



Speech by the Managing Director, Shelter Afrique, Mr. James Mugerwa at the Opening Ceremony of the 35th Annual General Meeting & Symposium, in Abuja, Nigeria, June 1st 2016

Your Excellency; The President of the Republic of Nigeria, Muhammadu Buhari;

Members of the Executive & Legislative Branches of the Government of Nigeria

Ministers & Head of Delegations of the 44 member countries;

Members of the Diplomatic Corps

The Chairman, Board of Directors, Management and Staff of Shelter Afrique;

Distinguished Guests;

Members of the Press Corps;

Ladies and Gentlemen:

It gives me great pleasure to welcome you all to this year's AGM & Symposium; we once again find ourselves addressing the ever prevalent need for affordable and quality housing on our continent. Indeed, it is a situation that requires urgent attention but one that sadly is never really prioritised. There will be no lasting solution to the housing deficits in many countries, without strong commitment from government. Looking around the room today, I am happy to notice that most of our member countries are represented.

In an article in 2014, while discussing the housing situation on CNN, I noted that Africa was facing two interrelated challenges that in their own way contribute to the yawning deficits we face. To begin with there is rapid urbanisation across the continent, coupled with an incredibly young population, a population that will soon be making life decisions on where to live and how to live.

By UN-Habitat estimates, half of humanity, a total of 3.5 billion already live in cities, additionally by 2030, almost 60 per cent of the world's population will live in urban areas. 95 per cent of urban expansion in the next decades will take place in developing world, most of it right here in Africa. In real terms that means that we will require an additional 532 million units across the continent by 2030.

While still discussing statistics, Africa will experience a population boom in almost of all its major economies. Nigeria is expected to have 174 million people between the age of 15-64 by 2035; in the Democratic Republic of Congo that number is predicted to be 70

million, in Kenya that number is 45 million and in South Africa that number is 40 million. Everywhere on the continent is expected to swell in numbers in the next two decades according to a UN-Habitat State of the World Cities Report.

It is no secret that there are huge housing deficits across the continent, in Nigeria alone it is estimated at a whopping 17 million units and could be more once current data is made available. In nearby Ghana an estimated 170,000 housing units are required every year over the next 10 years. The recently concluded 2013 Housing Survey by the Ministry of Lands and Housing in Kenya doesn't fare any better with the deficit estimated at 2 million houses over the next 10 years. These estimates however assume that the population will remain static, and from what we can see, it will not.

Our approach so far has not worked, the approach that believes if we have people trooping to and staying in our urban centres then it must be that we have created the jobs to attract and sustain them. Quite often this is not the case and all these statistics and numbers have very real and clear implication for housing and they paint a very simple picture: on the one hand you have a young and vibrant workforce coming into its own against the backdrop of too few houses, on the other hand you have droves of new city dwellers who cannot afford or find decent affordable housing, creating new slums. According to UN Habitat estimates 828 million people live in slums today and the number keeps rising- these are the people we turn our attention to today, the urban poor.

Ladies and Gentlemen, I realise that some of you in the audience today have come as observers and may not be familiar with Shelter Afrique; Shelter Afrique is a Pan-African Finance Institution exclusively supporting the development of affordable housing and construction in Africa. We were formed over 30 years ago by the African Development Bank and African member states, today we have 44 member countries, most of whom are represented here today.

Our objective when we were created over three decades ago has not changed; The objective of providing affordable and quality housing to all, and it is why we have offered the theme of "Housing Africa's Low Income Population". The challenge now is, and indeed has always been, how to create decent, affordable housing for all while also battling with unprecedented urbanisation rates.

Ultimately this will be the housing challenge for government in most countries in Africa, whether it be in Abuja, Lusaka, Nairobi, Abidjan, Rabat or Kinshasa, the challenges are similar. It is why we have made sure that the themes of our symposium are relatable across the years, last year we challenged you on *Rental Housing* and the year before it was on *Alternative Building Materials*; in the end the aim is still bridge the deficits but we believe that there are many roads that lead to that objective.

I am happy to inform you that as we continue in our quest to deliver on that objective, we have also created new systems and drafted and put into operation a new strategy. Our new focus will be on *RECONSOLIDATION, GROWTH DIVERSIFICATION AND SOCIAL IMPACT AND RELEVANCE*, more of which will no doubt filter through as we discuss more during this week of activities. But we must report that the new strategy is already

beginning to bear fruit, in 2015 an estimated 1773 houses were financed by new approvals, additionally we also created 1164 mortgages from new approvals and lines of credit, if the trend continues, over the new strategy cycle, Shelter Afrique will produce at least 10683 houses and 6984 mortgages.

