OBJECTIVE OF RESEARCH:
The Rural Housing Loan Fund (RHLF) would like to develop an estimate of the size of housing microfinance market in South Africa. Specifically, RHLF would like to understand the size of the addressable market in key segments of interest. Additionally, RHLF would like to understand key gaps between available housing microfinance products and end user demand and the implications of these gaps for RHLF and its intermediaries.

PROJECT PLAN:
Eighty20 and CAHF plan to undertake this research in five phases. This deliverable forms part of Phase II: Preliminary investigation of the market.

- Phase I: Inception
- Phase II: Preliminary investigation of the market
  - Government policy & programme review
  - Supply side research
    - Market map
    - Case studies on innovative applications in HMF
  - Demand side research
    - Literature review
    - Analysis of available demand side data
- Phase III: Development of research instruments
- Phase IV: Fieldwork and data collection
- Phase V: Data analysis & presentation of findings
WHO IS THE TARGET MARKET?

WHAT ARE THE HOUSING NEEDS OF THE MARKET?

HOW ARE BUILDING MATERIALS FINANCED?

WHO CAN ACCESS HMF?

OPPORTUNITIES FOR GROWTH

WHAT ARE THE KNOWLEDGE GAPS?
RHLF currently defines its target market as rural households that earn below R15 000 per month. Survey data released by Statistics South Africa includes an urban/rural split. In the census, each enumeration area (EA) is classified as either urban, tribal or traditional, or farm based on cadastre and land use.

HOUSEHOLDS RURAL AND URBAN AREAS BY DATA SOURCE

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Total Households</th>
<th>Rural Households</th>
<th>Urban Households</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Census 2011</strong></td>
<td>14.45 million</td>
<td>9.78 million</td>
<td>4.67 million</td>
</tr>
<tr>
<td><strong>General Household Survey 2015</strong></td>
<td>16.12 million</td>
<td>11.09 million</td>
<td>5.03 million</td>
</tr>
<tr>
<td><strong>Community Survey 2016</strong></td>
<td>16.92 million</td>
<td>11.82 million</td>
<td>5.09 million**</td>
</tr>
<tr>
<td><strong>NIDS Wave 4 Survey 2015</strong></td>
<td>17.11 million</td>
<td>11.81 million</td>
<td>5.3 million</td>
</tr>
</tbody>
</table>

Note: *Rural areas includes tribal and traditional areas (84%) and farms (16%); ** Rural areas includes tribal and traditional areas (86%) and farms (14%)
The household income distribution of rural and urban households differs significantly. Ninety five per cent of rural households have a household income of less than R15,000 per month compared to 84% of urban households.

## Household Income Distribution

### Rural Households

- **R20 000+**: 153,929 households (3%)
- **R15 000 – R20 000**: 125,749 households (2%)
- **R9 500 – R15 000**: 313,937 households (6%)
- **R7 000 – R9 500**: 382,107 households (7%)
- **R3 500 – R7 000**: 1,113,845 households (21%)
- **R1 500 – R3 500**: 1,810,772 households (34%)
- **< R1 500**: 1,407,276 households (27%)

### Urban Households

- **R20 000+**: 1,317,806 households (11%)
- **R15 000 – R20 000**: 581,509 households (5%)
- **R9 500 – R15 000**: 1,415,606 households (12%)
- **R7 000 – R9 500**: 1,206,262 households (10%)
- **R3 500 – R7 000**: 2,792,942 households (24%)
- **R1 500 – R3 500**: 2,878,476 households (24%)
- **< R1 500**: 1,614,192 households (14%)

### Total Households

- **Rural**: 5.3 million
- **Urban**: 11.8 million

### Average Household Income

- **Rural**: R4,706
- **Urban**: R10,721

---


Note: Monthly household income excludes implied rentals.
A more refined view of the market going forward would include non-metro urban households. This would double the target market.

**HOUSEHOLD INCOME DISTRIBUTION**

### RURAL HOUSEHOLDS

<table>
<thead>
<tr>
<th>Monthly household income</th>
<th>Total households</th>
<th>Ave. household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>R20 000+</td>
<td>153,929</td>
<td>R3,821</td>
</tr>
<tr>
<td>R15 000 – R20 000</td>
<td>125,749</td>
<td>R2,738</td>
</tr>
<tr>
<td>R9 500 – R15 000</td>
<td>313,937</td>
<td>R3,415</td>
</tr>
<tr>
<td>R7 000 – R9 500</td>
<td>382,107</td>
<td>R4,135</td>
</tr>
<tr>
<td>R3 500 – R7 000</td>
<td>1,113,845</td>
<td>R3,706</td>
</tr>
<tr>
<td>R1 500 – R3 500</td>
<td>1,810,772</td>
<td>R3,691</td>
</tr>
<tr>
<td>&lt; R1 500</td>
<td>1,407,276</td>
<td>R3,209</td>
</tr>
</tbody>
</table>

### URBAN HOUSEHOLDS

<table>
<thead>
<tr>
<th>Monthly household income</th>
<th>Metro</th>
<th>Non-metro</th>
<th>Total urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>R20 000+</td>
<td>804,807 (61%)</td>
<td>512,999 (39%)</td>
<td>1,317,806 (11%)</td>
</tr>
<tr>
<td>R15 000 – R20 000</td>
<td>321,001 (55%)</td>
<td>260,508 (45%)</td>
<td>581,509 (5%)</td>
</tr>
<tr>
<td>R9 500 – R15 000</td>
<td>738,965 (52%)</td>
<td>676,641 (48%)</td>
<td>1,415,606 (12%)</td>
</tr>
<tr>
<td>R7 000 – R9 500</td>
<td>680,400 (56%)</td>
<td>525,861 (44%)</td>
<td>1,206,262 (10%)</td>
</tr>
<tr>
<td>R3 500 – R7 000</td>
<td>1,576,615 (56%)</td>
<td>1,216,327 (44%)</td>
<td>2,792,942 (24%)</td>
</tr>
<tr>
<td>R1 500 – R3 500</td>
<td>1,555,516 (54%)</td>
<td>1,322,960 (46%)</td>
<td>2,878,476 (24%)</td>
</tr>
<tr>
<td>&lt; R1 500</td>
<td>880,142 (55%)</td>
<td>734,050 (45%)</td>
<td>1,614,192 (14%)</td>
</tr>
</tbody>
</table>

**Total households**

- **5.3 million**
- **11.8 million**

**Ave. household income**

- **R4,706**
- **R10,721**


Note: Monthly household income excludes implied rentals.
Several other factors complicate a practical understanding of the target market.

