



Rooftops Canada
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CENTRE FOR AFFORDABLE
HOUSING FINANCE IN AFRICA
A DIVISION OF THE FINMARK TRUST



Habitat for Humanity®

SUSTAINABLE HOUSING MICROFINANCE in SUB-SAHARAN AFRICA: Turning Loans into Homes

Rooftops Canada, the Centre for Affordable Housing Finance in Africa (a division of the FinMark Trust), and Habitat for Humanity International are pleased to announce a regional workshop¹ on sustainable housing microfinance, to be held in **Nairobi, Kenya, from 12-15 April 2010.**

Housing microfinance (HMF) is not a new trend in Africa. Historically, it has been known that shelter needs in the continent are largely met when households seek out their own savings and other informal funding sources to finance and build their homes incrementally. A new dimension was added to this process of self-build when microfinance lending grew in the continent, and lenders saw that up to 30% of microfinance loans for small business and other uses became diverted for housing purposes. Noting this, many microfinance lenders have started, or are considering providing loans for HMF. Thus increasingly, MFIs, banks, community based shelter funds, SACCOs and even newly established dedicated HMF lenders are moving into or diversifying into HMF lending across the continent.

As HMF becomes more explicitly available, a key constraint to the growth of this industry relates to limitations in the systems necessary to facilitate the incremental housing process that HMF finances. Of course, access to secure tenure, a plot of land on which a borrower can safely build without fear of eviction, is a first condition. Even with this, however, the construction process is not an easy one. Building processes vary from one locality to another, involve multiple parties and service providers, and demand complex decision-making and fairly detailed expertise on the part of the borrower. There is often little support available for households to undertake the housing construction process independently.

But is this something that a housing micro lender should concern themselves with? Is the provision of housing support services important to loan performance? How and on what basis can HMF lenders decide how they approach this question? This is the focus of this workshop for African practitioners.

Over three days, plus a 4th day for site visits, the HMF Workshop in Nairobi will focus on the question, “**Turning Loans into Homes**”. Structured in a workshop format, the sessions will enable practitioners to interrogate their own practice, forge linkages and associations with others from the region, and offer their own experiences to the wider network. Baseline research recently commissioned by the Centre for Affordable Housing Finance in Africa (FinMark Trust), Rooftops Canada and Habitat for Humanity International will be presented in order to initiate the debate. It is hoped that practitioners from Central America and elsewhere will also be available to share their experiences with this very important question of turning loans into homes.

Comments, questions, and expressions of interest to participate are invited from housing micro finance practitioners and housing support services providers. **For more information, please contact:**

Barry Pinsky, Executive Director, Rooftops Canada barry@rooftops.ca
Kecia Rust, Housing Finance Theme Champion, FinMark Trust Kecia@iafrica.com
Grace Sebageni, Housing Finance Coordinator, HFHI AME GSebageni@habitat.org

¹ A previous regional workshop was held in May 2008, in Dar Es Salaam and hosted by FinMark Trust, Rooftops Canada, Habitat for Humanity International and WAT Human Settlements. That workshop involved 121 participants from 19 countries (12 in Africa). For more information, visit www.finmark.org.za/HMF.aspx.

