

Bankable Frontier
Associates



**Mid-term Evaluation of the Housing Finance and Land Title for
Ghana's Poor Project (HFLTP)**

This report was commissioned by:



In partnership with:



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EXECUTIVE SUMMARY

The Housing Finance and Land Title for Ghana's Poor Project (HFLTP) has struggled to achieve its interim targets. However, with concerted management effort and a commitment to a new marketing strategy, Sinapi Aba Trust (SAT), with support from Opportunity International (OI), International Land Systems (ILS) and Habitat for Humanity Ghana (HFHG), has the opportunity to develop one of the most significant housing and land projects in sub-Saharan Africa in the past 25 years. We fear this opportunity will be missed by the reluctance of management to adjust from a risk averse and expensive approach to credit assessment to a strategy for growth and scale supported by willing partners exercising greater input.

The consultants present the following findings:

- **Planned structures (staff, technology, processes) are mostly in place to deliver “property folios” and home loans but adjustments to product eligibility requirements, marketing and outreach are urgently required.**

The recent elevation of key senior managers at SAT headquarters for the delivery of both the property folios and the home loans may be a positive sign that SAT's leadership is committed to the success of the project. The manager of the property folios component appears to be doing a particularly good job. However, the SAT Housing Finance Manager is still trying to find a balance between controlling risk and growing the portfolio, and he is not especially well-served by the OI project manager to train SAT staff or adjust credit policies and procedures, which at the time of the evaluation were still not integrated or written down with SAT's overall policies and procedures.

As a result, at the SAT branch level staff members are not reaching agreed housing loan targets. In interviews with the consultant, the branch managers said they believe the program will reach its loan targets if they are allowed to make housing loans to non-SAT potential applicants who have been approaching them for loans. A broader number of branch staff should receive additional training in household cash flow analysis to make individual housing loans. Better promotional materials and innovative partnerships with building materials suppliers, especially around the installation of roofing, are also recommended by both branch managers and the consultant to increase outreach. They also said that HFHG had provided little if any construction technical assistance to date to the housing loan borrowers, and that staff had not received any additional follow-up training other than one power point presentation on the loan eligibility criteria.

Also, the loan process practice that the housing loans manager at head office has to approve every housing loan undermines growth of the portfolio and may also undermine the morale of some branch staff. Moreover, the requirement that only existing SAT clients, mostly the better-off clients of the group-based loans, are eligible for the housing loan tends to stymie growth of the portfolio. This approach may even put some of these clients in too much debt (this risk needs to be analyzed once more loans are in place and transparent data is provided by SAT). These processes appear to be the result of concern that the branch staff themselves may not have sufficient training in household cash flow analysis for individual loans. To improve the situation, we recommend an Excel-based cash flow credit risk assessment model be developed and made easily accessible by computer at branch level.

The technology at the branch and headquarters level to support the property folios has been somewhat slow to be implemented, yet the demand for the product is very strong, especially among those clients who have some minimum form of proof of “ownership” (e.g. the indenture). The evidence from the field visits suggests that the processes are essentially in place, with the very notable exception of a policy and procedure for distribution of completed property folios. In addition, the actual signing over certifying the property folio has to be weighed carefully to ensure against any liability, but also



maximizing the potential for local traditional authorities will also sign off them. Evidence from the field suggests those who have already received housing loans and are now waiting for their property folio certificates see this documentation as having very high, almost sacred value. Some have even arranged for their local chief to also sign the property folio document, and we expect this to be a normal reaction from the beneficiaries of the surveys. The receipt of the property folio will be viewed as very personal event, and the consultants recommend that the distribution is handled with care and in private. The recipients should be encouraged to open a safe deposit box to keep extra copies in.

To increase the number of overall housing loans, the consultants also recommend that the property folios should no longer be fully subsidized. As the number of property folios is completed and distributed, the actual cost to undertake the property folios will decrease as scale increases. For many very low-income applicants, the decreased price of purchasing a property folio may be the only small housing loan they can afford. By making small “land documentation loans”, which we recommend should be viewed by key stakeholders as an incremental housing loan, SAT will also be able to increase the possibility of attaining its housing loan targets simultaneously. Moreover, the consultants recommend that the project conducts a baseline survey in the next year or two of all those who received their property folios, so that a full social impact study in 3-5 years may be taken to follow what the recipients actually do with their land to answer policy questions about the inter-relatedness of housing, land security and asset-backed wealth creation.

- **For the most part, people receiving the loans and services actually are those who were identified as the most in need.**

To a large extent, the evidence from the field visits suggests that the housing loans are going primarily to the best of SAT clients and these borrowers are probably a bit better off (and appear to have more than one income in the household) than those who normally could pay for only one loan at a time and not two. However, even these “best clients” are low-income people and are retained by SAT as loyal customers. By “opening up” the project to non-SAT customers, however, we think the tendency will be to make smaller loans to lower income people who want a housing or land documentation loan. As stated above, by making small “land documentation” loans as incremental housing loans, the project will be able to offer much more affordable loans to individuals with less income but who still want to improve their land tenure situation before they have sufficient household income to take incremental or home improvement loans.

Initial benefits going to the project’s clients are considerable, but far from reaching scale and sustainability. Nevertheless, client perceptions of the project since the initial focus group discussions are very positive.

- **Evidence that the project’s objectives will be achieved and sustained is less than optimal.**

SAT’s housing loans have a tendency to be somewhat larger than the other few individual loans that SAT is promoting (e.g. education, asset-backed business loans and emergency loans). The consultants argue that the essentially subsidized pricing of the larger housing loans may encourage leakage (non-housing usage) or product cannibalization, and the interest rates should be reviewed and aligned at least to the rates of SME loans to ensure for long-term sustainability after the cheap capital from USAID is fully disbursed. This approach will enable SAT to leverage this important start-up capital with other funding sources both local commercial sources, as well as international debt (e.g. Habitat for Humanity’s MicroBuild Fund). The consultants recommend extending the project to more branches over the next year, including more urban branches, but this expansion must be supported and encouraged vigorously by the OI Ghana manager or the expansion may be not really happen in any concerted way. The consultants provide a new Excel-based business model with this evaluation to test assumptions and



recommend ways to improve overall sustainability of the housing portfolio. SAT did not respond to requests to analyze the cost allocation assumptions of the housing loan portfolio, nor were the consultants ever provided with any internal portfolio management reports. An analysis of the cost assumptions needs to be done to confirm the proposed adjustment in project assumptions and targets. To facilitate this review and setting of new targets, the consultants have provided USAID, Opportunity International, ILS and SAT a copy of the financial model developed by Bankable Frontier Associates.

- **Challenges are many and some of the initial assumptions are generally valid with some key exceptions.**

Many of the initial assumptions of the project are still valid. The assumptions below are either explicit or implicit in the formal project documents. Nevertheless many of the assumptions, especially the key ones need to be adjusted and are contained in the table below:

Original assumptions & targets	Proposed revised assumptions & targets
The principal barrier to housing finance development in Ghana is the lack of secure and transparent titled lands.	This assumption remains, but we recommend that a baseline survey should be conducted on all those who receive a folio to track impact over time.
Property Folios:	
Property Folios can substantially help remove this barrier.	This assumption remains, but still needs to be measured and tested.
A viable business model can be developed to allow the poor to use their own property to build asset value which can then be leveraged to access housing credit.	This assumption is correct, according to financial model developed by BFA for the project, but only if working capital is leveraged with SAT's normal cost of funding..
If presented with large numbers of Property Folios, then government authorities can be convinced to accept Property Folios as an acceptable form of land documentation.	The only evidence to date is some traditional authorities are in agreement to officially sign the property folio attesting to the facts in the folio. This issue needs to be proactively addressed with government and traditional authorities.
Because many SAT clients do not have land documents, the Folio will be valuable to them.	This assumption is true according to interviews with housing borrowers.
Folios should be issued to clients for free, using donor subsidies.	We think this assumption is erroneous and flies in the face of scaling the number of folios and developing a business model that is sustainable.
The Folio product needs a separate marketing plan.	This assumption is especially true across the board for the property folio and the home loan products.
The term "Property Folio" should be used instead of "Paralegal Title".	Yes.
The Folio process needs to be closely related to the housing loan application process.	No. Many applicants for housing loans do not necessarily need a folio to qualify for a housing loan, and low-income applicants may also have effective demand for the property folio without the home loan.
Housing loans:	
Existing SAT clients should be the primary (or even exclusive) target market for housing loans.	This assumption is erroneous, and to reach more low-income Ghanaians and to reach loan targets, we strongly recommend loans to non-SAT clients.
The housing loan offering should include 2 options: <ul style="list-style-type: none"> • Home improvements (e.g., utilities connection or sanitation installation) • Incremental build of new home As a result, different housing loan products (different	Different marketing strategies based on a market segmentation exercise at the borrower level need to be implemented, but the pricing should be related to credit risk not housing finance usage.