**WHO IS THE TARGET MARKET?**

- **The household** that lives in the dwelling benefiting from the loan. But households are fluid - their composition and location changes.

- Lenders may think of the market as **the borrower that applies for the loan**. This would be a member of the household that invests in the dwelling they are living in.

- Due to the **fragmented nature of households**, the borrower may not actually live in the dwelling they are investing in.
NIDS data indicates that household composition is fluid, particularly in rural areas. We tracked adults in households that stayed in the same location between Wave 3 and Wave 4 of NIDS. Adults either joined or left the household in half of these households in rural areas.

**CHANGE IN HOUSEHOLD ADULT COMPOSITION BETWEEN 2012 AND 2015**

*This analysis looks at how the adult composition of the household changed between 2012 and 2015*

<table>
<thead>
<tr>
<th></th>
<th>RURAL HOUSEHOLDS*</th>
<th>URBAN HOUSEHOLDS*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2.8 MILLION HOUSEHOLDS)</td>
<td>(5.3 MILLION HOUSEHOLDS)</td>
</tr>
<tr>
<td>Household composition remained the same</td>
<td>49%</td>
<td>66%</td>
</tr>
<tr>
<td>Household lost at least one adult</td>
<td>27%</td>
<td>19%</td>
</tr>
<tr>
<td>Household gained at least one adult</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Household lost at least one adult and gained at least one adult</td>
<td>8%</td>
<td>3%</td>
</tr>
</tbody>
</table>


Note*: This analysis focuses on households that were tracked between 2012 and 2015 and stayed in the same location. Adults include those 15 or more in the first wave.
Lenders may think of their target market as the individual borrowers who apply for HMF. We have therefore explored the personal incomes of adults in rural and urban areas. NIDS data indicates that effectively all adults in rural areas earn below R15 000.

**PERSONAL NET INCOME DISTRIBUTION**

<table>
<thead>
<tr>
<th>Monthly personal income</th>
<th>RURAL ADULTS 18+</th>
<th>URBAN ADULTS 18+</th>
</tr>
</thead>
<tbody>
<tr>
<td>R15 000 +</td>
<td>116,000 (1%)</td>
<td>1.2 million (6%)</td>
</tr>
<tr>
<td>R9 500 – R15 000</td>
<td>250,000 (2%)</td>
<td>1.3 million (6%)</td>
</tr>
<tr>
<td>R3 500 – R9 500</td>
<td>1.2 million (10%)</td>
<td>4.3 million (21%)</td>
</tr>
<tr>
<td>R1 500 – R3 500</td>
<td>2.5 million (21%)</td>
<td>4.6 million (22%)</td>
</tr>
<tr>
<td>&lt; R1 500</td>
<td>4.6 million (39%)</td>
<td>5.3 million (25%)</td>
</tr>
<tr>
<td>No personal income</td>
<td>3.1 million (26%)</td>
<td>4.1 million (20%)</td>
</tr>
</tbody>
</table>

**Total adults 18+**

- **11.8 million** (Rural)
- **20.8 million** (Urban)

**Ave. personal income (For those that earn income)**

- **R2,566** (Rural)
- **R6,707** (Urban)

Borrowers may not live in the household they invest in

% OF ADULTS THAT SENT CONTRIBUTIONS TO NON-HOUSEHOLD MEMBERS IN THE PAST 12 MONTHS

**Monthly personal income**

- **RURAL ADULTS 18+**
  - R15 000 +: 15%
  - R9 500 – R15 000: 21%
  - R3 500 – R9 500: 19%
  - R1 500 – R3 500: 9%
  - < R1 500: 4%

- **URBAN ADULTS 18+**
  - R15 000 +: 22%
  - R9 500 – R15 000: 27%
  - R3 500 – R9 500: 26%
  - R1 500 – R3 500: 15%
  - < R1 500: 7%

**Total adults 18+**

- 11.8 million
  - 770,000 send remittances (7%)

- 20.8 million
  - 2.9 million send remittances (14%)

Urban remitters may be contributing to households in rural areas. Unfortunately we can not see where the recipient lives.

**URBAN REMITTERS**

**VALUE OF MONEY SENT: PAST 12 MONTHS**
*(Sent money to non-HH member)*

<table>
<thead>
<tr>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>R20,000 +</td>
<td>12%</td>
</tr>
<tr>
<td>R15,000 - R19,999</td>
<td>7%</td>
</tr>
<tr>
<td>R10,000 - R14,999</td>
<td>12%</td>
</tr>
<tr>
<td>R5,000 - R9,999</td>
<td>21%</td>
</tr>
<tr>
<td>R2,000 - R4,999</td>
<td>17%</td>
</tr>
<tr>
<td>R500 - R1,999</td>
<td>13%</td>
</tr>
<tr>
<td>&lt;R500</td>
<td>9%</td>
</tr>
<tr>
<td>Don't know</td>
<td>9%</td>
</tr>
</tbody>
</table>

**VALUE OF IN-KIND REMITTANCES SENT: PAST 12 MONTHS**
*(Sent in-kind remittance to non-HH member)*

<table>
<thead>
<tr>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>R10,000 +</td>
<td>12%</td>
</tr>
<tr>
<td>R5,000 - R9,999</td>
<td>13%</td>
</tr>
<tr>
<td>R2,000 - R4,999</td>
<td>27%</td>
</tr>
<tr>
<td>R500 - R1,999</td>
<td>24%</td>
</tr>
<tr>
<td>&lt;R500</td>
<td>24%</td>
</tr>
</tbody>
</table>

Why do people send remittances? How can they control how the money is spent? How do these needs shape amounts sent and frequency of sending? How does that impact on / is that impacted upon by documentation required and channels used?

- **DAY TO DAY SUPPORT OF FAMILIES BACK HOME**
  - Groceries
  - Transport
  - Clothes
  - Electricity
  - Air time

- **EMERGENCY SUPPORT**
  - Medical care
  - Funerals
  - Calamity risks – damage to property

- **TARGETED INVESTMENT**
  - Housing
  - Livestock
  - Other assets
It may be more efficient to facilitate A 2016 CAHF case study on Build It stores found that while the retailer does not actively pursue involvement in the remittance process, customers are purchasing building materials in one area to be delivered to border towns.

