



Expanding Access to Sustainable Housing in Africa

The housing sector is fundamental to accelerate economic development and social prosperity in Africa given its direct benefits and multiplier effects to the economy. The housing deficit in Africa is estimated at over 97 million units and this is expected to increase as the continent's population grows, and urbanization continues. The housing sector in Africa has sector-specific challenges including limited access to land, inadequate regulatory policy, costly title and lien registration, lack of infrastructure services and standards, developer financial and technical skills and capacity constraints, high building material cost, low purchasing power, and limited access to mortgage financing. To address these challenges, a sustained commitment and coordinated approach is required from key sector stakeholders. This is a key strategic priority for IFC.

About IFC in Africa

IFC has established a leading position promoting private sector investment in Africa. Over six decades, IFC has invested more than \$60 billion in long-term finance in African businesses and financial institutions, of which more than \$40 billion is from IFC's own account. We are a leading provider of advice to promote a sustainable private sector and mobilize capital from other investors who invest alongside IFC in critical sectors for Africa's future. IFC's work is increasing access to finance for small businesses, supporting innovative startups, bridging the power gap, enabling sustainable manufacturing, bolstering resilient health systems and expanding regional trade. We are also deploying fast-track funding and advisory support to help African businesses recover from the COVID-19 pandemic.

Overview of IFC's Work in Housing

The housing sector provides significant direct benefits to society by providing shelter and safety, and indirect benefits including growth of the economy, better health, education, and gender outcomes. The sector also promotes job creation in the real estate eco-system that is catalyzing economic development, deepening local value chains, and improving business and residential infrastructure. IFC aims to contribute to these goals by supporting projects that address a clear imbalance of supply and demand in accommodation in rapidly urbanizing cities. IFC also emphasizes the implementation of green building standards with the EDGE (edgebuildings.com) tool, which is also a pillar of IFC's climate agenda. IFC targets business models of built-for-sale and built-for-rent, including income-generating platforms. Our focus segments include residential properties, specialized housing (student, senior, and worker), and real estate investment trusts (REITs) and other housing income platforms. IFC's investment and mobilization in the housing sector is currently over \$1.3 billion globally and \$244 million in Africa.

Examples of IFC's work in Housing

- Provide financing, by selectively investing in housing developers either directly, or indirectly, through IFC's client banks. In 2021, IFC invested ZAR150 million via equity in South African Student Accommodation Impact Investments Proprietary Limited (SASAI), a South African investment company developing and operating affordable, purpose-built student accommodation (PBSA) and in 2022 provided \$12 million in equity capital to Respublica Group, South Africa's leading developer, owner and operator of PBSA.
- Utilize blended finance, especially by leveraging the International Development Association Private Sector Window (IDA-PSW) and climate finance funds, in partnership with private investors for housing developers.
- Deploy housing assessment tools like READ (Real Estate Assessment of Developers) and ASHA (Affordable Socially Sustainable Housing Application) to appropriately facilitate IFC investments in housing development projects.
- Provide renowned EDGE (Excellence in Design for Greater Efficiencies) service to housing developers to introduce reliable ways to save on utility bills while reducing a project's carbon footprint.
- Leverage internal resources to deliver comprehensive housing development support. IFC's Upstream group signed a collaboration agreement with Reall, a UK-based investor in climate-smart affordable housing, to explore ways to scale up financing for green, affordable housing developments in Africa and South Asia.
- Create the enabling environment by working across the World Bank Group to propose policy reforms that will unlock private sector participation in the housing market.

Examples of IFC's Portfolio in Housing



IHS Fund II (2013)

IFC committed \$25 million to IHS Fund II to support development of affordable housing in South Africa and sub-Saharan Africa. IHS is a housing fund manager with over \$230 million in housing investments that are financing over 28,000 housing units.



Respublica (2022)

IFC provided \$12 million in equity capital to Respublica Group, South Africa's leading developer, owner and operator of purpose-built student accommodation. Respublica currently has over 9,000 beds for students from public and private universities across the country.

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