



# Affordable Housing Program

## Economic Revival Strategy in the COVID-19 Era in Africa

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# Contents

***Projects in the Built Environment: Kenya Government's Approach to Economic Revival amidst the COVID 19 Pandemic and Potentials for Replication in Africa.***

This brief provides an overview of how activities in the Built Environment can support economic recovery in the COVID-19 and post-COVID 19 era

## 01

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Impact of COVID-19



## 02

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Local Economic Recovery



## 03

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Practical Examples from Kenya



## 04

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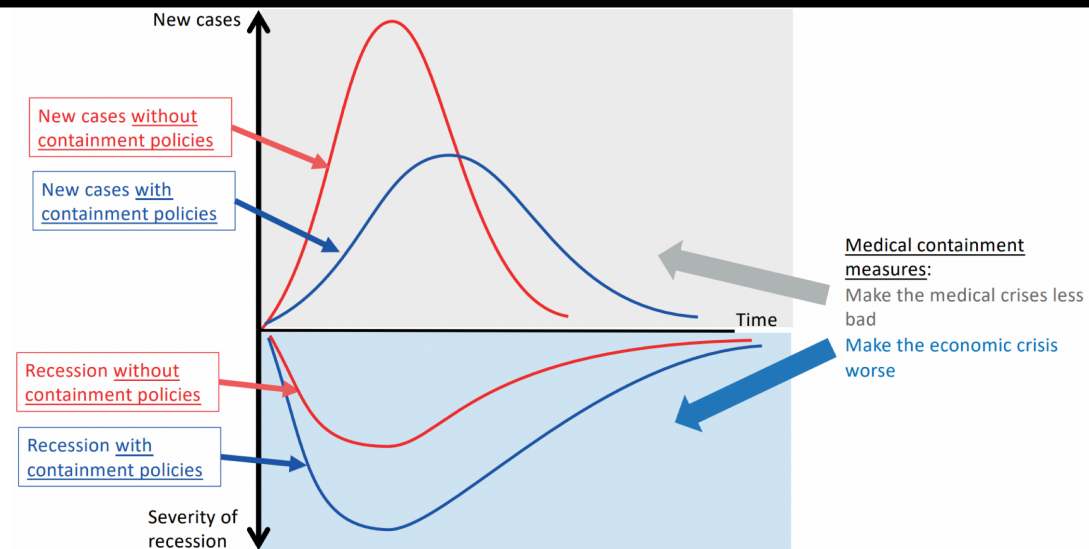
Lessons Learned



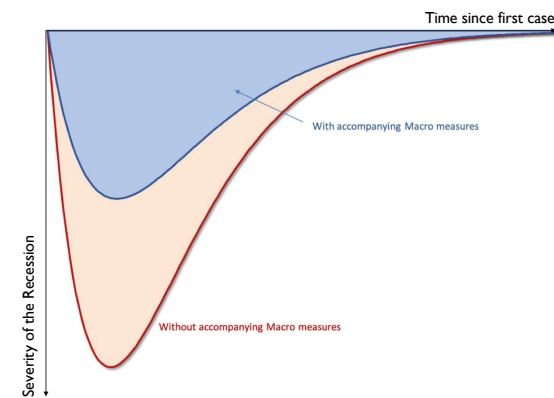


# Impact of COVID-19

- Various analysis on the impact of dealing with the outbreak of COVID-19 indicate that efforts towards **flattening the curve lead to a contraction of the economy** as tax revenues decline and economic activity slows down and there is greater need for spending on health (see *graph top right*)
- For developing **countries with limited fiscal space, containment often leads to a trade off**: choosing not to fight the virus can lead to faster spread, more deaths since no capacity to treat them; while containment leads to slow down in economic activity, informal sector suffering and without social safety nets, people could starve.