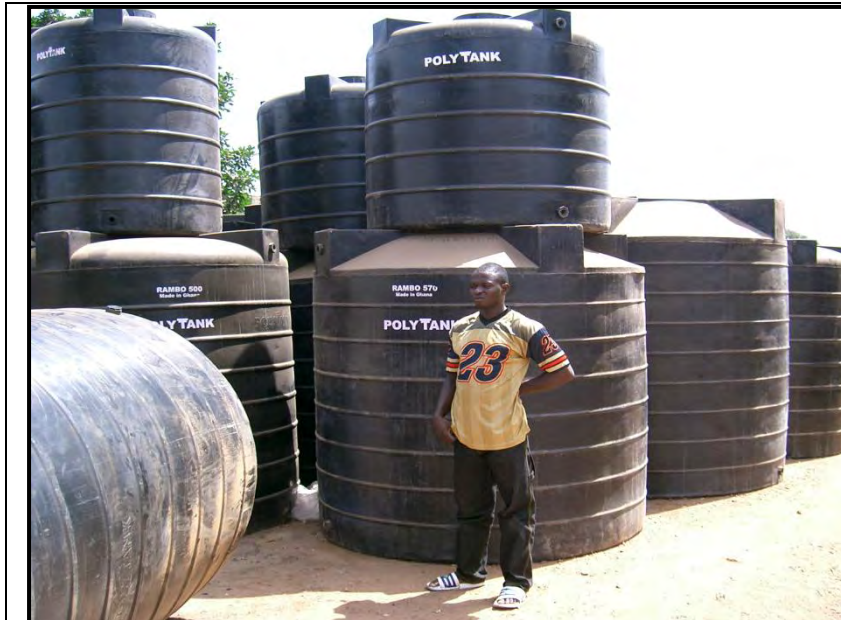


Original assumptions & targets	Proposed revised assumptions & targets
features, pricing) may be needed.	
Options for renters must be considered in the loan product design (i.e., long-term renters with proper rental agreement can be eligible for housing loan).	Yes.
The nature of housing loans makes them incompatible with group lending methodology.	Yes.
Individual lending introduces loan security & collection issues that must be considered in the lending process.	Yes, but it raises the question of sufficient skills available to conduct household cashflow based analysis.
Housing loan assessment must be more rigorous (and thus more costly in terms of staff time) than standard business loans, because of site visits, neighbor/family interviews to ascertain property rights, cost estimating.	Yes, and this also means the loans have to be priced to ensure costs and risk are covered and to avoid cannibalization of individual business loans..
Assessment methods for housing loans should include: pre-screening, site visits, orientation & training, and CTA assessment.	This should happen only to extent they can be coordinated with the household cash flow analysis process. CTA is expensive, time consuming and probably unnecessary, except for loans over certain amounts (GHC 1,500) to new clients only.
Construction technical assistance (CTA): <ul style="list-style-type: none"> • Pre-construction: compulsory if complex • Construction supervision: optional • Post-construction verification: compulsory 	CTA should be standardized as much as possible, and required only over threshold amounts (GHC 1,500). Post-construction verification should be randomized as the portfolio reaches scale and national scope.
Housing loan repayment schedules must consider existing (e.g., business) loan repayment schedules	Yes.
Adequate security for the desired loan amount (guarantors or collateral) is a problem for many clients. A smaller loan size requires lower security amounts. .	Yes.
ILS (Pichel) suggests land should be excluded as a collateral option for housing loans.	Yes, or no loans will be made, and land title cannot be perfected in court in any event.
Housing loan is piloted in 4 branches, before roll-out	Channels for delivering housing loans needs to be expanded prudently but quickly to meet goals.
Impact goals:	
Provide 1,300 poor people with opportunity to cost-effectively obtain paralegal title to their property	This goal is achievable.
Increase access to affordable, improved housing for 2,000 working poor people (through scalable lender/housing partnerships and client-centric housing finance products)	This goal should be adjusted downwards to 1,000 with strong commitment to provide loans to non-SAT clients. New targets to reach financial sustainability are contained in financial model accompanying this report
Key project indicators should be regularly tracked	Yes.
Loan product features:	
Term: 2 – 24 months	Yes.
Amount: 200 – 10,000 (Cedi)	Yes, smaller loans should be promoted to those who want land documentation loans for property folios.
Interest rate: 30% per annum	Needs to be aligned with SME rates to ensure against leakage to SME borrowers and achieve sustainability.
Repayment: equal periodic instalments	Yes
Cash collateral (compulsory savings) of ___% required	Yes. !0-25%, but difficult for SAT to do.
Fees: 2% process, 2% CTA, 2% client welfare, 5 cedi application	No 2% CTA fee, except in special situations of larger loans to monitor risks of conflict with builder.



1. INTRODUCTION: PROJECT COMPONENTS, GOALS & OBJECTIVES

The Housing Finance and Land Title for Ghana's Poor Project (HFLTP) officially started in July 2009. The project was designed to be implemented by Opportunity International in partnership with Sinapi Aba Trust (SAT), International Land Systems (ILS) and Habitat for Humanity International. The project is funded by USAID under an IGP grant.



A housing loan is a fixed investment in a fixed residential property. One such fixed investment is the acquisition of poly tanks to collect and store water at the homes of SAT borrowers. The largely rural target market has initially shown a strong interest in using their loans for better access to water. This priority is also reflected in other HMF programs in Africa.

The project has three components, the goals and objectives of which are described as follows:

Land title: The **goal** is to provide the poor with the opportunity to cost effectively obtain paralegal title to their property while strengthening Ghana's land title processes. The **objectives** are to: (i) demonstrate a private sector led approach to the documentation of land inventory and collection of land information representing "de facto" and "de jure" land occupation/ownership by the poor, (ii) design and implement a pilot program to produce paralegal title for the poor, and (iii) generate at least 1,300 paralegal titles for the poor. The term "Paralegal title" was ultimately dropped in favor of "Property folio" but technically the same product.

Housing finance: The **goal** is to increase the working poor's access to affordable, improved housing through scalable lender/housing organization partnerships and client-centric housing finance products. The **objectives** are to: (i) develop SAT's institutional capacity to deliver and manage client-centric home loan finance products on a large scale to its low-income clients, (ii) determine the optimal mix of housing products for SAT's clients based on their identified needs and ability/capacity to pay, and (iii) provide at least 2,000 housing and/or home improvement loans within three years and, if feasible, utilize land title as collateral for relevant loans.

Land title and housing model: The **goal** is to create a viable business model allowing the poor to use their own property to build asset value and real net worth which can then be leveraged to access housing credit. The **objectives** are to: (i) determine whether paralegal land title (property folio) for Ghana's poor can provide a reliable basis for a lender to underwrite a loan using the described property as collateral, and (ii) determine if a viable business model can be achieved in Ghana coupling land title with housing loans for the poor.



