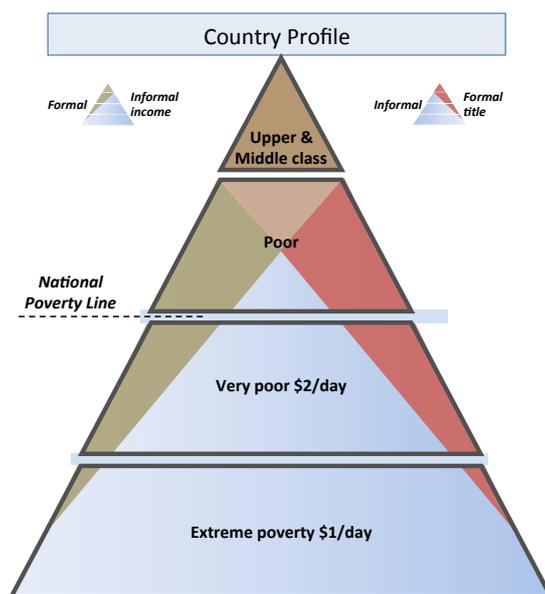




Changes in the Enabling Environment and Development of Housing Microfinance

The CISF experience in Ghana

Housing Microfinance 101

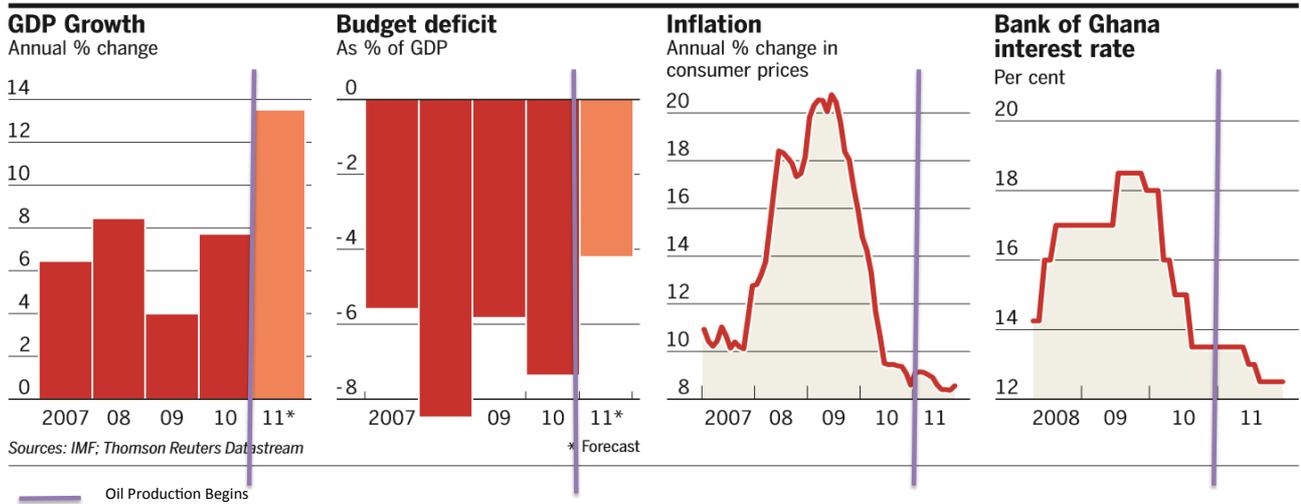


Housing Microfinance Demand

- Two-thirds of the world's emerging market population live in substandard shelter
- 70% of the world's population use "progressive housing"
- BOP spends more than \$330 bn annually on housing (WRI 2007)
- Over 20% of microenterprise loans commonly are used for housing
- Mortgage finance as a share of GDP is very low in many developing countries (Brazil 2%, Indonesia 3%, Bolivia 8.6%, against 79% US, 43% EU – Ferguson 2010)
- Investment potential in BOP housing sector over next 10 years: \$214 - \$786 bn or up over 4x microfinance (JP Morgan 2010)

“Ghana is the fastest growing economy in the world this year, expanding at a forecast 13.6 per cent”

