

# Issues

## Bank

- No clear title – collaterals
- KYC requirements
- Poor credit profiles
- Lack of documented income proof
- Lack of permanent residence / locations
- Long term loans required
- High operating costs
- If there is money Banks will get in

## MFI

- Higher degree of difficulty
- Difficult to create groups
- Long term loans
- ALM issues
- Cost – not sustainable in long-term
- Good for improvement loans

# Examples

**Bulk Model** – India – Mumbai - SPARC

**Cost to the beneficiary** – Free

**Funded by**– Sale of Transferable Development Rights (TDRs)

**Banks involved**– ICICI Bank, Citi, NHB, Axis Bank

**Issues** – more specific to Mumbai

**Subsidies** – Whole cost is subsidised – but at no direct cost to Government

**Key Support players**

Few banks, Homeless International, few international agencies

# Examples

**India** – Retail Model

**Kudumbashree** – Government programme

**Units funded** – Over 100,000 (by 15 Banks)

## **Subsidy involvement**

- In building capacities
- Group formation, training, aggregation
- Delivery and administration

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# Example

**South Africa** – Rental – JHC

**Cost to the beneficiary** – Rent

**Funded by**– Loans/Grants

**Issues** – Good rent collection methods/systems

## **Subsidies**

Part of the project cost (to the extent of 40 to 50%)

# Key enablers

## **Bulk Models**

- Bridge funds – to supplement lack of equity
- Credit enhancements – to absorb uncertainties – mostly not-for profit outfits

## **Retail Models**

- Indirect subsidies – by capacity building
- Delivery costs

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# My Learning

- No Single solution – even with in a single country
- The way forward is to look at good models, showcase them and try to scale
- Keep the models and discussions simple and straight forward
- Do not analyse too much – take reasonable risks
- We can not solve all problems together – focus on what you have decided to focus