The project truly began to take shape in the latter half of 2010.

As a mid-term evaluation, the **purpose** of the present assignment is to analyze progress (both quantitative and qualitative) made against agreed project goals, objectives, target indicators and deliverables so as to create an opportunity for refining targets based on project experience and the lessons learnt.



A number of the beneficiaries of the housing finance component of the project are looking at creative ways to use their housing loans to address their need to access and sell water in their communities. This type of innovation should be encouraged.

2. EVALUATION QUESTIONS AND METHODOLOGY

2.1 KEY QUESTIONS

The following are the key Evaluation Questions the consultants sought to answer during the assignment:

- (i) Are the planned structures (staff, technology, processes) in place to deliver “property folios” to land owners and loans to those in need?
- (ii) What are the initial benefits going to the project’s clients, and what are their perceptions of the project since the baseline?
- (iii) Are the people receiving the loans and services actually those who were identified as the most in need?
- (iv) What challenges exist and are the initial assumptions still valid?
- (v) Is there evidence that the project’s objectives will be achieved and sustained?

2.2 METHODOLOGY AND ITS LIMITATIONS

The consultants acknowledge both the strengths and weaknesses of the methodology undertaken during this evaluation. The consultant James Hokans employed a structured face-to-face interview approach with a limited number of SAT, OI and ILS staff, as well as “walk around” interviews with some of the borrowers, some of whom were also seeking property folios. Similar to the focus group discussion approach undertaken by Habitat for Humanity and SAT staff before launch of the housing loan products, the results are primarily qualitative in nature and not quantitative (no large number of surveys were conducted). The results should not be misconstrued as scientifically “representative” of



the portfolio of housing loans as a whole or of all the property folio beneficiaries, but they do offer the evaluator the opportunity to ask the question: “why did you do it this way or why do you want to do it that way?” This ability to ask why is difficult to achieve in large-scale quantitative analysis which generates more representative data. We hope the evaluation offers actionable insights based on client and staff interviews.

The field interviews were followed by a powerpoint presentation of the field-based results and observations to the leadership of SAT and OI management. The list of the client borrowers interviewed is contained below in the body of the report, and others are contained in the annexes.

3. CURRENT TRENDS IN THE SAT HOUSING LOAN PORTFOLIO

3.1 THE POSSIBLE IMPACT OF THE OVERALL LOAN PORTFOLIO AS OF MARCH 31, 2011

The consultants were not able to obtain a full analysis of SAT’s current overall portfolio, or discuss the portfolio in any detail with management, nor were we given any housing loan portfolio aging reports or financial management reports, even though we asked for this information well before we arrived in the country.

We did receive, however, a copy of a first quarter 2011 report¹ that offers some limited insights on the overall health and trends of SAT. In the first quarter of 2011, SAT was able to achieve most of its targets. Interestingly, SAT nearly doubled its target for signing up new clients and beat its target for new loans by more than 150 percent, but it did not quite attain its target for Gross Loan Portfolio. These figures suggest that most of its new loans are relatively small and probably short-term. We do not have a breakdown of how many of the new clients and loans are for individuals versus group loans with group guarantees for individual members. We were told by at least three members of headquarters’ staff and by the branch managers that SAT sought to diversify its predominantly group-lending portfolio. SAT has set a target of 20 percent for individual loans per branch to individual borrowers rather than to groups. The interviewees also informed the consultant that the incremental housing and home improvement loan products are a significant component of this diversification strategy:

Table A: Operational Highlights: Q1 2011

Key Indicator	Target	Actual	% Achieved
Gross Loan Portfolio	GH¢ 30.20m	GH¢ 29.88m	99%
Number of Clients	109,707	109,835	101%
New Clients	4,347	8,032	185%
Number of Loans	14,989	23,147	154%
Value of Loans	GH¢ 17.47m	GH¢ 21.45m	123%
PAR > 30 Days	<2%	1.94%	
Clients' Savings	GH¢ 2.91m	GH¢ 2.41m	84%

¹ The following analysis derives from Sinapi Aba Trust, “Operational Highlights, 1st Quarter 2011”, Issue 13 May 2011.



Moreover, since 2009, SAT has clearly gone into a relatively conservative period with an appropriate focus on reducing its portfolio at risk. We do not have figures on how many loans have been written off, or what the provisions policy is for individual loans. The positive downward trend in PAR>30 days continued in the first quarter of 2011. The once high rate of PAR> 30, plus the subsequent concomitant higher price in private commercial bank borrowing, makes the support for low cost working capital from USAID presumably attractive. SAT is also considering transforming into a regulated savings and loans institution and would also in part explain the generally conservative approach the institution towards rolling out new individual loan products.

Table B: Trends in Portfolio at Risk

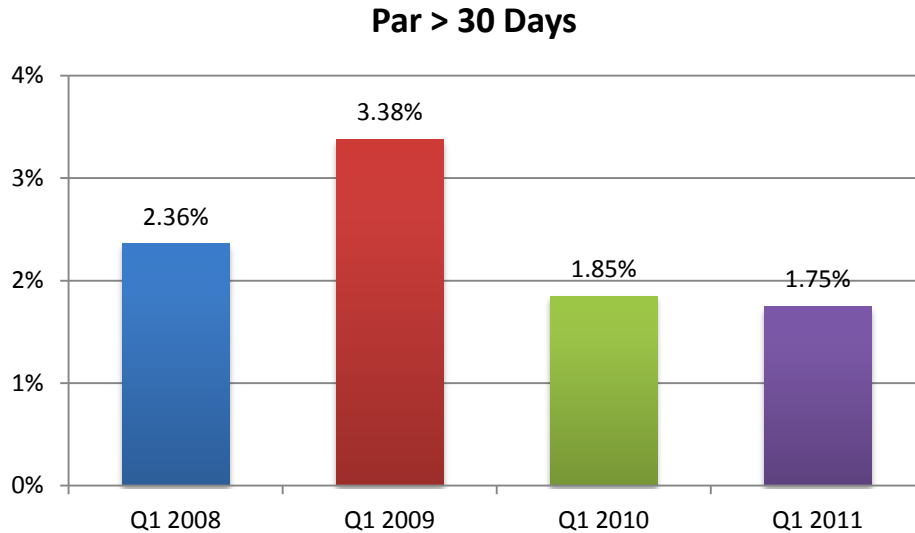
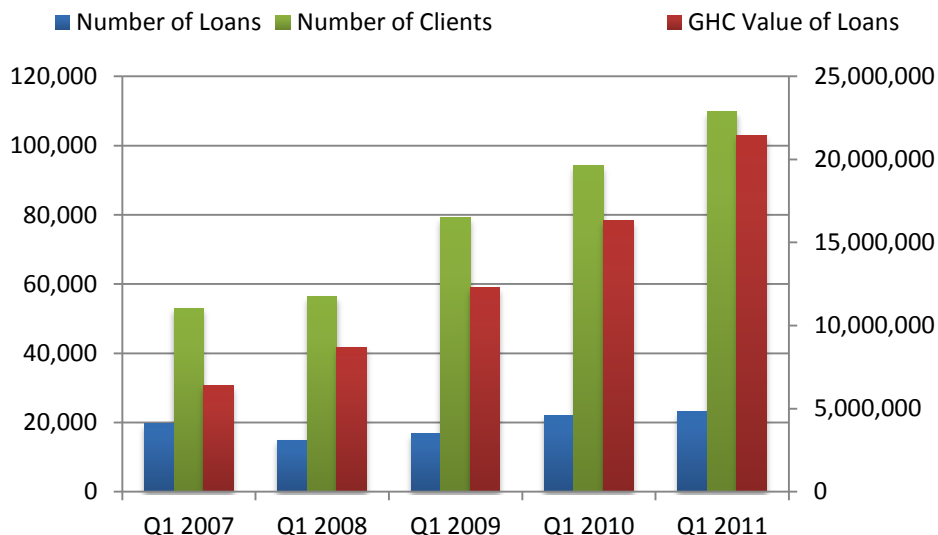


Table C below indicates that the overall number of loans made during the first quarter over the past 5 years has not increased as dramatically as the number of clients and the value of the portfolio. We think this suggests that either SAT's loans are serving larger groups of clients with larger loans, or that SAT has begun making headway in providing larger SMS-type loans to successful, former group loan clients, or both.

