Providing Infrastructure and Financial Inclusion Through Formalising Urban Settlements Across Zimbabwe

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Kwangu Ngakwami Bond Management Company

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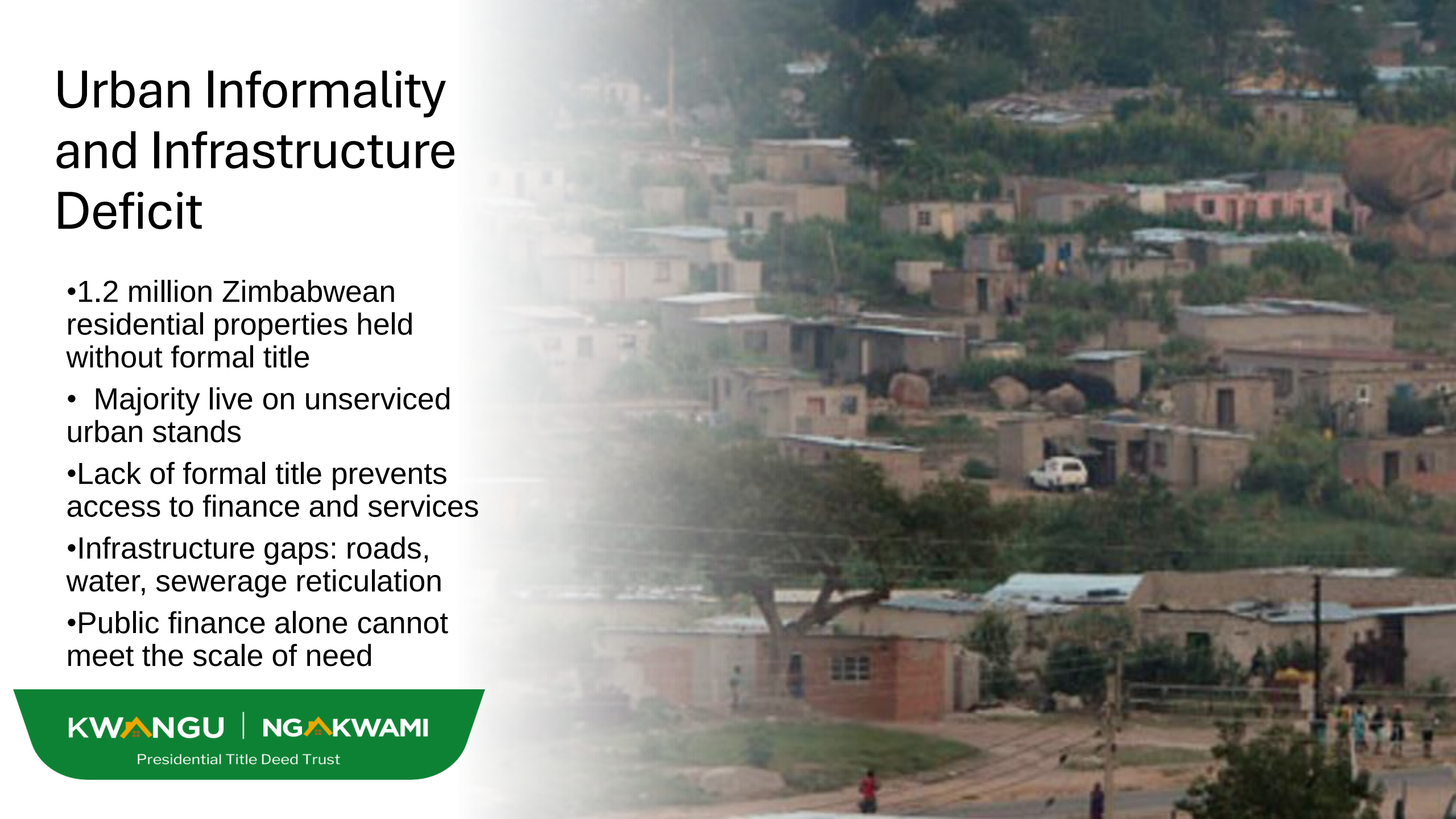
Presidential Title Deed Trust



Urban Informality and Infrastructure Deficit

- 1.2 million Zimbabwean residential properties held without formal title
- Majority live on unserviced urban stands
- Lack of formal title prevents access to finance and services
- Infrastructure gaps: roads, water, sewerage reticulation
- Public finance alone cannot meet the scale of need

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Formal Title + Mortgage Bonds = Capital Mobilisation

