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Housing Micro-Finance for Building Climate Change & Disaster Resilience



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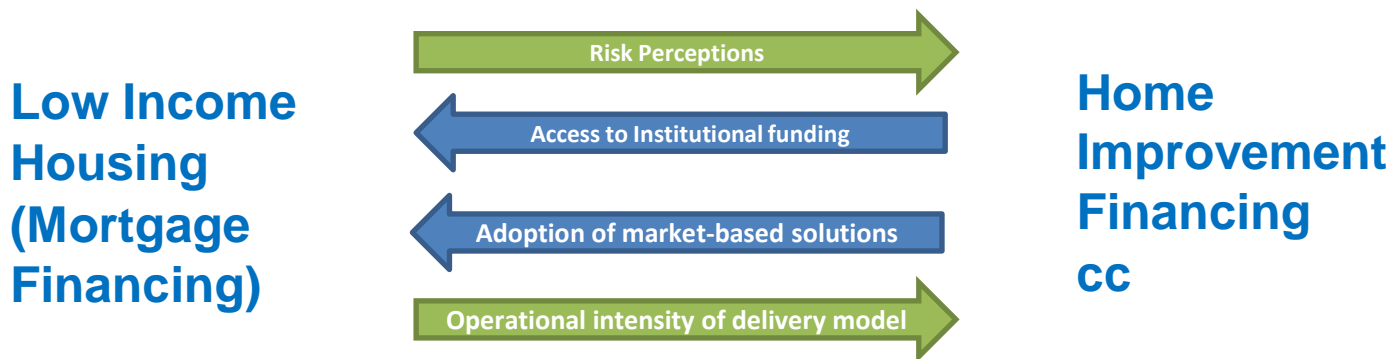


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UK aid
from the British people

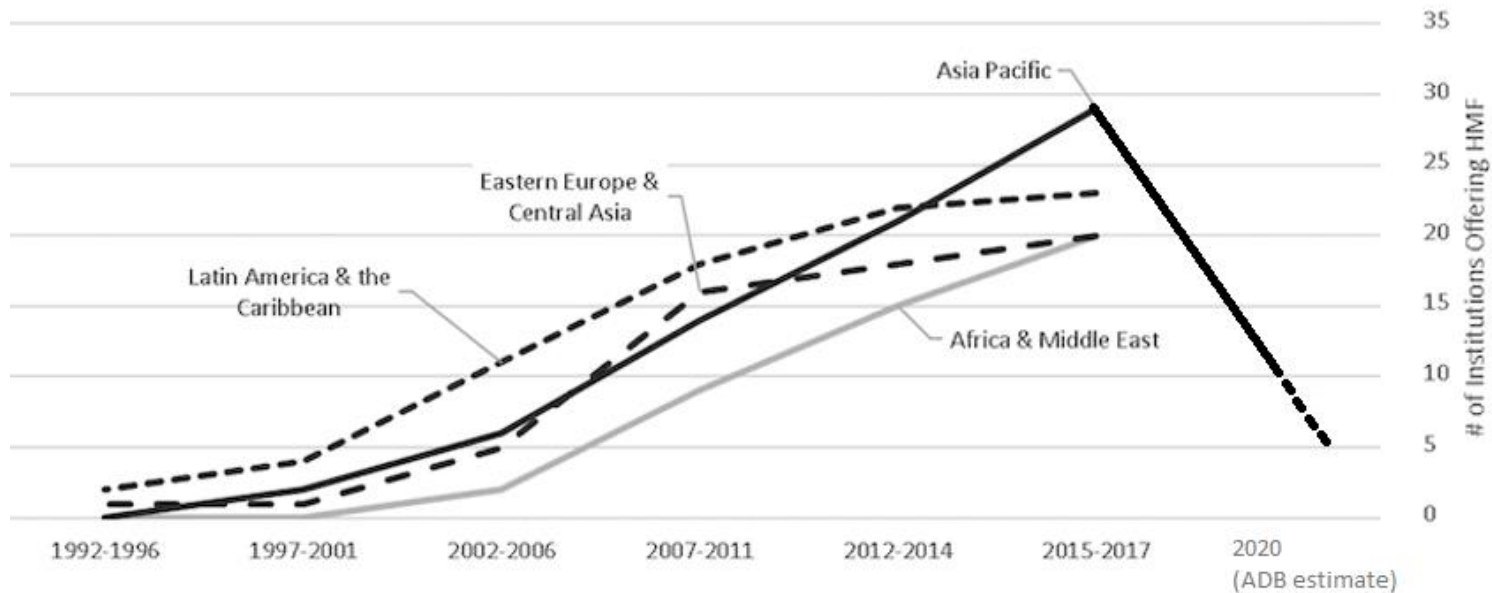
Profiling Private-Sector Housing Finance for the Poor