Table C: Trends in Portfolio Value: loan statistics





3.2 THE HOUSING PORTFOLIO as of July 2011

The slow take-off in the approval and disbursement of housing loans is noted in the 2010 year-end project progress report of OI and ILS. While the rate of growth in number of loans and value of the housing portfolio over the first 7 months of 2011 is substantial, these figures are calculated off a very low base. Please find below the only loan portfolio data report that the consultants were given:

	<i>December 2010</i>	<i>July 2011</i>
Branch	Housing Loans Disbursed	Housing Loans Disbursed (cumulative)
Offinso	13	19
Tema	0	3
Sunyani	0	27
Obuasi	0	8
Total	13	57
Total Value	US \$8,143	GH¢ 60,950 (US \$50,633)
Average Loan Size		GH¢ 1,069 (US \$730)
New branches (commencing July 2011): Kumasi, Adum and Central Market branches, Dunkwa, Ejura, Konongo, Nkawkaw all in Ashanti Region. Brekum, Dormaa Ahenkro, Goaso and Techiman, all in Brong Ahafo Region.		

Exchange Rate 1 USD = 1.5 Ghanaian cedis

The consultants were informed that SAT leadership considered the pilot of lending from the proposed first four branches of SAT to be a success and now wanted to expand the number of branches making housing loans. *However, we were unable to independently confirm that housing lending was to commence or had commenced in 11 new SAT branches as a strategy for catching up to loan approval and disbursement targets.* Any monitoring reports that are required following this consultancy should review the performance of the other 11 new branches.

3.3 INTERVIEWS WITH BORROWERS: REACHING THE TARGET MARKET

A selection of client borrowers to interview about their experience in the project was made by OI project staff in collaboration with SAT and to a lesser extent by ILS and HFHI. We found that the initial benefits going to the project's clients are considerable, but far from reaching scale and sustainability at this mid-term stage of the project. Nevertheless, the consultants found that the perceptions of the project by the beneficiaries since the initial focus group discussions are very positive. The following borrowers were interviewed and their loan details are provided below:



Branch	Borrower	Loan Amount (GH¢)	Loan Period (Months)	Mo. Payment (GH¢)	Purpose
Ashanti Region					
New Edubiasi	Georgina Mensah	500	8	76.62	Construction of a borehole near occupied house
Obuasi	Margaret Boateng	1500	10	191.74	Painting, tiling, and ceiling in occupied house
Obuasi	Rachael Prempeh	2000	10	255.83	Roofing on house under construction
Obuasi	Agnes Yeboah	800	10	122.58	Extension of electricity to occupied house
Offinso	Afua Boahemaa	700	8	108.58	One-room extension to occupied house
Offinso	Afua Serwaa	1000	10	275.83	One -room extension, ceiling, tiling, painting, and a security gate on new house soon to be occupied
Offinso	Adjoa Adowaa	2000	12	655	Construction of a borehole, purchase of a water pump, installation of a polytank near occupied house
Offinso	Mavis Oppong	1000	12	327.5	Roofing, plastering, and fixing doors on unoccupied house
Brong Ahafo Region					
Sunyani	Stephen Kofi Siaw	1500	12	450	Extension of electricity to occupied house, doors, and roofing
Sunyani	Comfort Nyamekye	350	12	40	Roof the oven, continue construction of a 3 bedroom unoccupied house
Sunyani	Afua Sarpong	500	12	55	Construction of a security gate to occupied house
Greater Accra					
Tema	Clara Nartey	7000	6	1350	Roofing on large unoccupied house under construction
11 Female 1 Male		Ave loan size: 1,077 (not counting Tema loan, which we considered obvious leakage)			

Similar to housing microfinance borrowers across the world, Ghanaians are extremely resourceful and innovative. They know what they want and what their priorities are, depending on their existing housing situation. The borrowers were especially interested in:

- **Roofing loans**
- **Access to water and electricity**
- **Burglar bars and security doors**
- **Other home improvements, including finishes (e.g. tiling)**

All borrowers said they got good value-for-money from their loans, and all were happy with the housing results of their loans.



Of the 12 borrowers interviewed, four took loans primarily for roofing purposes and a fifth also took a multiple purpose loan that also included work on his roof. The unoccupied house on the left is owned by a household with two adult incomes, including waged employment from the husband. The woman on the right is the sole breadwinner in her family and plans to move in now that she has put a roof on her house which is constructed on land owned by her mother. This is the first individual loan she has ever taken in her own name.



Similar to the other SAT borrowers who were able to afford roofing loans, the woman on the right is planning to move into her unoccupied home once the roof is constructed. She is formally employed as court reporter, and plans to have her mother (L) live with her.



For those who already have a roof over their heads, these borrowers above are concentrating on home improvements such as tiling and finishing ceilings. These types of fixed investments in fixed property reflect pride of ownership and frequently happen before festivals or special family events.



4. OPERATIONAL CHALLENGES: INTERVIEWS WITH STAFF



SAT has appointed two of its most experienced staff to jointly manage the project and grow the loan portfolio and property folios. Vedi Marfo (left interviewing borrower), a regional manager of the retail branches for 10 years, is the manager of the Property Folio aspects of the project. Richard Owuso, the Housing Finance Manager (right) is standing with the branch manager of the Obuasi branch Jennifer Owusu-Mensah.

4.1 SLOW START-UP AND FOCUS

Interviews with SAT head office project managers, SAT branch staff, the OI project manager and the ILS project manager revealed important common themes and challenges:

1. Training about the products was slow to take place and follow-up training seems to be non-existent.

Before the evaluation commenced, the consultants requested copies of all training materials and a training schedule or plan for supporting SAT branch staff and the Housing Finance Manager to make housing loans. We received only a powerpoint presentation, which seemed to be incomplete on a number of salient points related to loan products, but especially on credit assessment and promotion for housing micro-finance. The training powerpoint was used at the beginning of the pilot, but there is no evidence to suggest that the materials were improved or used more than once. This is an aspect of the project that has been neglected and should be the responsibility of the OI project manager, who does not have a training or a microfinance background, but has a background in mortgage origination. Moreover, he is located in Accra while the SAT Housing Finance Manager is located in Kumasi. Furthermore and more damaging, the SAT Housing Finance Manager has been very slow to respond to developing written credit policies and procedures for the housing loan products on which a training program could be developed.



2. The housing product is viewed by SAT staff primarily as a way to retain good group borrowers and graduate them to individual loans.

In interviews with branch managers and some branch staff, the consultants were told that the housing product, as well as the possibility of obtaining the subsidized property documentation, was linked to a strategy for rewarding loyal customers or retaining the better-off micro-entrepreneurs and it took time by loan officers to see the advantage of promoting the housing products. However, once a few of the loans had been made, most of the branch staff were very excited about the possibilities of the housing products based on positive feedback from eligible existing clients.

3. Branch staff recommended that non-SAT clients be allowed to apply for and take up loans, and according to two branch managers, partnerships with building materials suppliers or water tank sales points to recommend SAT housing loans to potential applicants should be explored.

