



Centre for Affordable  
Housing Finance  
in Africa

# *The Role of Savings and Credit Cooperative Organizations in Kenya's Housing Finance Sector*

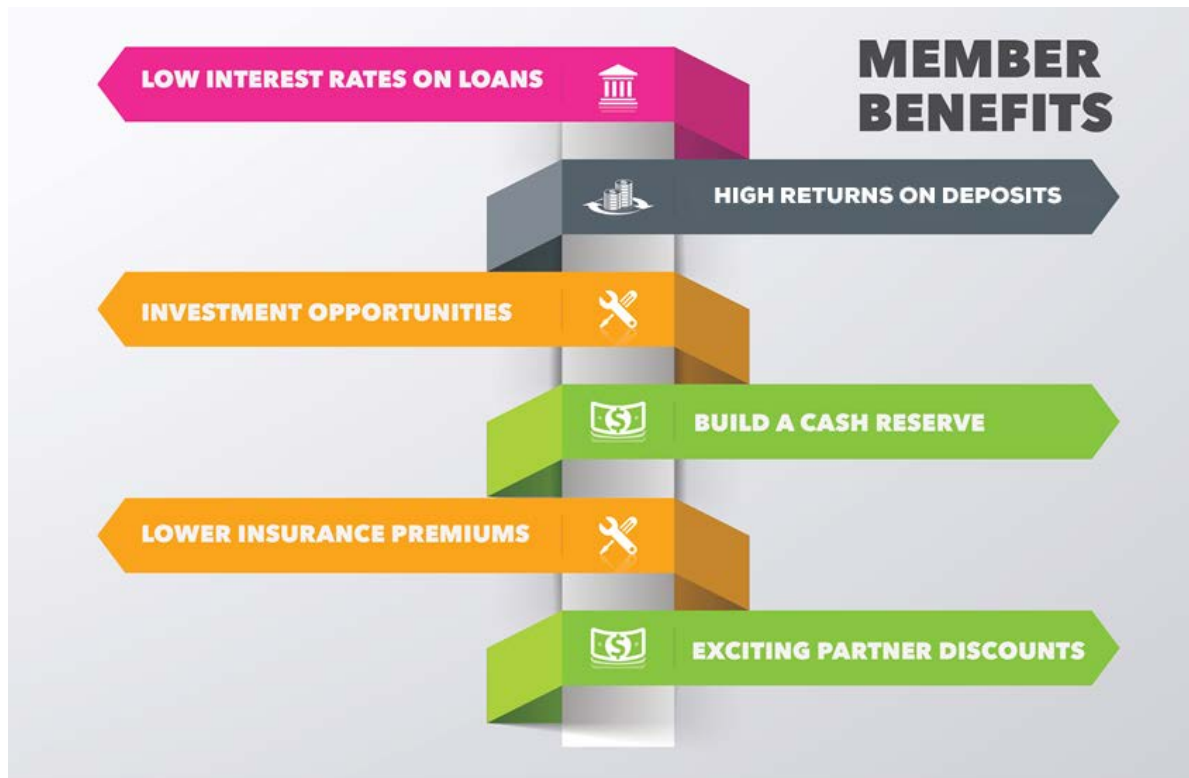
Presented by Davina Wood, CAHF Consultant,  
at the East Africa Property Investment Summit

April 25, 2018

# Some SACCO basics



- How they work & what they Offer: Savings accounts, Credit products including deposit-based and salary-based loans, **but rarely mortgages**



Why are they important?

