housing subsidies offered are met with a contribution from the recipient to encourage a culture of responsibility and saving for housing. After prescribed periods of time, the occupants are given full title to their property for certain of the housing schemes.

ii) Alternative Building Technology

Kenya's rapid urban population growth which was reported to be at 4.2% per annum is putting pressure on the towns and cities to provide more housing. The housing backlog is estimated to be two (2) million units. The National Housing Corporation (NHC) is a Kenyan government institution which has been at the forefront of promoting alternative building technology using Expanded Polystyrene (EPS). An EPS production factory was established in May 2012 at a cost of around US\$11.4 million and the NHC expects that the new construction materials will cut the cost of housing construction by between 30% and 50% thereby making housing affordable. This is especially for the vulnerable and not the high- and medium-income earners.

iii) Affordable Housing

The average cost of a house in Namibia is relatively high. Therefore, houses remain unaffordable to the majority. The current focus is embarking on reviewing a national housing policy that is envisioned for a more holistic approach to the housing crisis. The revision of the national housing policy comprises of various strategies that include:

- a) upgrading of participatory informal settlements;
- b) mainstreaming incremental greenfield development;
- c) prioritising incremental improvements in housing adequacy;
- d) incentivising private investors in the housing sector and
- e) alternative housing models.

iv) Informal Developments

Zambia has challenges of provision of affordable housing for low-income earners. Only thirty-nine percent (39%) of the Zambian population lives in urban areas. A 4.2% urbanization rate and a 2.8% population growth rate suggest that this will soon change. UN-Habitat expects that Zambia will be 50% urbanized by 2030. UN-Habitat has determined that 70% of housing in Lusaka is informal. Progressive legislation is slowly formalising informal

developments. The Housing Act now limits tenure security to an occupancy licence.

v) Structure of the Housing Finance Market - Zimbabwe

Sources of housing finance in Zimbabwe include credit mechanisms, loan schemes and credit enhancement mechanisms. The most important source of housing funds in the immediate years after independence was international donations given directly to the government. Other sources include government loans to individual home-builders, self-help housing cooperatives, employer assisted housing development schemes, and employer pension funds. The most common lenders are depository institutions (commercial banks, savings banks and building societies). Mortgage banks have also played a role through raising funds by issuing secured bonds. Life insurance companies have been active in the funding of housing delivery.

5.1.4 Role of the Micro, Small and Medium Enterprises (MSMEs)

The Micro, Small and Medium Enterprises (MSMEs) sector is the fastest growing sector in SADC and is among the major engines for economic growth. However, they do not have any place to operate from because of expensive rentals and building for purchase that they could buy. Approximately 80% of economic activity is now accounted for by the sector (2004 Labour Force Survey). According to the FinScope MSMEs' 2012 Survey, 5.7 million people are engaged in the MSMEs sector with an annual turnover of US\$7.4 billion circulating in the informal sector. The entities need to be formalized and assisted in terms of the relevant spatial plans, development conditions and infrastructure provision. The provision of the requisite infrastructure will involve Local Authorities and private developers. The success of any proposed solution in the financing landscape lies in how it transcends and shapes the new normal for diversity and inclusion that is gender lens/smart investing.

To date, 69% of the informal enterprises operate from residential backyards, footpaths and/or have no fixed location despite the growing dominance of the sector. To give impetus to the sector, the following measures should be adopted:

- i) All new housing projects should incorporate plans for the requisite MSMEs infrastructure provision at strategic locations;
- ii) Governments should spearhead the formation of management companies with a bias towards MSMEs infrastructure; and
- iii) The companies should be responsible for MSMEs infrastructure provision, through partnership with Governments and/or Local Authorities (PPPs).

5.1.5 The Role of Project Partners

i) Development Finance Institutions (DFIs)

DFIs should adopt a strategy to support infrastructure development in the housing sector that focuses on innovative funding solutions.

ii) Building Societies

There is need to take steps to ensure that building societies are re-capitalized so that they can provide end-user finance.

iii) Housing Cooperatives

Play an important role in augmenting the efforts of financial institutions in mobilizing financial resources for housing development. Greater cooperation between housing cooperatives and the financial sector is recommended to enhance governance and access to finance.