The branch managers cited the increase in competition from other microfinance institutions in their catchments, and the need for promoting its competitive advantages. The branch managers were visibly excited by the potential of developing partnerships with building material suppliers, hardware stores and sales points for water tanks and block-makers who could recommend applicants, if the eligibility criteria were expanded. They were also concerned about over-indebtedness of their better group clients.

4. Developing new skill sets (household cashflow analysis) and staff incentives are a priority for improved outreach.

Branch staff also cited the need to broaden the skills and capacity to undertake household cash flow analysis which is now concentrated in only a few loan officers. SAT is working on this already, but this training needs to be strongly supported by the OI Project Manager. He should take a look at the way Bofo undertakes cash flow analysis at his previous employer the HFC Bank, as well as provides incentives to loan officers.

5. Promotion campaigns that are well-timed would help to expand take-up.

At the moment, no real marketing campaigns seem to be in the pipeline, and the SAT marketing staff members are not involved in the project at all, as far as the consultants could assess. More on marketing is provided below. Both OI Project Manager and the SAT Housing Finance Manager must take this issue marketing and promotion very seriously. Neither of them is focused on marketing at this point. Marketing is done mostly by word-of-mouth to existing clients.

4.2 MARKETING AND PROMOTION: THE QUESTION OF MARKET SEGMENTATION

Habitat for Humanity undertook market research for Opportunity International (OI) with logistical support from Sinapi Aba Trust (SAT). The purpose of the study was to assess housing market conditions as well as the need and to a lesser extent the effective demand for housing finance to guide the project in developing the parameters for a loan product. The study comprised of 40 focus group discussions, 30 participatory rapid appraisal sessions, and 158 individual interviews with clients. It should be noted that Focus Groups are qualitative in nature and not representative of the adult or household population. All of the discussants were SAT clients, and it is not clear if the discussants knew each other or not. Normally, FGDs comprise “homogenous strangers” in order to maximize participation.



The researchers interpreted the inputs from the discussants and concluded that two loan products should be created: Incremental Housing Loans for completing unfinished houses and Home Improvement Loans for repairing and improving existing houses. These loan products are necessary, according to the report, as alternatives to the only currently available business working capital loans that are not well suited to fixed investment in fixed property. *However, it should be noted that the actual loan terms and conditions for each of the loan products are the same. There is in fact only one housing loan product that addresses two types of housing needs.*

The research focused on Ashanti and Brong Ahafo regions of Ghana. Ashanti and Brong Ahafo are both rural regions, but Brong Ahafo is much more rural. Significant income discrepancies are apparent between the regions. Among 158 SAT clients surveyed, mean income of Ashanti residents was 387.51 GHC compared to 173.00 for Brong Ahafo (no period was provided for the income statistics). Ashanti residents surveyed also save about twice as much as people surveyed in Brong Ahafo. Clients save through a mix of banks, microfinance institutions, cooperatives and Susus. MFIs are the most popular in Brong Ahafo and commercial banks are the leading choice for saving in Ashanti, probably reflecting rural-urban divide between the two regions.

Among SAT clients in these regions, roughly 70% were either renting a home or living in a family house. 54% of those people reported they want to build upon an existing project; i.e. a partially-built house in which they were not currently residing. These people would make up the core of the market for Incremental Housing Loans. The Home Improvement Loans, by contrast, would be intended for people who own their own homes and would like to improve them, or those who rent and have permission from the landlord to make improvements.

According to the research report, the loans should be complemented by construction technical assistance on an as-needed basis to guide more complicated construction projects, though it is not clear that the discussants themselves actually sought this assistance. On the surface, the researchers also conclude that collateral appears to be readily available as most respondents are willing to use their house as collateral. This conjecture is much more complicated for both a lender because of difficulty in perfecting title where it does not officially exist as well as a borrower who rarely wants to take a chance of losing property that s/he claims ownership over, according to research in other parts of Africa as well as Ghana.

Lack of market segmentation and promotion

It became abundantly clear during the interviews with both staff and the borrowers that no specific marketing strategy and promotion had grown out of the initial research. We saw no evidence of well disseminated, relevant marketing materials at the branches, nor did we attend any group meetings to understand what was actually said to the existing SAT clients about the product. Moreover, we saw no evidence of any strategic partnerships at the community level between the branches and building materials suppliers or builders to promote the housing loan products.

4.3 SAT'S INDIVIDUAL LOAN PRODUCTS: POTENTIAL FOR LEAKAGE

SAT has developed and rolled out other individual loan products in an attempt to meet the needs of its existing group loan clients. The consultants are particularly concerned about the 10 month individual business loan competing with the housing loan products. The potential risk of a client taking a housing loan and using it for business purposes seems likely, given the advantages of the housing loans. We saw evidence of this risk in Tema.



Loan Type	Maximum Term	Maximum Amount	Interest Rate	Remarks
Individual Business	10 Months	GHC 5,000	40%	COF at 28%; graduating group borrowers to individual loans
Home Improvement	2 Years	GHC 10,000	30%	COF at 0%; for existing SAT clients only who have the cashflow to handle 2 loans at the same time
Education	3 Months	GHC 1,000	38%	Popular in September
Asset (for business)	2 Years	GHC 5,000	36%	Few of these loans, but also for graduating group borrowers to individual



Leakage or diversion of funds can take two forms, and they are often debatable if they are leakage or not. On the left, the borrower's highest priority was to make a fixed investment in a roof to cover her clay oven for baking bread from which she pays her SAT group loan, while retaining the balance of the individual housing loan to work on the residence behind the oven.

On the right, a woman borrower and long-time SAT client is building a three story, multi-bedroom and multi-bathroom house in Tema. She originally applied for a housing loan to repair her two story structure in another location at which she is living and running her business. Instead, she is spending the loan for a roof for her future home above in which she has already invested over 60,000 cedis in savings from her import business.

Both of these are arguably leakage: one for usage and the other on income, though they are both fixed investments related to housing. Is it worth the cost of monitoring every loan while achieving scaled impact?

4.4 THE ROLE OF HABITAT FOR HUMANITY INTERNATIONAL

Habitat for Humanity Ghana (HFHG) has several important roles to play in the project that are not to date fully exploited. The significance of these roles became clear in interviews with SAT borrowers who were either somewhat unhappy with their builder or actual Habitat clients who had paid off their low-interest rate Habitat "mortgage loans" and had now borrowed from SAT at market interest rates to improve their homes. The following recommendations are offered:

- **For SAT's marketing purposes, Habitat should provide SAT with a list of all those Habitat beneficiaries in Ghana who have paid off their "mortgage" loans in full. These Habitat borrowers have demonstrated that in spite of Habitat's often lax collection on these relatively**



long-term loans, they are willing and prepared to pay for home loans. Moreover, they have a significant reason to acquire or borrow for a property folio.

- Habitat should provide limited construction technical services to borrowers taking home loans of more than GhC 1,500, as these loans tend to be longer-term and may need technical input on a demand basis, especially for roofing and specialized home improvements.
- Habitat should help to prevent any possible disputes between builder and borrower with assistance from loan officers, as these will rise over time, especially on the larger loans.
- Habitat should consider training loan officers on educating the borrowers on progress payments, reviewing lists of building materials and developing their own builder contracts.
- Habitat may facilitate a wholesale loan from the new Micro-Build Fund to SAT to leverage USAID grant working capital, but this process will take time and should be commenced soon.

The consultants also point out that in spite of our requests before arrival in the country to interview HFHG, the OI Project Manager never organized this meeting.



The woman on the right is a long time SAT client who also resides in a Habitat for Humanity house in the Nkwantakese community. She paid off her Habitat “mortgage loan” 5 years ago, where others did not have the same willingness to pay off their loans. She has put both her savings and other loans into extending and improving her house. Habitat rules mitigate against those residents who have not paid off their Habitat loans from borrowing from other sources. This woman estimates that more than 50% of the 150 residents of Nkwantakese have paid off their Habitat loans and are now seeking other home improvement loans to extend or repair their houses. Most of these people are not SAT clients, and like her would want to obtain a property folio to secure their land.