Source: Richard Baldwin, Inspired by illustrations in Chapter by Gourinchas (below)



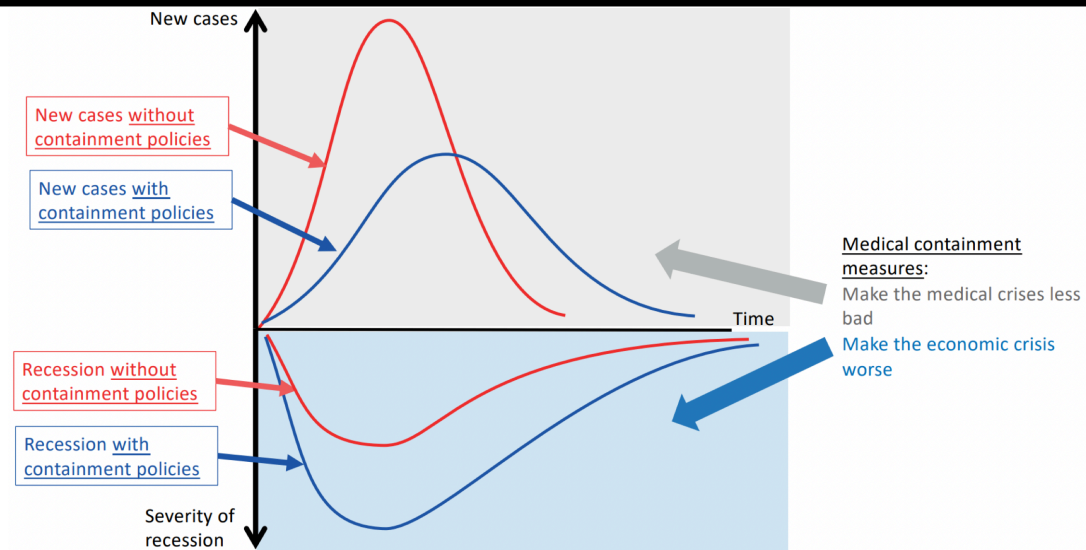
Source: Pierre-Olivier Gourinchas

Source: Ricardo Hausmann, *The Macro Economic Implications of COVID-19 in Our Partner Countries*, Harvard Kennedy School

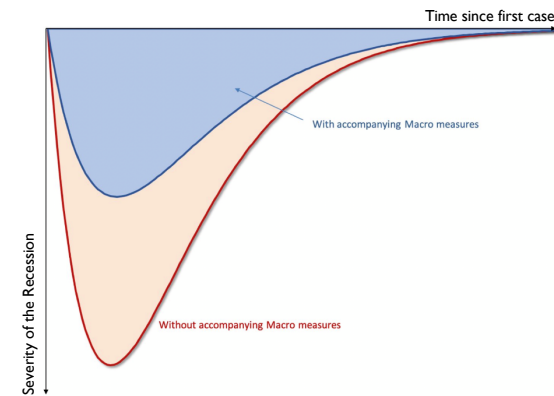


# Impact of COVID-19

- As the economy contracts, various sectors are impacted including those that have key linkages with the built environment:
  - Construction & Infrastructure
  - Housing Construction
  - Public Works Projects
- Travel bans and closure of borders also impacted sanctioning of projects and also disrupted local supply chains in construction
- Weaknesses in urban infrastructure and service delivery have been exposed as communities have struggled to adhere to the protocols for curbing the spread of COVID-19



Source: Richard Baldwin, Inspired by illustrations in Chapter by Gourinchas (below)



Source: Pierre-Olivier Gourinchas

Source: Ricardo Hausmann, The Macro Economic Implications of COVID-19 in Our Partner Countries, Harvard Kennedy School

# 2. Local Economic Recovery



# Local Economic Recovery

- Local Economic Recovery (LER) approach can be used to revive disrupted and affected economic activities by:
  - Outlining area-based strategies that capitalize on common economic activities within an area;
  - Focusing on activities that lead to increased employment (labor intensive projects);
  - Putting in place deliberate efforts that prompt positive spontaneous economic activity (activities that lead to local spending);





# Local Economic Recovery

- Local Economic Recovery (LER) approach can be used to revive disrupted and affected economic activities by:
  - Removing the obstacles that inhibit the normal functions of local economies;
  - Purposefully building on and promoting the optimal use of local assets and opportunities (e.g. by facilitating local participation; by intensifying the use of labour; and by encouraging local procurement of goods and services.)