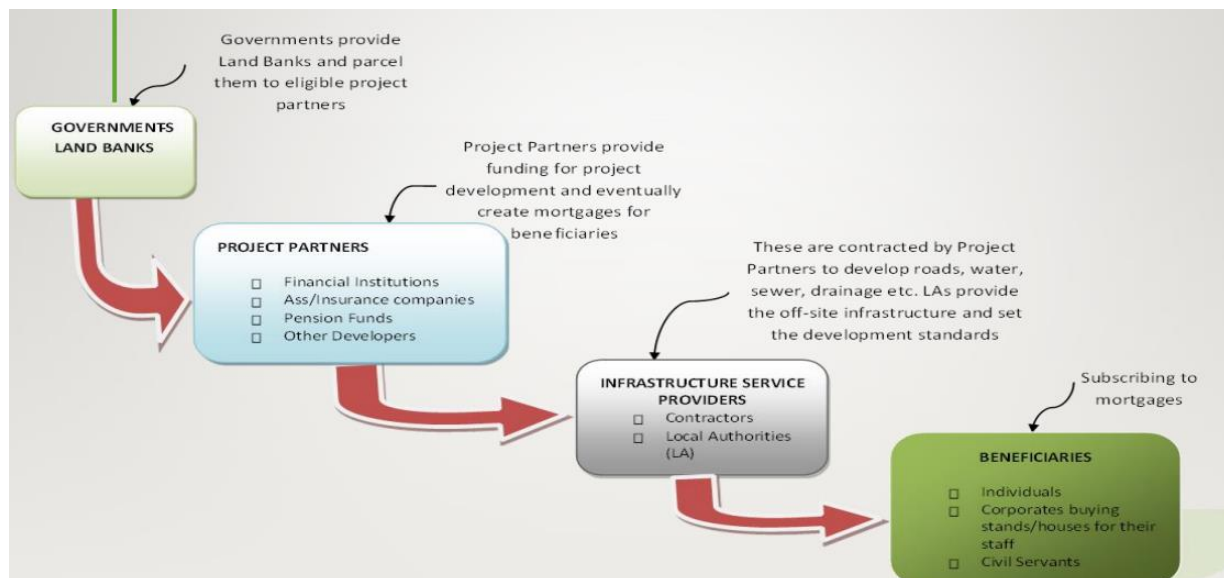
iv) Mining Houses

Mining companies should be compelled to construct housing estates for their employees and the general public in areas where they operate.

5.1.6 Proposed Housing Delivery Model

It is proposed that governments should provide land and pass them to eligible project partners. These project partners will in turn provide funding for project development and create mortgage beneficiaries. The infrastructure service providers will in turn provide infrastructure needed for housing. The below diagram shows the proposed housing delivery model and how each partner plays a critical role in the delivery of affordable housing.

Diagram 1: Proposed Housing Delivery Model



5.2 The role of contractors/developers on alternative housing technologies

Tautona agreed that there is a shortage for affordable housing in SADC Region, stating projects in South Africa and Namibia of more than 50 000 housing units for government employees. Botswana was sighted as an example of a country that has been able to deliver affordable housing through the Botswana Housing Corporation, implementing a number of interventions to address the issue of affordable housing though the demands are yet to be met as they grow every year.

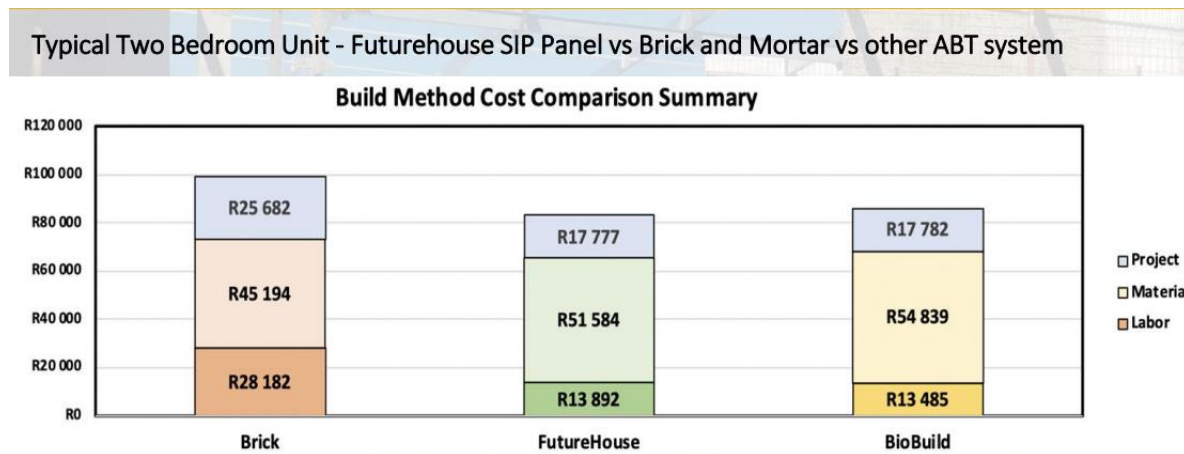
Tautona Holdings offer a cheaper and fast way of building to ensure the delivery of affordable housing. These alternative building methods were reported to reduce the cost of building by more than 20%. Tautona utilizes various Alternative Building Technologies (ABT) to provide effective solutions to meet clients' needs. The "Ikhaya Future House System" is suited for hard wearing built environments such as the residential market. Light Steel can be used in frames and trusses for both residential and commercial construction. ABT provides more appropriate construction solutions for the built environment than buildings using bricks and mortar.

