



## LOCAL & REGIONAL GOVERNMENTS FORUM

BACKGROUND PAPER

# Housing as a catalyst for Africa's resilient and inclusive urban transformation



# LOCAL & REGIONAL GOVERNMENTS FORUM

## Africa Urban Forum 2 Plenary session



Friday, 10 April 2026



09h00 -11h00

### Co-convened by:



### With support from:



Covenant of Mayors  
in Sub-Saharan Africa

CoM SSA is co-funded by:



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This background paper has been developed in preparation for the Local and Regional Governments Forum at the second Africa Urban Forum, taking place in Nairobi, Kenya.

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## Abstract

The second Africa Urban Forum (AUF2), taking place in Nairobi, Kenya, in April 2026, provides a critical platform to articulate a shared African perspective on sustainable urban development. Convened under the theme “Adequate Housing for All: Advancing Socio-economic and Environmental Transformation towards the Realisation of Agenda 2063,” the Forum offers a timely opportunity to elevate housing as a foundational driver of productivity, urban sustainability and structural transformation.

Representing local and regional government constituencies, we emphasise that adequate housing is not simply about the number of units delivered. It is about affordability, location, access to infrastructure and services, connectivity to livelihoods, and inclusion. In many African cities, housing remains inaccessible due to high costs, insecure tenure, infrastructure deficits, and exclusion from formal systems. Crucially, it is also about designing and building cities, not just housing units. Addressing these barriers requires integrated approaches that link housing with land, transport, services and local economic development. This, in turn, necessitates proactive, collective and forward-looking processes that engage a wide range of societal actors in shaping inclusive, resilient and liveable urban futures.

Informal housing remains the dominant mode of urbanisation across much of Africa, with 56%<sup>1</sup> of the urban population living in informal settlements. These settlements are critical entry points into cities but are often underserved and exposed to climate and environmental risks. Local and regional governments are already managing the intersecting pressures of rapid urbanisation, housing deficits and growing climate vulnerability.

This paper argues that delivering adequate housing at scale will depend on recognising local governments as central actors in shaping Africa’s urban future. Municipalities sit at the forefront of planning, service delivery and implementation, and are best placed to respond to local needs with context-specific housing and settlement solutions, crafted and implemented through a “social compact” modality. They also have a vital coordinating role to play in aligning land, infrastructure, and finance with communities, civil society and developers.

However, local governments continue to face significant constraints, including limited fiscal autonomy, overlapping mandates, weak technical capacity and fragmented coordination with national authorities. Rapid urbanisation, rising land costs and the expansion of informal settlements further strain already constrained systems, leaving many cities in a reactive position. Strengthened municipal finance and enabling structured partnerships with private and development partners actors will be essential to mobilise investment at scale.

AUF2 presents an opportunity to advance a stronger policy agenda centred on empowered local governance in housing delivery. This paper identifies pathways to strengthen locally led solutions, expand innovative financing partnerships, embed resilience in housing systems and reframe approaches to informality, grounded in the realities of African cities.

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<sup>1</sup> United Nations Human Settlements Programme. (2020). World cities report 2020: The value of sustainable urbanisation. <https://unhabitat.org/world-cities-report-2020-the-value-of-sustainable-urbanization>

## 1. Introduction

Africa's urban transition is unfolding at an unprecedented pace. By 2050, the continent's population is projected to nearly double<sup>2</sup>, with nearly 80% of this growth occurring in urban areas. How cities manage this transformation will shape Africa's long-term economic trajectory, social stability and prospects for inclusive development.

From the perspective of local and regional governments, accessible and adequate housing is central to this agenda. Globally, an estimated 96,000 new affordable homes are needed each day until 2030 - equivalent to 35 million homes per year.<sup>3</sup> Effective bridging of this housing gap depends fundamentally on empowered municipalities operating within coordinated multilevel governance systems. Strengthening municipal capacity, aligning national and continental frameworks and mobilising partnerships across public, private and community actors will be critical.

The AUF2, convened by the African Union (AU) and the Government of Kenya, with support from UN-Habitat, UNECA and the African Development Bank, provides an important platform to address these challenges. By convening national and regional policymakers, city leaders, private investors and development partners, it offers an opportunity to move beyond fragmented housing models and advance Africa's more integrated approaches to urban development.

This paper contributes to these discussions by providing technical insights and practical experience to inform the Forum's deliberations and outcome, and serves as the foundational document for the Local and Regional Government Forum taking place at AUF2. It highlights key trends shaping Africa's urbanisation, identifies emerging opportunities and policy priorities, and underscores the values and principles needed to guide Africa's urban transition. It also elevates Africa-led solutions, strengthening the evidence base for climate-resilient housing and locally grounded approaches.

At its core, this paper emphasises the important role that subnational governments play as the intersection between communities and national and global agendas. From this vantage, it positions housing not as a standalone sector, but as a central lever for economic development, resource productivity, climate resilience and inclusive urban transformation.

AUF2 comes at a critical moment, as countries intensify efforts to address housing deficits and manage rapid urban growth. Yet delivery continues to lag behind ambition. This reflects a broader continental challenge: effective implementation depends on institutional coordination, project preparation capacity, financing structures, regulatory efficiency and strong local governance. **Translating policy into built environments ultimately requires empowered municipalities capable of coordinating land, infrastructure, finance and community engagement. This implies stronger alignment with the driving forces behind informal housing delivery and thus urbanisation as a whole.**

### Promoting housing as a catalyst for socio-economic transformation

Housing is the largest untapped economic multiplier in African cities. To date, housing policy across much of the continent has been treated primarily as a shelter provision and approached largely through construction targets. Yet housing systems shape how cities manage land, risk, infrastructure and service delivery, making it a central organising mechanism for sustainable urbanisation and quality of life for urban residents. In this sense, **housing is a platform through which multiple development objectives can be advanced simultaneously, providing a foundation for dignity, security and economic participation.**

When undertaken strategically, housing delivery can convert public investment into productive capacity and economic growth. Evidence from African housing markets suggests that every US\$1 invested in housing can generate approximately US\$2.5 in wider economic activity across local supply chains, materials, services and labour markets.<sup>4</sup>

<sup>2</sup> AfDB, Cities Alliance, OECD/ SWAC and UCLG Africa. [Africa's Urbanisation Dynamics 2025: Planning for urban expansion](#).

