



## > Ghana

**CHF International** and **HFC Bank Limited (Ghana)** have established **Boafo Microfinance Services Ltd.**, a new microfinance service company which will address a market niche by providing housing and enterprise microfinance loans to households living and working in the informal settlements of Accra, Tema, and Kumasi.

Boafo, which means "helper" in the native Twi language, combines Ghana's largest mortgage lender with CHF International, the pioneer in housing microfinance, to provide a "helping hand" to low-and moderate-income Ghanaians in their pursuit of business, shelter and educational opportunities. Funding for Boafo will be provided by **HFC Bank**, **CHF International**, the **Global Development Alliance (GDA)** of the **U.S. Agency for International Development (USAID)** and the **United Nations Slum Upgrading Facility (SUF)**.

It is estimated that in Ghana, 1.9 million urban poor face limited access to credit to improve or build their homes. In its role as a unique supplier of non-mortgage housing microfinance loans, Boafo:

- > lends for the **improvement or expansion of homes** in informal settlements;
- > lends for **business expansion** to increase household incomes;
- > offers access to **savings services** through the HFC Bank;
- > offers minimal **consumer education** on managing credit and home improvement projects; and
- > **requires less collateral** coverage for loans to informal sector entrepreneurs than that required by other lenders.

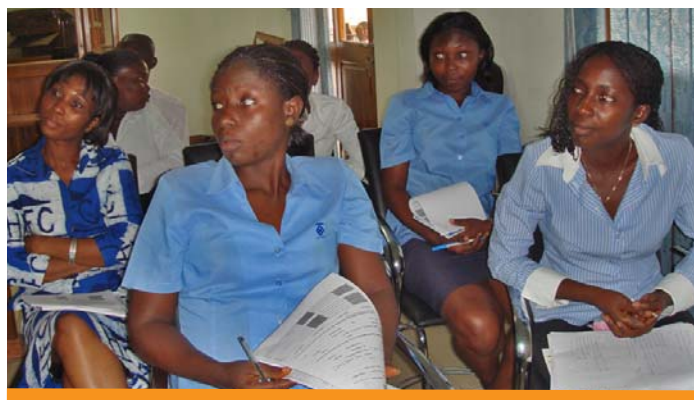
Both CHF and HFC Bank bring unique strengths and a strategic fit to the Ghanaian microfinance market. CHF pioneered progressive-building loans in the 1980s and is recognized as a leader in housing microfinance. Today, CHF has development finance operations in eleven countries and an outstanding portfolio of \$76 million, of which 30% is made up of home improvement loans. HFC Bank is Ghana's leading mortgage lender, with a strong branch network, new deposit and loan products, extensive experience in the Ghanaian market, and a Board and management commitment to serve low-income Ghanaians.



Elizabeth was one of the very first recipients of a Boafo Microfinance Services Ltd. loan with which she can now make improvements to her home.

In the next five years, at least a quarter of the loans are expected to be for home improvements, strengthening the most important asset of low-income families. Loan amounts, terms and payments will allow urban Ghanaians to make substantial changes in their homes, such as adding rooms, improving roofs, and adding utilities, while remaining affordable. The vast majority of urban Ghanaians lack full land titles, so loans will be secured by a combination of other guarantees, including co-signers and salary deductions. At the end of three years, the company plans to be profitable, with a portfolio of \$4 million, including \$1 million in housing loans. HFC and CHF envision Boafo as a pilot that could be replicated in other West African countries over the next several years.

Boafo started making its first loans in April 2007 and now has an outstanding loan portfolio of US\$1.1million with 450 borrowers.



## *New Shelter Opportunities, One Loan at a Time*



**Ernestina Ameyaw** is a 30-year-old sales representative with Tanbet Company at Kokomlemle in Accra.

Eight years ago, Ernestina bought a plot of land at ₵18,000,000 (US\$2,000). Ernestina worked to accumulate savings for three years before beginning construction on her new land.

Along the way, however, her building project stalled, because she could not take out a loan to finish her building project. After efforts to obtain a loan from a financial institution proved futile, Ernestina abandoned her project.

Ernestina continued to rent an apartment along Spintex Road in Accra, but on June 30th, she knew that the rent advance she had paid two years ago would expire. In order to continue renting her apartment, she would have to put down a new three-year advance, which would cost her ₵36,000,000 (US\$4,000), or move out of her present apartment. At this point, Ernestina realized that it would be wise to revisit her building project rather than paying the large fee for rent, but she still did not have the money.

That was when she remembered a news item on her favorite TV station, TV3 --- TV3 had been present at the official launching of Boafo Microfinance Services Ltd, a microfinance service company established by CHF International and HFC Bank, and had broadcast the news widely in Ghana. Remembering that Boafo's mission is to improve the housing conditions of low-income people, she decided to visit the Boafo office in Accra to find out more about the Home Improvement Loan (HI-5) product.

Ms. Ameyaw opened a bank account with HFC Bank, CHF's partner bank in Ghana, and applied for a loan. After an initial assessment, Boafo granted a loan of ₵20,000,000 (US\$2,000) which she used to buy windows, doors, ceiling materials, and security mechanisms for her new home. She moved in this July and is thrilled about this investment that will continue to pay off well into her future.

Boafo Microfinance Services Ltd is a joint venture company between **CHF International** and **HFC Bank Ghana** with support from the **U.S. Agency for International Development** and **UN HABITAT**.

