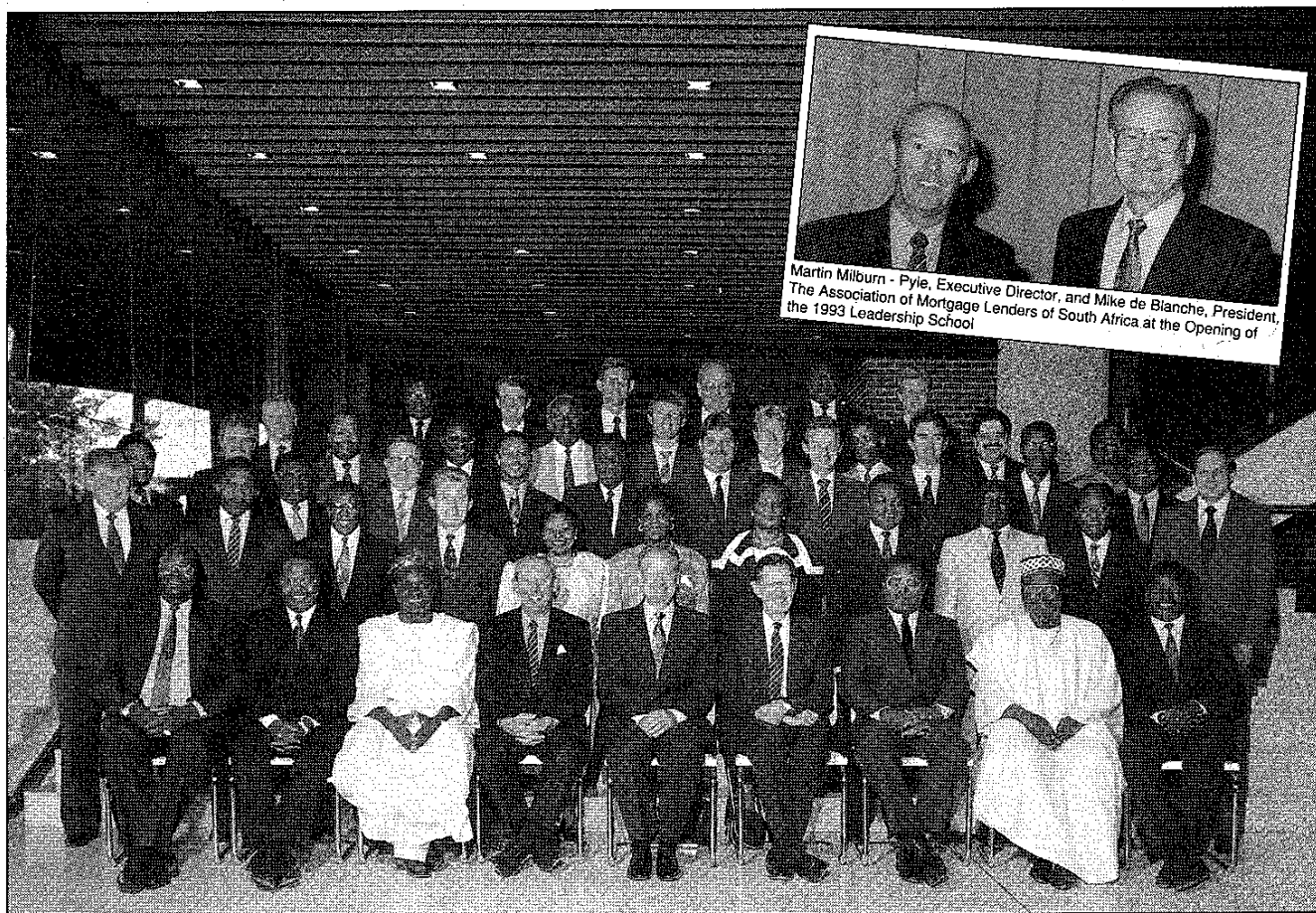


## African Notes

### **THE ASSOCIATION OF MORTGAGE LENDERS OF SOUTH AFRICA**



Martin Milburn - Pyle, Executive Director, and Mike de Blanche, President, The Association of Mortgage Lenders of South Africa at the Opening of the 1993 Leadership School

**T**he Association of Mortgage Lenders of South Africa held its annual Leadership School at the First National Bank Centre for Management Studies in Sandton, located on the outskirts of Johannesburg. Delegates came from as far afield as Nigeria, Kenya and Malawi, as well as from the neighbouring states of Botswana,

Namibia, Swaziland, Zambia and Zimbabwe. The presentations were all made by top speakers in their respective fields of shelter housing, national housing philosophies, human resources development, the AIDS threat, risk management and a host of related topics. In addition, speakers of the stature of Dr Nthatha Motlana and Dr Morley

Nkosi provided input on the more sensitive historical and socio-political aspects of development of this country as well as of socio-economic development. The 50 delegates were full of enthusiasm, and the School will undoubtedly be scheduled to be held at Sandton again next year. ■

## **AFRICAN UNION OF HOUSING FINANCE INSTITUTIONS**



**T**he African Union of Housing Finance Institutions Training Sub-Committee organised an Executive Workshop in Harare, Zimbabwe, from June 6-11 1993, for public and private sector officials. The workshop was financed by the United Nations Economic Commission for Africa (UNECA) and was attended by 51 delegates from 14 countries, spanning the continent from Egypt to South Africa, and

Ghana to Mauritius.