SUSTAINABLE HOUSING MICROFINANCE IN SUB-SAHARAN AFRICA: Turning Loans into Homes

Date: 12-15 April 2010

Place: Nairobi, Kenya

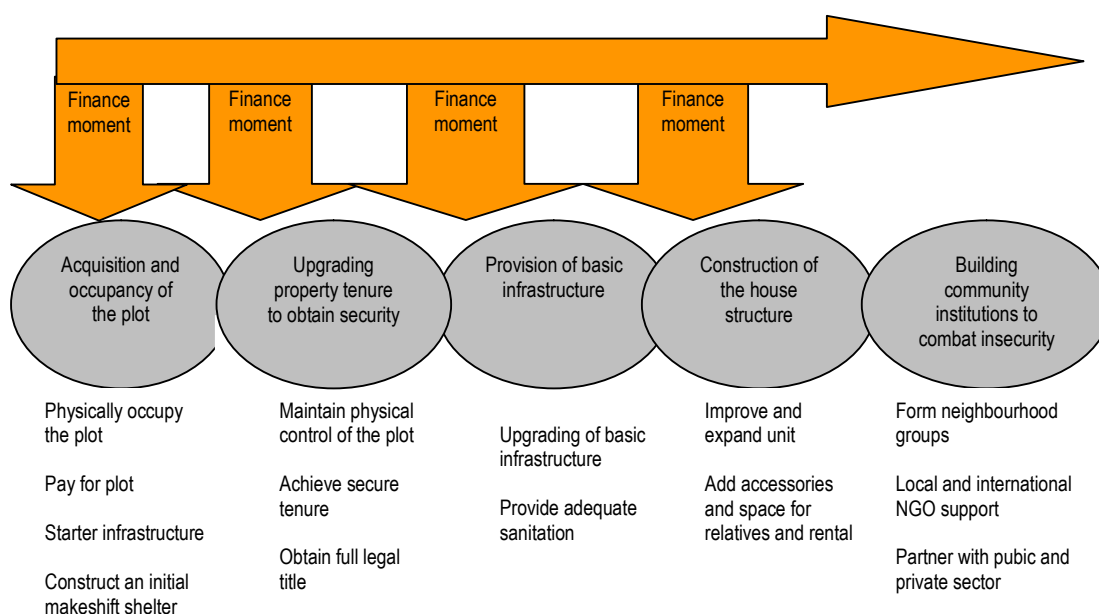
Venue: All African Council of Churches

Local Host: Mazingira Institute

Background

The incremental housing process that HMF finances involves a number of progressive housing steps, each adding value to the ultimate housing product. These steps present their own unique finance and technical capacity demands.

Broad steps in the housing supply value chain (Derived from Ferguson 2008)



Savings, borrowing from friends and family, rotating savings groups and informal loan providers, as well as income from businesses are often used to finance these progressive steps. Housing microfinance has likewise emerged as a useful financing mechanism to assist the poor in negotiating these stages of the housing process. However, there is a need to determine what kind of products and services should accompany and if need be, get financed by HMF within the value chain at each financing moment.

Whether provided by the lender itself, other private sector players, or by partner NGOs or other service providers, housing support may include:

Support for the acquisition of land with secure tenure and basic services

This area of support recognises that in many Africa cities, the acquisition of land with secure tenure, and available basic services is a major undertaking. It often involves the ability to lobby and engage with politicians and local governments. There is a cost element, as the land may have to be bought, and funds sought to bring services to the individual plots. Professional services of surveyors, engineers, town planners and lawyers are also often necessary.

Support for construction and building

To ensure that a quality housing product is provided, there is need for a wide range of construction support services. These include providing advice on housing design, construction and improvements, costing, exploring the possible use of appropriate and inexpensive

technologies and materials, sourcing of materials, screening of local contractors, supervision of the works and many more.

Support in financial and legal education

Potential loan recipients have to be made aware of their legal rights and obligations with regard to housing loans. They likewise need to understand the financial implications of the debt undertaking and its implications on the household expenditure and cash flows.

Post construction support

This involves follow up support as the beneficiary pays up the loan amount. It may also involve post-loan visits offering advice and support regarding future home improvements and how these may be organised and financed.

The focus of this workshop is explicitly on the question of housing support services. What kind of housing support products and services should accompany and if need be, get financed by HMF within the housing supply value chain? How is this done, and what are the implications for institutional arrangements, systems, & financial sustainability?

The related sub-questions are:

- **How well are HMF lending institutions and other institutions responding to the demand for housing support services?**
 - Who presently provides housing support services to HMF clients?
 - What is the range, type and cost of housing support services provided?
 - How are housing support services priced, timed and incorporated into the overall loan product, if at all?
 - If not, how are they financed?
 - Where housing support services are incorporated, what are the effects on product affordability and operations? What are the main benefits, challenges and lessons?
 - What are the formal arrangements between HMF lenders and various other institutions involved in housing support delivery?
- **What is the current capacity of HMF lending institutions to provide or expand provision of housing support services?**
- **What are current barriers to adequately meeting the demand for housing support services among clients?**
- **What is needed to enhance existing practices regarding the provision of housing support services?**

Sunday, 11 April 2010

Time	Topic	
All day	Fly into Nairobi and check into hotel	All
All day	Practitioners meetings – organize independently	All
17:00 – 19:00	Registration	All

Monday, 12 April 2010 – HMF and HSS in Africa

MC: Barry Pinsky, Executive Director Rooftops Canada and

Davinder Lamba, Executive Director, Mazingira Institute

Time	Topic	Proposed speaker
08:30 – 09:00	Welcome, introduction, conference overview & objectives	1. Davinder Lamba, Mazingira Institute 2. Barry Pinsky, Rooftops Canada
09:00 – 9:30	Official welcome address	TBA
9:30 – 10:00	Sustainable Housing Microfinance in Sub-Saharan Africa: key issues for this workshop	Kecia Rust, Centre for Affordable Housing Finance in Africa, FinMark Trust
10:00 – 10:45	Key Note address: Turning Loans into Homes – The role of housing support services in housing microfinance	Bruce Ferguson, Consultant
10:45 – 11:15	<i>Tea break</i>	<i>All</i>
11:15 – 11:35	Housing Support Services in 5 countries in Southern & Eastern Africa: Status and Challenges	Anthea Houston, Consultant
11:35 – 12:00	Housing Support Services in Central America: Status and challenges	Irene Vance, SIDA consultant in Nicaragua
12:00 – 13:00	Facilitated panel discussion: Status and challenges of Housing Support Services in HMF	1. Bruce Ferguson 2. Anthea Houston 3. Irene Vance 4. Facilitator: TBA
13:00 – 14:00	<i>Lunch</i>	<i>All</i>
14:00 – 15:00	Panel discussion: Are housing support services needed?	1. HFH Tanzania 2. Nachu, Kenya 3. Uganda case
15:00 – 16:30 <i>with tea in between</i>	Working group discussions: Are housing support services needed? Participants will be divided into three groups to debate this topic.	
16:30- 17:30	Simultaneous Break-away sessions	
	Defining the demand for housing microfinance in Africa	Michael Kihato, Centre for Affordable Housing Finance in Africa
	<i>Detailed case study from Central America</i>	TBA