5.2.1 Benefits of ABT

The ABT method of building has a number of benefits besides the cost reduction during construction. Some of these benefits are listed below:

- i) Sustainability and energy efficiency;
- ii) Versatility: it can be used to build different housing projects, be it commercial or residential housing;
- iii) Rapid Installation: it is a fast way of building;
- iv) Lightness, ease of transport and handling: the materials used are light and easy to transport to the projects;
- v) Cyclone resistance: It is material that can withstand cyclone damages;
- vi) Fire Resistance: the materials used do not easily spread the fire;
- vii) Thermal Insulation: materials used keep the building warm in winter and cool in summer;
- viii) Earthquake resistance: materials allow the buildings to be safe and not crack during earthquakes;
- ix) Blast resistance: the materials used does not easily blast;
- x) Wide Choice of finishing: clients have a variety of finishing to choose from to finish their buildings; and
- xi) Cost-effectiveness: the cost of building using the technology is lower than using conventional methods of building. Table 1 below shows the cost comparison for construction of a 50 square meter (sqm) house in South Africa using different building methods or technologies. The cost varies from country-to-country because of importation cost of materials. Tautona Holdings called out to governments and DFIs to have polices or laws in place that could ensure the costs are reduced when building outside South Africa to ensure affordable rates in other countries.

Table 1: Cost comparison for construction of 50sqm house using different building technologies



Some of the completed projects using alternative building technologies are in Lesotho and Mozambique. Below are images of the ABT buildings.

Image 1, 2 and 3: Pictures of ABT buildings

Image 1:



Image 2:



Image 3:



5.3 Panel Discussion: How financiers can assist to unlock affordable housing

The Development Bank of Southern Africa (DBSA) have developed a financing model in collaboration with Nedbank Namibia and Development Bank of Namibia (DBN). This was to clear the backlog of the housing demand in Namibia. These houses are developed for the low-income earners allowing them to afford housing. In this model, the commercial bank takes the risk for providing mortgages to end users. The commercial bank tasks a DFI to construct housing using financing that is provided at the lowest possible rate. The collaboration with different DFIs and commercial banks helps to reduce the risk for all partners involved. Norsad Capital reiterated the importance of partnering with commercial banks in order to assist unlock the housing finance.

The panel discussed that the most common challenges are expensive housing construction and lack of access to land. The lack of land pushes the cost for construction and results in expensive housing. DFIs and policy makers should therefore work together to address the issue of availability and access to land. Financiers often have an appetite of financing housing projects, however the lack of bankable projects submitted often hinders the funding decision. DFIs, as development banks, reduce the risk element of financing for commercial banks and they partner with developers to provide affordable housing. The member state councils, in collaboration with local DFIs, provide the required land for contractors to develop. It is important to have experts to assist to drive the delivery of housing to ensure that it is done adequately and cheaply. Provision of infrastructure such as water, electricity and roads is an issue that needs to be handled and discussed by governments and DFIs as provision of housing requires these.

For the provision of affordable housing, it is important that DFIs ensure that the construction value chain is developed and funded for provision of materials at affordable prices and good quality. The construction value chain includes materials like sand, concrete, molds, bricks, cement and wood products. The value chain development is necessary to ensure the availability of raw materials at the right prices, quality and quantities for delivery of affordable housing in the region. It is important that the provision of raw material through value chain development be spread throughout the region to ensure uniformity in the cost.

The panel noted that it is important for collaboration of key stakeholders in the region to ensure that affordable housing is delivered. Without collaborations the individual efforts of countries or DFIs may not bring the desired result of delivery of affordable housing.

5.4 Panel Discussion: Risks impacting affordable housing provision and possible mitigation factors

All projects at first glance are risky as the end results cannot be guaranteed. DFIs, commercial banks and other financial institutions often develop instruments to ensure that they manage the risk. Often, project preparation facilities, specific to each funder are used to ensure projects are bankable and this is done to ensure that the risks of loss are reduced. Social infrastructure, compared to economic

infrastructure, does not have much of an uptake because of the risks involved. The panel discussion sighted student housing as an example of social infrastructure which most commercial banks and financiers often do not fund. The location for such social projects often influences the funding decisions. Projects done where there is little to no competition would most likely be funded. Thorough research is often done for each project to ensure the demand for these projects is ascertained. In most social projects, government often gives assurance of the importance of the projects for a particular area and this often gives assurance to the financier and contractor for project profitability.