5. PROPERTY FOLIO PROGRESS SUMMARY

At the time of the mid-term evaluation, the project was poised to begin distribution of the completed property folios. The property folio is expected to comprise a summary of the clients’ understanding of their property rights (including interviews with neighbours), all property/individual photos and a description or copy of any supporting documents, and lastly the site plan developed by trained surveyors. A draft property folio is provided in Annex (minus the five original site plans that make up the last pages of the property folio). SAT and ILS are finalizing the design of the property folio with plans of distributing them commencing in August 2011. Field work with the surveyor was expected to



commence in Nkawkaw, Berekum, Dormaa and Techiman. The surveyors were just beginning to be on their own in the field. A progress report is contained below:

Branch Name	Process Started	Claimant Interviewed	Neighbor Interviewed	Survey Conducted	Site Plan Prepared	Property Folio Issued
Sunyani	70	53	39	48	0	0
Offinso	72	64	56	69	69	0
Obuasi	0	0	0	0	0	0
Adum	67	0	0	0	0	0
Central Market	11	0	0	0	0	0
Konongo	30	0	0	0	0	0
Nkawkaw	36	6	0	0	0	0
Techiman	37	15	11	15	0	0
Berekum	38	14	10	14	0	0
Dormaa	24	9	6	9	0	0
Dunkwa	0	0	0	0	0	0
Gaoso	0	0	0	0	0	0
Dzorwolou	0	0	0	0	0	0
Abeka	0	0	0	0	0	0
Kasoa	0	0	0	0	0	0
Tema	0	0	0	0	0	0
TOTAL	385	161	122	155	69	0

Regarding costs, the per unit survey cost is US\$45 (inclusive of surveyor time, travel, preparation of site plans, etc.). The software cost for management of data was expected to be relatively low once the property folio is finalized – one-time costs of \$500 per license. Then each branch will need (though most already have) a digital camera.

The project is targeting a cost slightly under \$100 USD per folio. A documentation loan rather than a subsidy of 150 GHC would cover the cost eventually, and SAT would potentially reach a lower income client group who may only be able to afford a small housing or “land documentation” loan. To achieve sustainability and wide usage of the property folio, the consultants strongly recommend that a small land documentation loan be included as one type of housing loan.

Moreover, we also urge the project to carefully consider how and by whom the property folio is disseminated upon completion of the surveys and documentation. It should be signed and certified in such a way as to facilitate the possibility of support from the traditional authorities, as well as limit any liability to SAT. Eventually, this “certification” should derive from the surveyors and site planners. This may also be another reason for converting the property folio from a subsidized product to a land documentation loan product.



The HFLTP borrower on the left is also seeking a free property folio from the SAT, which she said she would be happy to pay for herself. She views the property folio as an important step towards protecting her boundaries from interlopers as the property is clearly becoming more valuable. She has already approached her chief to sign and agree to the site plan. She currently has no plans to sell her property, but she could probably be able to get a recognized mortgage loan from HFC Bank.

6. A BUSINESS MODEL FOR SUSTAINABLE HOUSING AND LAND SECURITY IMPACT

One key component to be tested under the project is the **goal** to create a viable business model allowing the poor to use their own property to build asset value and real net worth. The following section reflects on the financial implications of some of the key findings and presents a detailed set of financial projections for a scenario of substantial growth of the SAT housing loan program. We walk through the salient highlights below.



Basic assumptions related to loans	Month 1 (August 2011)	Month 13	Month 60
Number of branches offering housing loans	16	47	47
Number of loans originated per month	80	195	1,197
Cumulative number of loans from Jan 2011	137	1,636	31,739
Average loan size originated this month	\$700	\$950	\$1,400
Average loan period (months)	12	12	12
Bad debt provision	2.5%	2.5%	2.5%
Total value of loans originated this month	\$56,000	\$185,547	\$1.7 million
Total value of outstanding loans	\$56,000	\$936,574	\$11.7 million
Total value of loans originated since Month 1	\$56,000	\$1,319,172	\$39.4 million

During the first half of 2011 (into early July), four branches offered housing loans, and SAT had a portfolio of 57 individual loans with a total value of \$40,633. As of early August, the number of branches offering housing loans jumped to 16 covering all of Ashanati and Brong Ahafo regions. If we assume that in the first full month of offering housing loans across all 16 branches (“Month 1”) each branch originates five loans per month (on average), at an average individual loan value of US\$700, this results in 80 loan originations (with a total value of US\$56,000) per month.

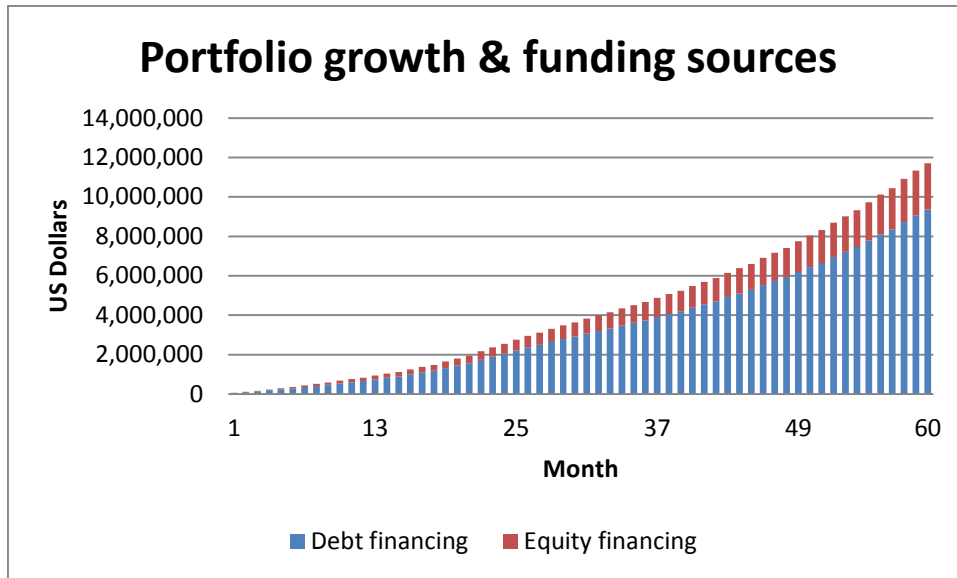
Further, we assume that after 12 months operating in these select 16 branches, the housing loan program expands to all 47 branches, such that in “Month 13” the total loans originated per month is 195 (just over 4 per branch per month), with a total monthly origination value of \$185,547 (assuming average loan size of \$950). Moreover, we assume these numbers steadily increase over time, such that – by the end of Year 5 (in Month 60) – the 47 branches originate 1,197 loans *per month* (an average of 25 per branch), with a total monthly origination value of \$1.67 million (average loan size of \$1,400). Based on this growth, and using other assumptions summarized below, the outstanding portfolio at the end of Year 5 is \$11.7 million, with a total value of originations since inception of \$39.4 million (which includes amounts originated, paid back and then recycled). This introduces two key strategic issues:

- **Is there sufficient effective demand in the market that SAT can competitively capture to support this projected growth?**
- **If so, can SAT do so while maintaining prudent loan origination (and servicing) practices?**

As would be expected, a key assumption affecting the business model is the source and cost of funding to grow the loan portfolio. We assume that the loan book grows by using a blend of funding sources, namely 20% “equity” and 80% debt, such that for each \$1.00 of new loan originations, \$0.20 is funded by equity (e.g., investment into SAT by grants, social investors)² and \$0.80 is funded by debt (e.g., loan to SAT from a commercial bank or a social investor, such as Micro-Build or Omidyar at market rates).³ The existing \$250,000 grant pool from OI/USAID is deemed equity, and it could and should leverage \$1.0 million of debt (\$1.25 million total), to maximize housing and social impact. This amount would last until approximately Month 16. Thereafter, additional “equity” or subordinated debt or surplus cash would be required to maintain a 20% equity ratio.