The Executive Workshop was officially opened by the Minister of Housing of the Government of Zimbabwe, and Speakers came from Senegal, Zambia, South Africa and Zimbabwe. Topics included 'The Government Role in Housing', 'Structural Adjustment and Deregulation', 'Two-Tier Mortgages' and 'External Aid and Housing'.

Central African Building Society (CABS) made their auditorium and Training Facilities available for the workshop, and coordination was provided by CABS Training Manager, Ros Boaler, and General Manager, Mike Beresford. Delegates were able to visit medium- and low-cost housing areas around Harare. ■

## **SHELTER-AFRIQUE**

The 12th Annual General Meeting of Shelter-Afrique and the 3rd Annual General Meeting of the African Housing Fund (AHF) were held in Lusaka, Zambia, from 23rd to 27th May 1993. In attendance were 28 African countries, the African Development Bank (ADB), Abidjan, Cote d'Ivoire, The African Reinsurance Corporation (Africa-Re), Lagos, Nigeria and the Commonwealth Development Corporation, London, Great Britain, all shareholders of Shelter-Afrique. Interested observers from Mozambique, South Africa and the United States of America, and from the PTA Bank, Bujumbura, Burundi were also present. These Annual General Meetings of Shelter-Afrique and AHF were preceded by a Regional Workshop on the Production and Use of Local Building Materials for the Eastern and Southern Africa region (20-21st May 1993) a Symposium on Capital Markets and Shelter Finance Linkages in Africa (26th May 1993) and the 30th Meeting of the Board of Directors of Shelter-Afrique (24th May 1993).

As regards the regional workshop on the Production and use of Local Building Materials, it would be noted that it was organised by Shelter-Afrique in collaboration with the Ministry of Local Government and Housing of the Republic of Zambia on 20-21st May 1993 for the participating countries of the Eastern and Southern region. The workshop was followed by an exhibition conducted by Shelter-Afrique on locally made equipment and building materials. The meeting was attended by over 40 representatives from 6 countries and institutions, with great success.

The symposium on Capital Markets and Shelter Finance Linkages in Africa (26th May 1993), whose main objective was to find innovative and sustainable ways of financing housing development in the continent and, as such, could be considered as a follow-up to the Shelter-Markets symposium previously held in Nairobi, Kenya, in April 1992, was declared open by the Zambian Hon. Minister for Local Government and Housing, Dr Roger Chongwe, SC, MP on behalf of H.E. the President of the Re-

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public of Zambia, Mr Frederick Chiluba.

In the opening speech delivered on behalf of the President, the Hon. Minister noted that African economies were experiencing stalled growth or even decline, a trickle or no external and local investments, poor industrial base, mounting debt burden, shifting terms of trade, and above all, a very discriminating and hostile international trading environment. He further observed that in spite of the efforts made by African Governments at the policy level, housing conditions were getting worse with the majority of African urban dwellers unable to afford housing that conforms to acceptable standards, due to lack of basic inputs such as land, building materials, finance and human resources. The Hon. Minister then called for a new approach to tackle the many policy, institutional and resource constraints that have hindered housing development in the Continent. He finally urged Shelter-Afrique to play a catalytic role in the reduction of the cost of housing, particularly by initiating low-cost technical solutions for mobilising domestic resources and by promoting the use of affordable local building materials.

The keynote address which was later on delivered by Dr Garin C Gunesekeera, Advisor, Kenya Capital Markets Authority, emphasised the need to adopt a practical approach on housing financing and to build on whatever available resources when developing Capital Markets. To stress the point made, he remarked that although there are few stock exchanges in Africa, there is still potential for establishing more if the existing facilities and infrastructure are efficiently utilised, no matter how inadequate they could be.

The meeting of the Board of Directors of Shelter-Afrique which was held on 24th May, 1993 approved, amongst other things, the equity investment of US\$ 200,000 in the share capital of "Fonds de Promotion de l'Habitat Urbain", (FHPU), a housing bank in Burundi. This is in line with Shelter-Afrique's commitment to promote housing

development in Africa through direct loans, lines of credit, equity investments and technical assistance to both public and private institutions for physical housing development, site and service schemes, squatter up-grading and institution building.

