





CASE SUMMARY

Moladi: An Affordable Housing Solution for the Poor?

Country: South Africa	MDGs addressed:  
Sector: Housing and Construction	Author: Pierre Coetzer
Inclusion of the poor: Employee	Lead organization: MSME
Theme(s): Environmental impact	

Abstract



Photo credit: Pierre Coetzer

Driven by urbanization and demographic growth, the estimated need for affordable housing, at a global level, is 96,150 units per day. This represents a huge challenge but also constitutes an economic opportunity, and a potential tool for economic development. Any strategy to address this challenge will need to take into account the particular constraints linked to developing societies, including the lack of resources, insufficient funds, skills shortages, and environmental challenges. Moladi of South Africa is innovating to address these challenges and build sustainable housing for the poor throughout the world.

Moladi, a small family-run business based in South Africa’s Eastern Cape Province, challenges conventional building techniques and claims that its building technology has the potential to successfully address many of the constraints currently holding back the provision of adequate shelter at the base of the socio-economic pyramid. The analysis of its model and results suggest that Moladi does indeed have huge potential when it comes to providing decent and affordable housing, particularly in its home country.

Quote

“Moladi’s approach is holistic and focused on improving the lives of communities on a bigger scale, in which housing is only one of the constitutive elements of an integrated and sustainable neighbourhood.”

Hennie Botes, Founder of Moladi



Strategy Matrix

	Adapt products and processes	Invest in removing constraints	Leverage the strengths of the poor	Combine resources and capabilities	Engage in policy dialogue with government
Market information	Difficulties winning tenders at home			Resistance to new technology in the building industry	Low-cost housing market in South Africa dominated by government as main source of funding
	Seeking new markets for their products			Finding other partners to work with	Approached government authorities in order to promote its technology
Regulatory environment					
Physical infrastructure					
Knowledge & skills	Construction industry confronted with a shortage of qualified builders and artisans	Construction industry confronted with a shortage of qualified builders and artisans	Construction industry confronted with a shortage of qualified builders and artisans		
	Developed a technology where fewer skills are needed	Invest in training and transferring skills to people	Community members, unemployed and future homeowners involved in the construction		
Access to financial services					

Actors

- **The Family:** Moladi is clearly a family business, and in the past few years, Hennie Botes has transferred the ownership of the company to his two daughters.
- **Staff and internal departments:** There are 18 direct employees at the formwork production facility in Port Elizabeth. These employees mainly handle the machinery and the manual processes attached to the production line, including visual quality control. Three of the employees are employed as *in situ* trainers and project managers. Moladi also has a Research and Development Lab division, located in Johannesburg, which carries out soil tests in order to adapt mortar mix to local soil conditions for a specific construction project.
- **Suppliers:** Moladi’s suppliers include the manufacturers of tools and equipment included in the building kits, as well as the injected plastic needed to manufacture the formwork panels.
- **Customers:** Moladi refers to its customers as ‘partners’. This, Hennie Botes explains, is also part of its ‘holistic’ approach to construction. Its typical clients are private construction firms and



property developers. Governments can often play indirect roles, as they would usually contract any state-funded housing programmes to the building industry through tender processes.

- **Indirect stakeholders:** Moladi has very informal relationships with civil society and NGOs; the South African Government, oversight bodies and representative organizations of the building industry when these are involved in the housing sector, construction firms as partners and competitors, financial institutions and end-users of the Moladi houses.

Results

- **Economic:** During the 1990s, Hennie Botes established partnerships with property developers and construction companies based mainly in Central and South America. Through these partnerships, Moladi's technology was rolled out and used by developers in Mexico and Panama. Its biggest project to date is in Mexico, where a 1,000-unit project was completed in 2006. Today, Moladi has appointed agents in charge of promoting and distributing its technology in Ghana, Botswana, Mozambique, Namibia, Sudan, Kenya, Zambia, Angola and Nigeria. Moladi also gets a stream of visitors from other parts of the developing world, including from Nepal, the Philippines and Iraq.
- **Social:** The key to a truly lasting, sustainable positive impact starts with houses. Owning their own shelter provides people with a sense of pride and belonging which in turn has positive effects on their sense of self-esteem and a sense of opportunity, self-worth, dignity and hope for a better future for themselves and their children. Owning real estate also means much easier potential access to financial services such as loans or micro-loans, and can also provide a steady source of income in the form of rent for part or the entire house.
- **Environmental:** Moladi claims to use low-energy materials such as sand, gravel and cement (mortar). The plastic formwork is also recycled after its initial use into consumables. Moladi houses are designed such that they conserve energy or rather preserve heat and have an automatic air conditioning system.

Research Fellow



Pierre Coetzer is an associate at Reciprocity, a development consultancy based in Cape Town. He holds an MA in International Relations and Public Affairs from the University of Louvain (UCL) in Belgium, and a BA in Business Management from ICHEC in Brussels. He has seven years experience in Finance and Investment banking with Arthur Andersen in Luxembourg and Euroclear Bank in Brussels. He

moved to Cape Town in 2007 to work as an independent analyst on socio-economic and political issues affecting countries in transition, with a special focus on Southern Africa. Within Reciprocity, Pierre is mainly in charge of researching, writing and publishing factsheets on inclusive business models and other initiatives aimed at expanding choice and opportunity for people at the base of the economic pyramid. He holds dual South African and French citizenship and is fluent in French, Afrikaans, English, and German.

Citation

Coetzer, Pierre. "Mondi Paper Recycling: Outsourcing the Supply Chain." GIM Case Study No. B083. New York: United Nations Development Programme, 2010