

Webinar - 29th of March 2022

AFRICA

Community-based finance for affordable housing *Building successful partnerships & collaborations across sectors*

This webinar shines a light on the dedication and importance of communities to mobilise finance and develop mechanisms for affordable housing production in Zimbabwe, Senegal & Mozambique.

Moderators: Bea Varnai, urbaMonde and Marine Cavaillon, Center for Affordable Housing Finance

Speakers:

Magatte Diouf est une géographe-urbaniste militante depuis plus de 10 ans. Après avoir réalisé d'honorables travaux de recherche sur les thématiques de planification, gestion urbaine et des inondations, elle a appuyé la rédaction de plans de développement au Sénégal au sein de plusieurs agences de l'Etat tel que le Programme National d'Aménagement et de Restructuration ou encore le Plan de Développement de quartiers de la Ville de Saint-Louis. Forte de ses expériences, elle a intégré l'ONG urbaSEN en 2016 où elle est actuellement une cheffe de projet passionnée par l'urbanisme opérationnel engagée auprès des organisations communautaires de base depuis 4 ans pour l'amélioration du cadre de vie des quartiers précaires. En effet, elle accompagne la FSH (Fédération Sénégalaise des Habitant.e.s) dans l'édification de projets de planification et restructuration urbaine participative pour la mise en œuvre de projets structurants à l'échelle de l'habitat et de l'espace public.

Richard Bahumwire, CEO and Co-founder of Casa Real, a company that is implementing affordable housing for the low-income people in Mozambique. Richard has over 15 years of international development experience and a MSC in Urban management and Development, Urban Housing and Livelihoods.

Patience Mudimu, CEO, Dialogue on Shelter for the Homeless Trust Zimbabwe.

● **Question 1. How does the financial mechanism work?**

Magatte Diouf, Project Manager, UrbaSEN - Senegal

Main ideas:

- Fond rotatif "de rénovation urbaine" pour la reconstruction à la parcelle et l'amélioration des infrastructures. urbaSen, bras technique de la FSH.
- Exemple d'une famille (16h20)

- 5% d'intérêts affectés au fond, répartition des intérêts.

Quelle est la durée des prêts ?

Plafond 1 million CFA, 20 mois + 1 de différé

Patience Mudimo, Dialogue on Shelter for the Homeless Trust - Zimbabwe

Main ideas:

- Saving groups: women led. The women save each week for different purposes, especially upgrading.
- 408 households.
- Harare Slum Upgrading Facility Fund (HSUFF) is functional to date. Funding shelters in different settlements.

Richard Bahumwire, Executive Director, Casa Real - Mozambique

Main ideas:

- Casa Real, have been working with the municipality of Beira, work with funding from Reall.
- Started doing a survey to understand the context of housing in Mozambique.
- Designed houses in 10 K\$ when the cheapest was 55 k\$. The mayor believed in the project.
- Training from Australian org on cyclone resisting houses.
- Problem of End User finance in the whole continent: no mortgage finance available for low-incomes. Banks say they can't give mortgages.
- Experimented different ways to pay in instalments, cash, etc. Now rent-to-buy option. People start paying rent for 3-4 years and then if they have the possibility, buy the homes. The money that was paid in rent is used to empower?!
- Incremental housing. Eco-features in the traditional way. Decentralised water system. Now tested also timber homes, trying to attract climate friendly finance.

• Question 2. Patience (Zimbabwe): how do you work with governments ?

Main ideas:

- Seek a mutually beneficial agreement with the city council. Asked the city to assign a special officer to handle informality.
- The mayor was exposed to different projects around the world where cities handle informal settlements in South Africa, Kenya and India when he came back we agreed on how to proceed : profiling slums, doing surveys, 63 settlements in Harare.
- Created a project management team composed of people from all the communities
- Project often documented by students

Question 2. Magatte (Senegal): how do you work with public authorities?

Main ideas:

- Les habitants font la démarche d'établir une convention avec les municipalités pour établir les activités. 15 conventions signées avec des communes.
- Accès à la propriété grâce aux négociations.
- Conventions avec les services déconcentrés de l'Etat pour accéder aux financements nationaux des programmes sur 100.000 logements, fonds pour intervenir sur l'espace public.
- Innovation avec le typha
- Aménagements cofinancés et co-gérés par les habitantes

• Question 2. Richard (Mozambique): how do you scale the experience?

Main ideas:

- Planning to scale up in Beira and other cities.
- Need to work with the municipality to help speed up the processes.
- Rent to buy is not easy because the capital is stuck in the rental. So we work with EPAWOA, to support the end user finance? Instead of doing mortgages which take too long, with the rental we payback the investors quickly.

Question 3. Vision - How to replicate and scale the experience/mechanism? What collaborations are crucial? What are your expectations regarding national, local authorities, private sector, etc.?