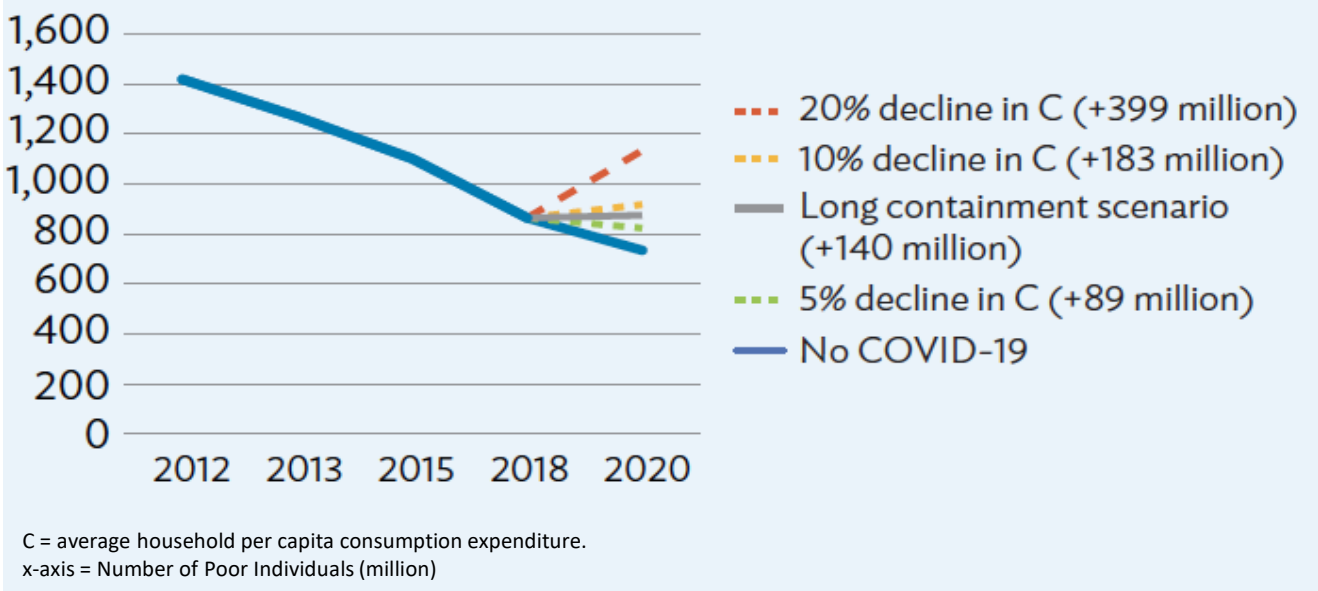
LIH/'affordable housing' : Adding to housing stock
Reaches a small segment of urban poor

Improve existing dwellings for CC&D Resilience: proverbial 'low hanging fruit'
Home Improvement: re-furbishing, re-roofing, incremental expansion, on-site sanitation, using climate-friendly materials/techniques.

Institutions Offering Housing Micro Finance in Asia



Poverty Estimates Asia: Impact of COVID-19 (\$3.2/day Poverty Line)



Not including population in extreme poverty (<\$1.9/day) ~ 130 million

Home Improvement (HI) Financing: ‘what is holding us back?’

ADB’s Anecdotal, 12 MFI’s, 4 Countries

HI Loans : “Product” Features

- \$500-\$700 average loan sizes
- Subset of standard loan products.
- Tenors ≤ 24 months; Mapped to collection cycles of ‘enterprise’ loans / income generating.
- Typical borrowers ≥ 4th loan cycle.
(≈ 2 year credit history)
- Often replacing the income- generating / enterprise loan.

HI Loans : “Delivery Channel” Features

- No separate/specific arrangements for loan appraisal / assessment.
- No “needs” assessment done on estimates, based on type/quality of construction.
- Typically approve 60% of the estimate/sought amount.
- No segregation of roles / skills for delivering HI loans.
- End usage often not tracked, generic follow up done.

ADB: Enabling Private-Sector Participation

- Provide guarantee loss-sharing arrangements, shifts risk-sharing away from lenders
- Extended maturity loans, minimize mismatches for MFIs.
- Technical Partner works to design loan product specific for HI loans
- TP helps design, roll-out simple HI assessment tools, designs, recommended construction techniques and tracking arrangements.
- Support to MFI: training, manual, standardized practices, borrower's need assessment, managing the scaling-up process (24-30 months engagement)

HI financing:

1. HH and community resilience (in peri-urban areas)
2. A subset of CC (adaptation) measures: building materials, construction and design aspects
3. Effective Gender Mainstreaming: Women predominant borrowers for HI loans
4. Providing commercial market-based solutions: Scalability

ADB's Micro Finance Program: what we bring to the partnership

- ❑ Program delivers \$360-\$380 million of new financing for MFIs every year, and growing. Reaching 1.4 million borrowers, 95%+ are women
 - ❑ Target ~ 15% of new financing for HMF
- ❑ Partnership with 8+ local and international banks, 32+ MFIs in Asia
- ❑ ADB's due-diligence & track record: focus on credit-quality, gender mainstreaming, fair-lending practices. No claims
- ❑ Partner MFIs: 'HMF helps borrower's QOL, deepens relationship, helps client-retention'
- ❑ Widening market-coverage in second phase: NEP, SRI, Pacific, PAK, Central-Asia
- ❑ ADB: HMF also through the climate-change and disaster-resilience lens
- ❑ Sustained Access to TA Funds for supporting capacity-building work

Thank you



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