# Local Economic Recovery

- Projects in the built environment are a good application of LER because:
  - Projects often utilize a lot of labor
  - Projects stabilize income for most workers as projects are at least two (2) years long
  - Projects are able to attract private sector finance
  - Impact local economy because workers spend earnings in the local area (supporting the spontaneous economic activity in a locale)







# Local Economic Recovery

- Projects in the built environment are a good application of LER because:
  - Utilize local supply chains which then means participation of communities, optimization of local supply chains, increased opportunities for MSMEs
  - Support strong cash economy through prevalent pay structures – local communities need it as they live on multiple transactions of small amounts



# 3. Practical Examples from Kenya

# **Housing Projects**



# Affordable Housing and Economic Development

**The affordable housing program can have an impact on the broader economy beyond the delivery of homes**

## Impact on GDP

- Estimate that the contribution of real estate and construction to GDP will increase from the current 7% to 14% by 2022.
- Between USD 1.5 and USD 3 induced in the economy for every USD 1 invested
- Increased revenue through processing of permits, approvals, and other related activity





# Affordable Housing and Economic Development

**The affordable housing program can have an impact on the broader economy beyond the delivery of homes**

## Job creation



- Construction of housing is labor intensive
- Labor can capture up to 10.5% of the value created by the spend on affordable housing
- We estimate that for every unit constructed, there are 3 – 5 new jobs created
- Up to 8 indirect jobs created per unit

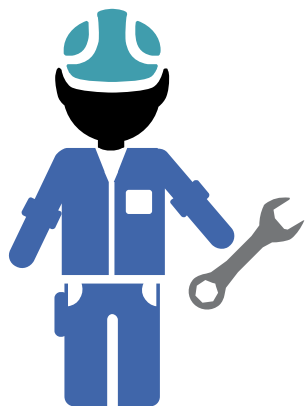


# Affordable Housing and Economic Development

The affordable housing program can have an impact on the broader economy beyond the delivery of homes

## Formalization of the informal sector

- Ringfencing strategies will ensure that the *Jua Kali* sector are able to supply inputs to the affordable housing program
- Light industries will also have the opportunity to provide construction materials such as cement





# Key Highlights on Economic Recovery Linkages – Mukuru Housing Project

## Project information and assumptions

Metric	Unit	Input
Land size	Acres	56
Planned units	No.	13,714
Cost/SQM	KES	22,000
Built up area	SQM	401,850
Delivery framework	Def.	EPCs Shell & Core; Community Self Build
Project strategy	Def.	100% Social Housing Scheme





# Key Highlights on Economic Recovery Linkages – Mukuru Housing Project

## Financial information

Metric	Unit	Input (Mn)
Housing development construction costs	KES	11,732.81
Communal & social infrastructure costs	KES	322.32
Infrastructure costs	KES	1,826.80
Total CAPEX	KES	13,881.93
Average Cost per Unit	KES	1.012







# Key Highlights on Economic Recovery Linkages – Mukuru Housing Project

Type	Size (SQM)	Price (KES Mn)	No. of Units
Bedsitter	21	TBD	5,346
1 Bed	33	TBD	3,888
2 Bed	36	TBD	4,480

*Development includes Nursery schools, Primary School, Soccer Fields, Open Spaces, and Community Halls*





# Key Highlights on Economic Recovery Linkages – Mukuru Housing Project

An investment at Mukuru will improve livelihoods, create employment, and build local businesses

**04**

**Building local supply chains**

**03**

**Creating Indirect jobs**



**Improving and securing livelihoods**

**Providing direct employment**

**01**

**02**



## 01 Improving and securing livelihoods

- This project will improve the quality of living for approximately 45,000 – 75,000 Mukuru SPA residents\* by providing decent, adequate, and dignified housing with secure tenure.