<sup>3</sup> UN-Habitat. [Housing Information Webpage](#)

<sup>4</sup> Centre for Affordable Housing Finance in Africa (CAHF), *The Role of Housing in African Economies*, 2024.

Housing investment also stimulates employment, with estimates indicating that each housing unit delivered can support up to five jobs across the construction and associated value chains.<sup>5</sup> In this sense, housing is not only a social good, but a productive economic sector that contributes between 2% and 5.8% of GDP in African economies.<sup>6</sup> If integrated into industrial policy, housing programmes can build skills, promote innovation in materials and technologies, and anchor inclusive growth. Access to formal housing also strengthens financial inclusion, enabling asset accumulation as a collateral for access to credit.

However, fragmented approaches, short-term projects and weak institutional coordination continue to constrain delivery. The challenge is not simply to build more units, but to build systems that convert housing investment into livelihoods, resilience and structural transformation. This requires a shift in how housing is conceptualised and delivered. As has been noted,

**“we are currently building dwellings, when we should be building cities.”<sup>7</sup>**

Housing must be understood as part of a broader urban system in which “sustainability exists in the space between dwellings”, in the infrastructure, services, public spaces and economic linkages that shape how people live and interact. This, in turn, necessitates proactive, collective and imaginative processes that bring together governments, communities, the private sector and civil society to determine what kinds of societies African cities are seeking to realise.

The costs of failing to adopt such an approach are significant, though often poorly quantified. In many cities, the absence of sustained investment in informal settlement upgrading generates cascading costs across health systems, transport networks and public infrastructure. Poor living conditions, environmental vulnerability and marginal locations

increase public expenditure on temporary services, emergency response and disaster recovery. Recognising and quantifying these costs is critical to shifting investment towards proactive upgrading, rather than continued reactive spending.

### **Local just energy transitions as a driver of urban transformation**

The electricity sector is rapidly evolving and presents significant opportunities to drive inclusive urban transformation in Africa. This transition is reshaping the role of local governments.

In South Africa, for example, municipalities are shifting from electricity on-sellers to becoming generators, distributors and aggregators. Initiatives such as the **Just Municipal Embedded Generation** project are supporting this shift. Falling renewable energy costs are creating new opportunities for municipalities to source clean, reliable and affordable power at multiple scales—from small-scale embedded systems to large utility projects—while also introducing new risks that must be managed. Lower electricity costs can, in turn, stimulate local economic growth and urban development.

To ensure a just transition, municipalities must strengthen core governance systems, financial performance and infrastructure management to unlock investment and access finance. This will require diverse financing and ownership models, including municipal ownership, public-private partnerships and project finance. Clear and enabling policy and regulatory frameworks will be critical to support local governments in driving energy transitions.

<sup>5</sup> Reall, Housing and Economic Growth Impact Data, 2023.

<sup>6</sup> CAHF, Comparing Housing Economic Value Chains in Four African Countries, 2019.

<sup>7</sup> Quotations from Maarten Hajer, Director of the Urban Futures Studio, Utrecht University

## Housing as climate and risk-reducing infrastructure

As local and regional governments we see that, beyond its key socioeconomic role, housing is also critical climate infrastructure: how we design, build and power our buildings shapes emissions, air quality and health, and housing deficits are increasingly intersecting with climate hazards, compounding vulnerability. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6) reiterates the growing exposure of rapidly urbanising regions to flooding, extreme heat, water scarcity and infrastructure stress. These risks disproportionately affect low-income urban residents, many of whom live in informal or hazard-prone settlements where exposure to climate hazards is highest.<sup>8</sup> These pressures extend beyond individual households to municipal systems themselves, as climate shocks increasingly strain infrastructure networks, service delivery systems and local fiscal stability. A growing body of evidence demonstrates that resilient housing systems and settlement upgrading can significantly reduce disaster risk while strengthening climate adaptation in rapidly growing cities.



*Flooding is a recurring reality in Mungassa, Ndunda, and Alto da Manga, whether triggered by cyclones like Idai or by intense seasonal rains. Credit: INACCT Resilience*

In **Beira, Mozambique** post-cyclone reconstruction programmes have incorporated cyclone-resistant building standards, mangrove restoration<sup>9</sup> and improved drainage systems to reduce the impact of future climatic events.<sup>10</sup> Complementing these efforts, the INACCT resilience project has supported community-based flood risk management and early warning systems in informal settlements, strengthening local preparedness and enabling locally led adaptation.

Similarly, in **Durban, South Africa**, the INACCT project has supported participatory planning processes that incorporate locally embedded knowledge to strengthen early warning, community-based flood systems. The city has also integrated green infrastructure, nature-based solutions such as wetlands restoration and improved stormwater management into its response to reduce flooding risks.<sup>11</sup>



*Residents of Pholani informal settlement in Durban are rebuilding after the 2022 floods, for example, we have decided using the sand bag strategy to close or fix the open places after the floods. Credit: INACCT Resilience*

<sup>8</sup> IPCC, Climate Change 2022: Impacts, Adaptation, and Vulnerability (AR6II).

<sup>9</sup> International Institute for Sustainable Development, Sustainable Asset Valuation of Mangroves and Wetlands for Coastal Resilience in Mozambique, October 2025

<sup>10</sup> Global Facility for Disaster Reduction and Recovery. Building homes back better in Mozambique. June 2025.

<sup>11</sup> Roberts, Debra & Boon, Richard & Diederichs Mander, Nicola & Douwes, Errol & Govender, Natasha & McInnes, Alistair & McLean, Cameron & O'Donoghue, S.H. & Spires, Meggan. (2012). Exploring ecosystem-based adaptation in Durban, South Africa: "Learning-by-doing" at the local government coal face. *Environment and Urbanization - ENVIRON URBAN*. 24. 167-195.

Urban areas are also significant contributors to greenhouse gas emissions, reinforcing the need to integrate fair and just low emission pathways within urban development.<sup>12</sup> In this context, informal settlements present an opportunity to act as catalysts for a just urban transition, particularly when upgrading efforts integrate resilience and low-carbon development.<sup>13</sup> For example, the construction sector uses almost a third of the world's resources in building and manufacturing. Implementing net-zero-carbon building regulations is one of the most impactful ways for cities to reduce emissions; by setting strict codes for new and existing buildings, cities can lead by example, promote sustainable construction, and ensure policies are equitable to protect vulnerable and low-income communities. Investment in decarbonising buildings could generate six times more good, green jobs compared with investing in fossil fuels.