The Board of Directors also approved a medium term loan of US\$ 1.4 million for financing the PTA Bank's Headquarters in Bujumbura, Burundi. This loan is in conformity with Shelter-Afrique's policy of promoting cooperation with sub-regional institutions. The Board of Directors further noted that a total of US\$ 7.99 million have been committed to projects already completed in the Gambia, Nigeria, Senegal, Uganda and Zambia and also on-going projects in Cameroon, Burundi and Malawi. These projects have assisted many families in various countries in improving their housing conditions.

It was also observed that the African Housing Fund (AHF) established by Shelter-Afrique in 1988 has extensive on-going projects in Kenya, Uganda and Burundi. Several other projects in member countries are in the pipeline. Lending to private sector institutions was also considered.

The Annual General Meetings of Shelter-Afrique and African Housing Fund (AHF) held on 27 May 1993, elected Dr R Chongwe, Hon. Minister for Local Government and Housing, as its Chairman for 1993-94. During the meeting, member countries reiterated their support to Shelter-Afrique and the need for the company to be endowed with adequate resources to enable it to execute its mandate in Africa. The General meeting also resolved that outstanding amounts by member countries under the authorised Share Capital augmentation exercise should be remitted within the next two years. It also urged member countries to observe the deadline for 1995 for remitting the amounts due.

The General Meeting finally noted with satisfaction the review of the company's activities for the year 1992 as presented by the Chairman of the Board of Directors and

# AFRICAN NOTES

authorised the transfer of the 1992 net income of US\$ 833,617, total reserves from the 1992 Profit and Loss Accounts to the Reserve Account of the Company. This brings the total amount to US\$ 4.6 million. The meeting was concluded by a tour of the housing project which has been financed jointly by Shelter-Afrique and Zambia National Housing Authority. In pursuance of the recommendations of the above meetings, Shelter-Afrique hopes to tackle the housing problem in Africa with the active support of African governments and international development agencies interested in the development of Africa. Its long term plan is therefore to have access to the international and domestic capital and financial markets for funds for housing development and to create structures within Africa for utilising these resources on viable housing projects.

## **RECOMMENDATIONS OF THE WORKSHOP ON THE PRODUCTION AND UTILISATION OF LOCAL BUILDING MATERIALS**

The Regional Workshop on the Production and utilisation of local building materials in Eastern and Southern African Region was held at the Mulungushi International Conference Centre, Lusaka, Zambia on 20th and 21st May, 1993. The main objective of the Workshop was to assess the state of the building materials industry, including research, development, production and utilisation in the region. It was organised by Shelter-Afrique in conjunction with the Ministry of Local Government and Housing. Participants were drawn from Zambia, Uganda, Botswana, Malawi and Zimbabwe, SH-AF, CFTC, UNCHS (Habitat), CSIR (SA) and DBSA as well as locally based institutions, companies and organisations (TAP, University of Zambia, Lusaka City Council, NHA, DBZ, SIDO). The Workshop was declared open by the Minister of Local Government and Housing, Dr. R M A Chongwe, SC, MP, and addressed by the Managing Director of Shelter-Afrique, Mr. E O Lufadeju. Country reports and papers covering a wide range of topics were pre-

sented. An exhibition on local building materials and equipment produced in Zambia and Zimbabwe was mounted. After exhaustive deliberations and discussions the Workshop noted:

- the important role the building materials and construction industry play in promoting housing and economic development in the region;
- that a lot of work has been carried out in the area of research and development on a number of local building materials such as bricks, FCR tiles and sheets, stabilised earth blocks, lime, pozzolana and other building materials. Some of these materials have reached the prototype stage, making them ready for commercial production;
- the on-going structural adjustment programmes in the countries in the region which adversely affect the development of local building materials;
- the lack of standards on local building materials and existing bylaws have continued to hamper the effective introduction, production and utilisation of locally available materials;
- the need for cooperation both at the regional and national levels between Governments, public, private and international organisations to popularise the production and use of local building materials;
- that the price of cement has continued to escalate due to high transportation cost, low capacity utilisation, inappropriate technologies and lack of foreign exchange, among other things. There are, however other binders such as pozzolonas, lime, etc. which could easily be produced to replace a large proportion of materials used in cement production;
- that research and development projects/ programmes are not linked from conception to actual production. There is a lack of entrepreneurial skills, and no clear and deliberate Government policies to facilitate the production and use of local building materials.