- A 2016 CAHF case study on Build It stores found that in Build it stores located close to bordering countries are being used to facilitate cross border transfers of goods.
- People located in parts of South Africa that are far away from the border purchase building materials from stores in border towns.
- The intended recipient of the goods who lives in the neighbouring country (or sometimes a third party organised by the customer) will then cross the border into South Africa, collect the goods, and take them back over the border.
- As a result of the SADC free-trade protocol, the goods can be taken across the border without paying duties.
- According to Build It, this service is not actively marketed and does not happen at a large scale.
WHAT ARE THE HOUSING NEEDS OF THE MARKET?

WHO IS THE TARGET MARKET?

HOW ARE BUILDING MATERIALS FINANCED?

WHO CAN ACCESS HMF?

OPPORTUNITIES FOR GROWTH

WHAT ARE THE KNOWLEDGE GAPS?
The number of households living in formal dwellings has increased noticeably since 2001. Nevertheless there is a significant housing shortfall.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INFORMAL DWELLING</strong></td>
<td>1.8 M</td>
<td>2.0 M</td>
<td>2.2 M</td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td>16%</td>
<td>14%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td><strong>TRADITIONAL DWELLING</strong></td>
<td>1.65 M</td>
<td>1.1 M</td>
<td>1.2 M</td>
<td>-2.2%</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>8%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td><strong>FORMAL DWELLING</strong></td>
<td>7.7 M</td>
<td>11.2 M</td>
<td>13.4 M</td>
<td>3.8%</td>
</tr>
<tr>
<td></td>
<td>69%</td>
<td>78%</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL HOUSEHOLDS</strong></td>
<td>11.2 MILLION</td>
<td>14.45 MILLION</td>
<td>16.9 MILLION</td>
<td></td>
</tr>
</tbody>
</table>

Just 16% of rural households have access to a flush toilet. More than half (51%) have access to piped water and 82% use electricity for lighting.

### RURAL HOUSEHOLDS: ACCESS TO SERVICES: 2015

*(5.0 million households; <R15 000 household income)*

#### HAVE A FLUSH TOILET
- **YES:** 16%

#### HAVE PIPED WATER IN DWELLING OR ON SITE
- **YES:** 51%

#### USE ELECTRICITY FOR LIGHTING
- **YES:** 82%

#### DETAILED TYPE OF TOILET FACILITY
- Pit latrine no ventilation pipe: 43%
- Pit latrine with ventilation pipe: 27%
- Flush toilet septic tank: 9%
- Flush toilet offsite disposal: 8%
- Bucket toilet: 5%
- None: 5%
- Chemical toilet: 3%

#### DETAILED MAIN WATER SOURCE
- Tap water on site: 32%
- Public tap: 26%
- Tap water in dwelling: 18%
- Other: 8%
- Flowing water/stream: 6%
- Water-Carrier/tanker: 5%
- Dam/pool/stagnant water: 4%

#### DETAILED MAIN SOURCE OF ENERGY FOR LIGHTING
- Electricity from mains: 82%
- Candles: 14%
- Paraffin: 2%
- Other: 2%

**15% share toilet with other households**

Opportunities to align solutions and financing: Jo-jo tanks and access to water in under-serviced areas

In Kenya, lenders offer group micro loans linked to infrastructure upgrading
Using the NIDS panel data we can track specific households back to 2008. That data indicates significant investment in housing between 2008 and 2015.

**UPGRADING IN-SITU**

**RURAL HOUSEHOLDS**

**CHANGE IN MAIN DWELLING TYPE FOR HOUSEHOLDS THAT HAVE NOT MOVED**

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional Dwelling</th>
<th>Formal Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>879,000</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>491,600</td>
</tr>
</tbody>
</table>

56% of rural households living in a traditional dwelling in 2008 were living in a formal dwelling in 2015 and had not moved location.

**URBAN HOUSEHOLDS**

**CHANGE IN MAIN DWELLING TYPE FOR HOUSEHOLDS THAT HAVE NOT MOVED**

<table>
<thead>
<tr>
<th>Year</th>
<th>Informal Dwelling in an Informal Settlement</th>
<th>Formal Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>547,400</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>148,200</td>
<td></td>
</tr>
</tbody>
</table>

27% of urban households living in an informal dwelling in 2008 were living in a formal dwelling in 2015 and had not moved location.

<table>
<thead>
<tr>
<th>Year</th>
<th>Informal Dwelling in a Backyard</th>
<th>Formal Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>265,700</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>130,000</td>
<td></td>
</tr>
</tbody>
</table>

49% of urban households living in an informal dwelling in a backyard in 2008 were living in a formal dwelling in 2015 and had not moved location.

The delivery by the state of over three million RDP houses has impacted on housing circumstances, and the propensity to invest in housing

**Subsidy Housing Beneficiaries**

- Subsidy houses are small and have very basic finishes although the spec has improved significantly over time.
- This has created a demand for HMF to improve these dwellings and increase their size, by adding an extra room, improving finishes, enhancing security, general repairs etc.
- A commercial HMF provider commented: “The strong growth in the provision of government (RDP) housing over the last 10 to 15 years has spawned strong demand in the low- and middle-income market for home improvement”

CAHF 2015, HMF in South Africa, an update

NIDS data indicates that around a fifth of households have invested in their dwellings in the past two years. In rural areas that corresponds to roughly one million households. However, there is no data on how those improvements were financed.

**RURAL HOUSEHOLDS**

**HOUSEHOLDS CARRIED OUT HOME IMPROVEMENTS IN PAST 2 YEARS?**

*(Households with a H income < R15,000)*

- 20%

**VALUE OF HOME IMPROVEMENTS**

*(HH has carried out home improvements in past 2 years)*

- Don’t Know: 18%
- R50,000+: 5%
- R20,000 - R49,999: 9%
- R10,000 - R19,999: 14%
- R5,000 - R9,999: 14%
- R1,000 - R4,999: 25%
- <R1,000: 15%

**URBAN HOUSEHOLDS**

**HOUSEHOLDS CARRIED OUT HOME IMPROVEMENTS IN PAST 2 YEARS?**

- 19%

**VALUE OF HOME IMPROVEMENTS**

*(HH has carried out home improvements in past 2 years)*

- Don’t Know: 12%
- R50,000+: 8%
- R20,000 - R49,999: 8%
- R10,000 - R19,999: 9%
- R5,000 - R9,999: 14%
- R1,000 - R4,999: 27%
- <R1,000: 22%

In Hotazhel many households make their own bricks and accumulate bricks over time to build or add on rooms to their homes. The quality of these bricks appear to be poor and not significantly cheaper than SABS approved products. Also brick manufacturers making cement bricks (Super Brick and Block Build)
In some cases building quality appears poor
WHO IS THE TARGET MARKET?