**Durban** and **Johannesburg**, South Africa have developed and approved net-zero-carbon building policies for new buildings and major refurbishments by 2030. **Tshwane** and **Cape Town** have drafted similar plans, which are expected to save a combined 1.65 million tonnes of CO<sub>2</sub> from the four cities compared to current regulations. Johannesburg also created an ambitious electrification plan to increase energy access for its 180,000 households in informal settlements.<sup>14</sup>

These examples show how housing, settlement upgrading, and participatory planning are not only social policy interventions, but also forms of climate mitigation and risk-reducing infrastructure. These perspectives are reflected in emerging continental priorities such as the [Africa Urban Resilience Programme](#) (AURP), launched in 2024 to strengthen urban risk management and institutional capacity

across AU member states. The AURP underscores the need to integrate housing, infrastructure and climate resilience within urban planning.

Well-designed settlement planning that incorporates public and natural spaces can enhance social cohesion, environmental sustainability and resilience against climate shocks. Proactive urban planning, especially in vulnerable informal settlement areas, is a powerful tool for reducing emissions and embedding climate priorities into legally binding policies. **As city administrations have considerable responsibility for urban planning, they are uniquely placed to support cross-sector integration and prioritisation; as part of this, it is vital that they use data gathered from the cities' climate action plans (CAPs) to inform urban planning policies and mainstream climate action across the city.** In addition, green infrastructure, risk-sensitive land use and climate-appropriate building design can simultaneously strengthen resilience, reduce emissions and enhance urban liveability. Investing in accessible and resilient housing systems is therefore one of the most effective ways to reduce climate risk while improving urban liveability.

Planning enables us to limit at-risk development and build climate resilience by prioritising nature-based solutions. **Cape Town, South Africa** established the Coastal Management Line (CML) to regulate coastal development and safeguard the coastline against current and future climate risks. The CML demarcates where development is allowed to occur, based on an understanding of different levels of flood risk and varying socio-economic vulnerability. It encourages the protection of habitats and the functional integrity of ecosystems through designating protected coastal 'green belts,' which also act as natural coastal buffers.

<sup>12</sup> IPCC, Climate Change 2022: mitigation of climate change (AR6 WGIII)

<sup>13</sup> Isandla Institute and the Cities Support Programme. [Informal settlements as catalysts for a just urban transition](#). Practice brief 1.2025.

<sup>14</sup> C40 Cities. 2022. [The Cost Of Fossil Gas: The Health, Economic And Environmental Implications For Cities](#).

## Reframing informality as an integral part of African urban systems

Informality is a defining feature of Africa's urbanisation, with over 56% of Africa's urban population lives in informal settlements.<sup>15</sup> As African cities grow, informal housing has become a primary mechanism through which cities absorb population growth and respond to housing shortages, shaping spatial, social and economic development.<sup>16</sup>

At its core, informality refers to how urban space is produced and inhabited outside formal planning and regulatory systems. It spans both informal settlements and informal economies, with people and their agency at the centre. While informal areas are often defined through deprivation indicators, such as limited services, poor housing quality and insecure tenure, this deficit-based framing overlooks their role as highly organised systems of social and economic production, driven by individual and collective agency. It can also reinforce top-down responses focused on eradication or relocation, rather than addressing the structural drivers of informality.<sup>17</sup> They also shape urban planning and management responses which often disregard informality, characterising it as a nuisance and obstacle to the vision of a 'modern' city.<sup>18</sup>

Reframing informality shifts this narrative. A growing body of work, including perspectives advanced by Slum Dwellers International (SDI), emphasises informal settlements as spaces of innovation, resilience and community organisation. Residents actively co-produce solutions through upgrading, savings schemes and partnerships with municipalities. Communities serve as critical social capital, leveraging resident networks to bridge gaps left by weak formal systems. The ICLEI-implemented ENACT programme in Uganda, for example, has supported clean cooking SMEs across the Greater Kampala Metropolitan Area that operate through community structures such as savings groups and community sales agents. By leveraging these active local networks, the initiative has increased market

awareness and expanded access to clean cooking technologies, benefiting more than 60,000 residents.

At the same time, informality reflects systemic exclusion. Many households are locked out of formal land and housing markets, excluded from planning processes and underserved by infrastructure and services. Yet these communities contribute significantly to urban economies and service provision. Informal settlements should therefore be seen not only as sites of need, but as priority areas for investment. This shift supports more inclusive approaches, including in-situ upgrading, improved service delivery, enhanced tenure security and stronger partnerships across all levels of government. Initiatives such as Asivikelane further demonstrate how communities can monitor services and improve accountability.

In **Cape Town, South Africa** an alliance of civil society organisations, micro-developers, financiers and city officials has begun reshaping how affordable housing is delivered. Emerging in response to a deepening housing crisis, the coalition supports small-scale "micro-developers" building rental units in townships, while advocating for regulatory reform. Through collective action, the alliance has shifted municipal perspectives on informality—from a problem to be controlled, to a system to be enabled. This has contributed to policy changes, including streamlined planning processes that have change land-use zoning regulations and support for incremental development. The case demonstrates how partnerships can unlock locally driven housing supply, while embedding informality within formal urban systems<sup>20</sup>

<sup>15</sup> Ouma, S, Beltrame, DC, Mitlin, D and Chitekwe-Biti, B. "Informal settlements: Domain report". ACRC Working Paper Brandau, N. &

<sup>16</sup> Beretu, T., 2025, 'Improving informal settlements for community development in Cape Town', Africa's Public Service Delivery and Performance Review 13(1), a942.

<sup>17</sup> UN-Habitat. Expert Group and Intersessional Thematic Meeting on: Definition of Informal Settlements, Annex.

<sup>18</sup> Finn, Brandon & Cobbinah, Patrick. (2022). African urbanisation at the confluence of informality and climate change. Urban Studies. 60. 10.1177/00420980221098946.

<sup>19</sup> Asivikelane <https://asivikelane.org/>

<sup>20</sup> Turok, I. 2025. Anatomy of an alliance for affordable urban housing. Environment & Urbanization. 37:1.

Finally, while global definitions of informality support monitoring, locally grounded definitions are essential for effective policy. Countries such as India,<sup>21</sup> Brazil<sup>22</sup> and Bangladesh<sup>23</sup> have developed context-specific approaches that enable better tracking, planning and upgrading. Grounding policy in local realities allows governments to design interventions that recognise both the challenges and capacities of informal systems.