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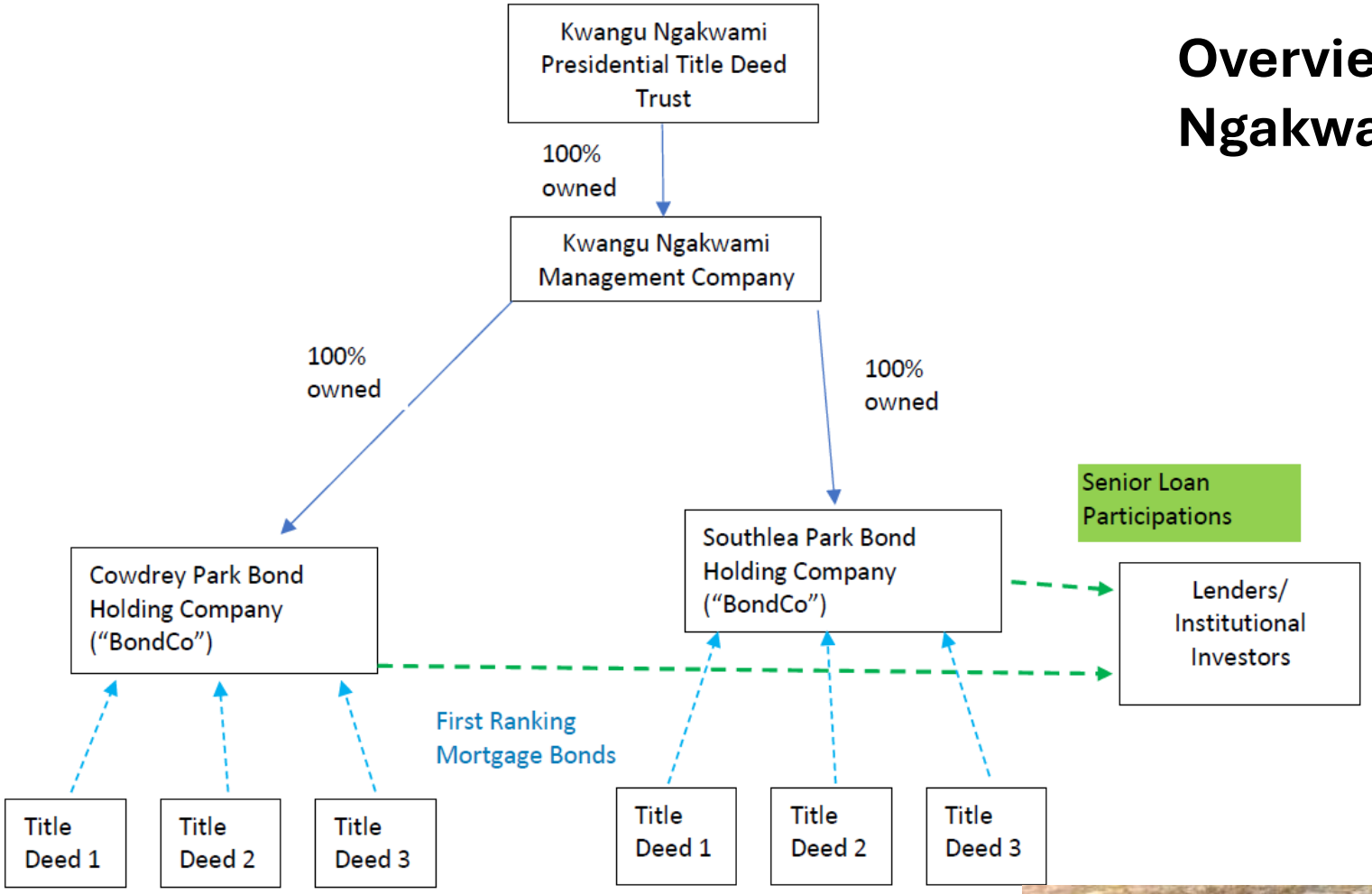
Blended Mandate (State/Kwangu Role):

- Transfers urban stands from state land to private homeowners via deeds of grant
- Mortgage bonds registered over titled stands through suitable financial structures
- Creates collateral necessary to attract institutional investors
- Stamp duty and bond registration incentives

Financial Objectives (Institutional Capital Use):

- Provide infrastructure (roads, water, sewer) to unserviced properties
- Create financial inclusion through loan products secured by collateral

Overview of Kwangu Ngakwami Structure





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Accountability in Fund Disbursement and Repayment

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Controlled Disbursement:

- Management company issues drawdown instruction, and lender pays infrastructure providers
- Payment released only against sign-off by technical agents for works being completed in accordance with approved plans

Security Structure:

- Mortgage loan participations ceded to security agent which holds it for the benefit of the lenders/institutional investors
- As loan is repaid in tranches, security is released by the security agent and ceded to new MBS/ infrastructure bond investors

Public Guarantees + Private Capital = Scalable Impact

- Lenders fund infrastructure via drawdowns
- Government guarantees/support de-risk investment
- Loans serviced by Collection Agent (CBZ) which pledges funds to investors
- Life insurance product wrapped into individual bonds
- Loans backed by Senior Loan Participations sold to institutional investors:
  - MBS (Mortgage backed securities)
  - Infrastructure Bonds
  - Can be listed on the Victoria Falls Stock Exchange
  - Will help create bond market

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Infrastructure + Inclusion at Scale

Kwangu Trust has identified 4 infrastructure projects in residential areas totaling US$150m as Phase 1:	• Epworth (Harare) - Phases 1 & 2 out of 7: USD50m • Southlea Park (Harare): USD50m • Cowdry Park (Bulawayo): USD30m • Gimboki (Mutare): USD30m
Kwangu Trust has targeted one residential area for financial inclusion through equity release products:	• Chitungwiza (Harare) • 55,000 title deeds ready for issue • Potential $150m
Government Incentives to domestic and international institutional investors:	• Tax exemption • Prescribed asset status • USD lending warranties

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The Journey Ahead –

Partnering for Inclusive Urban Transformation

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Remaining hurdles:

- Investor risk perception
- Currency uncertainty
- Sovereign rating and sanctions
- Need support from institutional investors, DFIs and philanthropic partners

Successes to date:

- Fully digitised cadastral system
- Online bond registration
- Government contribution of land and incentives
- Command Centre with capacity of 1,000 titles/bonds per day
- 4 projects identified with complete technical plans