


Opening Doors with Housing Finance

The unmet demand for finance for housing is massive. Read below what some e-MFP members are doing to fill this gap:

 Access to adequate housing is considered a basic human right. However, around half of the population in Central America has no access to housing or lives in inadequate conditions. In addition to this, the microfinance institutions (MFIs) in the region have difficulty expanding their services to housing products due to a lack of appropriate funding and expertise on the subject.

 With this in mind, ADA has been working in partnership with REDCAMIF (Central American and Caribbean Microfinance Network) since 2014 to develop an approach aimed at supporting the MFIs in the region to develop and offer appropriate financial products for housing. The objective is for the clients to have a better quality of life by improving their living conditions, strengthening their assets and income.

The ADA-REDCAMIF alliance has since developed 7 standard financial products based on the potential clients' needs according to each country. The different products included plot acquisition or legalization, the installation of basic services such as water and sanitation, progressive housing improvement, housing construction and acquisition, and commitment savings for housing. These products were later on adapted and piloted in 17 MFIs



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in 7 countries in the region with the support of the national microfinance networks in each country (REDOMIF in Dominican Republic, REDIMIF in Guatemala, REDMICROH in Honduras, ASOMI in El Salvador, ASOMIF in Nicaragua, REDCOM in Costa Rica and REDPAMIF in Panama) reaching 5,538 clients and a portfolio of €12 million as of March 2017.

The approach implemented included not only the financial product development but also a technical assistance in construction (TAC) component allowing the client to minimize their construction risk. The TAC had a great importance and was highly valued by the clients since it included support in building techniques, materials, providers, budgeting and

design depending on the complexity of the construction. This service was offered through partnerships with national providers, by the MFI which was in charge of implementing the product or through the national microfinance network who developed a unit to provide this service. These different approaches guaranteed that the clients of the MFIs could have access to better housing on the one hand, and that the MFI offered a more holistic approach when serving its clients on the other.

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