**Reframing informality is not only a narrative shift; it is a policy shift that determines whether cities invest in upgrading and inclusion, or continue cycles of exclusion, inefficiency and growing vulnerability.**



Aerial view of the Kisenyi settlement in Kampala, Uganda. Credit: ENACTUS

## 2. Important trends shaping Africa's urban futures and housing outcomes

Housing outcomes in African cities are shaped by a broader set of structural system trends that influence how cities grow, how land is governed and how economic activity is organised. For example, infrastructure corridors, urban food systems and other large-scale development dynamics shape patterns of urban expansion, land demand and pressures on service delivery.

### Infrastructure corridors and urban expansion

Major infrastructure corridors are increasingly shaping patterns of urban growth and economic activity across Africa, creating new opportunities for regional integration, expanded markets and new economic nodes. However, these investments are often approached primarily as transport or logistics projects, with insufficient attention given to the urban systems and settlement dynamics that determine whether they deliver inclusive outcomes.

This disconnect is reinforced by limited involvement of local governments in corridor planning, despite municipalities being directly affected by the urban transformation these investments trigger. As a result, cities are often left reacting to rapid population growth, speculative land markets and unplanned settlement expansion, leading to housing deficits, infrastructure strain and increased vulnerability.

Experience from recent corridor initiatives highlights this challenge. The Lobito Corridor, for example, has attracted significant international investment and is positioned as a key economic route linked to the mining sector. Yet city-level analysis points to gaps in planning, housing and service integration along the corridor, underscoring how infrastructure investment

<sup>21</sup> Nolan LB. Slum Definitions in Urban India: Implications for the Measurement of Health Inequalities. *Popul Dev Rev.* 2015 Mar;41(1):59-84

<sup>22</sup> Queiroz Filho, Alfredo Pereira De. « As definições de assentamentos precários e favelas e suas implicações nos dados populacionais: abordagem da análise de conteúdo ». *urbe. Revista Brasileira de Gestão Urbana*, vol. 7, no 3, setembro 2015, p. 340-53

<sup>23</sup> Patel, A., Joseph, G., Shrestha, A., & Foint, Y. (2019). Measuring deprivations in the slums of Bangladesh: implications for achieving sustainable development goals. *Housing and Society*, 46(2), 81–109

alone is insufficient to deliver inclusive local development. More broadly, evidence from Global Gateway-supported corridors shows how transport systems can “collide” with urban areas, creating disruption when housing and urban planning are not integrated into corridor strategies.

To realise their full development potential, corridor strategies must place housing and human settlements at their core. **This requires stronger multilevel governance, early and meaningful municipal engagement, and the integration of housing, land-use planning and service provision into corridor development. By aligning infrastructure investment with urban planning, corridors can evolve from transit routes into engines of inclusive, resilient and sustainable urban transformation.**

## Land governance, land tenure and spatial planning

Access to well-located, serviced land remains one of the most significant constraints to delivering adequate housing at scale. Rapid urbanisation, fragmented land administration systems and rising land values have made it increasingly difficult for low- and middle-income households to access formal land and housing markets. As a result, many households rely on informal land transactions and incremental self-built housing as the only viable pathway to secure shelter in rapidly growing cities.

In many countries, land governance remains characterised by overlapping mandates, slow administrative processes and limited coordination between national land authorities and municipal planning institutions, and in some instances with traditional (customary) authorities. These institutional constraints often delay housing development, increase the cost of formal land delivery, and inadvertently encourage informal or unregulated land development, undermining the ability of cities to plan for future urban expansion. At the same time, speculative land markets and poorly regulated urban expansion frequently push low-income households towards peripheral areas that lack infrastructure, services and economic opportunities.

Municipalities require stronger authority and technical capacity to guide spatial development, manage land-use change and coordinate infrastructure investments that support planned urban expansion.

**Tools such as land value capture, land readjustment, strategic land banking and participatory spatial planning can help cities secure land for affordable housing while ensuring that the economic benefits generated by urban growth are shared more equitably.**

In addition to these tools, African cities can benefit from fit-for-purpose land administration, digital land information systems, participatory enumeration, and mechanisms to integrate customary tenure. These approaches strengthen municipal capacity, enhance transparency, and ensure that urban expansion is both inclusive and sustainable.



**Accra, Ghana** operates under a hybrid land system where customary authorities retain significant control alongside formal state planning. This has produced overlapping claims, multiple sales, and fragmented governance. Rather than attempting full centralisation, emerging approaches focus on coordination—improving land records, engaging traditional leaders, and strengthening institutional alignment across 29 local governments. Efforts to formalise transactions and improve transparency, including digital tools, aim to reduce conflict while recognising plural tenure realities. The key lesson is that reform is less about replacing customary systems and more about building legitimacy and coherence across them, particularly in rapidly expanding peri-urban areas where most transactions occur.

Land dynamics in **Bukavu, DRC** are shaped by conflict, weak institutions, and a politically concentrated system. Land ownership is often contested, with elites and armed actors influencing access and transactions. Rather than broad redistribution, governance has leaned toward stabilisation—strengthening administrative control and limiting overt conflict over land allocation. However, mining-driven land value inflation complicates affordability and planning. Policy responses increasingly emphasise clarifying tenure, improving administrative authority, and managing speculative pressures. The city illustrates how, in fragile contexts, securing basic institutional control and reducing violent contestation over land can be a prerequisite for more equitable land policy reform.

Land systems of **Harare, Zimbabwe**, reflect its history of racial segregation and post-independence redistribution, resulting in layered ownership regimes and political tension between national and local government. The city has struggled to extend infrastructure beyond established corridors, limiting planned development. In practice, land access is often mediated through informal subdivision and politically influenced allocation. Policy responses have focused on regularisation and incremental planning rather than rigid enforcement. A key approach is recognising existing informal developments while attempting to align them with infrastructure investment. Harare demonstrates the importance of sequencing land reform with service provision to avoid reinforcing spatial fragmentation and inequality.

