



Habitat for Humanity and KOMIDA

*Helping families achieve security and pride
through improved housing conditions*

Founded in 2004, KOMIDA, or Mitra Dhuafa Savings and Loans Cooperative, is one of the largest microfinance institutions (MFI) in Indonesia, with over 797 thousand clients and a loan portfolio of approximately US\$135 million. Within its 205 branches and serving a mostly rural, female-only clientele, KOMIDA, through its subsidiary organization, also offers non-financial services such as training on health, educational resources for members' children, and family finance management.

The housing crisis in Indonesia



Over 200 million people are excluded from conventional banking and insurance markets



Nearly 1/3 of the population – or 22 million households – live in homes with at least one substandard feature, such as overcrowded conditions or a lack of essential services



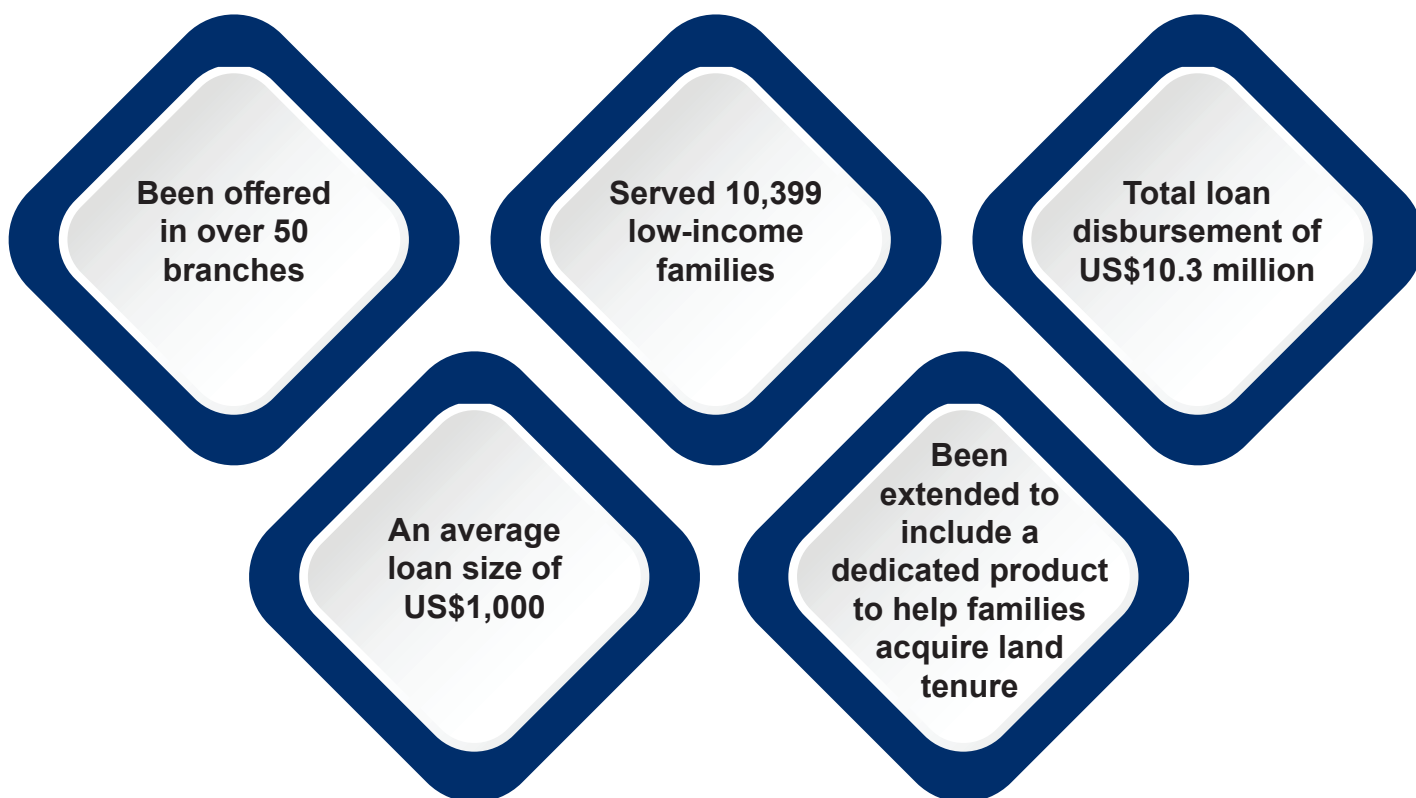
This represents a market potential of at least \$3.4 billion for housing microfinance

With the needs of low-income women families at the center of its mission, KOMIDA sought to diversify its portfolio – which focused on general and business financing, and savings – through the development of a housing microfinance product. The cooperative partnered with Habitat's Terwilliger Center for Innovation in Shelter and Habitat for Humanity Indonesia in 2017 to develop, test and scale housing microfinance solutions that are viable, sustainable, and aligned with KOMIDA's social mission.

To support the development of their housing microfinance offering, the Terwilliger Center worked with KOMIDA over a 12-month period on a technical assistance project to design a housing microfinance product from scratch, utilizing human-centered design approaches. The project included an institutional assessment and market research to understand the needs and opportunities of potential clients; collaboration on product design and pilot planning and implementation; and conduction of a pilot review and product rollout strategy. During the pilot-testing phase, the housing product was initially offered by five branches and reached 310 families, with an average US\$1,200 loan size.

