

TSPI Housing Loan Program

MCPI Annual Conference

July 24-25, 2014

Century Park Hotel, Manila



Tulay sa Pag-Unlad, Inc. (TSPI)



More than 200,000 microfinance clients
150 branches & 1,600 field officers
P1.7 B loan portfolio



Our Philosophy towards Poverty and its Alleviation



1. **We want to help the poor “cross the bridge” from poverty to prosperity.**

We do this because this is our way of loving the Lord and loving our neighbor.

2. **We believe there is no single solution to a person’s poverty, because the causes of his poverty are many.**

3. **We join with the rest of society in addressing the many needs of the poor. What we contribute to this social effort is our expertise and resources in microfinance.**



TSPI Housing Loan Program (HLP)

- started in 2006 as a reward to longest staying clients
- later rationalized as one of TSPI's social loan programs, offered at lower interest rate:
 - a way to improve productivity of clients considering that many of them do their micro businesses at home
 - opportunity to help clients realize their aspirations to have secured and dignified housing without having to tap the capital reserved for their micro businesses
 - provides facility for non-employed poor to avail of a housing loan program



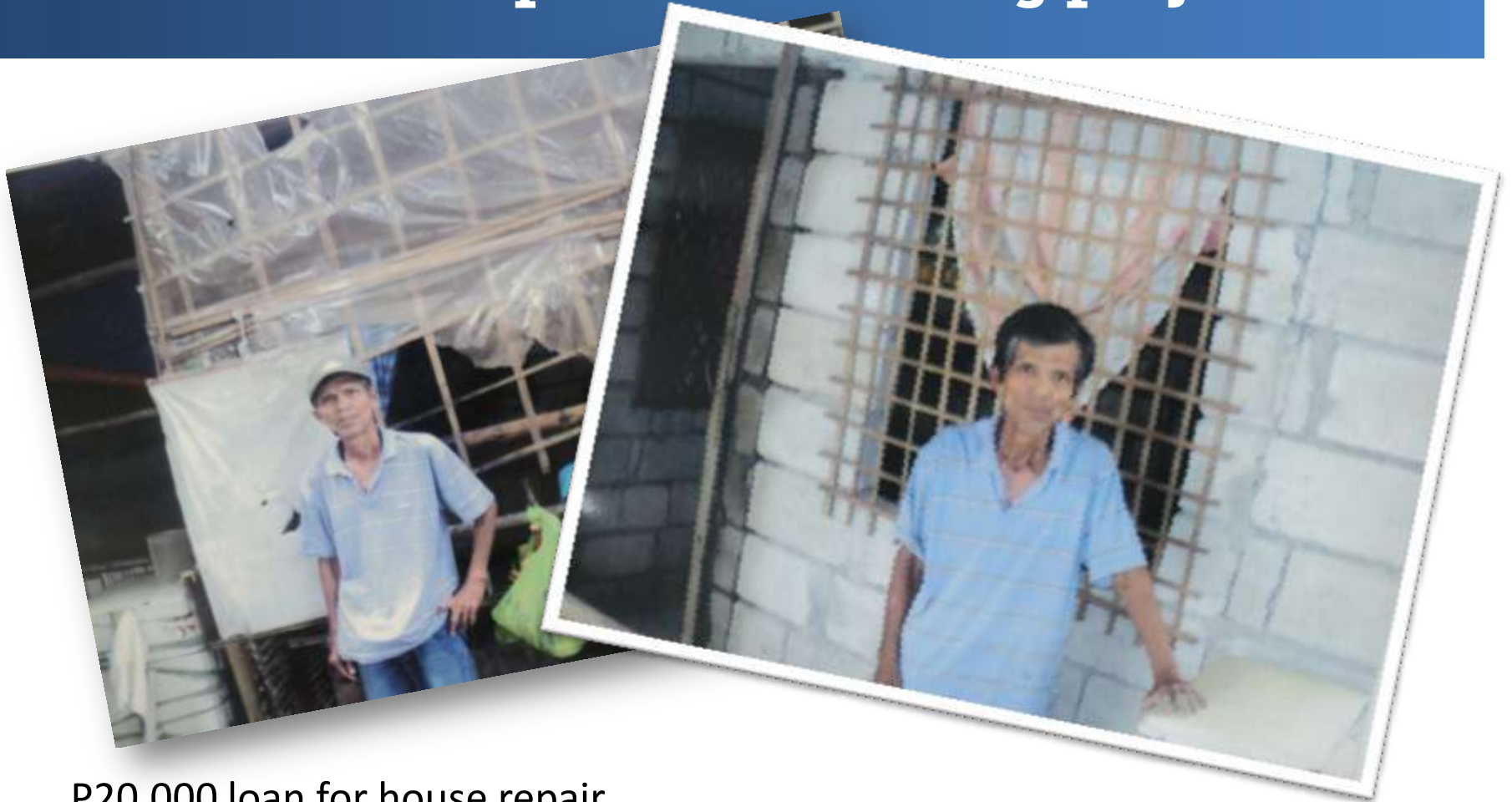
HLP availments, as of June 2014

- total of **19,408** clients were served thru HLP since 2007
- **5,457** of them availed for toilet repair/ construction at an average of P21,300 loan per client since 2009
- **405** of them availed for water and electrical connection at an average of P8,000 loan per client since 2011

HLP represents 10% of TSPI's loan portfolio at 5.10% PAR. Target for 2014 is to serve 7,500 clients.