**Kampala, Uganda's** land system is dominated by mailo tenure, where private ownership coexists with occupant rights, generating persistent landlord-tenant conflict. The centralised Kampala Capital City Authority has sought to assert stronger control over planning and land management, but faces political resistance and entrenched elite interests. Policy approaches increasingly focus on regulating transactions, improving land registration, and strengthening state capacity to curb illicit land deals. Engagement with intermediaries—particularly land brokers—is emerging as critical, given their central role in the market. Kampala highlights how reform must navigate complex tenure systems while addressing power imbalances embedded in land ownership structures.

The land system in **Maiduguri, Nigeria**, is heavily shaped by conflict, displacement, and environmental pressures. Large numbers of internally displaced persons have driven rapid, often informal urban expansion across fragmented administrative boundaries. Land allocation frequently occurs outside formal systems, with limited state oversight. Policy responses prioritise stabilisation—managing displacement, addressing flooding risks, and incrementally improving land administration. Infrastructure investments, such as roads and drainage, are key to shaping land value and settlement patterns. The city demonstrates how, in crisis contexts, land policy must be closely integrated with humanitarian response, environmental management and basic services.

**Mogadishu, Somalia** presents an extreme case of fragmented land governance, where formal state authority overlaps with clan systems, private actors, and armed groups. Land ownership is often unclear, with disputes mediated through informal or customary mechanisms. Rather than relying solely on formal titling, emerging approaches emphasise negotiated governance—working with clan elders, recognising de facto claims, and leveraging digital systems to improve transparency. Private provision of infrastructure and services also plays a significant role in shaping land markets. Mogadishu shows that in highly plural systems, building legitimacy across actors and incrementally formalising practices may be more effective than imposing top-down regulatory models.

<sup>24</sup> Goodfellow, T, Tahir, A, Cirolia, LR and Acheampong, R. 2024. [Land and connectivity: Domain report](#). ACRC Working Paper 2024-12. Manchester: African Cities Research Consortium, The University of Manchester.

A more inclusive approach to land governance must also recognise the diverse tenure arrangements that already exist within African cities.<sup>25</sup> Informal and customary land systems often play an important role in providing access to land for low-income households, yet these systems are frequently excluded from formal planning processes. Recognising and integrating incremental tenure security, community-led mapping and participatory settlement planning into urban governance frameworks can help bridge the gap between formal and informal land systems while strengthening trust between communities and public institutions.

In Zambia, pilots of the Social Tenure Domain Model in Chamuka and Mungule Chiefdoms (UN-Habitat/GLTN, PPHPZ) have enabled chiefs to issue certificates of occupancy, particularly empowering women and youth.<sup>26</sup> The People's Process on Housing and Poverty in Zambia has supported community-led profiling and mapping across dozens of municipalities to inform upgrading strategies; and participatory planning in Meheba Refugee Settlement (UNHCR, Kalumbila Town Council) has demonstrated how inclusive approaches can integrate refugees and host communities into local development. Together, these initiatives illustrate how practical, locally grounded tools can align customary and informal practices with formal planning systems.

## Urban food systems and local governance

Food systems are a critical but often overlooked dimension of adequate housing and proactive urban development. Today, nearly 70% of food-insecure people on the continent live in urban and peri-urban

areas, highlighting that hunger and malnutrition are no longer solely rural challenges.<sup>28</sup> Addressing these pressures requires solutions that go beyond agricultural production to encompass the broader water-energy-food systems that shape how food is produced, transported, sold and consumed in towns, cities and surrounding regions. Food systems are directly linked to housing, as the location, design and infrastructure of homes and settlements shape access to food markets, storage, livelihoods and basic services, influencing the choices people are able to make about food and nutrition. Housing is a frequently overlooked dimension of the urban food environment; however, the home environment shapes choices around what food can be prepared, the cost of preparing it, how it is consumed and ultimately the extent to which nutrition is, or is not retained even after it is consumed. The dietary choices and nutritional outcomes of a family living in a home with a safe kitchen, refrigerated storage, running water and a functioning toilet will be fundamentally different to a family with an equal income in the same city, living in single room shack with no electricity, sharing a communal tap and forced to relying on informal ablutions.

With Africa's urban population expected to double by 2050,<sup>29</sup> there is a window to invest in the infrastructure that underpins healthy, employment-intensive, climate-resilient and low-emissions food systems.

Local governments, in particular, influence the infrastructure and economic ecosystems that determine how food flows through urban areas, including markets, transport systems, sanitation services and waste management.

**For too long, housing has been a neglected dimension in the urban food systems discourse, and food has been omitted from conversations on housing.**

<sup>25</sup> IPCC, Climate Change 2022: mitigation of climate change (AR6 WGIII) [UN Habitat](#).

<sup>26</sup> PPHPZ. [https://peoplesprocess.org/?utm\\_source=copilot.com](https://peoplesprocess.org/?utm_source=copilot.com)

<sup>27</sup> Battersby, J., Hatab, A.A., Ambikapathi, R., Chicoma, J.L., Shulang, F., Kimani-Murage, E., Minaker, L., Moragues-Faus, A. and

<sup>28</sup> Resnick, D. Strengthening urban and peri-urban food systems to achieve food security and nutrition, in the context of urbanization and rural transformation, HLPE Report No. 19. FAO, 2024.

<sup>29</sup> OECD et al. Africa's Urbanisation Dynamics 2025: Planning for Urban Expansion, West African Studies, OECD Publishing, Paris. 2025.

This omission is mirrored in development financing and programming across Africa. The good news is that in many cities, this does not require new programming, but rather stronger interlinkages between existing initiatives and nutrition outcomes. For example, through ensuring basic household access to free water and subsidised electricity cities like Cape Town are carrying out valuable nutrition interventions.

Given that food systems intersect with virtually all aspects of urban life, strengthening the capacity of municipalities and community actors to shape the wider spatial determinants of food security as well as the private home environments presents a powerful opportunity to advance inclusive economic development, social equity and environmental sustainability simultaneously. Furthermore, integrating food systems thinking into urban planning, housing programmes and infrastructure investments can strengthen both food security and urban resilience. In many rapidly growing cities, decentralised infrastructure solutions such as community-scale food markets, distributed cold storage, waste-to-energy systems and urban agriculture initiatives can provide flexible and affordable pathways to support both housing delivery and resilient food systems.