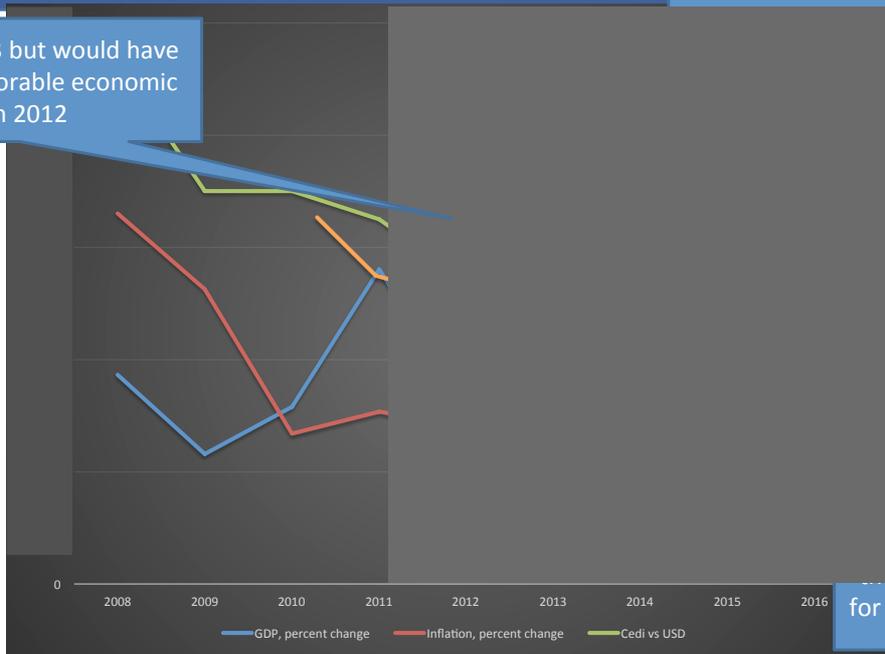
Financial Times, 15 December 2011



“Ghana remains well short of solidifying the foundations of macroeconomic fundamentals necessary for sustained growth and prosperity”

2015 Index of Economic Freedom

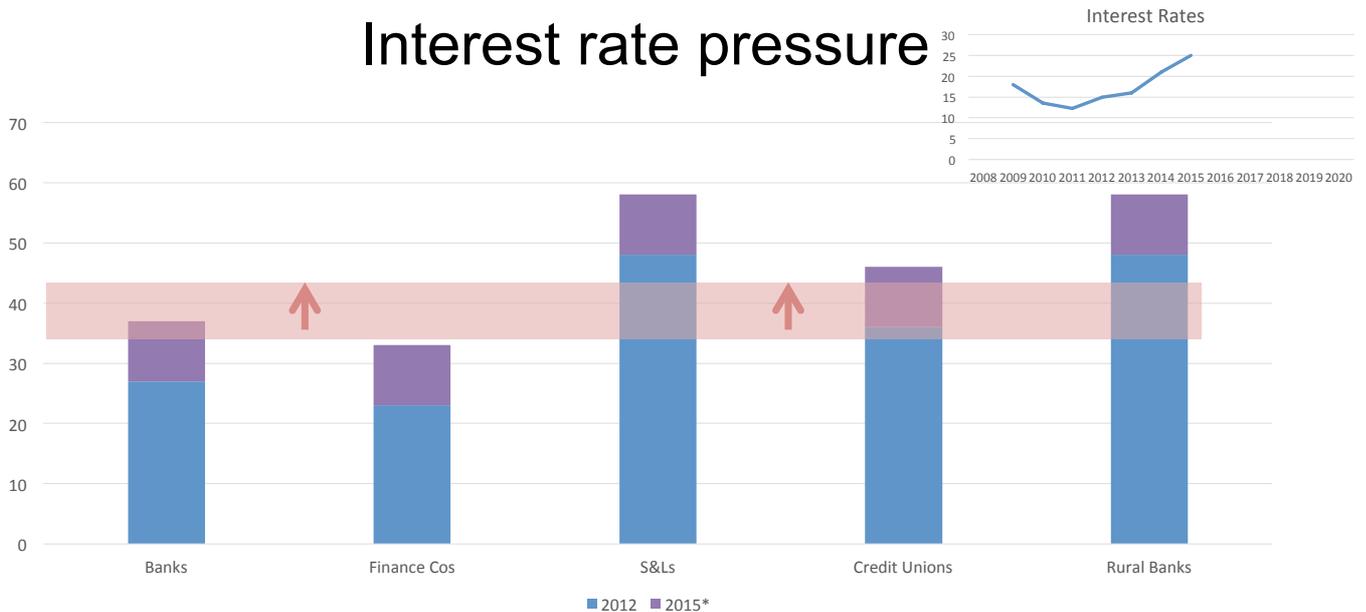
Project begins 2013 but would have looked at more favorable economic data from 2012



ends 2014

Interest rates could prove the most difficult hurdle for microfinance in Ghana

Interest rate pressure



Market Mapping: Building Shelter Assets for the Poor 12/11/2012

Conclusion

- Struggling economies and high-inflation environments pose several direct threats to housing microfinance: increased construction costs, lower or less stable incomes among the poor, and the heightened cost of capital to microfinance institutions.
- Where microfinance markets are mature, fundamentals are sound, and lending is conducted responsibly, housing microfinance can thrive.
- New products are extremely sensitive to the business cycle. Programs to introduce new products should be flexible enough to compensate for downturns.

Please get in touch:

Patrick McAllister
Senior Advisor
Habitat for Humanity
pmcallister@habitat.ca
www.habitat.org/cisf