

Private sector investment key in bridging Africa's housing gap

On the eve of the UK Department for International Trade's Africa Investment Conference, East African architecture and masterplanning firm FBW Group noted that private sector investment is key to solving East Africa's mounting affordable housing challenges and the UK can play a leading role in turbo-charging the development drive needed.



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The conference, on 20 January, comes 12 months after the UK-Africa Investment Summit hosted in London by Prime Minister Boris Johnson, where 27 trade and investment deals, worth £6.5bn and commitments worth £8.9bn were announced.

It will explore how inclusive, sustainable and resilient investment can serve to help countries across the continent transition to a cleaner, greener economy and support recovery from the impact of the coronavirus.

Speaking before the conference, the UK's minister for investment, Gerry Grimstone, said: "Despite the current global economic context, the UK's ambition to be Africa's investment partner of choice has never been stronger.

"Growing investment relationships will be central in helping economies recover and build back better from the disruption caused by coronavirus.

"Africa's economic potential and investment opportunities are huge, and our partnership will help ensure UK and African businesses are able to capitalise on trade and investment opportunities, now and in the future."

UK investment in housing sector

Early last year, UK Climate Investments announced a £30m (\$39m) commitment to support the construction of 10,000 green affordable homes in Kenya. Managed by Macquarie Infrastructure and Real Assets, UK Climate Investments is a £200m pilot investment programme mandated to invest in India and Sub-Saharan Africa.

FBW, which has operations in Kenya, Uganda and Rwanda, believes that commitment has the power to unlock more inward

investment and give East Africa's private sector confidence to commit to green, affordable development projects across the region.



Antje Eckoldt, FBW Group director and Kenya country manager

Said Antje Eckoldt, FBW Group director and its Kenya country manager:

“There are major opportunities for UK investors to make a real difference by supporting projects that will deliver real social and environmental change.

“The large-scale commitment by UK Climate Investments is a game-changer, embedding green standards into the market that will give local investors added confidence to put more of their money into the affordable housing sector.

“We’re also seeing other welcome investment moves from the UK, including a joint venture involving CDC Group, the UK’s publicly-owned impact investor. It is using 3D printing technology at scale to build affordable and low-carbon housing and schools in Africa, starting in Malawi.”

Housing challenge

Housing remains a major challenge across East Africa. The World Bank has estimated that 200,000 housing units are needed annually in Kenya alone. Uganda and Tanzania also face a large-scale and growing housing shortage.

To try and close that gap the Kenyan government has launched a programme to build 500,000 new affordable homes by 2022.

Since 1969, the country's population has grown at a compounded annual rate of 3% and there are now more than 47.5-million people living in Kenya. However, the country only had 26,504 active mortgages at the end of 2018, according to research.

The World Bank has also estimated that by 2050, 50% of the Kenyan population will be living in urban centres. Said Eckoldt: “This rapid urbanisation, which we are seeing across the region, will put even greater pressure on the availability of affordable housing. Closing the housing gap is really important if East Africa's economic potential is to be fulfilled.

“There are major challenges, including meeting budget requirements while also delivering homes of real quality, but the drive to deliver affordable housing is gaining momentum.

Sustainable solutions

“The delivery of sustainable building solutions and green principles is also coming to the fore in this drive. Locally sourced materials and skills are at the heart of this, along with meeting the challenges of climate change and its impact.”

Eckoldt says effective urban planning will also have a big part to play in shaping future housing development. The UK Centre for Cities and Infrastructure has been set up to “turbo-charge investment” in fast-growing cities across the developing world.

It will provide British expertise to African governments and city authorities to improve the way cities are planned, built and run, including making them more environmentally friendly. The focus will be on improvements to infrastructure, including water and energy networks.