Many cities across the continent are examining their mandates through a food systems lens, and developing strategies or coordination bodies to better coordinate and direct food & nutrition activities. Kisumu, Kenya, coordinates stakeholder activities through a Food Liason Advisory Group. Lusaka, Zambia, has developed a Food Desk. eThekweni, South Africa, Ebolowa, Cameroon, and Fort Portal, Uganda, are developing food frameworks or strategies. This represents an acceptance that local governments do indeed have responsibility for shaping food and nutrition security for their people.<sup>30</sup>

### 3. Key enablers for policy change

Addressing these structural challenges and megatrends will depend on strengthening a set of key enabling conditions across governance, finance and partnerships.

#### Strengthening multilevel governance and institutional alignment

Urban development is inherently multi-scalar and delivering adequate housing requires coordinated action across multiple levels of governance.

At the continental level, stronger operationalisation of AU and regional frameworks, alongside improved coherence between national and local urban strategies, is essential. The AU performs an important role in guiding sustainable urban development initiatives and supporting policy harmonisation across Member States.

National governments play a pivotal coordinating role. They establish regulatory frameworks, shape intergovernmental fiscal systems and define centralisation arrangements that determine whether local governments have the authority, resources and incentives to deliver housing and services can effectively deliver housing and services. As the housing deficit cannot be solved by one entity alone, national governments can play a key role to instill a sense of responsibility and an ethos of cross sector partnerships in municipalities is a vital contribution.

To support this, strong national coordination platforms are needed to align housing policy, planning and investment across levels of government. Establishing integrated urban or housing “country platforms” can help connect national priorities with local implementation, ensuring that financing, planning and regulatory decisions are coordinated across the system. Embedding meaningful local government participation within these platforms is essential to ensure that policies translate into delivery.

<sup>30</sup> AfriFOODlinks. 2024. Food is Urban.

Municipal governments, as the level of government closest to communities, are well placed to understand local needs and implement context-appropriate interventions and services. They also play an important coordinating role, working with private developers and civil society actors, to shape inclusive and locally grounded solutions. In rapidly expanding African cities, municipal authorities act as the primary interface between national ambitions and on-the-ground delivery.

However, despite their importance, municipalities face numerous constraints, including limited fiscal autonomy, unstable revenue bases and insufficient technical capacity. Achieving adequate housing across African countries will require sustained national investment in strengthening municipal systems, clarifying functional mandates and improving the predictability of fiscal transfers.

**Empowering local governments should not be understood simply as a transfer of responsibilities, but as a deliberate effort to enable subnational authorities to exercise their mandates effectively.**

Without stronger municipal financial management, enhanced revenue mobilisation and improved administrative coordination, the burden of delivery falls largely on national governments, making housing targets more difficult to achieve. Capable and well-functioning municipalities can strengthen national development outcomes by improving policy implementation and reducing the fiscal, social and environmental costs associated with unmanaged urbanisation. Strengthening municipal systems should therefore be recognised as a housing intervention in its own right, with capable local institutions representing a direct investment in urban resilience and development outcomes.

Providing municipalities with more predictable and, where appropriate, direct access to financing for service delivery, including housing-related infrastructure, can also improve the efficiency and responsiveness of urban development programmes. Because municipalities are responsible for land-use planning, infrastructure provision and service delivery, they are well placed to allocate resources in ways that respond to local priorities and settlement dynamics.

Direct financing mechanisms can therefore help accelerate project implementation, reduce administrative bottlenecks and strengthen accountability between local governments and communities.

Importantly, municipal institutional capacity is a key determinant of whether private and development finance can flow into urban housing programmes. Investors typically require predictable regulatory frameworks, credible procurement systems and financially stable public partners before committing capital. Where municipalities lack the administrative and financial systems necessary to manage complex infrastructure and housing projects, investment risks increase and financing costs rise. Strengthening municipal financial management, project preparation capacity and intergovernmental coordination is therefore not only a governance reform but a critical step in unlocking investment.

**Strengthening financing systems for urban housing**

Rapid urbanisation demands substantial investment in infrastructure, services and social amenities. Yet traditional financing mechanisms frequently fall short of the scale and complexity required for large-scale housing delivery. From our experience as local governments, the challenge is not only the availability of finance, but the ability of cities to access, manage and deploy it effectively.

Cities need not be seen only as recipients of finance - instead they can be platforms through which investment can be structured, de-risked and delivered at scale. Housing projects depend on the broader urban ecosystem in which they are developed. Their financial viability is shaped by the availability of serviced land, bulk infrastructure such as water, sanitation, electricity and transport, and clear regulatory processes that enable projects to move efficiently from planning to implementation. Where these systems are weak or poorly coordinated, housing projects become difficult to implement and financially risky.

Local governments, if themselves are able to absorb finance, play a central role in making housing investments bankable. Robust administrative systems, credible financial management, coordinated

infrastructure planning and predictable regulatory frameworks are critical to mobilise and absorb larger volumes of capital. Strengthening municipal revenue systems, improving the predictability of intergovernmental transfers and enhancing municipal creditworthiness are therefore foundational reforms.

Closing Africa's housing investment gap will also require stronger domestic financing systems. This includes improving the predictability of intergovernmental fiscal transfers, enabling municipalities to plan and finance long-term infrastructure and housing programmes. Expanding land-based revenue instruments can also help cities capture a share of the economic value generated by urban growth and reinvest it into housing and infrastructure. In addition, strengthening own-source revenue generation through better revenue management systems and the management of municipal assets can increase the fiscal autonomy and creditworthiness of local governments. Strengthening municipal systems is a prerequisite for unlocking large-scale housing investment.

Despite these opportunities, subnational governments often face limited fiscal autonomy, restricted access to borrowing and regulatory barriers to direct financing. Administrative decentralisation is frequently incomplete, a poor enabling environment and weak coordination across government institutions slows implementation. Addressing these constraints requires clearer intergovernmental fiscal arrangements, improved project preparation capacity and stronger financial management systems.

Country-level coordination platforms can play an important role in aligning national governments with development finance institutions and private investors around urban infrastructure and housing priorities. By creating structured investment pipelines and coordinating financing instruments, these platforms can help reduce fragmentation across funding sources and improve the efficiency with which capital reaches local governments. South Africa's Just Energy Transition Partnership, JET Investment Plan and JET Implementation Plan, for example, illustrates how coordinated national platforms can mobilise large-scale international and domestic finance around a clear investment strategy, an approach that could inform similar platforms for housing and urban infrastructure development.