Tuesday, 13 April 2010 – Models for HSS in HMF lending

MC: Habitat for Humanity International

Time	Topic	Proposed speaker
Breakfast	Own meetings – organized independently	All
08:30 – 09:00	Welcome and overview of the day's session / Presentation of key issues emerging from previous day	
09:00 – 9:30	Housing Support Services in 5 countries in Southern & Eastern Africa: What services in what context	Anthea Houston, Consultant
09:30 – 10:00	Providing construction technical assistance in housing microfinance: where should the responsibility lie?	Grace Sebageni, HFHI
10:00 – 10:30	Construction technology / green building / housing sustainability	
10:30 – 11:00	Discussion	
11:00 – 11:30	<i>Tea</i>	<i>All</i>
11:30 – 12:15	Panel discussion: Experiences with implementing an affordable housing hybrid value chain with HMF	1. Facilitator: Bruce Ferguson 2. 3.
12:15: 13:00	Panel discussion: Making the provision of housing support services work: Systems & Institutional arrangements	1. 2.
13:00 – 14:00	<i>Lunch</i>	<i>All</i>
14:00 – 15:30 <i>with tea in between</i>	Working Groups: Nature of services provided and consequent systems & institutional arrangements	
15:30- 17:00	Simultaneous Break-away sessions Financing Slum Upgrading and Slum Prevention for the Poor The hybrid value chain model	Bruce Ferguson, Consultant to the World Bank Institute
19:00 – 22:00	<i>Conference dinner hosted by the Mazingira Institute / also celebration of Rooftops Canada's 25th anniversary</i>	<i>All</i>

Wednesday, 14 April 2010 – Benchmarks and way forward

MC: Davinder Lamba, Mazingira Institute

Time	Topic	Proposed speaker
Breakfast	Own meetings – organized independently	All
9:00 – 9:30	Welcome and overview of the day's session / Presentation of key issues emerging from previous day	
09:30 – 10:00	Benchmarks and financial sustainability in the provision of housing support services in HMF	Anthea Houston
10:00 – 11:30	Panel discussion: The link between funding and HSS – what should practitioners and investors expect of each other?	1. TBA 2. TBA 3. TBA
11:30 – 12:00	<i>Tea</i>	<i>All</i>
12:00 – 13:00	Working groups: Setting benchmarks and offering HSS on a financially sustainable basis	
13:00 – 14:00	<i>Lunch</i>	<i>All</i>
14:00 – 14:20	Enhancing practices and building capacity: observations from the field	Anthea Houston
14:20 – 15:45 <i>with tea in between</i>	Working groups: Enhancing practices and building capacity	
15:45 – 17:30	Plenary discussion on way forward	
17:30 – 18:00	Closure and thank you	

Thursday, 15 April 2010 – Site visits

Time	Topic	Proposed speaker
Breakfast	Own meetings – organized independently	All
9:00 – 15:00	Site visits in Nairobi	

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<p>Rooftops Canada is the international development program of co-operative and social housing organizations in Canada. Rooftops Canada works with partner organizations to improve housing conditions, build sustainable communities and develop a shared vision of equitable global development. Rooftops Canada's focus is on disadvantaged communities in Africa, Asia, Latin America, the Caribbean and Eastern Europe. www.rooftops.ca</p>	<p>The Centre for Affordable Housing Finance in Africa is a division of the FinMark Trust. FinMark was established in March 2002 with funding from the UK's Department for International Development (DFID). Our mission is summarised in our slogan: "Making Financial Markets Work for the Poor". FinMark Trust aims to promote and support policy and institutional development towards the objective of increasing access to financial services by the un- and under-banked in Africa. www.finmark.org.za</p>	<p>Habitat for Humanity International is a nonprofit, ecumenical Christian housing ministry. HFHI seeks to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action. Habitat partners with people of all backgrounds, races and religions throughout Africa to find innovative ways to address shelter needs for poor and marginalized people. www.habitat.org/ame</p>
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