WHAT ARE THE HOUSING NEEDS OF THE MARKET?

**HOW ARE BUILDING MATERIALS FINANCED?**

WHO CAN ACCESS HMF?

OPPORTUNITIES FOR GROWTH

WHAT ARE THE KNOWLEDGE GAPS?
Customers can pay for building materials using savings or credit, or a combination of these. If credit is used the customer can choose to source this credit through HMF offered through retailer, or they could make use of an unsecured loan from a financial services provider.

**CHOICE OF FUNDING**

Consumers who need to finance home improvement have a number of options available to them:

- **THE MECHANISM**
  - CASH SAVINGS
  - FORMAL CREDIT

- **THE PROVIDER**
  - RETAILER (or provider – what about the builder??)
  - FINANCIAL SERVICES PROVIDER

Often microfinance is only used to supplement existing savings (CAHF 2016, Build It Case Study).

SA banks have offered unsecured loans for some time. The NCR estimates that 10-30% of these are used for housing. (K Rust 2012, Not just a special product line: Understanding microfinance for housing)

“It’s [HMF] a good credit to take because you’re taking credit to improve an asset that you have - it’s not consumption credit. You can drive with a Build It bakkie or a Real People car through a town or a rural area and people will cheer. For an unsecured credit market, we have some good stories to tell.” (Interview with Mark Alberts, Real People’s National Key Accounts Manager, 2015) (CAHF 2016, Build It Case Study)
In 2014, Eighty20 worked with the FinMark Trust to understand why customers may choose credit over savings to fund a purchase and how they select between providers – retail credit versus general purpose credit from an FSP.

### Choice of Mechanism: Savings vs. Credit

#### Consumer Decision Framework

- **Trigger**
  - Emergency/impulse purchases often require credit to facilitate affordability
  - Savings products such as lay-byes more useful for planned purchases

- **Product features**
  - Retailers actively market credit reinforcing the status quo of using retail credit to make purchases
  - In contrast lay-byes are generally not actively marketed

- **Branding & marketing**
  - Cost of credit is high. However this is offset in part by the benefit of immediate ownership
  - Credit imposes a ‘commitment constraint’ that many consumers view as helpful in enabling them to meet their goals
  - Although cost of credit is high over the life of the product, often the instalments are lower than required contributions to a shorter term lay-by

- **Distribution, sales & promotion**
  - Retailers use in store promotions and inducements to encourage take up of credit

- **Servicing**

- **Persistency & default**

Source: Eighty20 and the FinMark Trust: Why retailers?
In 2014, Eighty20 worked with the FinMark Trust to understand why customers may choose credit over savings to fund a purchase and how they select between providers – retail credit versus general purpose credit from an FSP.

**Choice of Provider: Retailer vs Other FSP**

**Consumer Decision Framework**

- **Trigger**
  - Retailer credit is purpose specific. This facilitates self-control and control of expenditure more generally.
  - To compare costs of credit across providers, consumers must apply for credit to get a quote. This is time consuming and can impact on credit scores. In addition, terms, fees, interest rates and insurance components differ. Comparing products is complex and leads to decision fatigue.

- **Product Features**
  - Consumers believe it is easier to qualify for credit from retailers than from banks.
  - In some areas, retailers are more accessible. In addition, retailers are more functionally accessible: opening hours are longer, the staff is approachable and the environment is welcoming.
  - Retailers often incentivise sales people to actively encourage consumers to purchase and to finance the purchase with retailer credit.

- **Branding & Marketing**
  - Retailers actively market credit at the trigger point (when the customer is looking to make a purchase).
  - Obtaining credit from a retailer is often seen as the norm or status quo.

- **Distribution, Sales & Promotion**
  - While most non-retailer lenders rely on debit order to collect instalments, retailers allow in-store payment in cash. This is valued as it provides greater control over the amount and timing of the payment (as opposed to debit orders).
  - Some focus group participants did not trust debit orders.

- **Servicing**
  - Focus groups indicated that participants perceive clothing retailers as being more lenient than banks with late payment, whereas furniture retailers are stricter and will repossess goods.
  - It is unclear how they feel about building materials retailers.

- **Persistency & Default**

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*What frames the retailer distribution model in HMF? The customer preference or the business imperative?*

Source: Eighty20 and the FinMark Trust: Why retailers?
WHAT ARE THE HOUSING NEEDS OF THE MARKET?

WHO IS THE TARGET MARKET?

HOW ARE BUILDING MATERIALS FINANCED?

WHO CAN ACCESS HMF?

OPPORTUNITIES FOR GROWTH

WHAT ARE THE KNOWLEDGE GAPS?
In South Africa, HMF is largely only available to formally employed regular wage earners and pensioners.

**FOCUS ON FORMALLY EMPLOYED, REGULAR WAGE EARNERS IN SA**

- The general microfinance, and HMF, sector in South Africa has largely targeted lending to **formally employed and regularly salaried people**; unlike the industry elsewhere in the world, where lending to the informal sector forms the backbone of the microfinance sector.
- **Loan eligibility criteria are stringent.** Most lenders require a pay slip, bank statements reflecting salary payments, evidence of permanent employment for a minimum number of months, and there is even employer eligibility.
- Only a very small proportion of self-employed people receive HMF loans from RHLF intermediaries.

CAHF 2015: HMF in South Africa, an update

**APPLICATION CRITERIA DIFFER BY LENDER**

- In addition to the usual requirement criteria, Nedbank also requires applicants to present proof of residence.
- Real People appears to be the only lender that will consider applicants who are self-employed.
- Lendcor considers certain categories of pensioners (for example, government pensioners), and requires them to present an ID, pension slip and a copy of their pension card.