² The particular legal structure of this investment, in light of SAT’s status as a non-profit/NGO, is not covered here. While the current SAT does not require “equity” it does require a layer of surplus to absorb first loss.

³ We do not project using progressive or mandatory ‘savings’ (‘cash collateral’) as a funding source, though if SAT were to convert into a bank, the cost of funding would presumably decrease.



This projected funding mix introduces two key strategic issues:

- Can SAT raise “equity-like” investments sufficient to support the projected portfolio growth?
- Can SAT raise debt financing sufficient to support the projected portfolio growth?

Worth noting is the substantial leveraging effect in terms of funds originated at retail level relative to equity invested into SAT. For instance, the initial \$250,000 grant/equity could translate into almost \$2.0 million of originations, based on 80/20 debt equity ratio for funding portfolio growth and the recycling of loan repayments into new originations. By the end of Year 5, we project a \$2.2 million equity investment to grow the portfolio into almost \$40 million of loan *originations*.

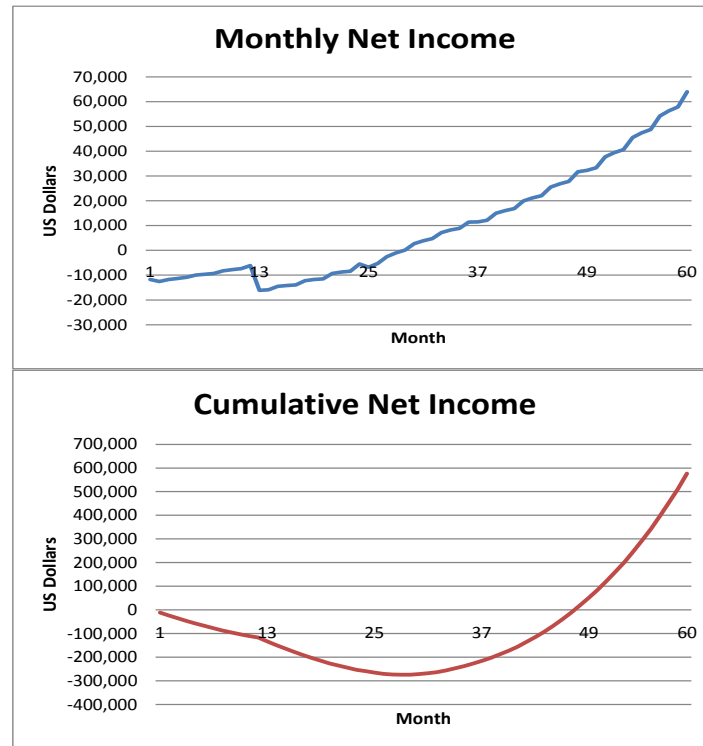
Another key assumption is the cost of funding (especially debt), and the interest rate charged to SAT customers. Based on current market conditions in Ghana, we project SAT can borrow commercially at a blended 22% interest rate (per annum); and we recommend that SAT’s loans to customers average a 35% rate, still below the rates currently charged on the other individual loan products but not so low as to encourage cannibalization or leakage.

Key assumptions on financing terms	
Sources of funding SAT portfolio growth	
Debt (e.g., commercial bank)	80%
‘Equity’ (e.g., surplus/social investor/grantor)	20%
Cost of debt funds	22% (per annum)
Interest rate charged to customers	35% (per annum)
Average loan term (to customers)	12 months

Based on (i) this 13% interest rate margin, (ii) the portfolio growth discussed above, and (iii) certain estimated incremental operating expenses associated with the housing loan rollout and management (increased costs at head office and branches), we project the housing loan operation can break-even (on a monthly cash flow basis) around Month 29 (see graphic below, where the blue line crosses above the “0” breakeven line) and the early operating losses (during the first 29 months) are



recovered by around Month 48 from profits/surpluses during the ensuing 19 months (see graphic below, where red line crosses above the “0” line).



From an annual income statement perspective, we project a loss in the first two years, then a slight profit in year 3, rising to substantial financial sustainability by Year 5.

Income statement	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues					
Interest income (gross)	92,294	428,487	1,052,082	1,741,280	2,758,399
Fees	11,336	35,092	68,091	108,245	171,005
Total revenues	103,630	463,579	1,120,173	1,849,525	2,929,405
Expenses					
Interest expense	60,975	262,845	625,238	1,028,613	1,628,897
Bad debt expense (provision)	28,341	87,730	170,226	270,613	427,513
Head office staff costs	46,200	50,820	79,391	87,330	96,063
Other operating expenses	22,553	21,025	30,596	33,255	36,181
Branch staff costs	62,400	183,300	183,300	183,300	183,300
Total expenses	220,468	605,720	1,088,751	1,603,111	2,371,953
Net Income	-116,838	-142,140	31,422	246,414	557,451

If the \$100,000 grant pool is used, this would cover operating losses for the first nine months (Month 9), but an additional approximately \$200,000 is required to absorb the start-up losses projected for the ensuing 20 months (i.e., through Month 29). Presumably, this could be funded by further grants or seeking equity investment(s). This amount is in addition to the investment required to grow the loan



portfolio. In addition, we project a need for additional cash investment, for additional working capital to fund business operations. This is not to cover start-up operating losses or fund portfolio growth, *per se*, but to have sufficient cash on hand to allow smooth operations. We assume this amount grows over time, and we tie it to the amount of funds advanced *from equity* (i.e., 20% of total advances) during the given month. This is \$73,000 for Year 1, and grows to \$371,000 (cumulative) by Year 5. Again, this could be funded by further grants or seeking equity investment(s), and again is in addition to the investment required to grow the loan portfolio or cover start-up operating losses. The table below summarizes the three uses of equity/cash investment.

Summary of equity/cash investment required	Year 1	Year 2	Year 3	Year 4	Year 5
(i) Subsidize losses until break-even is achieved:					
Annual equity investment to cover early losses	116,838	142,140	-31,422	-246,414	-557,451
Cumulative equity investment to cover losses	116,838	258,978	227,556	-18,858	-576,309
(ii) Funding of equity portion of loan portfolio					
Targeted debt-to-equity ratio: 80/20					
Annual equity investment to fund loan portfolio	166,036	343,469	423,377	549,152	857,942
Cumulative equity investment to fund loan portfolio	166,036	509,504	932,881	1,482,033	2,339,975
(iii) Cash for operations**					
Annual equity investment to fund cash for operations	73,390	107,986	-29,646	85,973	133,093
Cumulative equity investment to fund cash for operations	73,390	181,376	151,730	237,704	370,796
Total equity investment required (sum of: (i), (ii) & (iii))					
Annual	356,264	593,595	362,308	388,711	433,583
Cumulative	356,264	949,859	1,312,167	1,700,878	2,134,462

Again, this raises the key strategic issue of:

- **Can sufficient grant funding and/or equity-like capital be raised, in addition to that required for portfolio growth, to support these operational requirements?**

Balance sheet	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Cash	73,390	181,376	151,730	237,704	370,796
Advances receivable	830,178	2,547,521	4,664,405	7,410,163	11,699,873
Total assets	903,569	2,728,898	4,816,135	7,647,866	12,070,669
Liabilities					
Loan payable	664,142	2,038,017	3,731,524	5,928,130	9,359,898
Total liabilities	664,142	2,038,017	3,731,524	5,928,130	9,359,898
Shareholders' equity					
Capital investment	356,264	949,859	1,312,167	1,700,878	2,134,462
Retained earnings (losses)	-116,838	-258,978	-227,556	18,858	576,309
Total equity	239,426	690,881	1,084,611	1,719,736	2,710,771
Total liabilities & shareholders' equity	903,569	2,728,898	4,816,135	7,647,866	12,070,669



7. CONCLUSIONS

This project has tremendous potential with new growth assumptions described above in the section on the business model to leverage existing capital with more commercially priced debt. Please find below a list of recommended revisions to project assumptions and targets.