Commercial banks view low-income earners as more vulnerable and volatile to external economic factors or shocks. This has become more evident as the world recovers from the COVID-19 pandemic and bank rates increase. ABSA Botswana advised that as individuals acquire housing loans, they provide a guarantor for the loan, as this would make the loan approval process easier because the financier will be assured of returns despite the risk. As a mitigation for risk, commercial banks often partner with insurance providers to ensure that loans are secured.

As a result of lack of availability of prime land, commercial banks receive a lot of loan requests from individuals building in less prime areas. The biggest risk for financiers is that, if these loans are not serviced, it takes more time and effort for the financier to resell the houses and recover their costs because of the poor locations. The recent alternative technologies for housing structures have not been fully supported by financiers. Most financiers finance durable housing as mortgage loans are seen as a long-term investment. Therefore, the quality of the material used is an important factor to consider for a bankable loan request.

Housing is complex in every market despite how diverse the market is. The public and private sectors and governments need to play a critical role in the housing market to ensure its success. The success of a housing sector in any economy correlates with good economic macro factors, an example being good lending rates for the development of affordable housing. It is important for the finalisation and implementation of the SADC Regional Development Fund to ensure that it assists to deal with issues of financing the provision of affordable housing.

6. CLOSING

The Deputy Permanent Secretary at the Department of Housing in Ministry of Transport and Public Works, Mr Bareng Malatsi, thanked all delegates for their attendance at the forum which he said was addressing a thorny issue bedeviling the SADC region as a whole. Mr Bareng, highlighted that, throughout the day participants heard how urban migration has caused an increasing demand of housing, especially in the urban areas. This increased demand of housing was reported to have caused a lot of challenges that the region is facing in terms of affordable housing.

Mr Malatsi congratulated the SADC DFI Network Infrastructure Working Group for the development of the Affordable Housing Framework as a way to improve the provision of housing in the region. He said the framework was important to harmonise efforts of provision of affordable housing and encouraged all DFIs to

embrace it. He further commended DFIs for their efforts as illustrated by the examples given during the discussions about ongoing projects in the region to address affordable housing. These projects were a clear demonstration that the common goal of the region to provide affordable housing will be attained despite the risks and challenges of the housing sector.

Mr Malatsi, acknowledged the presence of the international partners and their assistance in developing the region by sharing knowledge and insights on their experiences. He applauded the DFI Network and forum participants for all the insightful and fruitful deliberations and contributions towards the attainment of provision of affordable housing in the region.

The Forum was officially closed at 13:50hrs.

7. KEY FINDINGS AND OUTCOMES

Key findings and outcomes of the forum were as follows:

- i) Individual member states have developed national policies that prioritise inclusionary housing, however there is need for policy frameworks that aim to address the massive backlog of housing at the regional level.
- ii) Member states need to develop or improve housing finance policies to be smart and targeted to reach the less privileged and poor. Well targeted policies, combined with solid financially inclusive programmes, are key to bringing opportunities to these segments of the population.
- iii) For long-term financing in the housing sector, the SADC region needs to operationalise a regional financial instrument, such as the Regional Development Fund for resource mobilisation for housing development.
- iv) Though the concept of Alternative Building Technology or methods is an option for provision of affordable housing, it was noted that it becomes affordable only when it is done in large volumes. Therefore, development finance institutions were encouraged to have more housing projects to benefit from the economies of scale.
- v) Land is expensive for developers to acquire thus pushing the cost of provision of housing up. DFIs, with developers, should negotiate with municipalities or councils to provide basic infrastructural developments and in exchange get land for housing projects.
- vi) South Africa is the main supplier of construction materials in the region. SADC DFIs were encouraged to consider the development of the construction and infrastructure value chain in the region. Most countries in the region were reported to have raw materials for manufacturing construction materials to be used in the region. The creation of such value chains has an added benefit of creation of employment.
- vii) Construction materials from South Africa are certified according to South African building regulations and are often acceptable in other member states. The regional stakeholders of the construction industry were engaged to consider standardising the material standards using South African standards as a benchmark.
- viii) To improve the supply of affordable housing in the region there should be considerations to improve and include private-public partnerships (PPPs),

financial sector regulatory, mortgage banking development, and improved infrastructure and urban planning.

- ix) To bridge the estimated 11.5 million housing unit gap, access to longer-term finance should be improved through capital markets instruments such as covered or secured mortgage bonds and securitization and enhanced systems to incentivize longer term savings.
- x) The SADC region through DFIs and housing sector stakeholders need to increase the level of investment in affordable housing, to expand access to and improve the quality of existing construction raw materials, while making it easier for people to access finance to buy land and housing.
- xi) SADC Member States need to consider the observations and recommendations proffered therein in order to register success in transforming the Housing Sector in line with their expectations and in fulfilment of the Habitat Agenda.