## 02 Providing direct employment

- This project will create direct construction related jobs for 30,000 – 50,000 Kenyans including the future residents from Mukuru who will be encouraged to provide labor to this project.

*\*Assumes an average of between three (3) and five (5) persons in a household*



## 03

### Creating Indirect jobs

- This project will support an additional 50,000 – 70,000 in indirect jobs from industries that will be supported by local spend, by services to the project, and provision of supplies to the development.

## 04

### Building local supply chains

- This project will support suppliers of 60 category of locally sourced inputs for the Mukuru construction including 55 items to be exclusively provided by the Jua Kali sector and 5 category items to be supplied by light industries



# **Extended Public Works Projects (EPWPs)**



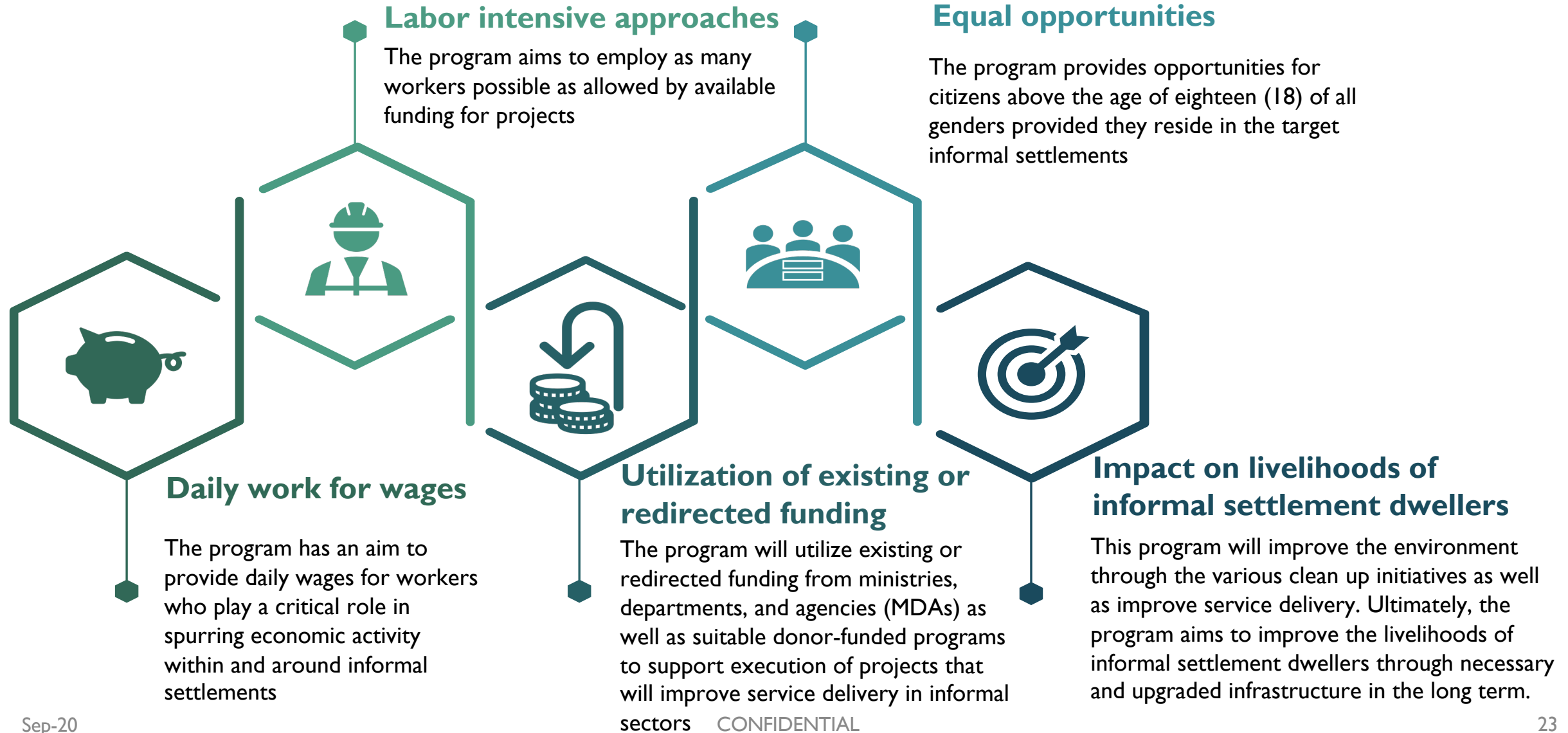
# Overview of the program

- One of the strategies that the Government of Kenya is currently implementing extends the idea of creating projects that create a public good while providing employment
- The **National Hygiene Program (NHP)** initiative is an extended public works project (EPVWP) aimed at utilizing labor intensive approaches to create sustainable public goods in the urban development sector.
- During the pandemic, we realized that low income earners who often rely on daily wages from casual work have increasingly been unable to meet basic needs.
- In addition, many of these families live in informal settlements where service delivery is challenged at best, restricted movements have posed a challenge for daily living.
- Through NHP, the Government has utilized EPWPs to achieve multiple aims of providing employment and daily wages for low income workers living informal settlements while improving urban infrastructure and service delivery within informal settlements.





# Overview of the program





# Overview of the program

The employed workers engage in activities creating a public good and utilizing labor intensive approaches including:

- e.g. schools, dispensaries, markets, community halls, pocket parks, cemeteries, mortuaries, fire stations, etc.

Construction of Public and Social Facilities

