

***Speech of the French Ambassador for the Signing Ceremony of The Agreement
between AFD and Shelter Afrique***

Mr Ba, Managing Director of Shelter Afrique;

Mr Yves Terracol, Director, AFD Regional Office;

Representatives of Shelter Afrique;

Ladies & Gentlemen,

I am glad to attend this ceremony and sign another line of credit as well as a grant financing agreement between AFD and Shelter Afrique.

Only a few months ago AFD and Shelter Afrique signed a 20M USD line of credit for mortgage financing. This new step demonstrates the progress of a fruitful cooperation.

Today's signature is a milestone in the relations between AFD and Shelter Afrique and for affordable housing in Kenya

As you know, 60 per cent of urban residents in Kenya live in slums and only 8 per cent of urban Kenyan Households have access to housing finance.

Financial institutions have become aware of the importance and need to finance mortgage development so as to fill the gap between the supply and demand in the housing sector.

For a long time, it is the high income households alone which have had access to housing finance, while the needs of low income segment of the population in terms of affordable housing and mortgage financing were unmet.

The main reason is the high cost of funds in local currency borne by the financial institutions.

Against this backdrop, Shelter Afrique has established a *Social Housing Programme* in order to support the development of affordable housing in Kenya.

AFD is pleased to be part of this initiative by proposing to Shelter Afrique a long term line of credit of 3.7 Million EURO at concessional conditions together with a grant of 500,000 EURO.

The Line of Credit is dedicated to providing soft and long term financial resources in local currency to financial institutions extending housing microfinance products in Kenya, targeting low income households.

The grant financing will support Shelter Afrique in the implementation of its Social Housing Programme in the implementation of its "*Social Housing Programme*" by providing capacity building for Shelter Afrique staff and Shelter Afrique Microfinance Institution Clients,

It will support feasibility studies in relationship to affordable housing financing scheme, policy dialogue for the implementation of a sponsored social housing fund and the organisation of an international social housing conference.

Today's funding launches a pilot. It will have a direct impact for 250 to 500 households. Its goals and ambition is to trigger and to catalyse the interest of financial institutions on this question.

The expertise of the Microfinance Institutions is key to developing innovative financial products. It is expected that this pilot project shall be rolled out to other emerging markets to reduce inequality in terms of access to decent housing and therefore improve living conditions.

Today the partnership between our institutions is reaching a major step. AFD considers this partnership as strategic in our common goal to contribute to the development of *Social Housing*. .

I am convinced that this partnership will continue to be fruitful and to make a positive impact on the ground.

To conclude, I am proud that France, through AFD, is part of this project and I would like to thank Shelter Afrique for associating AFD with this initiative to develop affordable housing in Africa.

Thank You very much for your attention.