Urban Finance Branch SUF Local Finance Facility Programme

Snapshot Overview Global and Country Level

Version 1_ September 2009

Further enquires arising from and related to this document may be sent to: Barbara.Hewson@unhabitat.org
UN-HABITAT Urban Finance Branch Local Finance Facility Programme Overview
Snapshot Analysis as of Sept 2009

SUF Local Finance Facility Programme Leverage overview of total project value projected to be $19,233,000:

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Projected Project Investment 2009 - 2013</td>
<td>$19,233,000</td>
<td>100%</td>
</tr>
<tr>
<td>Land</td>
<td>$5,009,939</td>
<td>26%</td>
</tr>
<tr>
<td>Community contribution</td>
<td>$925,895</td>
<td>5%</td>
</tr>
<tr>
<td>Government inputs</td>
<td>$2,159,000</td>
<td>11%</td>
</tr>
<tr>
<td>Commercial lending</td>
<td>$9,836,000</td>
<td>51%</td>
</tr>
<tr>
<td>Other contributions</td>
<td>$1,302,166</td>
<td>7%</td>
</tr>
</tbody>
</table>

Project Summary
- Number of projects underway or implemented: **3**
- Number of projects in development in the pipeline: **39**
- Estimated number of households to be reached: **8953** (this is a conservative estimate and based only on existing project numbers and some minor projections)
- Total estimated project value: **$19,233,000**

Funding Snapshot
- Total Donor funding pledged: **$18,495,026.15**
- Donor funds advanced to date: **$16,230,925.15**
- Balance remaining from these funds: **$2,264,101.00**
- Earmarked for credit enhancement: **$1,902,302.00**
- Balance for operational costs: **$361,799.00**
- Funds remaining as a savings from Pilot Team contract: ~**$651,000**

Leverage Analysis
- Total Credit Enhancement funds: **$5,500,000**
- Total Projected Project Investments: **$19,233,000**
- Leverage of investment funds to CE funds: **3.5 to 1**
## SWOT Analysis of the Local Finance Facility Programme Overall

### Strengths
- The Local Finance Facilities are finally gaining traction;
- We are reaching a clear understanding of the viability of each of the Local Finance Facilities (LFSUS in Sri Lanka, for example is fully viable; in Indonesia, Solo BLUD is 95% viable; we anticipate TAFSUS in Tanzania will also be viable). Where viability is an issue, gaps can be addressed and additional funds leveraged;
- The process has successfully convened very strong partners in all countries;
- There is strong government support and private sector enthusiasm for this approach in all four pilot countries, and;
- The prototype works well in Asia and has potential in Africa, but needs time.

### Opportunities
- Integrate the existing Local Finance Facilities into the Urban Finance Branch community development loan approach with strong financial oversight;
- Leverage greater amounts of inputs from other sources (government, communities) as these areas show promise for greater inputs;
- Create group CEO and CFO for all Local Finance Facilities with operating and financial backgrounds;
- Roll out prototypes to Millennium Cities in Africa and through the SDI network, and;
- Forensic audit to clear reputations and clear the air with donors.

### Weaknesses
- Double staffing (EMG & UN-HABITAT) wasted money and slowed progress;
- Financial release mechanisms (Cities Alliance, World Bank, Programme Support Division in UN-HABITAT) over complicated and inefficient;
- Clear information reporting to the donors is lacking;
- The Local Finance Facility in Yogyakarta is 30% viable and requires further capitalization, and;
- Extra efforts will need to be made in Ghana to ensure the Local Finance Facilities are viable and sustainable and the funds revolve and that Tanzania is able to implement TAFSUS and a range of pipeline projects.

### Threats
- Reputation risk from perception of inefficiency and wasteful spending;
- Reputation risk from harsh criticism of the SUF Programme, and;
- Risk that the value of work done to date will be lost, the value of the prototype will be lost and c) future funding from any sources will be difficult, if not impossible, unless reputation issues can be addressed.
Lanka Financial Services for Under-served Settlements (LFSUS) Facility in Sri Lanka
Snapshot Analysis as of Sept 2009

