

An initiative for Rural Microfinance Housing

Making a profit while making a difference

“Growing Housing Opportunities in Africa”

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Profile of YOSEFO

- YOSEFO is a Microfinance Institutions
- Established in 1997
- To date Operate through network of five branches (Mbagala and Mizizima in Dar es salaam , Ifakara (Morogoro region), Zanzibar and Kilwa (Lindi region)
- 22,000 clients
- 52% of clients (rural)
- Portfolio is financed through loans from banks and Wholesale MFIs

Profile of YOSEFO

Lending methodology

- Solidarity Groups
- Village community banks Loans-benkiJamiis

Products:

- Micro enterprise loans
- Education loans
- Agricultural Microfinance Loans
- *Mavuno* Loan product- Individual loans
- Housing microfinance loans-just introduced

Product delivery channels

- M-pesa for loans disbursement
- POS for loan collection

What is rural microfinance housing

- Using microfinance loans to purchase a plot for constructing a house
- Provision of or improvement to services (for example latrines, connecting to electricity etc.)
- Full or incremental house construction
- Renovation or maintenance
- Construction of grain storage facilities

Why rural housing microfinance

Expand and deepen existing relationship between YOSEFO and Its clients

Because housing is a basic need, a personal asset, and a productive asset- produce goods, store inventory, and conduct business.

Reduce the hidden risk of financing housing with business loans

Minimize risk of agricultural microfinance loans through financing storage facilities

Typical traditional houses of Majority of rural Tanzanians





Traditional timber houses in Dodoma and Singida regions

Problems of existing homesteads /houses

- Not durable –requires constant repair particularly of the roof
- Rough floor which are not easy to clean
- House attract insects
- Majority lack toilet facilities
- Tiny kitchen
- Limited ventilation of the houses
- Often Livestock and people share the same house

Housing needs of the rural poor

- A houses with at least two bedrooms and living room
- Latrine
- Kitchen
- Livestock sheds
- Storage for grains-maize and rice/paddy
- Kiosk/business premises

Steps to improving housing to the rural poor through Microfinance

CONSTRUCTION OF NEW HOUSE –First year

- **Step one:** preparation of burned clay bricks (family labour and agricultural waste are used) hence no financing at this stage)
- **Step two:** Construction of a two bed room house : Only labour cost of Tzs 200,000 (US\$ 126)
- **Step three :** Roofing: 25 corrugated iron sheets Tzs 500,000(US\$315), nails, timber and labour cost ,Tzs 300,000 (US\$ 190)
- **TOTAL LOAN:** TZS 1,000,000 with 30% interest (flat) payable in 18 months (100% of interest and 20% of the outstanding loan paid fortnightly, 50% of the outstanding loan paid at end of farm season and 30% of outstanding loan paid on the 18th month

Steps to improving housing to the rural poor through Microfinance

CONSTRUCTION OF NEW HOUSE –Second year

- **Step 1:** Door frames, tops and locks-Tzs 200,000 (US\$ 126)
- **Step 2:** Window frames and tops Tzs 150,000(US\$ 95)
- **Step 3:** Plastering and floor-Tzs 650,000(US\$ 412)

Total Loan: Tzs 1,000,000 (US\$ 633)



Bricks made from local clay ready to be fired with rice husks



Other components of the program

- Loan for house improvement: Plastering and Floor
- Loans for construction of storage facility
- Loans for construction of business facility-kiosks

Whom do we target qualifies for the loan

- Our network of rural clients (currently 10,000)
- Any client of YOSEFO who borrowed and successfully repaid three business loans and/or one agricultural loan
- YOSEFO client who has joined agricultural microfinance program

Potential benefits to YOSEFO

- portfolio diversification
- mortgage liens
- real collateral guarantees,
- Builds strong customer loyalty for business loans and other products
- Increased profitability

THANKS