CAHF 2016, Build it case study

**GOVERNMENT EMPLOYEES**

- Build It store agents are actively encouraged to market their arrangements to potential customers.
- A Build It consultant explained that he often goes to the schools in the rural areas to talk with the **teachers and principals**, as they earn the highest salaries (R 18 000 to R 30 000) and lead to the biggest deals (often R 70 000 to R 120 000).
- ”It’s more profitable to target government employees than to target Spar employees, who earn less and usually only qualify for about R 15 000 “
- He also goes to the clinics and hospitals to talk with the **state-employed nurses and doctors**

CAHF 2016, Build it case study
BOXER BUILD
CREDIT AVAILABLE
FOR PENSIONERS
Seventeen percent of rural adults aged 18 or more are formally employed regular wage earners. For urban adults in the target market it is 31%.

<table>
<thead>
<tr>
<th>Target Market Adults: Income Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Adults, aged 18+, &lt;R15 000 household income)</strong></td>
</tr>
</tbody>
</table>

### Formally* Employed Regular Wage Earners

<table>
<thead>
<tr>
<th>Rural Adults</th>
<th>Urban Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes: 17%</td>
<td>Yes: 31%</td>
</tr>
<tr>
<td><strong>Total: 1.9 million adults</strong></td>
<td><strong>Total: 5.3 million adults</strong></td>
</tr>
</tbody>
</table>

### Informally Employed Regular Wage Earners

<table>
<thead>
<tr>
<th>Rural Adults</th>
<th>Urban Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes: 6%</td>
<td>Yes: 8%</td>
</tr>
<tr>
<td><strong>Total 657,000 adults</strong></td>
<td><strong>Total 1.4 million adults</strong></td>
</tr>
</tbody>
</table>

### Self-Employed Working 20 Hours or More Per Week

<table>
<thead>
<tr>
<th>Rural Adults</th>
<th>Urban Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes: 3%</td>
<td>Yes: 4%</td>
</tr>
<tr>
<td><strong>Total 346,000 adults</strong></td>
<td><strong>Total 606,000 adults</strong></td>
</tr>
</tbody>
</table>

### Social Grant Beneficiary

<table>
<thead>
<tr>
<th>Rural Adults</th>
<th>Urban Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes: 45%</td>
<td>Yes: 30%</td>
</tr>
<tr>
<td><strong>Total 4.9 million adults</strong></td>
<td><strong>Total 5.1 million adults</strong></td>
</tr>
</tbody>
</table>

**Note**: Formally employed includes those paying UIF or have a written employment contract.
According to XDS data, as at December 2016, 8.3 million consumers had at least one open unsecured credit account, while just close to 95 000 consumers had at least one open building loan. Of those with a building loan, the majority are women over the age of 60. Borrowers with unsecured credit are in comparison much younger.

BORROWER DEMOGRAPHICS

**HAVE AT LEAST ONE BUILDING LOAN***
*(94 899 borrowers)*

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>62%</td>
</tr>
<tr>
<td>Male</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Have at least one unsecured credit account***
*(8.3 million borrowers)*

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>50%</td>
</tr>
<tr>
<td>Male</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age groups</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>70+</td>
<td>29%</td>
</tr>
<tr>
<td>60 - 69</td>
<td>39%</td>
</tr>
<tr>
<td>50 - 59</td>
<td>6%</td>
</tr>
<tr>
<td>40 - 49</td>
<td>9%</td>
</tr>
<tr>
<td>30 - 39</td>
<td>11%</td>
</tr>
<tr>
<td>&lt;30</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age groups</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>70+</td>
<td>3%</td>
</tr>
<tr>
<td>60 - 69</td>
<td>8%</td>
</tr>
<tr>
<td>50 - 59</td>
<td>15%</td>
</tr>
<tr>
<td>40 - 49</td>
<td>23%</td>
</tr>
<tr>
<td>30 - 39</td>
<td>32%</td>
</tr>
<tr>
<td>&lt;30</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: XDS credit data
Note: *Building Loans are specifically delineated in SACRRA’s reporting layout as Account_Type_B: Building Loans. To quote from SACRRA’s document Layout 700v2 Specification And Process Rule Document Version 2.8 these loans are "Loans which are granted independently of a Bond account which are specifically for use in building, either in additions or from foundation. These are generally consumed in portions as the build progresses." Borrowers have at least one open account as of December 2016. An open account is one that has not been closed or has been written off, handed over, lapsed, revoked, repossessed, surrendered, disputed in the past 2 years.
The vast majority of lending for building loans is to retired consumers living in either KwaZulu-Natal or the Eastern Cape. Of those with unsecured credit whose occupation is known, 11% are working in the public sector, while 5% are working in the mining sector.

### Borrower Demographics

#### Have at Least One Building Loan*
*(94,899 borrowers)*

<table>
<thead>
<tr>
<th>Location of Borrower</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>KwaZulu-Natal</td>
<td>37%</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>29%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>11%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>8%</td>
</tr>
<tr>
<td>North-West</td>
<td>6%</td>
</tr>
</tbody>
</table>

#### Have at Least One Unsecured Credit Account*
*(8.3 million borrowers)*

<table>
<thead>
<tr>
<th>Location of Borrower</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>26%</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>16%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>13%</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>9%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>8%</td>
</tr>
</tbody>
</table>

#### Top Five Occupations**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student / Retired / Housewife</td>
<td>63%</td>
</tr>
<tr>
<td>Police and Army</td>
<td>6%</td>
</tr>
<tr>
<td>Formal Sector</td>
<td>3%</td>
</tr>
<tr>
<td>Mining - General</td>
<td>2%</td>
</tr>
<tr>
<td>Self Employed</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>11%</td>
</tr>
<tr>
<td>Formal sector</td>
<td>6%</td>
</tr>
<tr>
<td>Mining - General</td>
<td>5%</td>
</tr>
<tr>
<td>Student / Retired / Housewife</td>
<td>5%</td>
</tr>
<tr>
<td>Retail</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Source: XDS credit data
Note: *Borrowers have at least one open account as of December 2016. An open account is one that has not been closed or has been written off, handed over, lapsed, revoked, repossessed, surrendered, disputed in the past 2 years
Note: **17% of borrowers with at least one building loan had an unknown occupation. Of those with an unsecured loan, 53% had unknown occupations
According to XDS data, the majority of building loans have opening balances of less than R5 000 and have monthly instalments of less than R500. Close to a quarter of unsecured loans have opening balances of less than R2 000.