Sri Lanka LFSUS Leverage Projections using SUF Credit Enhancement Funds

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Lending</td>
<td>$2,500,000</td>
<td>34%</td>
</tr>
<tr>
<td>Land</td>
<td>$240,000</td>
<td>56%</td>
</tr>
<tr>
<td>Government subsidies</td>
<td>$420,000</td>
<td>6%</td>
</tr>
<tr>
<td>Community contribution and savings</td>
<td>$80,000</td>
<td>1%</td>
</tr>
<tr>
<td>Other inputs</td>
<td>$200,000</td>
<td>3%</td>
</tr>
</tbody>
</table>

LFSUS Sri Lanka Financial Leverage Total $7,400,000

Number of projects underway or implemented: 1
Number of projects in development in the pipeline: 11
Estimated number of households to be reached: 1,194

Board Members
Mr. Chandula Abeywickrema (CHAIRMAN), Director, Hatton National Bank
Mr. Cashian Herath, Secretary, Ministry of Local Government and Provincial Councils
Mr. P Sumanapla, Ministry of Finance and National Planning
Mrs. Padma Ratnayake, SAPSRI Community Partner
Mr. Nandasiri garment and Mrs. Rupa Silva, Women's Bank
Mr. Romesh Moreas, James Findlay and Co.
Mr. Prasanna Gunawardena, Urban Settlement Development Authority

Secretariat Staff
Currently, there is a temporary part time CEO Secretariat, Mrs. Melanie Fernando, to be replaced by a full time recruited Secretariat in place by 1 October 2009.

Support from UN-HABITAT going forward
- Ayanthi Gurusinge, Country Advisor, in place through December 2009
- HQ support: see proposed UN-HABITAT work plan through 2009 (through 2013 to be developed)
- HPM Laxman Perera

Funding Overview
- Donor funds received and applied: $830,000
- Other funding support expected: $600,000 from Central government over 3 years (2011 – 2013) for credit enhancement
- Donor funds still expected: $570,000
- Gap analysis for sustainable operation: none; LFSUS is viable given full funds received in accordance with UN-HABITAT agreements and Government of Sri Lanka.
### SWOT of the Lanka Financial Services for Under-served Settlements (LFSUS) Facility in Sri Lanka

#### Strengths
- Very strong political support from the Sri Lanka government as evidenced in a new budget line for low-income settlement upgrading for SUF projects. The result is a $600,000 contribution from the Urban Development Ministry over 3 years as credit enhancement funds for LFSUS.
- Project-level grants for priority government areas up to $250,000 secured.
- A strong LFSUS Board with high-profile representation from bankers, government and communities.
- Local Government support provided through land and infrastructure on a project-by-project basis;
- Security of tenure for urban land being provided as an input from government valued at over $4 million for all pipeline projects;
- High capitalization combined with approximately over 13% rates of return in fixed deposits means LFSUS has a very positive cash flow. It is self-sustaining and viable, and has room to expand to reach more households.

#### Opportunities
- As a national facility, LFSUS has a broad mandate and is well placed to influence national government slum and settlement upgrading policy (the $600,000 in CE funds was a result of this policy influence, and the Local Finance Facility approach has been included in national policy documents);
- A series of meetings with micro-finance institutions across Sri Lanka will open LFSUS up to potential new projects;
- Partnerships at the project level with Cities Alliance and Habitat for Humanity are under discussion;
- It is expected that the central bank interest rates will go down by the end of this year, making lending more affordable.

#### Weaknesses
- The LFSUS Board Secretariat is not yet in place and staffed. Work thus far has been done by country advisor with part-time inputs from LFSUS Board members and a temporary CEO. This must be addressed urgently.
- More work is needed to develop a range of pipeline projects that will include in-situ upgrading for housing and infrastructure as well as more complex settlement upgrading projects.
- Greater monitoring links must be made between LFSUS and its client MFIs to ensure loan tracking is done.

#### Threats
- Political instability, natural disasters or other shocks could greatly increase default rates and/or slow project implementation
- Time is needed to develop projects well and drawn lessons.
- Full expected capitalization (from Government of Sri Lanka and UN-HABITAT) must be received in order for LFSUS to be financially viable.
BLUD Local Finance Facility in Solo, Indonesia
Snapshot Analysis as of Sept 2009

Solo BLUD Indonesia Leverage Projections using CE funds

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government subsidies</td>
<td>$705,000</td>
<td>20%</td>
</tr>
<tr>
<td>Commercial lending</td>
<td>$2,370,000</td>
<td>66%</td>
</tr>
<tr>
<td>Land</td>
<td>$210,000</td>
<td>6%</td>
</tr>
<tr>
<td>Community contribution and savings</td>
<td>$270,000</td>
<td>8%</td>
</tr>
<tr>
<td>Community</td>
<td>$280,000</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>$3,550,000</td>
<td></td>
</tr>
</tbody>
</table>

