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COMMUNIQUE

OF ENUGU FORUM POLICY COLLOQUIUM HELD ON OCTOBER 29, 2008 AT ENUGU

The ENUGU FORUM is a civic platform for informed debate on socio-economic issues with the objective of proffering ideas to enhance the quality of policy decision-making. The Forum is facilitated by the African Institute for Applied Economics (AIAE), in line with its mission to promote evidence-based policies. The Forum comprises civil society organizations, private sector organizations, government technocrats and academia.

The October 2008 session of the Forum featured a Policy Colloquium titled "The Challenges of Mortgage Finance in Nigeria - Questions of Access and Sustainability".

The Forum observed:

- That mortgage finance is crucially relevant for Nigeria's quest to achieve the target of the Millennium Development Goals, in the area of access to secure and decent housing.
- That Nigeria suffers acute deficit of housing for its citizens, since access to secure housing is estimated by the National Bureau of Statistics to be about 31%.
- That Nigeria's mortgage subsector is largely underdeveloped. This is evidenced by the fact that mortgage finance is equivalent to less than 0.5% of GDP, compared to 3% in Ghana, 5% in India and 20% in South Africa. As a result, only a miniscule proportion of the potential population has access to mortgage finance
- That mortgage finance is hampered by interplay of economic, cultural and institutional factors including lack of awareness of mortgage markets, widespread income poverty, limited access to long-term finance by primary and secondary mortgage institutions, ambiguous and cumbersome foreclosure regulations, lack of Credit Bureau to provide information on lenders, poor access to land and cumbersome process of perfecting land titles and alienation of land rights particularly the requirement of Governor's Consent.
- That the sub-prime mortgage meltdown in the United States which induced the global financial crisis underscores the challenges and imperative of sustainability in the demand for and supply of mortgages.

The Forum recommended:

1. That government and private sector should deepen collaboration to improve the access to and sustainability of mortgage finance in Nigeria.
2. That the Land Use Act should be amended with a view to reviewing sections 22 and 26 of the Land Use Act which specifies Governor's Consent prior to transfer or alienation of interest in Land.
3. That the National Assembly should use the opportunity of the proposed constitutional amendment to decouple the Land Use Act from the Constitution in order to ensure flexibility of reviews.
4. That State Governors should delegate the powers of the Governors Consent to relevant authorities, as already practiced in some states.
5. That the government should strengthen regulation of mortgage finance to improve transparency and credibility of mortgage financial institutions, real estate developers, mortgage borrowers and mortgage insurance firms.
6. That there should be increased sensitisation and enlightenment on the National Housing Fund, the activities of the Federal Mortgage Bank of Nigeria and the overall mortgage subsector.

On the potential implications of the global financial crisis, the Forum reiterated that the extent of exposure of the country's financial institutions to global financial flows will determine the scale and nature of consequences for Nigeria's financial institutions. The Forum therefore encouraged the financial regulatory authorities to keep a close eye on the global financial developments and to take proactive steps to forestall negative spill-over in Nigeria.

Prof. Eric Eboh, Executive Director