

Getting MFIs to Grow to Scale in Providing Microfinance

“Building Assets, Unlocking Access”
Microfinance Shelter Solutions for the Poor

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Agenda

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



About **97 TO 99 PERCENT** of people in sub-Saharan Africa do not have access to formal financing that will let them start building or improving a home.



By doing this, we will extend our reach and start making a greater impact on the **1.6 BILLION PEOPLE WORLDWIDE** who need decent shelter.

97-99%



So people build progressively, starting with a makeshift shelter and then gradually replacing and expanding it with permanent materials.

The partnership between **HABITAT FOR HUMANITY INTERNATIONAL** and the **MASTERCARD FOUNDATION** will support these families in their building processes by building the capacity of **NINE LOCAL FINANCIAL INSTITUTIONS** already serving the low-income population.

Through these institutions, families can access small, short-term loans with affordable payments that can fund their incremental building process.



INCREMENTAL BUILDING



WHAT DO HABITAT AND CISF BRING TO THE TABLE?

- >> Product design and market research.
- >> Global poverty housing expertise.
- >> Development of flexible products targeting those at the bottom of the financial pyramid.
- >> Housing Support Services, including technical construction skills.
- >> Research on housing for those at the bottom of the pyramid.

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

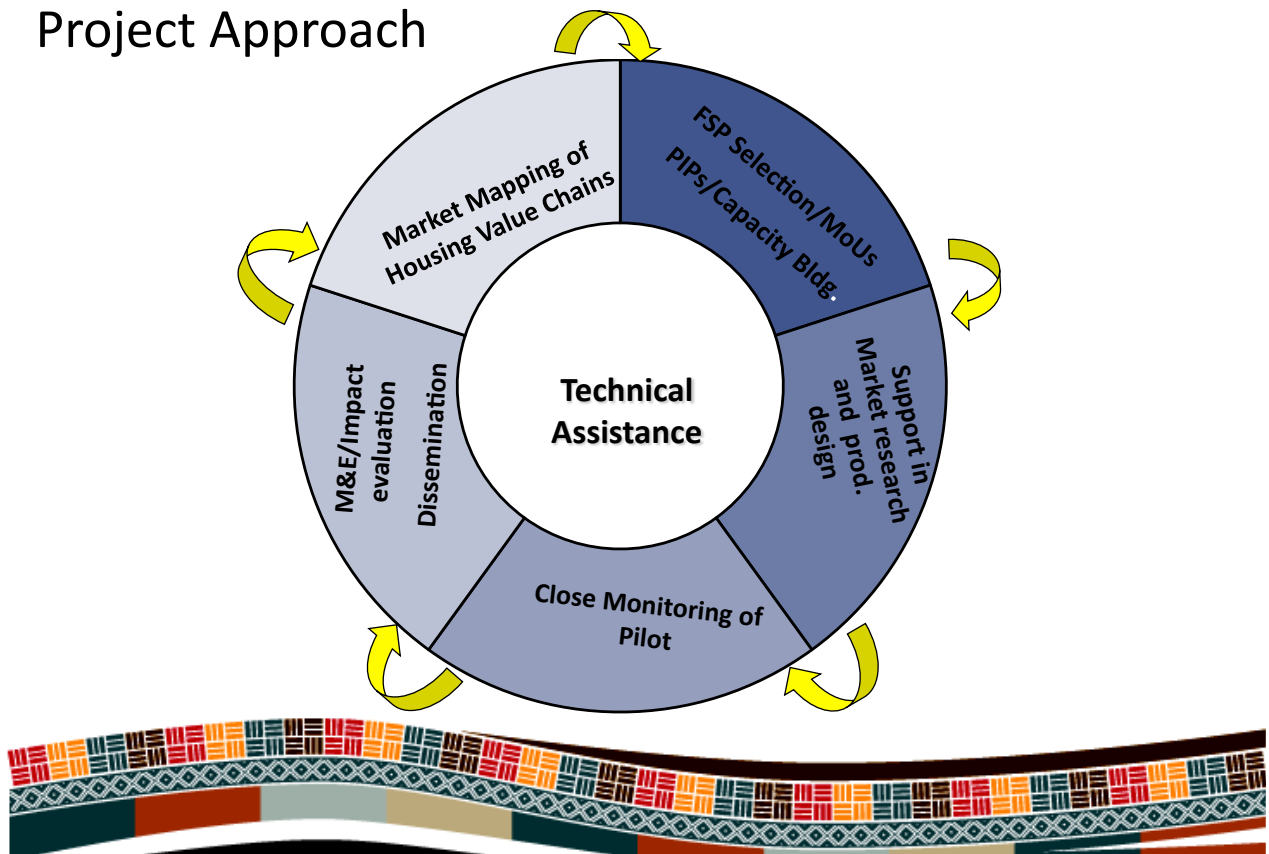
A huge part of microenterprise loans are diverted for use in improving shelter conditions
Need to develop HMF products that take into account needs, preference and capacity of the poor



Project Goals



Project Approach



Project Status

Project Level Milestones	Product Devt Level Milestones
<ul style="list-style-type: none">• Three market mapping reports Gh, Ke and Ug,• M&E framework and tools developed for the project• Communication Framework• Impact Assessment Approach	<ul style="list-style-type: none">• Market research for 7FSPs• Product validation for 5FSPs• Prototype design for 6 FSPs• Product launch with 2 FSPs



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