Number of projects underway or implemented: 1
Number of projects in development in the pipeline: 11
Estimated number of households to be reached: 2,381

Board Members

Mr Anung Indro Susanto, Chairman, Finance, treasury, asset management
Mr Widdi Sri Hanto, Local governance, community development, liaison
Mr Sumartono Hadinoto, management, fund raising, business development
Mr Suharto, Accountant
Mr Liem Liliek Setiawa, Business government relation, community technology
Mr Bambang Sugiatmadi, Community development, parliamentary relation
Mr Wagiman Wongso Suwitto, Construction manager and community organizer

Secretariat Staff

Mr Sarwono, CEO of Solo BLUD. Business management, accounting and law
Ms Patricia Gonie, Chief technical officer, project development and low cost housing (salary a contribution of Solo municipality)
Ms Erma Ayu Rakhmawati, Chief financial officer, local government finance, accounting, government relations (salary a contribution of Solo municipality)

Support from UN-HABITAT going forward

- Direct country support and CFO oversight from Marcel Pandin through 2010
- HQ support: see proposed UN-HABITAT work plan through 2009 (through 2013 to be developed)
- HPM Dodo Juliman

Funding Overview

- Donor funds received and applied: $0
- Other funding support expected: $35,000 per annum in-kind contributions and $600,000 direct project subsidy from local and central government
- Donor funds still expected: $1,129,084
- Gap analysis for sustainable operation: $55,000 needed for viability given full funds in accordance with UN-HABITAT agreements and Government of Indonesia inputs.
# SWOT of the Local Finance Facility (BLUD) in Solo, Indonesia

## Strengths
- Very strong support from the Mayor and Solo Municipality; this is evidenced in their financial inputs to the BLUD of $300,000 annually for cash subsidies for housing projects;
- Solo BLUD is 95% viable and needs to source approximately $55,000 to have a sustainable operation.
- Commitment at central government level; evidenced by a further $300,000 annually, also for subsidies at the community level;
- The Solo BLUD is housed within the Local Government Unit in the Solo Municipality and office and staff costs (approximately $35,000 per year) are a contribution of the municipality;
- The use of credit enhancement guarantees allows banks to offer interest rates at 10 to 12% lower than market rates (from approximately 34 - 36% maximum to 24% - a rate which makes projects affordable), and;
- The direct contribution of freehold land title (National Land Authority and the municipality both deserve credit for this) for slum dwellers in Solo, at a market value of over $200,000 thus far.
- Communities in Solo well organised; MFIs have history of savings and lending.

## Opportunities
- It is a formal goal of the government to address settlement upgrading and low income house for 6,612 households in by 2011 in Solo. A deliberate decision has been taken by the municipality to use Solo BLUD to help achieve this goal, ensuring a pipeline of new projects;
- The direct contribution of freehold land title (National Land Authority and the municipality both deserve credit for this) for low-income slum dwellers in Solo, at a market value estimated at over $200,000.
- The institutional structure of the Solo BLUD means funds can be blended and there will be room to expand this over time.
- Where applicable in certain project areas, provision to micro-finance institutes of zero interest rate loans from a Ministry of Housing revolving fund for a portion of the cost of settlement upgrading (see Nusukan project).
- The implementation of C-REITS (Community Real Estate Investment Trust) is planned as a means of leveraging further investor funds;
- Fees can be charged on guarantees.

## Weaknesses
- The operational links between Solo BLUD and MFIs in terms of project monitoring and implementation are untested.
- Funds are not yet in place for the Solo BLUD and there is a danger the projects will lose momentum or need to be referred and/or Board members will lose faith in the process.

