



**HOUSING FINANCE FORUM:
Uganda, July 11-12, 2018**

**Expanding Access to Affordable
and Adequate Housing in
Sub-Saharan Africa**



KWFT NYUMBA SMART

- The partnership between KWFT and Habitat for Humanity International developed a microhousing loan product called Nyumba Smart loan product.
- Nyumba Smart loan product targets clients who are economically active. They could be existing KWFT clients or new ones. They can access the product either through group co-guaranteed loans or individual loan facility. It focuses mainly on the rural and peri-urban areas.



NYUMBA SMART LOAN PRODUCT

- Product name: KWFT Nyumba Smart. “Nyumba” is Swahili word meaning a house; hence product name implies: ***Smart House***.
- Loan size: between USD 50 - USD10, 000.
- Maximum repayment period: up to 60 months.
- Disbursement options: cash disbursement to client’s account.
- Percentage finance: 100%.
- Collateral: co-guarantee, chattels, loan guarantee deposit; title deed for land is not a mandatory requirement.



Price

- Processing fees and credit life insurance: 3.25%.
- Chattel fees: USD 15.
- Interest rate: 22% p.a



Factors Making Nyumba Smart Successful at KWFT

- Strong corporate social mission commitment. KWFT Board of Directors and senior management have a strong focus on social impact and HMF is one of the products KWFT is using to push for the social agenda.
- Partnership between KWFT and Habitat for Humanity greatly reduced the start-up cost of the product design.
- Product design. The market research informed design of HMF loan with the customer needs in mind.
- Demand driven. The design of the HMF loan was demand driven. KWFT clients were taking business loans to construct houses thus introduction of HMF loan helped to bridge the gap that existed.



Factors Making Nyumba Smart Successful at KWFT

- Target Market - 80% of KWFT clientele is in the rural areas and needs affordable housing. KWFT has deep branch network spread in 45 counties out of the 47 counties in Kenya.
- Group lending methodology - KWFT embrace group lending, which has enhanced repayments and reduced operational costs.
- Use of Housing Support Services - use of local artisans and hardware shops has enabled clients to get good advice on construction and sourcing of materials.



Factors Making Nyumba Smart Successful at KWFT

- Direct Funds Management - clients are disbursed the whole amount in their accounts and this makes it easy for them to source and pay for materials and artisans.
- Staff Training - all field staff were trained on the product features as well as equipped with marketing materials such as fliers and delinquency management booklet.



Challenges in Implementing Nyumba Smart

- Managing and controlling funds diversion remains difficult. However, constant pre and post monitoring and proper assessments has helped reduce the diversion.
- Matching household needs and borrowing capacity:
 - Managing client's expectations on the kind of houses they can build has also been a challenge. Clients want good and big houses but ability to repay remains a challenge. Incremental building concept solves this challenge.



Challenges in Implementing Nyumba Smart

- Underfunding or overfunding of the client based on the cost estimate done by local artisans. This is attributed to artisan's incompetence and or character. This will only be overcome by building the client's capacity on housing support services.
- Undeveloped housing value chain in Kenya to cater for the needs of housing microfinance clients and supply the housing support services.



Lessons Learned

- Microfinance and Housing Microfinance is viable and sustainable.
- The bottom of the pyramid population is bankable.
- Social enterprise (mission) can be profitable and sustainable business. Total corporate buying-in is however essential.
- Product development should be customer centered to achieve a long and rewarding product life cycle. The higher the social impact/emotional satisfaction of the loan product the better the repayment rate and client referrals.



Lessons Learned

- Housing support services capacity building programs should have a prioritized focus on the customers to drive housing quality.
- Both rural and urban population have housing needs. Solution should deliver affordable housing to rural and urban population.
- A housing microfinance product for the rural areas improves the living standards of the rural population and reduces the urge for rural-urban migration.
- Investment in research as well as advocacy is needed to upscale HMF both at local, national and international levels.



- Download The Business Case for Housing Microfinance.
- Learn more about the Build Assets, Unlocking Access program.

www.habitat.org/tcis

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