Source: XDS credit data
NIDS data indicates that around a fifth of households have invested in their dwellings in the past two years. In rural areas that corresponds to roughly one million households. However, there is no data on how those improvements were financed. Where does credit dominate?

**RURAL HOUSEHOLDS**

**HOUSEHOLDS CARRIED OUT HOME IMPROVEMENTS IN PAST 2 YEARS?**
*(Households with a H income < R15,000)*

- Don't Know: 18%
- <R1,000: 15%
- R1,000 - R4,999: 25%
- R5,000 - R9,999: 14%
- R10,000 - R19,999: 14%
- R20,000 - R49,999: 5%
- R50,000 +: 9%

**VALUE OF HOME IMPROVEMENTS**
*(HH has carried out home improvements in past 2 years)*

- Don't Know: 12%
- <R1,000: 22%
- R1,000 - R4,999: 27%
- R5,000 - R9,999: 14%
- R10,000 - R19,999: 9%
- R20,000 - R49,999: 8%
- R50,000 +: 8%

28% spent more than R10,000 on home improvements (roughly 125000 households per year who have spent between R1000 and R5000)

Forty two per cent of borrowers with a building loan do not have any other credit. The majority of borrowers with unsecured credit have two or more open credit products, most likely retail store accounts.

**PRODUCT HOLDINGS**

**HAVE AT LEAST ONE BUILDING LOAN***

(94 899 borrowers)

<table>
<thead>
<tr>
<th>Number of Open Accounts</th>
<th>42%</th>
<th>26%</th>
<th>17%</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>22%</td>
<td>19%</td>
<td>27%</td>
<td>32%</td>
</tr>
</tbody>
</table>

**NUMBER OF OPEN ACCOUNTS**

<table>
<thead>
<tr>
<th>CROSS PRODUCT HOLDINGS</th>
<th>(94 899 borrowers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail account</td>
<td>29%</td>
</tr>
<tr>
<td>Unsecured credit</td>
<td>28%</td>
</tr>
<tr>
<td>Credit card</td>
<td>14%</td>
</tr>
<tr>
<td>Vehicle Finance</td>
<td>2%</td>
</tr>
<tr>
<td>Debt Recovery</td>
<td>1%</td>
</tr>
<tr>
<td>Other*</td>
<td>1%</td>
</tr>
</tbody>
</table>

**HAVE AT LEAST ONE UNSECURED CREDIT ACCOUNT***

(8.3 million borrowers)

<table>
<thead>
<tr>
<th>Number of Open Accounts</th>
<th>22%</th>
<th>19%</th>
<th>27%</th>
<th>32%</th>
</tr>
</thead>
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<tr>
<td>One</td>
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**NUMBER OF OPEN ACCOUNTS**

<table>
<thead>
<tr>
<th>CROSS PRODUCT HOLDINGS</th>
<th>(8.3 million borrowers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail account</td>
<td>57%</td>
</tr>
<tr>
<td>Credit Card</td>
<td>31%</td>
</tr>
<tr>
<td>Mortgage</td>
<td>8%</td>
</tr>
<tr>
<td>Debt Recovery</td>
<td>6%</td>
</tr>
<tr>
<td>Vehicle Asset Finance</td>
<td>4%</td>
</tr>
<tr>
<td>Other*</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: XDS credit data

Note: *Borrowers have at least one open account as of December 2016. An open account is one that has not been closed or has been written off, handed over, lapsed, revoked, repossessed, surrendered, disputed in the past 2 years. Note: Other includes Financial other and Students Loans.
The borrower and loan performance of building loans and unsecured credit differ significantly. Borrowers of building loans appear to be diligent repayers – 87% have no loans in arrears. Whereas, borrowers with unsecured credit are more likely to be in arrears on at least one of their accounts.

BORROWER AND LOAN PERFORMANCE

**HAVE AT LEAST ONE BUILDING LOAN**  
(94,899 borrowers)

- 87% have no loans in arrears
- 13% have at least one loan in arrears

**HAVE AT LEAST ONE UNSECURED CREDIT ACCOUNT**  
(8.3 million borrowers)

- 47% have no loans in arrears
- 53% have at least one loan in arrears

BORROWER PERFORMANCE ON ALL LOANS

- 87% have no loans in arrears
- 13% have at least one loan in arrears

LOAN ARREARS STATUS

**Building loan arrears status**

- 94% in good standing
- 6% in arrears

**Unsecured credit arrears status**

- 73% in good standing
- 27% in arrears

Source: XDS credit data

Note: There is some cross over between borrowers with a building loan and borrowers with unsecured credit (see cross product holdings)
A number of risks can affect a borrower’s ability to repay

**KEY RISKS**

- **Loss of income** of borrower, or household member contributing to instalments
- **Borrower over indebtedness**
- **Death** of the borrower, or someone in the borrower’s households
- **Destruction or loss** of property
WHAT ARE THE HOUSING NEEDS OF THE MARKET?

WHO CAN ACCESS HMF?

HOW ARE BUILDING MATERIALS FINANCED?

WHICH ARE THE KNOWLEDGE GAPS?

OPPORTUNITIES FOR GROWTH
TARGETING THE SELF-EMPLOYED
The lack of income verification and visibility makes lending to the self-employed very difficult. To reduce the risk of lending to this market, lenders can use savings records and collateral as credit requirements together with a very hands on approach with clients.

HMF FOR SELF-EMPLOYED IN GHANA: CASE STUDIES FROM THREE LENDERS (CAHF)

- CAHF identified three MFIs in Ghana proving microfinance institutions (MFIs) that offer housing microfinance to self-employed individuals
- The lenders include HFC Baofo, Global Access, Sinapi Aba
- Given the lack of income verification for the self-employed, all three MFIs make savings a "rigid credit requirement"
- Clients either have to have an existing savings record at the MFI, or they have to show proof of a savings record at another bank
- HMF loan applications will not be considered without a savings record
- All MFIs require a cash collateral (deposit) of between 10% - 15% of the loan amount
- A typical loan appraisal, disbursement and monitoring process includes multiple, face-to-face meetings between the client and the loan officer
- The process is very hands on and requires the loan officer to build a strong relationship with their clients

CAHF 2016 Case Study, Housing Microfinance for the Self-Employed in Ghana

SELF-EMPLOYED ADULTS IN SOUTH AFRICA
(NIDS Wave 4 2014/15)