Innovation in housing finance will depend on improving how existing tools are structured and deployed. Public-private partnerships, development finance mechanisms, municipal borrowing and land-based financing instruments<sup>31</sup> can support housing delivery when embedded with coherent investment strategies and aligned with municipal infrastructure planning. Community-based financing

models and results-based financing mechanisms are also increasingly being used to support informal settlement upgrading and incremental housing development.



<sup>31</sup> UN-Habitat Where to Start: A guide to Land-based Finance in Local Government Centre for Affordable Housing Finance in Africa. 2024. 2024 Yearbook: Housing Finance in Africa. Johannesburg, South Africa.

## Examples of Housing Finance Models, drawn from the 2024 CAHF Yearbook<sup>32</sup>

### Kenya: Mortgage Liquidity & Risk-Sharing

Kenya has developed one of the continent's most structured housing finance innovations through the Kenya Mortgage Refinance Company (KMRC). Rather than lending directly to households, KMRC provides long-term liquidity to banks and SACCOs, enabling them to extend more affordable mortgages to lower- and middle-income borrowers. A key innovation is the Risk Sharing Facility, which de-risks lending to informal or semi-formal earners by absorbing part of the credit risk. This is complemented by growing use of mortgage-backed securities and brokerage systems that reduce information asymmetries. The model effectively addresses both supply- and demand-side constraints, demonstrating how secondary mortgage markets can unlock scale while adapting to informality in African income structures.

### Nigeria: Blended Finance & Targeted Funds

Nigeria's housing finance system has evolved through the use of blended finance vehicles such as the Family Homes Fund, which combines public capital with private investment to deliver affordable housing at scale. The fund operates across the value chain - financing developers, supporting mortgage access, and investing in rental housing - while targeting low-income households often excluded from traditional finance. Its structure allows concessional capital to absorb early-stage risks, crowding in commercial lenders and institutional investors. This approach is paired with instruments like the Nigerian Mortgage Refinance Company, creating a layered system that links capital markets with housing delivery. The model illustrates how dedicated housing funds can bridge affordability gaps while catalysing private sector participation.

### Morocco: Guarantee Funds for Informal & Low-Income Borrowers

Morocco has pioneered the use of state-backed guarantee funds such as FOGARIM and FOGALOGUE to expand mortgage access to households with irregular or informal incomes. Instead of requiring formal employment proof, these mechanisms guarantee a portion of the loan, allowing banks to lend to previously excluded borrowers. This has significantly broadened access to formal housing finance without fundamentally altering banking risk models. The approach is complemented by subsidised interest rates and structured housing programmes, creating a coherent ecosystem that links supply and finance. Morocco's model is notable for its scalability and its pragmatic accommodation of informality, offering a replicable pathway for countries seeking to extend mortgage markets beyond formally employed populations.

### Uganda: Housing Microfinance & Incremental Building Finance

Uganda demonstrates a different pathway, centred on housing microfinance rather than traditional mortgages. Institutions such as FINCA and Housing Finance Bank offer small, short-term loans tailored to incremental construction - supporting households to build or improve homes step-by-step. These products are often structured like personal or microenterprise loans, with flexible underwriting that reflects irregular incomes. This approach aligns closely with how most housing is actually delivered in African cities: through self-construction and phased investment. By formalising and scaling these financing practices, Uganda's system bridges informal building processes with formal finance. It highlights how appropriately designed microfinance can serve as the primary housing finance instrument in contexts where mortgages remain inaccessible.

International finance will remain an important complement to domestic resources. Development finance institutions, climate finance mechanisms and multilateral development banks can play a catalytic role by providing concessional finance, guarantees and project preparation support that enable cities and national governments to scale housing investments.

**Rwanda's E-Moto project** offers a useful illustration. The project is operationalising a blended finance approach that combines first-loss credit facilities and structured finance, anchored and managed by the Development Bank of Rwanda (BRD) - the kind of financing innovation that national development banks (NDBs) are well positioned to lead.

<sup>32</sup> Centre for Affordable Housing Finance in Africa. 2024. *2024 Yearbook*; Housing Finance in Africa. Johannesburg, South Africa.

Importantly, the Rwanda E-Moto project is helping to build a reusable toolkit for climate-smart urban infrastructure. The Just Municipal Embedded Generation project addresses the resource and capacity gap of intermediate municipalities in developing renewable energy embedded generation projects and accessing financing. The Development Bank of Southern Africa, in partnership with the Green Climate Fund, has set up the [Embedded Generation Investment Programme](#) to stimulate growth of embedded generation initiatives in the country. The same instruments, credit enhancements, concessional capital and transaction advisory support can also be deployed to unlock housing finance for low-income urban residents.<sup>33</sup> NDBs, when properly mandated and equipped, can make housing investment bankable and crowd in private capital where markets have consistently failed. In this case the NDB is acting as a system builder and not only as a lender.<sup>34</sup>

## Partnership-driven housing delivery

No single actor can meet the scale or complexity of Africa's housing challenges. Delivering housing at scale requires coordinated partnerships between public authorities, private investors and communities. Public-private collaboration is also central. Public finance should enable and crowd in private investment rather than compete with it. Within this context, municipalities must act not only as service providers but also as regulators, conveners and facilitators of market activity. Strengthening regulatory clarity, project preparation, procurement systems, bulk infrastructure investment and risk sharing mechanisms is essential to build investor confidence and scale delivery.



### Stellenbosch Municipality, South Africa

adopted its Inclusionary Zoning Policy in 2023 to address a deeply exclusionary property market and persistent spatial inequality. The policy requires developers to include affordable units in new residential and mixed-use housing developments, particularly in well-located, high-growth areas. In zones such as the Adam Tas Corridor, up to 30% of units must be inclusionary, leveraging increased land values created through public investment and planning decisions. By linking development rights to public benefit, the municipality has embedded land value capture into planning practice. Early implementation has already secured over 900 affordable units, demonstrating how regulatory tools can drive more inclusive, well-located urban development.<sup>35</sup>

Community partnerships are equally important. Organisations such as [Slum Dwellers International \(SDI\)](#) demonstrate the value of co-produced housing solutions through participatory planning, savings schemes and in-situ upgrading.<sup>36</sup> These approaches have enabled incremental housing and improved service delivery in contexts often underserved by formal systems.<sup>37</sup> Institutionalising participatory planning within municipal systems can reduce conflict and strengthen social ownership and accountability. Positioning communities as co-producers - rather than beneficiaries - aligns with principles of locally led adaptation and strengthens urban resilience. In many contexts, partnerships must also extend to traditional authorities, particularly where customary tenure systems intersect with urban expansion. Securing land tenure, clarifying land rights and strengthening land administration systems remain foundational to sustainable housing delivery.