- e.g. road grading, tarmacking, drainage construction, etc.

Construction and Upgrade to Access Roads

- e.g. paving pedestrian walkways, painting cycle lanes, creating and repairing footbridges, etc.

Construction and Upgrade of NMT

- e.g. repair to government estates, landscaping, painting, plumbing, external cleaning of walls, repairing the roofing, etc.

Upgrade and Small Maintenance Works for Public Offices

- e.g. garbage collection, access path clearing, placement of waste skips and receptacles, construction of community composting facilities, etc.

Solid Waste Management

- e.g. tree planting, creation of urban community shambas, building pocket parks, cleaning up riparian areas, etc.

Greening and Urban Agriculture Projects





# Overview of the program

## Revamping of Machakos road using modern technology



Youth under the Kazi Mtaani programme lay out cobblestones on a section of Mavoko-Mua road in Machakos County on Monday. The project is a pilot by the government on the technology used for paving roads in European and other developed countries. PIUS MAUNDU | NATION



# Overview of the program



Rehabilitation of Railway Line at Gilgil



Building of a home for destitute mother in Embu



# Overview of the program



Replanting of mangrove tree seedlings in Tana River



# **Appropriate Building Materials and Technology (ABMT) Projects**



# ABMTs Enterprise Development Model

- The State Department invested in development of patented machine for manufacturing interlocking stabilized soil blocks
- The technology was developed with Numerical Machining Complex
- The used of ISSBs improves walling construction stability and reduces construction costs in rural areas by 30%



**Tofas Machine**



**Interlocking Stabilized  
Soil Blocks**



# ABMTs Enterprise Development Model

- The State Department has developed an enterprise development model
- Organized community groups are trained on how to manufacture the blocks
- They then establish an enterprise which sells the blocks to community members wishing to construct homes and other structures
- This model provides pathway to construction of homes, low-cost buildings, as well as creates employment for youth