RURAL ADULTS

346,000 Self-employed adults that work 20 hours or more in business

- 23% Keep financial records
- 10% Say their business is registered for income tax and/ or VAT

URBAN ADULTS

606,000 Self-employed adults that work 20 hours or more in business

- 26% Keep financial records
- 14% Say their business is registered for income tax and/ or VAT
LEVERAGING TECHNOLOGY
Mobile phones offer new opportunities to support the delivery of HMF

INNOVATIVE APPLICATIONS OF TECHNOLOGY IN HMF

-Mobile marketplace for small-scale construction
  - iBUILD is a mobile app that aims to formalise and improve the delivery of small-scale construction for low-income households
  - The app acts as a mobile marketplace connecting households to builders, contractors and lenders
  - Similar to Uber, iBUILD allows households to rate and review builders
  - They also aim to support the certification and upskilling of informal builders
  - They plan to roll out their pilot in Nairobi in Q1 2017

- Reducing the risk of loan misuse
  - YoMane is a payment platform that facilitates the disbursement of funds for specific purposes, such as HMF to fund the purchase of building materials
  - The aim of YoMane is to mitigate against the risk of loan diversion by allowing funders to determine where the money is spent and what it is spent on

OWNERSHIP OF A CELLPHONE?
(Adults, aged 18+, <R15 000 household income)


Note: Full case studies on these two providers will be provided.
Technology can also facilitate more cost effective and closer monitoring

footage can be viewed here: https://youtu.be/rOgYkE4W0Y4
INTEGRATION ACROSS THE VALUE CHAIN
Habitat for Humanity surveyed 83 HMF providers across 37 countries. Of the providers surveyed, 54 (65%) offer technical assistance together with their HMF loans. A number of providers make technical assistance a mandatory requirement when taking out a HMF loan.

HOUSING SUPPORT SERVICES OFFERED GLOBALLY
(Habitat for Humanity survey of 83 providers offering HMF globally)

HMF PROVIDER OFFERS HOUSING SUPPORT SERVICES? (83 HMF providers surveyed)

- YES 65%
- NO 35%

MAIN REASONS FOR NOT OFFERING HSS?
- Requires specialised training and skills at an institutional level
- Requires significant time and cost investment to deliver and monitor assistance offered
- Requires additional staff to support TA programme

MOST COMMON TYPE OF SUPPORT OFFERED

- Construction advice 74%
- Budgeting 70%
- Personal financial education 57%

OTHER TYPE OF SUPPORT OFFERED:
- Education on the quality of building materials
- Preparation of plans by an engineer
- Assistance in processing the property’s title

Source: Habitat for Humanity, State of Housing Microfinance 2015-2016
In South Africa, HMF providers do not typically offer technical support to clients.

**EXAMPLES OF HOUSING SUPPORT SERVICES OFFERED IN SOUTH AFRICA**

- **Land & tenure**
  - PPC Home Owners Support Programme

- **Services (water & sanitation, electricity)**
  - Kuyasa (SA) provide ad-hoc workshops for financial & home ownership education
  - Thuthukani Housing Finance (SA) developed a budget booklet for customers**

- **Financing**
  - Thuthukani (SA) developed the handbook in conjunction with Planet Finance (now Positive Planet) – Build It Case Study CAHF 2016

- **Design & Building skills/services**
  - Building stores in South Africa typically give customers advice on material selection and help estimate quantities needed

- **Building assistance**
  - Building stores in South Africa also often play a role in helping customers find reliable contractors (builders, tilers, fitters)

**Note:** The advice provided by building stores is not technically Housing Support services (HSS). CAHF defines HSS as a wide range of non-financial services that are bundled with housing microfinance loans to support clients.

**PPC Home Owners Support Programme**

The PPC Home Owners Support Programme provides assistance across the entire housing value chain¹

¹PPC Home Owners Support Programme, CAHF Case Study 2016
ALIGNMENT WITH INFORMAL SETTLEMENT UPGRAADING PROCESSES

Iraq, Mpumalanga
Iraq, Mpumalanga

- Iraq is situated in the Emalahleni Local Municipality close to Phola, a town 35 km south of the Emalahleni city centre. The settlement is situated close to several coal mines, including Glencore Tweefontein Coal, Ferret Coal and Phola Coal Plant.
- 1,859 structures were enumerated by the HDA in 2016, with 1,505 households living in 1,587 structures used as occupied dwellings.
- All households participated in the survey, comprising a total of 4,194 people.

### DWELLING STRUCTURE
- 83% of structures are classified as informal.

### LENGTH OF TIME HOUSEHOLD LIVED IN SETTLEMENT
- 0 - 1 years: 8%
- 2 - 4 years: 26%
- 5 - 9 years: 39%
- 10 + years: 28%

### HOUSEHOLD OWNERSHIP OF DWELLING
- Own the dwelling and the land: 29%
- Own the dwelling but not the land: 69%
- Neither own nor rent, live for free: 2%

### TOILET FACILITY
- Pit latrine (with ventilation pipe): 71%
- Neighbour’s tap: 18%
- None: 10%

### SOURCE OF DRINKING WATER
- Piped water in yard: 37%
- Communal tap: 27%
- Neighbour’s tap: 33%
- Other: 2%

### ENERGY USED FOR LIGHTING
- Paraffin: 81%
- Candles: 16%
- Other: 2%
- Electricity from generator: 2%

### MONTHLY HOUSEHOLD INCOME
- None: 1%
- R7 501+: 29%
- R501 - R1 500: 13%
- R1 - R500: 32%
- R1 - R500: 32%
- R7 501+: 6%

### HOUSEHOLD FINANCES
- Send money (remittances): 13%
- Receive money (remittances): 5%
- Bank account: 61%
- Clothing store account: 12%
- Furniture store account: 5%
- Loan with bank or formal lender: 2%

### WORK STATUS* (Age 18 – 64)
- Male: Works for a company for a salary or wage: 41%
- Female:作品 for a company for a salary or wage: 14%
- Male: Domestic / gardener: 8%
- Female: Domestic / gardener: 7%
- Male: Self-employed: 10%
- Female: Self-employed: 5%
- Male: Does not work: 40%
- Female: Does not work: 73%

### MAIN REASONS MOVED TO THIS SETTLEMENT (Age 15+, Moved here (100% of adults))
- Male: There is more space or land here: 58%
- Female: There is more space or land here: 15%
- Male: Join other family members: 13%
- Female: Join other family members: 12%
- Male: I got a new job near here: 6%
- Female: I got a new job near here: 13%

**Note**: Those who are currently attending an educational institution and who are not working have been excluded.

**36%** of those that work for a company for a salary or wage work in construction and **33%** in mining.
Lekazi, Mpumalanga
Lekazi, Mpumalanga

- Lekazi is situated within the Emalahleni Local Municipality, about 9 km from the Emalahleni city centre. This settlement is situated close to the Ferrobank Industrial township and several mineral ore mines, including the Samancor Ferrometals plant for ferrochrome production.
- 2,940 structures were enumerated by the HDA in 2016, with 2,389 households living in 2,628 structures used as occupied dwellings.
- 5% of households did not participate in the survey (97 not home, 20 refused); the remaining households comprise a total of 4,848 people.

