Getting MFIs to Grow to Scale in Providing Microfinance

“Building Assets, Unlocking Access”
Microfinance Shelter Solutions for the Poor
By Ruth Odera
Regional Housing Microfinance Project Manager

Agenda

- Project description
- Housing Sector Opportunity
- Program Goals
- Project Approach
- Project Status
- Lessons Learned
Housing Sector Opportunity

Approx. 1.6 billion people worldwide lack access to decent shelter

36% of people in Africa earn less than US$2 per day
Only 3% of people in 2013 had incomes viable for mortgage finance

20%-40% of people in Africa opt to build incrementally as their resources allow

A huge part of microenterprise loans are diverted for use in improving shelter conditions
Need to develop HMF products that take into account needs, preference and capacity of the poor
Project Goals

- Developing viable products that meet demand
- Highlighting what we learn
- Motivating the Industry
- Sharing the insights

Project Approach

- Technical Assistance
  - ESP Selection/MoUs
  - PIPs/Capacity Build
  - Support in market research and product design
  - Close Monitoring of Pilot
  - Dissemination
  - M&E/Impact evaluation

- Marker Mapping of Housing Value Chains
Project Status

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<thead>
<tr>
<th>Project Level Milestones</th>
<th>Product Devt Level Milestones</th>
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<tr>
<td>• Three market mapping reports Gh, Ke and Ug,</td>
<td>• Market research for 7FSPs</td>
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<td>• M&amp;E framework and tools developed for the project</td>
<td>• Product validation for 5FSPs</td>
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<td>• Communication Framework</td>
<td>• Prototype design for 6 FSPs</td>
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<td>• Impact Assessment Approach</td>
<td>• Product launch with 2 FSPs</td>
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Lessons Learned (1/3)

• Accessibility to affordable funds for pilot testing of HMF product is important for the project.

• There is a need to have tested housing support services models to encourage replication and increase HSS uptake.

• There is limited acceptance of alternative collaterals by FSPs for slightly larger housing microfinance loans. FSPs are risk averse.
Lessons Learned (2/3)

• While working with an institution with a wide range of housing microfinance products, there is a need to consolidate them under an umbrella “home improvement products” so as to increase optimal performance and remove cannibalization.

• The use of very technical words about housing support services tend to confuse FSP partner staff and clients. We have learned to speak plainly about housing support services, focusing on local contexts.

Lessons Learned (3/3)

• Hands-on-training of FSPs and project team is an effective way of delivering knowledge and sharing experience.

• While selecting an impact evaluation approach for such a project, it is important to keep local FSPs needs in mind in order to ensure an alignment with business practice and logic.

• In a technical assistance project like this one, it is important to anticipate needs of senior leadership and board and highlight all activities in the TAA.
Thank you

Q&A