Size, reach, and promotion of a savings culture



# The market

- Typical client profile: middle-aged, middle income or moving into middle income, formally educated, formally employed.
- Rural versus urban
- Recent expansion thanks to third party agents
- Market share and five largest SACCOs



# Kenya's Broader Cooperative Sector



- Non-Deposit Taking (BOSA) or Deposit-Taking (FOSA)

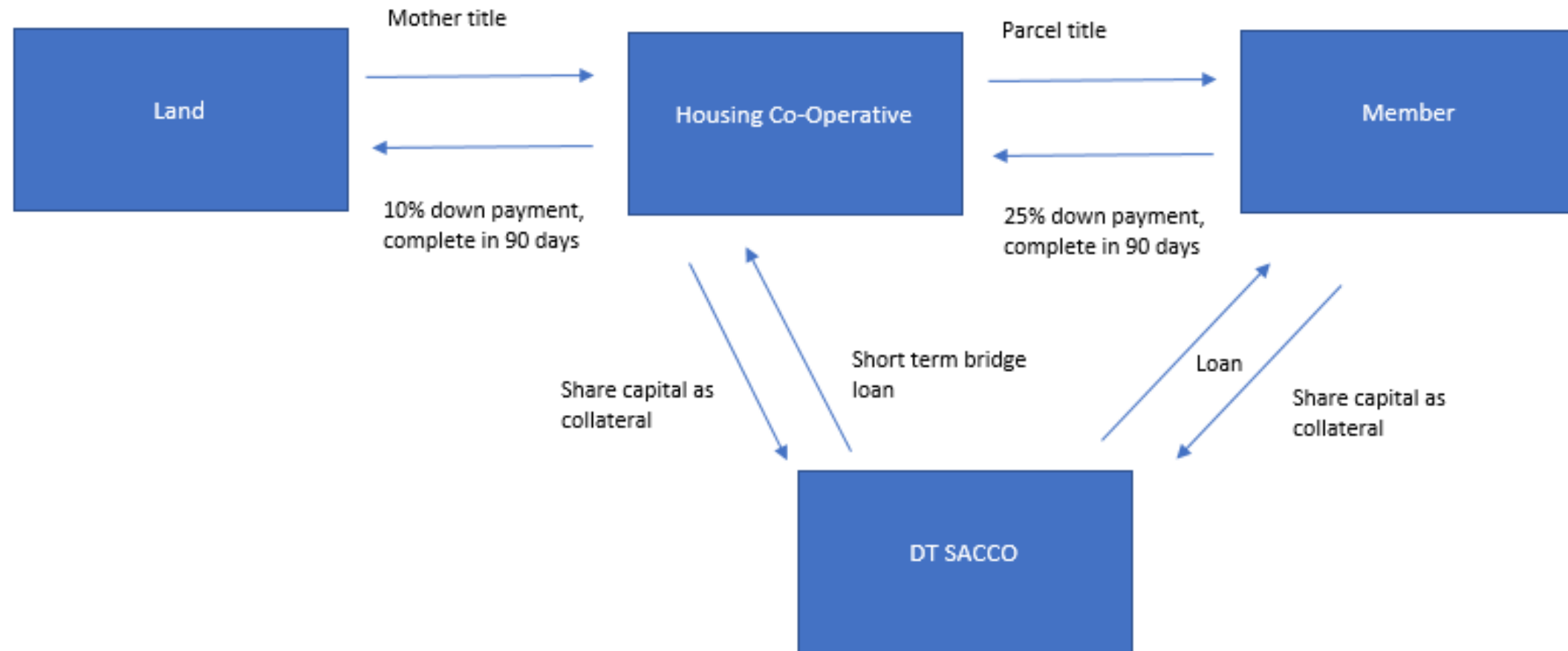


- SACCO Societies Regulatory Authority (SASRA)
  - Housing Cooperatives-monitored by The Ministry of Industry, Trade and Cooperatives
- Dual entity model: a FOSA and a Housing Cooperative that interact frequently with each other.