## Threats
- As a part of the Local Government Unit, there is the potential that Solo BLUD could be limited by procedures and/or bureaucracy
- Political instability, natural disasters or other shocks could greatly increase default rates and/or slow project implementation
- Time is needed to develop projects well and drawn lessons.
- Full funding as per UN-HABITAT agreements and government inputs is required for financial viability
Local Finance Facility (Yayasan “Kotakita”) in Yogyakarta, Indonesia
Snapshot Analysis as of Sept 2009

Kotakita Yogyakarta Indonesia Leverage Projections using CE funds

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government subsidies</td>
<td>$220,000</td>
<td>14%</td>
</tr>
<tr>
<td>Community contribution</td>
<td>$80,000</td>
<td>5%</td>
</tr>
<tr>
<td>Commercial lending</td>
<td>$1,300,000</td>
<td>81%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,600,000</td>
<td></td>
</tr>
</tbody>
</table>

Number of projects underway or implemented: 0
Number of projects in development in the pipeline: 4
Estimated number of households to be reached: 1,700

Board Members
- Drs. Haryadi Suyuti, Deputy Mayor of Yogyakarta
- Ir. Bayundono, CEO, Secretariat
- Tri Kirana Muslidatun, Secretariat
- Ir. Aries Prastiani, Secretariat
- Danang Yulisaksono, Secretariat
- H. Fahmi Idris Akbar, Chief Financial Officer
- Ir. Eko Suryo, Chief of Public Works, Yogyakarta Municipality
- Dr. Ir Budi Prayitno, Lecturer, University
- Rio Kustianto, Auditing Board Lawyer
- Dr. Kumalohadi, Auditing Board Accountant
- BRay Atika Purnomowati, Financing Board member
- Drs. Cahyono Budi, People’s Empowerment member
- Drs. Pande Made Kutanegara, People’s Empowerment member
- HA Taufigurohman, NGO representative
- Wahyu Setyowati, Architect and Municipal staff
- Vidi Syukri, Architect

Support from UN-HABITAT going forward
- Direct country support and CFO oversight from Marcel Pandin through 2010
- HQ support: see proposed UN-HABITAT work plan through 2009 (through 2013 to be developed).
- HPM Dodo Juliman

Funding Overview
- Donor funds received and applied: 0
- Other funding support received: 0
- Donor funds still expected: $350,000
- Gap analysis for sustainable operation: $650,000
## SWOT of the Local Finance Facility (Yayasan “Kotakita”) in Yogyakarta, Indonesia

### Strengths
- Strong political support from the municipality and from central government evidenced through direct financial inputs to communities to subsidize upgrading projects in Yogyakarta confirmed at over $400,000 dollars annually.
- The project portfolio contains projects that are a mix of infrastructure based upgrading settlement upgrading.
- The use of credit enhancement guarantees (starting at 100% in year 1 and dropping in years 2 and 3 to an anticipated 85% and then 75% of the outstanding amount) has been negotiated with banks; in return they are offering interest rates at 10 to 12% lower than market rates (from approximately 34 - 36% maximum to 24% - a rate which makes projects affordable).

### Opportunities
- Goal of the government to address settlement upgrading for up to 10,000 households in the medium term in the Yogyakarta. Kotakita is expected to help achieve this goal (but to do so, will need further capitalisation);
- Ministry of Housing has requested the eventual transformation of this Yayasan foundation to a BLUD, at which point it will be housed within the Local Government Unit and should be eligible for in-kind support and with greater potential to blend government grants.

### Weaknesses
- At this point, the foundation (or Yayasan) Kotakita is not formally linked with the local government and therefore does not receive in-kind contributions, nor can it blend government funding as well as BLUD.
- The Kotakita LFF is under funded and under capitalized and is not viable without further assistance in this area (approximately $650,000 is needed).
- More work is needed to develop a range of pipeline projects.
- Operational links between Kotakita and MFIs in terms of project monitoring and implementation are untested.
- Funds are not yet in place for Kotakita and there is a danger the projects will lose momentum or need to be referred and/or Board members will lose faith in the process.

### Threats
- A lack of government support for the Yayasan structure could mean no access to the low-income subsidies for slum upgrading that are available;
- High interest rates may make commercial lending difficult for low-income communities
- Political difficulties; changing the Yayasan to a BLUD may slow progress.
- New sources of funding must be found to ensure Kotakita is financially viable.
**Tanzania Financial Services for Under-served Settlements (TAFSUS), Tanzania**