<sup>33</sup> International Finance Corporation, [Scaling Housing Finance in Africa](#), Factsheet, 2024.

<sup>34</sup> Momentus Global & World Federation of Development Financing Institutions, [National Development Banks: The Unsung Heroes of the Global Development Finance Architecture](#), White Paper, 2024.

<sup>35</sup> [Stellenbosch Inclusionary Housing Policy](#).

<sup>36</sup> Sevilla Núñez, P with Apsan Frediani, A, Cociña, C, Papamanousakis, Y, Luka, Z, Kondowe, B, Chikumo Mtonga, G, Kabilika, P, Mphande, J, Ribeiro, TF, Litsek, F, Manadhar, L, Joshi, L and Manandhar, D (2025) Community led housing in the global South: benefits, blockages and ways forward. IIED, London. 2025.

<sup>37</sup> Slum Dwellers International. [Accelerating locally led responses to climate change in informal settlements.](#)

### City networks and peer learning: accelerating housing solutions<sup>38</sup>

City-to-city networks and transnational municipal platforms play an important role in advancing Africa's urban and housing agendas. Networks such as [ICLEI - Local Governments for Sustainability](#), [United Cities and Local Governments of Africa \(UCLGA\)](#), [C40 Cities](#) and many city networks operating continentally, regionally and nationally provide structured platforms for peer learning, technical exchange and political coordination among cities facing similar development pressures. For example, through these networks, cities share practical experiences and lessons on urban management, informal settlement upgrading, climate-resilient building standards and the integration of green infrastructure, municipal finance innovation, and more.

Research also shows that participation in city networks significantly strengthens the ability of local governments to act. In addition to facilitating learning between cities, these networks help shape policy norms and provide channels through which cities can collectively advocate for greater resources. They encourage collaboration with other diverse stakeholders to develop new and innovative solutions for housing delivery, infrastructure and urban services and help to connect local innovation with global policy processes, helping to scale successful approaches more rapidly and ensure that cities themselves play a stronger role in shaping international urban agendas.

## 4. Conclusion

The AUF2 provides a timely opportunity to reposition housing as a central pillar of Africa's socio-economic and environmental transformation. Addressing the continent's housing deficit requires a systems approach that recognises housing as an economic multiplier and a structural investment in productivity, resilience and inclusive economic growth. It also requires a shift in how informality is understood: as spaces of agency and local innovation, requiring urgent public investment. Given the high exposure to climate hazards, infrastructural shortfalls and environmental risk, informal settlement upgrading should be a core strategy for disaster risk reduction, climate adaptation and inclusive urban development.

Africa's housing future will not be delivered from national capitals alone. Local and regional governments are already at the forefront of managing urban growth, coordinating systems and responding to community needs. With the right mandates, financing and partnerships, we can transform housing from a persistent challenge into a driver of inclusive economic growth, resilience and opportunity. AUF2 presents a critical opportunity to align actors around this reality and to position African cities as leaders in shaping the future of accessible housing.

In this context, AUF2 serves as a platform for articulating our consolidated African local and regional government position on housing, helping to inform deliberations at WUF13 and other global urban governance processes. Strong African participation in these spaces can elevate locally grounded solutions, strengthen the legitimacy of African urban priorities and unlock investment better aligned with the continent's development needs.

As a coalition of engaged local and regional constituencies, we call on continental and national policymakers, city leaders and development partners to support the following priority actions:

<sup>38</sup> Jesse Schrage, Subina Shrestha, [What functions for city networks in local climate governance? Conceptualising cross-site interactions as learning, moulding and steering](#), *Current Opinion in Environmental Sustainability*, Volume 75, 2025.

## 1. Empower cities as system leaders of delivery of human settlements

- Clarify and align functional mandates across national, regional and municipal levels to enable coordinated delivery of human settlements.
- Embed municipalities in national infrastructure and corridor planning processes from the outset to proactively shape urban growth.
- Align national housing programmes with municipal spatial planning and infrastructure investment frameworks.
- Invest in long-term municipal institutional capacity to shift from reactive settlement management to proactive urban development.

## 2. Leverage housing as a driver of local economies, services and community systems

- Position housing as economic infrastructure by integrating it into local economic development, job creation and industrial policy strategies.
- Move beyond unit-based delivery metrics to plan and invest in complete settlements that integrate housing with water, sanitation, energy, waste, food systems and mobility.
- Use housing development to strengthen local service delivery systems, including decentralised and distributed infrastructure solutions.
- Integrate nature-based solutions, green infrastructure and biodiversity into settlement planning to enhance liveability, resilience and ecosystem services.
- Incentivise the development of customized products by commercial banks in order to boost the creditworthiness of the secondary housing market



Aliou Coulibaly

### 3. Unlock municipal finance and scale investment in housing systems

- Improve the predictability of intergovernmental fiscal transfers and strengthen municipal fiscal autonomy.
- Strengthen municipal financial management, revenue systems and project preparation capacity to enhance creditworthiness and investor confidence.
- Expand domestic financing through land-based instruments and improved own-source revenue generation.
- Scale blended finance and public-private partnerships aligned with municipal infrastructure and housing systems.

### 5. Position housing as climate and resilience infrastructure

- Integrate climate adaptation and disaster risk reduction into housing, land-use and infrastructure planning, using elements of the “sponge city” model.
- Prioritise informal settlement upgrading as a key climate resilience intervention.
- Embed climate-responsive building standards, risk-sensitive land use and nature-based solutions into housing systems.
- Align climate and development finance with housing programmes, particularly for resilient infrastructure and vulnerable settlements.

### 4. Deliver inclusive housing systems through upgrading and land reform

- Prioritise in-situ upgrading of informal settlements as a core housing delivery approach.
- Institutionalise participatory planning and community-led upgrading within municipal systems.
- Strengthen land governance through tools such as land value capture, land readjustment, strategic land banking and fit-for-purpose land administration.
- Integrate informal and customary tenure systems into planning frameworks to enable inclusive and scalable housing delivery.
- Embark on urban investment and asset-building literacy initiatives towards building entrepreneurs and communities involved in self help approaches to housing delivery.







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