**DWELLING STRUCTURE**

- Of structures are classified as informal: 89%

**LENGTH OF TIME HOUSEHOLD LIVED IN SETTLEMENT**

- 0 - 1 years: 11%
- 2 - 4 years: 24%
- 5 - 9 years: 32%
- 10 + years: 33%

**HOUSEHOLD OWNERSHIP OF DWELLING**

- Own the dwelling and the land: 66%
- Own the dwelling but not the land: 12%
- Rent the dwelling and the land: 14%
- Built the dwelling and rent the land: 2%
- Neither own nor rent, live for free: 6%

**TOILET FACILITY**

- Pit latrine (no ventilation pipe): 7%

**SOURCE OF DRINKING WATER**

- Neighbour's tap: 27%
- Piped water in dwelling: 44%
- Piped water in yard: 1%
- Communal tap: 2%
- Other: 4%

**ENERGY USED FOR LIGHTING**

- Candies: 44%
- Paraffin: 1%
- Other: 5%
- Piped water in dwelling: 64%

**MONTHLY HOUSEHOLD INCOME**

- None: 13%
- R1 - R500: 12%
- R501 - R1 500: 25%
- R1 501 - R3 500: 33%
- R3 501 - R7 500: 14%
- R7 501 +: 2%

**HOUSEHOLD FINANCES**

- Send money (remittances): 46%
- Receive money (remittances): 5%
- Bank account: 59%
- Clothing store account: 14%
- Furniture store account: 6%
- Loan with bank or formal lender: 6%

**HOUSEHOLD COMPOSITION**

- Single parent: 10%
- Couple, no kids: 5%
- Nuclear family: 15%
- One person: 46%
- Extended family: 19%

**AGE PYRAMID**

- Male: 59%
- Female: 41%

**WORK STATUS**

- Male: 39%
- Female: 12%
- Works for a company for a salary or wage: 50%
- Domestic / gardener: 8%
- Self-employed: 10%
- Volunteer: 1%
- Does not work: 43%

**MAIN REASONS MOVED TO THIS SETTLEMENT**

- Move here: 50%
- I got a new job near here: 31%
- Join other family members: 16%
- I became a student: 6%

Note*: Those who are currently attending an educational institution and who are not working have been excluded.
Marikana (Old Coronation), Mpumalanga
Marikana (Old Coronation), Mpumalanga

- Marikana (OC) is situated within the Emalahleni LM, about 7 km from the Emalahleni city centre. This settlement is situated close to the Ferrobank Industrial township and several mineral ore mines, including the Samancor Ferrometals plant for ferrochrome production.
- 774 structures were enumerated by the HDA in 2016, with 666 households living in 677 structures used as occupied dwellings.
- 1% of households did not participate in the survey (2 were not home, 6 refused); the remaining households comprise 1,046 people.

### Dwelling Structure

- Of structures are classified as informal: 96%

### Energy Used for Lighting

- Piped water in dwelling: 1%
- Candles: 9%
- Paraffin: 16%
- Neighbour's tap: 2%
- Piped water in yard: 2%
- Other: 3%
- Pit latrine: 2%
- None: 2%

### Source of Drinking Water

- Piped water in dwelling: 82%
- Other: 9%
- Neighbour's tap: 9%
- Pit latrine: 2%

### Monthly Household Income

- None: 22%
- R1 - R500: 15%
- R501 - R1,500: 39%
- R1,501 - R3,500: 30%
- R3,501 - R7,500: 15%
- R7,501 +: 2%

### Household Finances

- Send money (remittances): 37%
- Receive money (remittances): 8%
- Bank account: 76%
- Clothing store account: 17%
- Furniture store account: 9%
- Loan with bank or formal lender: 4%

### Household Ownership of Dwelling

- Own the dwelling and the land: 68%
- Rent the dwelling and the land: 9%
- Neither own nor rent, live for free: 1%
- Own the dwelling but not the land: 22%

### Household Composition

- 72% of one person HH are male headed

- One person: 65%
- Single parent: 8%
- Couple, no kids: 6%
- Nuclear family: 59%
- Extended family: 11%
- Male: 59%
- Female: 41%

### Work Status*

- Male: 49%
- Female: 26%
- Works for a company for a salary or wage: 59%
- Domestic / gardener: 6%
- Self-employed: 19%
- Does not work: 26%

### Main Reasons Moved to This Settlement

- There are more jobs near here: 49%
- I got a new job near here: 36%
- Join other family members: 12%
- There is more space or land here: 11%
- I became a student: 3%

Note*: Those who are currently attending an educational institution and who are not working have been excluded.
THIS IS A PICTURE OF A WELL LOCATED SERVICED SITE IN A METRO IN SOUTH AFRICA THAT IS AVAILABLE TO LOWER INCOME HOUSEHOLDS RIGHT NOW
<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHO IS THE TARGET MARKET?</td>
</tr>
<tr>
<td>WHAT ARE THE HOUSING NEEDS OF THE MARKET?</td>
</tr>
<tr>
<td>HOW ARE BUILDING MATERIALS FINANCED?</td>
</tr>
<tr>
<td>WHO CAN ACCESS HMF?</td>
</tr>
<tr>
<td>OPPORTUNITIES FOR GROWTH</td>
</tr>
<tr>
<td>WHAT ARE THE KNOWLEDGE GAPS?</td>
</tr>
</tbody>
</table>
Thank you to the lenders who have completed our survey

- Bayport
- Norufin
- Real People
- Thuthukani

- ANY INTEREST FROM OTHER LENDERS?