**Snapshot Analysis as of Sept 2009**

**TAFSUS Tanzania Leverage Projections using CE funds**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial lending through CE funds</td>
<td>$1146000</td>
<td>32%</td>
</tr>
<tr>
<td>Other to be identified</td>
<td>$367,895</td>
<td>10%</td>
</tr>
<tr>
<td>Land</td>
<td>$193,939</td>
<td>5%</td>
</tr>
<tr>
<td>Community contribution</td>
<td>$770,000</td>
<td>22%</td>
</tr>
<tr>
<td>Government inputs</td>
<td>$770,000</td>
<td>22%</td>
</tr>
</tbody>
</table>

Total TAFSUS Tanzania Financial Leverage: $3,580,000

**Number of projects underway or implemented:** 0

**Number of projects in development in the pipeline:** 5

**Estimated number of households to be reached:** 2007

**Board Members**

- **Chairman:** Salmon Odunga, Director, Daima Associates; former PS of Ministry of Finance
- Charles Singili, Managing Director, Azania Bank
- John Ulanga, Executive Director, The Foundation for Civil Society
- Prof. Tumsifu Nnkya, Director of Housing, Ministry of Lands, Housing and Human Settlements Development
- Prof. Kironde, Ardhi University
- Jimreeves Naftal, Ministry of Finance
- Dr. Evans Rweikiza, Ministry of Local Government nominee

**Secretariat Staff**

TAFSUS Secretariat Staff to be hired by 1 October 2009

**Support from UN-HABITAT going forward**

- Country Advisor Joe Bishota until Dec 2009
- UN-HABITAT Programme Manager Phillemon Mutashubiriwa
- Direct support as necessary from Angela Mwai
- HQ support: see proposed UN-HABITAT work plan through 2009 (through 2013 to be developed)

**Funding Overview**

- Donor funds received and applied: 0
- Other funding support expected from Central Government: $650,000
- Donor funds still expected: $1,200,000
- Gap analysis for sustainable operation: none; based on preliminary analysis, TAFSUS is viable given full funds received in accordance with UN-HABITAT agreements and Government of Tanzania.
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• High-level Board support and a growing momentum for TAFSUS</td>
<td>• TAFSUS is seen as very welcome initiative to address an unmet need in settlement upgrading efforts in Tanzania;</td>
</tr>
<tr>
<td>• Verbal support for the TAFSUS prototype from the Ministry of Housing</td>
<td>• The Unit Titles and Mortgage Financing Acts were recently passed in Parliament, opening an opportunity for security-based lending and densification options;</td>
</tr>
<tr>
<td>• Verbal indications from government for land and infrastructure inputs on a project-by-project basis</td>
<td>• New policy to waive restrictive building codes has been negotiated for land held under group title</td>
</tr>
<tr>
<td>• Promising projects that need further development</td>
<td></td>
</tr>
<tr>
<td>• Good foundation of organised and motivated community groups with informal saving and lending experience to build upon</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• More work is needed to develop a range of pipeline projects.</td>
<td>• High interest rates and high construction costs will affect affordability</td>
</tr>
<tr>
<td>• Certain projects need further analysis and development to be viable</td>
<td>• Inputs from local government in terms of infrastructure may not be forthcoming as hoped</td>
</tr>
<tr>
<td>• Slow progress to date</td>
<td>• There is little previous experience of commercial lending for low income groups and therefore time will be needed to demonstrate the process</td>
</tr>
<tr>
<td>• MFIs need further strengthening and links between TAFSUS and MFIs in terms of project implementation and monitoring need to be formalise.</td>
<td>• Delays in funding will impact financial viability, and;</td>
</tr>
<tr>
<td>• Links between TAFSUS and MFIs need to be formally established to support monitoring and management of lending.</td>
<td>• Time will also be needed to develop projects well and learn lessons.</td>
</tr>
</tbody>
</table>
**STMA Local Finance Facilities in Ghana: TAMSUF and STMA CSUF**

Snapshot Analysis as of Sept 2009

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### Ghana TAMSUF and STMA Leverage Projections

- **Number of projects underway or implemented:** 1
- **Number of projects in development in the pipeline:** 8
- **Estimated number of households to be reached:** 1671

