Thinking Beyond the Obvious: Owner Driven Construction

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Meet Ed & Gina

Family Size:
4-6 members

Occupations:
Agriculture, self-owned business or daily labor

Monthly Income:
USD 300-500
Housing Need

Home Improvement Priorities:

- Roof Repair
- Toilet
- New Room
Access to Housing Finance

Lack of access to affordable financing for home improvements and repairs

Availability of Materials & Services

Lack of access to affordable, sustainable housing products

Information Flows and Social norms

Social Norms influence households’ decision making that often leads to suboptimal construction choices
Our Mission

Market-Based Approaches
Achieve large scale impact by supporting companies to serve low-income households

Facilitator
Catalyze sustainable changes in housing markets through advisory services and capital
Philippines

88% plans to improve their

MARKET POTENTIAL
on the next three (3) years

85% interested to loan through Microfinance

Terwilliger Center for Innovation in Shelter
**Philippines**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Size</strong></td>
<td>$900</td>
</tr>
<tr>
<td><strong>Loan Tenure</strong></td>
<td>24 months</td>
</tr>
<tr>
<td><strong>Installment Size</strong></td>
<td>$40</td>
</tr>
</tbody>
</table>

**Preferred Loan Features**

- **Kitchen**: 21%
- **Wall**: 20%
- **Roof**: 18%
- **Floor**: 14%
- **Room**: 14%
- **Toilet**: 11%

*Building and expanding inclusive housing markets*
Significant opportunity exists among existing as well as new customer base.

Role of financial institutions serving the low-income segment is critical.

$1.56 Billion

Market Potential among existing Microfinance Borrowers

Housing Microfinance Potential

Philippines
## Required Behavior Change for MFI

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Existing</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target market segment</td>
<td>Existing clients only</td>
<td>Existing clients and New members</td>
</tr>
<tr>
<td>Loan appraisal</td>
<td>Simple Loan Proposal</td>
<td>Basic technical knowledge on HMF</td>
</tr>
<tr>
<td>Product features: Loan size</td>
<td>$300</td>
<td>Cost estimation tool Field validation</td>
</tr>
<tr>
<td>Loan term</td>
<td>12 months</td>
<td>Stand-alone product up to ~US$ 950</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24 months/36 Months</td>
</tr>
</tbody>
</table>
Philippines

Is finance enough?

Quality gaps exist in home construction

Material access not a problem

Information flows and Influences

Labour: Unskilled and semi-skilled workers
What aspirations drive decision making?

What type of capital is required to meet the demand?

How does information flow to households?

What policies encourage investment?
What can we do

Look beyond the obvious

Use market forces

Change behavior
Interactions between norms and other factors sustaining harmful practices

Owner-Driven Construction

- Design
- Tools
- TVET
- Customers
- Financial Products
- Certification
- Registration
- Codes
- Policies
- Local Government
- Social Insurance

- Beliefs
- Knowledge
- Skills
- Attitude
- Associations Referrals
- Aggregators
- Coops
- Companies

Social Norms

People make decisions based on what they believe is expected of them.

Social norms heavily influence the home building decisions & practices of low-income households.

Defining Social Norms

- Interaction
- Collective behaviors
- Determinant
Insights from social norms and housing decision-making research

India & Peru
India

Men are head of households
Powerless to natural disasters
Distrust on innovation
Vastu Principles followed
Appearance matters most

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Possible Interventions

1. Educate women on construction technology

2. Help uptake of disaster resilient building practices through Microfinance

3. Partner with construction material suppliers
Women begin home construction

Fatalistic to disaster resilience

Masons hired based on loyalty & reputation

Masons are conduit of information
Peru

Possible Interventions

1. **Target involvement of Women in home construction**

2. **Promote professional mason work as career**

3. **Partner with universities & professionals for internships**
THANK YOU!

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