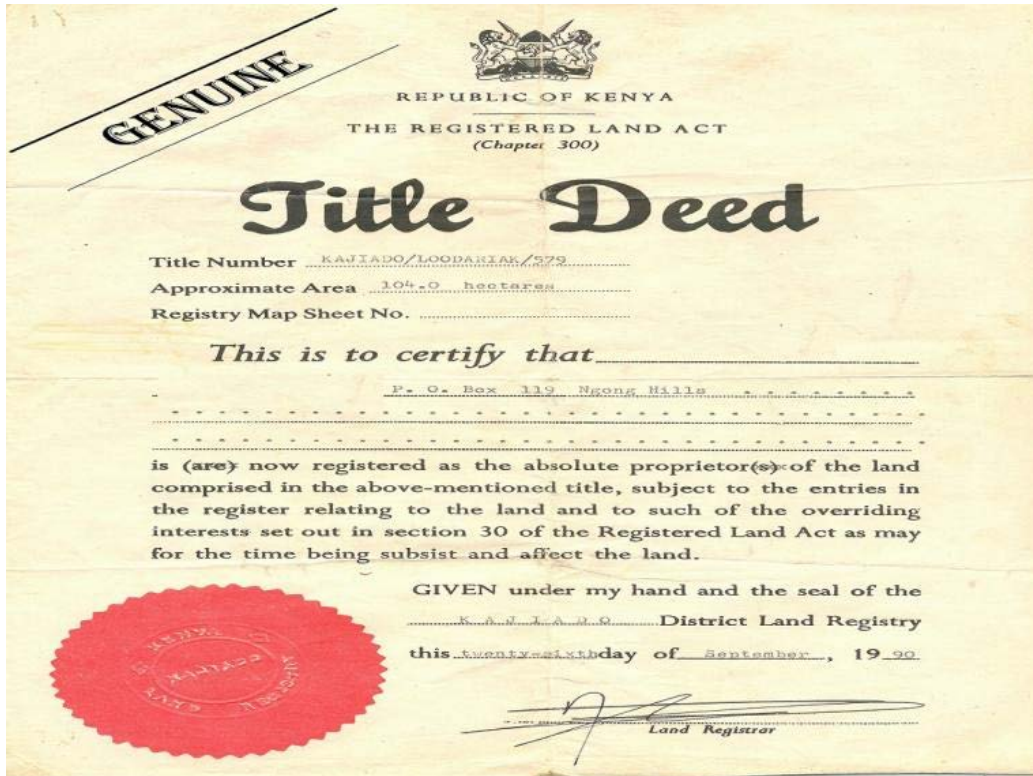
# The SACCO-supported Housing Delivery Chain



The SACCO Supported Housing Delivery Chain



# Benefits of the Model



- Cost savings, economies of scale
- More bargaining power when it comes to infrastructure & services
- Title clearance
- Amenities and common facilities
- Aligned Interests

# Challenges

- The same challenges faced by any developer, including cumbersome title transfer processes and high cost of construction
- Capital constraints at various financing moments: need for low-cost, sustainable capital
- Membership interest and payment
- Outcome can be failed or stalled projects



# Recent Developments



## Government Intervention and Market Based Solutions:

- Tax reform and SACCO access to Credit Reference Bureaus
- Commitment to deliver 500k affordable units by 2022
- Establishment of the Kenya Mortgage Refinance Company (KMRC), a mortgage liquidity facility

SACCOs are grouping together-  
Africa Tenancy Purchase Initiative



# Taking a closer look: is the SACCO model sustainable and are they ready to expand?



- Financial soundness, oversight and SASRA
- Technical capacity
- Risk management policies, debt collection procedures
- Corporate governance
- Investor confidence



# Looking ahead

- Need to balance capital needs with capacity
  - Foster best practices
  - Consider debt and impact investors
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- Participation by a wide range of financial institutions into KMRC is necessary in order to achieve scale, so SACCOs are key
  - Promising future: government buy-in and Kenya's relatively strong broader economics make it an attractive investment





Thank you for your time!

To access the report:

<http://housingfinanceafrica.org/app/uploads/case-study-NO-12-formated.pdf>

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