### TAMSUF Board Members

Dr. Alexander Tweneboaa, Ghana Real Estate Development Association CHAIRMAN  
Nii Larbi Adzetey, Tema Traditional Council  
Felicia Amanor Federation Member  
Hon. C. O. Marteye, Assemblyman  
Farouk Braimah, People’s Dialogue  
Emmanuel Darkey, Tema Development Cooperation  
Samuel Quartey Institute of Architects  
Emmanuel Avenorgbo, Tema Metropolitan Assembly  
Henry Owusu, Tema Metropolitan Assembly  
Emmanuel Asamoah, Ghana Institution of Bankers  
S. S. Agbeve, Ashaiman Municipal Assembly  
Emmanuel Zonyeh, Amui Djor Housing Cooperative Society rep  
Victor Mensah, Tema Metropolitan Assembly  
S.S. K Nketiah, Ashaiman Municipal Assembly  
M.K Mensah, Institute of Planners

### STMA Board members

Hon Eugene Fredua Ofori Atta, Ghana Institute of Architects. CHAIRMAN  
Ing. Richard Nii Ayewmepa Badger, Ghana Institute of Engineers  
Nana Arma Yimah, COLANDEF NGO partner  
Olivia Opoku Adomiah, Ghana Institute of Planners  
Madam Ekua Praba, Kojokrom Women’s Association  
Clement Dandori, Sekondi Takoradi Metropolitan Assembly  
Hon. K.O Darko-Mensah, Sekondi Takoradi Metropolitan Assembly  
Yayo Nutifafa Agbesi, Ghana Institution of Bankers  
George Williams, Community Federation representative

### TAMSUF Board Members

- Erika Mamley Osae, Country Advisor through Dec 2009  
- HQ support: see proposed UN-HABITAT work plan through 2009 (through 2013 to be developed)  
- UN-HABITAT Programme Managers Victoria Abankwa and Abena Ntori

### Funding Overview

- **Donor funds received and applied:** TAMSUF has received $490,000 and STMA has received $355,000.
- **Other funding support expected:** none thus far
- **Donor funds still expected:** TAMSUF is expecting $410,000 and STMA is expecting $220,000
- **Gap analysis for sustainable operation:** TBD following Sept mission

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**Ghana TAMSUF and STMA Financial Leverage Total $3,100,000**

- Government subsidies $44,000 (1%)
- Community contribution and savings $128,000 (4%)
- Land $406,000 (13%)
- Commercial lending $2,520,000 (82%)

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**Support from UN-HABITAT going forward**

- Erika Mamley Osae, Country Advisor through Dec 2009
- HQ support: see proposed UN-HABITAT work plan through 2009 (through 2013 to be developed)
- UN-HABITAT Programme Managers Victoria Abankwa and Abena Ntori

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**Joint Secretariat Staff**

Kwadwo Chene Sarfoh, Manager  
Eric Owusu, Accountant  
Kwasi Yamoah Baafi, Project Assistant
## STMA Local Finance Facilities in Ghana: TAMSUF and STMA CSUF

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>A combined Secretariat for both Local Finance Facilities in Ghana is cost-effective and combines expertise.</td>
<td>Despite current hesitancy to lend, banks in Ghana are keen to open up lending to the low income market and this should be actively pursued.</td>
</tr>
<tr>
<td>The two Chairman of STMA and TAMSUF are actively involved in the operations</td>
<td>Ghana government has expressed strong verbal support for the Local Finance Facility approach and more efforts can go into finding ways to leverage and blend inputs from the government as well as to influence policy.</td>
</tr>
<tr>
<td>Secretariat staff is in place</td>
<td></td>
</tr>
<tr>
<td>The Traditional Councils have been instrumental in unlocking land tenure issues (which are extremely complex in Ghana) and supporting community upgrading decisions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>The decision to provide bridge financing to demonstrate projects is risky and may not allow the Local Finance Facilities to be viable.</td>
<td>High interest rates and high construction costs are making commercial lending difficult for low-income communities;</td>
</tr>
<tr>
<td>Projects are developing slowly and there may be a need for more project support staff</td>
<td>Time will be needed to develop projects well and learn lessons;</td>
</tr>
<tr>
<td>There is a need to reach out to more MFI partners in Ghana for project development and implementation.</td>
<td>Working with implementing partners can be political and time consuming;</td>
</tr>
<tr>
<td>MIFIs need further strengthening and links between the TAMSUF, STMA Secretariat and MIFIs in terms of project implementation and monitoring need to be formalized.</td>
<td>Banks are currently reluctant to extend any credit and will need further efforts to unlock credit at standard commercial rates, and;</td>
</tr>
<tr>
<td></td>
<td>Full capitalization must be received for viability.</td>
</tr>
</tbody>
</table>