Original assumptions & targets	Proposed revised assumptions & targets
The principal barrier to housing finance development in Ghana is the lack of secure and transparent titled lands.	This assumption remains, but we recommend that a baseline survey should be conducted on all those who receive a folio to track impact over time.
Property Folios:	
Property Folios can substantially help remove this barrier.	This assumption remains, but still needs to be measured and tested.
A viable business model can be developed to allow the poor to use their own property to build asset value which can then be leveraged to access housing credit.	This assumption is correct, according to financial model developed by BFA for the project, but only if working capital is leveraged with SAT's normal cost of funding..
If presented with large numbers of Property Folios, then government authorities can be convinced to accept Property Folios as an acceptable form of land documentation.	The only evidence to date is some traditional authorities are in agreement to officially sign the property folio attesting to the facts in the folio. This issue needs to be proactively addressed with government and traditional authorities.
Because many SAT clients do not have land documents, the Folio will be valuable to them.	This assumption is true according to interviews with housing borrowers.
Folios should be issued to clients for free, using donor subsidies.	We think this assumption is erroneous and flies in the face of scaling the number of folios and developing a business model that is sustainable.
The Folio product needs a separate marketing plan.	This assumption is especially true across the board for the property folio and the home loan products.
The term "Property Folio" should be used instead of "Paralegal Title".	Yes.
The Folio process needs to be closely related to the housing loan application process.	No. Many applicants for housing loans do not necessarily need a folio to qualify for a housing loan, and low-income applicants may also have effective demand for the property folio without the home loan.
Housing loans:	
Existing SAT clients should be the primary (or even exclusive) target market for housing loans.	This is assumption is erroneous, and to reach more low-income Ghanaians and to reach loan targets, we strongly recommend loans to non-SAT clients.
<p>The housing loan offering should include 2 options:</p> <ul style="list-style-type: none"> • Home improvements (e.g., utilities connection or sanitation installation) • Incremental build of new home <p>As a result, different housing loan products (different features, pricing) may be needed.</p>	Different marketing strategies based on a market segmentation exercise at the borrower level need to be implemented, but the pricing should be related to credit risk not housing finance usage.
Options for renters must be considered in the loan product design (i.e., long-term renters with proper rental agreement can be eligible for housing loan).	Yes.
The nature of housing loans makes them incompatible with group lending methodology.	Yes.
Individual lending introduces loan security & collection	Yes, but it raises the question of sufficient skills



Original assumptions & targets	Proposed revised assumptions & targets
issues that must be considered in the lending process.	available to conduct household cashflow based analysis.
Housing loan assessment must be more rigorous (and thus more costly in terms of staff time) than standard business loans, because of site visits, neighbor/family interviews to ascertain property rights, cost estimating.	Yes, and this also means the loans have to be priced to ensure costs and risk are covered and to avoid cannibalization of individual business loans..
Assessment methods for housing loans should include: prescreening, site visits, orientation & training, and CTA assessment.	These will be too expensive and time consuming and probably unnecessary, except for loans over certain amounts (GHC 1,500) to new clients. .In any event, other than site visits there is no evidence of orientation and training or CTA assessment.
Construction technical assistance (CTA): <ul style="list-style-type: none"> ● Pre-construction: compulsory if complex ● Construction supervision: optional ● Post-construction verification: compulsory 	CTA should be standardized as much as possible, and required only over threshold amounts (GHC 1,500). Consultants saw no evidence of post-construction verification by HFHI but only SAT.
Housing loan repayment schedules must consider existing (e.g., business) loan repayment schedules	Yes.
Adequate security for the desired loan amount (guarantors or collateral) is a problem for many clients. A smaller loan size requires lower security amounts. .	Yes.
ILS (Pichel) suggests land should be excluded as a collateral option for housing loans.	Yes, or no loans will be made, and land title cannot be perfected in court in any event.
Housing loan is piloted in 4 branches, before roll-out	Channels for delivering housing loans needs to be expanded prudently but quickly to meet goals.
Impact goals:	
Provide 1,300 poor people with opportunity to cost-effectively obtain paralegal title to their property	This goal is achievable.
Increase access to affordable, improved housing for 2,000 working poor people (through scalable lender/housing partnerships and client-centric housing finance products)	This goal should be adjusted downwards to 1,000 with strong commitment to provide loans to non-SAT clients. New targets to reach financial sustainability are contained in financial model accompanying this report
Key project indicators should be regularly tracked	Yes.
Loan product features:	
Term: 2 – 24 months	Yes.
Amount: 200 – 10,000 (Cedi)	Yes, smaller loans should be promoted to those who want loans for property folios.
Interest rate: 30% per annum	Needs to be adjusted upwards to ensure against leakage to SME borrowers and achieve sustainability.
Repayment: equal periodic installments	Yes
Cash collateral (compulsory savings) of ___% required	Yes. !0-25%, but hard for a NGO to do
Fees: 2% process, 2% CTA, 2% client welfare, 5 cedi application	No 2% CTA fee, except in special situations of larger loans to monitor risks of conflict with builder..





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Habitat for Humanity Ghana and Sinapi Aba Trust, “Preliminary Product Design Recommendations”, Kumasi, Ghana, September 14, 2010.

Sinapi Aba Trust, “Operational Highlights, 1st Quarter 2011”, Issue 13 May 2011.

USAID Evaluation Policy: <http://www.usaid.gov/evaluation/> January 2011.

ANNEX A: INTERVIEWED PROJECT STAFF

Interviewee	Title
Sinapi Aba Trust	
Anthony Gyasi-Fosu	CEO
Aaron Rex Opoku-Ahene	Head of Business
Vida Marfo	Regional Manager & Property Folio Manager
Richard Owusu Afriyie	Housing Finance Manager
Kingsley Gaisie	Tema Branch Manager
Jennifer Owusu-Mensah	Obuasi Branch Manager
Philip Sakyi	Sunyani Branch Manager
Enoch Kuranchie	Offinso Branch Manager
Opportunity International	
Makonen Getu	Vice-President, International Business Development
Emmanuel Asamoah	Housing Finance Specialist
Diane Griffin	Senior Program Manager
International Land Systems	
Frank Pichel	Regional Manager
Oheneba Amoakoh, Losamills Consult	Technical Surveyor
Habitat for Humanity Ghana	
James Ayando	Construction Quality Manager
William Asamoah Abetia	Recovery Manager
USAID	
Edwin Afari	Monitoring & Evaluation Specialist



ANNEX B: PROPERTY FOLIO MOCK-UP (WITHOUT SITE PLAN)



PROPERTY FOLIO

Mr. Awudu Razak of Apagya community in the Sekyre West District, Ashanti Region of the Republic of Ghana, based on review of your property records and outside testimony made by Ms. Yao Gynabu, we have determined that you have an acknowledged and uncontested right through of an indeterminate period extending at least 3 years from date of issue of this Property Folio to and in ALL THAT piece or parcel of real property found in the Apgaya community, which is delineated and edged with pink colour on site plan annexed to this Folio except all reserved minerals, oils, precious stones and timber whatsoever upon or under the said piece or parcel of real property.

IN WITNESS WHEREOF I have hereto signed my name anon behalf of the Sinapi Aba Trust on the 20th day of June, 2011

Land Information Manager

PROPERTY PHOTO RIGHTHOLDER PHOTO