“Before-After” photos of housing projects



P20,000 loan for house repair

Business: balut vendor/buy & sell of junk materials

Pandi, Bulacan



“Before-After” photos of housing projects



P50,000 loan for house repair

Business: sari-sari store

Taguig City



“Before-After” photos of housing projects



P20,000 loan for toilet & house repair

Business: direct selling and meat processing

Balagtas, Bulacan



“Before-After” photos of housing projects



P13,000 loan for toilet repair
Business: buy and sell of charcoal
Gumaca, Quezon



HLP main actors

Account Officers

- Marketing & Promotion
- Capacity to pay evaluation
- Endorsement to Project Officers for processing

Project Officers

- Processing loans
- Coordinating with partner suppliers & foreman
- Facilitates project deliberation
- Supervising construction until turn-over to clients

Foreman

- Project scoping & cost estimate
- Work plan & Project Monitoring
- Supervision of workers & release of wages

Clients

- Provides construction plan
- Canvass cheaper materials, if preferred
- Provides labor equity, if possible

How do we mitigate risk in HLP?

- **Offered to clients who are at least one year in the program**
 - to better assess client's capacity to pay and character
- **Highly supervised loan (no cash-out to clients)**
 - to ensure generation of intended impact of the Program
- **Loan size depends on level of security in lot ownership and the client's capacity to pay**
 - to ensure clients will not be driven away and waste their investment in housing
- **Mortgage Redemption (Sunlife Grepa) / Credit Life Insurance (TSPI MBA)**
 - to safeguard clients against default due to death or permanent disability.



How do we mitigate risk in HLP?

- **Life insurance (TSPI MBA) & Health Insurance (Philhealth/MBA Micro Health)**
 - to mitigate the risk of default due to illness or death in the family
- **Client high participation in the project process**
 - to ensure client satisfaction and full cooperation
- **Partnership with Suppliers & Foremen**
 - to facilitate non-cash disbursements and proper loan utilization
- **Close Project Monitoring**
 - to ensure compliance in HSLP Policies and Procedures



Partnerships

- **HABITAT** Philippines for setting up TSPI's Social Housing Program thru technical assistance and funding support
- **CEMEX** Philippines supported HLP offering in Rizal province thru low interest funding
- **WTRC** (Wholistic Transformation Resource Center) in implementing Housing Rehabilitation Program for selected clients affected by typhoon Ondoy and Pepeng
- **USAID** for Sanitation Loan Program offering to non-clients thru funding support (including guarantee funds) and technical assistance for marketing
- **IPD** (Institute for Popular Democracy) with a Water Service Coop. for waterline connection of non-clients in Bagong Silang, Caloocan
- **GUMACA LGU** for sanitation loan offering to non-clients as part of their "Zero Open Defecation" program with support from WB-WSP, 2014
- **LAFARGE** for "Tahanan Ko Affordable Housing Program" thru staff & foremen capacity building, technical assistance and marketing support, 2012 to present



Goal

- Establish partnerships to expand services to both clients and non-clients:
 - Continue to improve delivery of HLP to existing clients in partnership with other service providers/suppliers
 - Offer of HLP to non-client microentrepreneurs
 - Support housing program for Informal Settlement Families (ISFs) and CCT clients



Challenges

- **Marketing**
 - AOs/Branches need support in marketing HLP as they are loaded with multiple products
- **Potential clients' lack of awareness on proper sanitation & poor capacity to pay**
 - Implementation of partnership projects on proper sanitation is limited by target client's capacity to pay
- **Efficiency**
 - Customized housing projects and highly supervised loan imply high cost of implementation
- **Multiple Borrowing**
 - Client's capacity to pay must be properly established through careful loan processing



Lessons

- Improved housing and sanitation facilities promote not only productivity but dignity among clients.
- There is demand for housing loan among MFI clients. It is one of the most liked products by the clients.
- It is worth investing on dedicated personnel in delivering the program to:
 - better serve the clients - with proper loan processing and utilization and with compliance to basic construction standards.
 - gain greater interest and support from partners



Salamat po!