**Tofas Machine**



**Interlocking Stabilized  
Soil Blocks**





**Construction of ablution blocks in Kibagare, Kiambu**





# Key Highlights on Economic Recovery Linkages – ABMTs Enterprise Development Model



**Production of ISSBs for construction of a school in Mikuyuni, Makueni**

# 4. Lessons Learned



# Key Lessons for the Future



## Activities in Built Environment can anchor economic recovery

Housing construction projects and EPWPs with labor intensive approaches offer a pathway for delivering urban services, mitigating socio-economic impacts of COVID-19, and providing social protection without necessary creating reliance on handouts



# Key Lessons for the Future



## Economic recovery must be localized for impact on livelihoods

The success of our approaches has been recognizing the linkage between local economic recovery and putting people back to work while providing daily wages



# Key Lessons for the Future

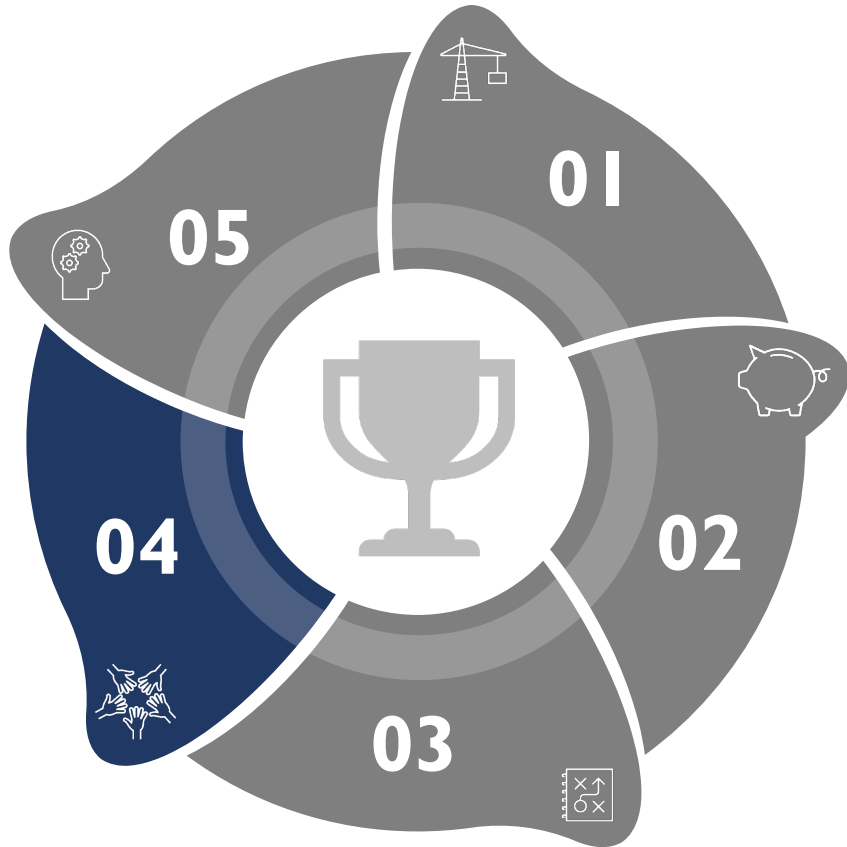


## Redirect or utilize existing funding for impact

Capitalizing on existing funding is another lesson that has been particularly useful – starting with what you have especially in conditions of constraint can yield great results



# Key Lessons for the Future



## Reach beneficiaries directly

Finding ways to reach the beneficiaries directly can maximize impact of the funding – the focus on wages and mobile money transfers has allowed Government to inject cash directly into the economy while avoiding logistical costs that take away from impact



# Key Lessons for the Future



## Focus on technical delivery

Technical delivery of projects should remain a key priority because creation of public good is still key – we don't want to erode the value of urban development institutions but add to them (e.g. through community contracting, integrating self build models in social housing, etc.).

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Thank you

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