Patience - Main ideas:

- Funds are not only in Harare but also Bulawayo and Mashimbo cities already. Have managed to multiply the money 5 times
- Scaling up

Magatte - Main ideas:

- Passer à la construction neuve, projet de la Cité FSH, co-conçu, écoquartier, gouvernance genrée, matériaux locaux, approche anti spéculative pour éviter de transformer le quartier en zone de spéculation.
- Aider les familles oubliées des programmes publics, sans avoir à se surendetter. Pour le moment ça marche très bien, car plusieurs familles peuvent maintenant acheter du foncier avec les prêts du fonds.

Q&A with the Audience

Question by: How do the models ensure that the people are able to pay back the loans ?

Main answers:

- Patience: Incidence of defaulters, take into account the socioeconomic circumstances. The collectives assist in ensuring that the loans are repaid. Some of these loans are passed to the next generations.
- 100% repayment is not possible, but each dollar is being used again and

again by people who need it.

- Magatte: le groupe garantit le remboursement des prêts. Il y a des bases de données des groupes qui reçoivent des prêts; Pas de risque 0. Dans le cas de personnes décédées, la famille a remboursé, dans le contexte covid, des familles ont perdu leurs activité génératrices de revenus. Traitement au cas par cas, mais à gérer avec la communauté. Si quelqu'un ne peut pas rembourser, ça pénalise les autres.
- Richard: So far so good. We are completing the pilot project. In the contract, people cannot make changes to the house before they pay back what they owe, so this also motivates them to be able to expand the houses in the future.

Question by: How long does it take for a household to acquire a home through the rent to buy model of Casa Real?

Main answers:

- Richard: 5 years, then review, then negotiate the next phase. We believe some people will be down to 3 years not 5 years.
- Our mission is not really to make money but to make sure people access funding.

Question: Environmental issues, how do you take it into consideration ?

- Richard: Cyclone destroyed many houses, so we design good quality to face the risks in Beira. Need for a resilient home model and had some training from Australia about roofs, climate friendly fresh homes adapted to the heat. Houses are delivered with all this technology and in safe condominiums.
- Patience: community-led data collection is crucial. DZ settlement is prone to flooding, but learning about building technologies that are climate adapted. Relocations were needed as well.
- Magatte: Risque d'inondations. Cité FSH: pas laissé les familles s'installer de manière spontanée avant qu'il y ait les infrastructures nécessaires. Éviter de reproduire

Closing remarks & learnings - CAHF

Main ideas:

- Le système de financements collectifs permet de remettre les personnes au centre en limitant le surendettement grâce à la communauté, sans forcément impliquer les banques, grâce aux micro-financements;
- Les systèmes ne sont pas en place ou adaptés aux personnes à faibles ressources (avance de 20%, volatilité des prix, travail formel...) alors que ces exemples montrent que les personnes peuvent parfaitement financer collectivement des ouvrages.
- Le community based finance permet d'impliquer de nombreux acteurs, des familles mais aussi les collectivités locales.
- Au plus près des besoins des familles, considérations environnementales et

des dangers du changement climatique, matériaux renouvelables ⇒
opportunité de protection des ménages les plus vulnérables au Changement
Climatique.

Other questions:

@Patience, Do members of the Gungano savings scheme hold leases or some other form of tenure to their plots? Can renters or sub-tenants also be members of the Fund and if so, how would they go about obtaining their own plot of land? i.e. Do you consider land (access to a serviced plot) to be a constraint and does the savings group also extend to identifying suitable parcels of land and constructing infrastructure (water, roads, etc).

@Patience, is this model similar to a cooperative model? Meaning similar interest, similar income bracket and occupation or economic activity?

@Richard, Could the Casa Real model be feasible at higher densities? Would settlements with a higher density be possible culturally speaking and, if so, would you expect it to reduce costs per capita significantly with the approach you use?

> Yes, one of the reasons we densified was to cut cost and have maximum utilisation of land. the minimum plot size is 600m² but we negotiated to do 100m².

@Richard, How long are the loans in Mozambique?

>The scheme we have we are starting with 5years and the remaining balance will be mortgage, if the client hasn't arranged rest of the finance.

@Richard, any safeguards to the developer on a tenant purchase system?

@Magatte, Does the revolving funds include any sort of technical assistance work to the beneficiary families?

> Yes, the technical assistance is a substantial part of the programme: urbaSEN supports the home and neighbourhood upgrading at all stages (diagnosis, choice of improvements to be implemented, supervision). No home improvement is implemented without technical assistance, and no loan is going out without technical assistance.

@general, est ce que vous connaissez l'approche crédit matériaux pour accompagner la construction des ménages à faibles revenus ?

> En effet, une solution intéressante également ! Nous avons étudié un cas de ce type dans le benchmark, voire deux : le cas de Namibie contient un volet crédit matériaux, ainsi que celui de Gambie.

<https://www.urbamonde.org/fr/projects/etude-sur-les-mecanismes-de-financement-citoyen-pour-la-production-de-logements-abordables-en-afrique>