



Media Fact Sheet: IFC Uses Innovative Tool to Help Unlock \$500 million in Housing Finance in West Africa

What is this IFC investment about?

- IFC is working to create a market for affordable housing in eight low-income countries in west Africa.
- IFC recently purchased \$9 million in 12-year local-currency bonds issued by Caisse Régionale de Refinancement Hypothécaire (CRRH).
- CRRH is a mortgage refinancing company that serves the West Africa Economic and Monetary Union (WAEMU) countries of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.
- IFC's investment aims to support CRRH's goal to increase its housing portfolio to \$500 million by 2021 and extend the local bond market yield curve beyond the current 10-years.
- This will allow lenders that work with CRRH to offer mortgages longer than the region's 8-year average, which will help make homeownership more affordable for more people in west Africa.
- For many families, home ownership is their most valuable asset and an effective way to help improve their standard of living. The housing sector also supports jobs in construction and related goods and services.

What is new about this transaction?

- This is the first time that IFC is using a new development finance tool—[the IDA18 IFC-MIGA Private Sector Window \(PSW\)](#).
- The PSW was introduced in July 2017 to mobilize private sector investment in low-income countries eligible for financing by IDA—the International Development Association of the World Bank—and IDA-eligible fragile and conflict-affected countries.
- Some \$2 billion is allocated for IFC to use over a three-year period to unlock, or de-risk, investment opportunities and improve the risk-reward profile of private sector operations in which it invests—making projects happen that otherwise would not be possible.
- Another \$500 million is allocated for MIGA, also a member of the World Bank Group.

What are the housing needs in West Africa?

- Countries in WAEMU face a shortage of 3.5 million housing units.
- Fewer than 7 percent of households in the region can afford their own home.

- Where it is accessible, mortgage financing in west African countries is quite limited with short tenors (average under 8 years).
- Greater access to longer tenor mortgages would help increase the availability of housing, help the economy, and create more jobs.

How does the PSW work in this case?

- This project is being implemented using the PSW's Local Currency Facility (LCF).
- IFC does not have access to CFA Franc (XOF) funding for the amount, tenor, and pricing needed for this transaction.
- The window enables IFC to fund this XOF investment through a cross-currency swap with IDA, which acts as a swap counterparty to IFC to hedge the currency risk.
- Without it, IFC would not have been able to purchase the bonds at all, as IFC cannot purchase local currency instruments in dollars and due to the currency mismatch. The window provides a protection against currency fluctuations that enables IFC to use \$9 million of its own money to purchase the bonds.
- IFC is using the PSW in a disciplined and targeted way to ensure that only the support necessary to make the project happen should be provided.

What future PSW projects are expected?

- The PSW will support IFC's strategy to create markets and mobilize more private capital where it is needed most for priorities such as infrastructure, jobs, and more equitable growth.
- The types of projects could be, for example, the first private hydropower project in a country, private equity funds focused on small and medium enterprises (SME), and risk share facilities with a bank for sustainable energy projects or SME lending.

What else is the World Bank Group doing to expand housing finance in West Africa?

- The World Bank Group is supporting a comprehensive housing program in West Africa through effective regulations and government planning, effective and efficient construction sectors and operations to help those with limited resources.
- IFC invested \$2 million in equity in CRRH in January 2017 to help the institution strengthen its capital base and governance and scale up its operations.
- CRRH also benefited from the [IDA WAEMU Affordable Housing Finance Project](#), which aims to channel greater amounts of investment from the regional capital markets into affordable housing.
- IDA is providing \$155 million in financing to CRRH to help lenders it refinances to reach underserved households by extending the terms of mortgage loans. IDA funding is expected to facilitate approximately 50,000 new mortgages.

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