The Terwilliger Center played a key role in the success of KOMIDA's housing microfinance portfolio through the offering of customized technical assistance in developing and scaling up the product prototype. In 2021, Habitat for Humanity's MicroBuild Fund invested US\$1.5 million in KOMIDA to scale their housing microfinance solution across more branches. This also allowed the MFI to leverage other funding sources by successfully demonstrating the performance of the housing microfinance portfolio.

As of December 2022, KOMIDA's housing portfolio has:



The partnership between the Terwilliger Center and KOMIDA resulted in a multiplier effect across families that ultimately extended beyond clients' upgraded housing conditions: 93% of clients reported that their quality of life had improved or greatly improved since receiving the loan, and 71% reported increased confidence in themselves and their abilities.

Sani and Ace



As the sole breadwinner, Ace supports his family of five working as a farm hand in Indonesia's West Java province. His wife Sani tends to their home garden on a small 0.75-acre plot. Every year, the family can earn about 4.5 million Indonesian rupiah (US\$290) by selling the produce from their small home garden. With five years' worth of savings, Sani and Ace started improving and upgrading their house incrementally. By paying in instalments, they were able to purchase building materials such as bricks, wood and sand.

After three years, the home improvement progress was slow even though Ace took on another job as a porter earning 50,000 rupiah (US\$3.20) per day and the family was selling homegrown bananas at 2,000 rupiah per pound.

They had to constantly repair the bare brick-and-mortar walls and the roof continued to leak whenever it rained. Meanwhile, their bathroom and laundry area remained unrenovated.

Things began to look up after Sani took out a housing microfinance loan from KOMIDA in March 2022. A savings and loan cooperative, KOMIDA lends exclusively to women. While Sani has been a KOMIDA member for more than 13 years, she had only taken out income generation loans in the past.

With two housing microfinance loans, each about 20 million rupiah (US\$2,570), Sani's family was finally able to complete improving and renovating their home. The bare brick walls have a clean finish and coat of paint while the leaky roof has been repaired.

"With this (loan), I was able to repair the roof and the walls that were damaged. Our finished house has a kitchen and bathroom, so there is no need to walk so far out to use the bathroom and washing area."

- Sani



Nani

Nani, who lives in Indonesia's West Java province, is thankful that her home sits on the land inherited by her family. Given her family's limited income, however, her wish of improving her home seemed impossible to fulfil. Nani runs a home-based convenience stall while taking care of her two children including a toddler. Her husband works as a truck driver delivering textile materials, whenever there is demand. Their combined daily earnings average 250,000 to 350,000 Indonesian rupiah (US\$16-US\$22), most of which goes toward meeting the family's expenses and needs.

Nani has been a member of savings and loan cooperative KOMIDA for the past five years and decided to apply for a home renovation loan. With the 15-million-rupiah loan, her family was able to repair the roof.



"I replaced the tiles and changed the frame from wood to steel, to make it sturdier and more durable."

- Nani

Minah



Due to their low income, Minah's family of three had to endure years of living in a leaky and termite-infested house in Indonesia's West Java province. Her husband brings in about 200,000 Indonesian rupiah (US\$13) when he gets work as a truck driver delivering textiles. He supplements the family income by helping to sell construction materials. Even so, the family could not afford to repair their house.

As a member of KOMIDA, a savings and loan cooperative catering exclusively to women, Minah had borrowed amounts ranging from 500,000 rupiah to 9 million rupiah for her family's needs. It was only after she took out her first housing microfinance loan from KOMIDA, combined with the proceeds from selling the old house, that her family could start building a new house incrementally. Construction, which began on a plot of land that Minah has inherited from her parents, took over three years to complete.



Minah is thrilled with her new two-bedroom house that comes with a living room and bathroom. There is even outdoor parking space for the family motorbike.

Having improved her family's living conditions, Minah hopes to start a home business to increase their household income.



"I'm especially grateful that our home has a strong ceiling, so we can live comfortably and safely."

- Minah

Nurhayati

The COVID-19 pandemic took a toll on many low-income families in Indonesia and Nurhayati's family was no exception. Her husband's weekly earnings as a security guard decreased to 150,000 Indonesian rupiah (US\$10), which was one-fifth of what he used to make. To increase the household income, he took on construction jobs earning an additional 600,000 rupiah.

While Nurhayati stays home to take care of her three children aged between 4 and 19, she is determined to improve her family's living conditions. She had previously purchased a plot of land in West Java province. To build a new home, she decided to apply for a housing microfinance loan from savings and loan cooperative KOMIDA at a neighbor's recommendation.



With financing including a loan of 10 million rupiah (US\$956) from KOMIDA, she was able to purchase building materials and hire local construction laborers to start building a two-bedroom house in stages. She applied for another 10-million-rupiah loan from KOMIDA to buy more construction materials to complete home construction.

"For me, home is the most important place for a family to gather after a long day outside."

- Sani



After repaying the housing microfinance loans, Nurhayati wants to borrow again from KOMIDA to have electricity supplied to her new home. She also plans to build a new kitchen.

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