Ladies and Gentlemen, we would like to thank the government of Nigeria for graciously choosing to host this year's AGM & Symposium, indeed Nigeria continues to play an active role in Shelter Afrique and indeed on the continent as Africa largest economy. We must also admit we have a special relationship with Nigeria, from 2005-2010, we financed and commissioned projects worth over \$50M dollars, some notable projects among them being the Adiva Plainfields which included the development of 376 units of different types houses and 251 serviced plots. We have also worked closely with the Akwa Ibom State government to deliver the Uyo Housing Project, which is now known as Shelter Afrique Estate. We also have a history of bolstering staff housing programs and supporting saving societies, notably we have worked with the Chevron Employees Cooperative Limited extending a line of credit worth \$1.5m dollars; The Africa-Re Cooperative Society extending an amount of \$1.8m dollars and the Abbey Building Society for \$5M dollars.

By our estimates, at the end of tenor for all our lines of credit, our financing would have created about 30000 thousand construction jobs in Nigeria alone. To further identify with and explore the potential of the Nigerian market, in 2014 we decided to regionalise our operations, Nigeria was the obvious choice and we set up a regional office here in Abuja. In the time since, we have approved \$30M in lines of credit, project finance and equity investments.

Chief among them is our participation in the Nigeria Mortgage Refinance Company, the NMRC a finance liquidity company established by the Federal Government of Nigeria in January 2014. In support of the NMRC, Shelter Afrique sits on the Board of the Company sharing its knowledge and insight gained from founding and establishing the only other two refinance corporations in Sub-Saharan Africa, the Tanzania Mortgage Refinance Company (TMRC) in Dar-es-Salaam Tanzania and *La Caisse Régionale de Refinancement Hypothécaire* (CRRH-UEMOA) in Lome, Togo.

We also enjoy strong relationships with the Federal Ministry of Power, Works and Housing, Real Estate Developers Association of Nigeria, both of whom, have played a large part in making this event happen, we also count Lefarge, Aso Savings & Loans, Fortis Microfinance, Wema Bank and Nigerian Police Force as partners. In fact, we recently jointly broke ground with the Nigerian Police Force and the UN Habitat on a 1004 housing project here in Abuja.

Additionally, I am happy to announce the recent signing of a \$9.1m dollars facility to Afro Asia Shelters International for 300 Units & related infrastructures in Jibi, Niger State. We view this as a hallmark project, precisely because the end product will be delivered to members of the the Trade Union Congress. From our experience these projects are the most effective in delivering access and value to those who are most in need of housing

finance. We hope to announce more such projects and our doors are always open to partners and developers interested in delivering value.

In truth, we should have more projects to announce today, however some of them have been cancelled due to our internal due diligence processes, I mention this here, because there has been a lot of enquiry over the nature of our processes and our commitment to financing projects in Nigeria. Given our history; our track record and our presence here, it is clear that we are committed to playing our part in this housing market and indeed all African markets, however we must also state that our policies and our processes are reflective of the general business environment. We as an organisation, would like to appeal to government and all concerned agencies to lift the restrictions to land registration and perfection of titles, we are committed to being part of that dialogue when the time comes.

I would be remiss while discussing our unique history with Nigeria without paying homage to Chief Fortune Ebie our Founding Managing Director and Prince Lufadeju, who built our current Headquarters in Nairobi and secured Host Country/Diplomatic Status for Shelter Afrique, we stand on your shoulders sirs.

Ladies and Gentlemen, despite some challenges, we believe that the recent milestones are systemic and have bolstered the financial architecture of Nigeria's housing market at the various levels of primary housing supply, primary mortgage lending, secondary mortgage markets and lines of credit to financial institutions.

Following the success of our regional office here and in keeping with our new strategy, we have also opened a regional office in Abidjan and will have another in Lusaka before the end of the year.

These are the practical steps we are taking to make sure that we address *Housing Africa's Low Income Urban Population* but it is not something we can do alone, nor is it something we would even want to do alone. For solutions to having a lasting impact and be sustainable they must be owned by all stakeholders, so I encourage you to participate and engage actively in discussions. In the end the matter of housing is owned by all, it is a matter that concerns us all, as we all need shelter.

While you are here It is our hope that delegates have a chance to experience the local culture and energy of the Nigerian people, but more importantly that we all leave the proceedings a little more informed and a lot more committed to the ideals of housing for all.

James Mugerwa

Managing Director