The Workshop, therefore, makes the fol-

lowing recommendations:

- Governments in the region should create enabling environments through policy, institutional and financial reforms to promote the production and utilisation of local building materials. The use of these materials in public and Government projects should also be encouraged;
- Governments should review the procedures for land delivery and acquisition in order to facilitate housing development and therefore, building materials production and delivery;
- Governments should take measures to ensure the sustainability of efforts and achievements of technical assistance projects funded by donor and international agencies;
- Governments should ensure the availability of standards for newly developed materials and the building bye laws to promote the use of local building materials;
- Governments should support the training of artisans, tradesmen and professionals in the production and utilisation of local building materials by introducing subjects relating to the sector in the curriculum in trade and technical schools, polytechnics, universities, etc.;
- Governments and international organisations should carry out an inventory of local building materials that can be produced within each country and map out plans and priorities for their implementation;
- Governments and international organisations should also carry out an inventory of raw materials available in each country including their location, quantities and qualities, for the production of local building materials. Such inventory should also be carried out on research and development activities as well as skills available and possible areas where further training will be needed;
- International organisations and NGO's should continue to promote exchange of information in local building materials research and development. Efforts should also be made to promote regional cooperation in the production and utilisation of

local building materials;

- International organisations should support and encourage the transfer of technology and development of local capacities for identifying, preparing and financing local building materials projects in Africa. Funds in both local and foreign currencies should be established for the production of local building materials;
- NGO's, Government and International Organisations should establish Steering Committees at national levels to coordinate activities and disseminate information on local building materials. The Steering Committee should comprise all institutions and organisations involved with research, development, finance and production of local building materials. Other regional initiatives, such as the South African Construction Initiative comprising the ten countries in the Southern African region, should be linked up with the committee;
- International Organisations should adopt an integrated approach in the development of local building materials in the region.

## **RECOMMENDATIONS OF THE SYMPOSIUM ON CAPITAL MARKETS AND SHELTER FINANCE LINKAGES**

The participants in the Shelter-Afrique Symposium on Capital Markets and Shelter Finance Linkages in Africa held on the 26th of May, 1993 in Lusaka, Zambia, representing African countries as well as national, regional and non-regional organisations concerned with economic, housing and urban development in Africa, being:

**aware** of the acute shortage of housing especially for the low and middle, income groups;

**mindful** of the high cost of and in fact limited sources of long term funds, particularly for housing development on the continent;

**noting** the on-going financial and market reforms as well as the structural adjustment programmes in most African countries;

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**concerned** about the need to find, develop and replicate sustainable, and affordable domestic sources of finance and other resources for housing and urban development;

**call on :**

### **1. African Governments**

- to continue to accord housing the utmost priority it deserves as a basic necessity of life, through increased budgetary allocation for the development of human resources for all aspects of housing and urban development, institute policy, institutional and legal frameworks to enable the active participation of the private sector and the people in their own housing;
- to create conditions that will facilitate access to serviced land, credit and building materials in order to promote viable housing markets;
- to institute enabling environments for the establishment and promotion of the use of capital markets as sources for housing finance, and the integration of the latter into national financial systems;
- to strengthen local and municipal management systems by institutionalising proper accounting, financial and management procedures that will facilitate access to capital markets for long term finance for housing and infrastructure development and maintenance;
- to continue with financial reforms and structural adjustment programmes to ensure fiscal stability, reduction of budget deficit and control of inflation as a means of promoting the development of the shelter finance sector;
- to introduce tax and other incentives that will increase the supply and demand of mortgage backed securities and municipal bonds;
- to make greater use of the stock exchange where it exists to finance housing development through the use of housing bonds, property certificates, and similar securities;
- to consider the allocation of domestic

savings available in workers' social security and provident funds as well as other surplus resources of the banking and insurance sector through legislative instruments for housing and infrastructure development at market interest rates;

- to promote partnership between the private and public sectors and, most importantly the monetary authorities in order to enhance the flow of funds into the housing finance sector;
- to support the activities of Shelter-Afrique by endowing it with more resources to enable it to finance housing in Africa.

### **2. Shelter-Afrique**

- to assist member countries to develop and implement model programmes for mobilising financial resources for housing through the capital markets and stock exchanges where they exist;
- to develop ways of linking the informal housing finance sector to the formal financial and capital markets systems;
- to support local and private sector institutions involved in housing development through technical assistance, loans and equity to enhance housing finance systems in member countries;
- to ensure the availability and dissemination of information on the use of capital markets and stock exchanges for mobilising shelter finance.

### **3. International Organisations**

- to collaborate with African Governments and Shelter-Afrique in creating and strengthening domestic financial and capital markets for financing shelter and other development programmes;
- to assist African governments to strengthen research, technical and institutional capabilities in capital markets and shelter finance at national and regional levels;
- to support the transfer of technology and expertise as well as information exchange on the development of capital markets and mortgage-backed securities and other instruments in Africa. ■