



GLOBAL  
PARTNERSHIPS

# SERFIGSA Evaluation Case Study

Learning about clients and  
gaining insights on home  
improvements





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# Executive Summary



# Project Background

## ABOUT GLOBAL PARTNERSHIPS

Global Partnerships (GP) is an *impact-first* investor whose mission is to expand opportunity for people living in poverty. GP invests in social enterprise partners that deliver high-impact products and services that enable people to earn a living and improve their lives. GP's portfolio is comprised of a growing number of investment initiatives that are designed to address various facets of poverty.

GP is dedicated to understanding the outcomes achieved through its investments. They employ an iterative impact management practice that draws on qualitative and quantitative data from various domains to gain deeper insight into what works, why, for whom, and under what circumstances. As part of its on-going learning program, GP launched a case study initiative with partners across its focus areas. This report describes the results from a case study conducted by Microfinance Opportunities (MFO) in partnership with the GP-investee Servicios Financieros Globales Nicaragua, S.A. (SERFIGSA).

## ABOUT SERFIGSA

SERFIGSA is a microfinance institution (MFI) that primarily makes home improvement and home purchase loans. All clients receiving home improvement loans receive technical assistance (TA) along with their credit from one of two technical partners, Fundación para la Promoción de Desarrollo Local (PRODEL) or Habitat for Humanity. The focus of this case study is SERFIGSA's home improvement loan activity and the technical assistance (TA) that is provided along with it.

### GLOBAL PARTNERSHIPS BY THE NUMBERS\*

**21 COUNTRIES**  
where GP has worked

**125 PARTNERS**

**11 MILLION LIVES IMPACTED**  
(estimated number as a result of GP's investments in partners)

**\$316.6 MILLION**  
cumulative capital deployed

**14 INVESTMENT INITIATIVES**

\*As of June 30, 2018

# Research Objectives and Design

GP and SERFIGSA initiated this case study with the goal of learning more about SERFIGSA's clients, their experience with their home improvement loans and the TA program, and their clients' satisfaction with both the loans and the TA. Using SERFIGSA's administrative data from the four branches where clients receive technical assistance from Habitat for Humanity (Estelí, Jinotepe, Masaya, and Matagalpa) GP, SERFIGSA, and MFO agreed to focus on the following research questions:

- 👤 What is the poverty profile of SERFIGSA's home improvement loan clients?
  - How resilient are clients to fluctuations in their cash flow and to economic shocks? Why do they respond in the way they do?
- 🔍 Do clients with different characteristics conduct different types of home improvement projects?
- 🔍 Is there any relationship between the number of loan cycles with SERFIGSA and the types of projects clients conduct (i.e. is there a customer journey, and if so, what is it)?





**PARTNER:** SERFIGSA

**COUNTRY:** Nicaragua

**FOUNDED:** 2009



In addition, the three organizations also agreed to conduct qualitative research, through in-depth interviews with clients from the two branches (Matagalpa and Estelí) on which SERFIGSA wished to focus:

-  Are clients satisfied with the technical assistance and customer services provided by SERFIGSA and its partners? What could be improved?
-  How has access to SERFIGSA's loans and Habitat for Humanity's technical assistance affected clients' lives? Have there been real or perceived improvements in well-being?

After a preliminary review and analysis of the data GP and MFO agreed to focus on the gender, livelihood, and income level of SERFIGSA's clients in answering these questions. This brings the report into alignment with GP's core concern about the extent to which its investments are reaching and helping low-income households and empowering women.

To answer the research questions, MFO analyzed SERFIGSA's administrative data that included 460 home improvement loans outstanding as of the end of 2017, and conducted in-depth qualitative interviews with 38 clients served by the Estelí and Matagalpa branches.

## Results

### CLIENT PROFILE

- About half the clients' household incomes fall between the National Poverty Line (NPL), equivalent to approximately \$4 USD PPP per person per day, and two times the NPL (\$8 USD PPP per person per day). About 12 percent fall below the NPL and about 38 percent are above two times the NPL.
- According to their administrative data, 71 percent of SERFIGSA clients were salaried or wage earners (employees) and the remainder were micro-entrepreneurs (self-employed)
  - There was no difference in the livelihoods of men and women.
  - More micro-entrepreneurs had incomes greater than 2 times the national poverty line than employees.
- Based on qualitative interviews, clients seem to have consistent incomes, often paid as monthly salaries. This is consistent with SERFIGSA's overall home improvement loan numbers for 2016, in which about half of all loans outstanding were to salaried clients, such as teachers.
- Almost all the financial emergencies clients discussed in the in-depth interviews related to health emergencies.
- About half the clients participating in the in-depth interviews said they did not feel prepared for a large, unexpected expense. Those that did say they were prepared would rely on savings or help from family to cope with the expense.



## HOME IMPROVEMENT PROJECTS

- Clients predominantly used their loans for structural improvements with a focus on walls and enclosures, flooring, and roofing.
- Statistical analysis suggests that there was no pattern in the distribution of projects by income, livelihood, or gender.
- There was no perceptible client journey apparent in the analysis of the administrative data, but the qualitative data suggests there may be a journey.

## HOUSEHOLD OUTCOMES: WELL-BEING AND RESILIENCE

- Clients experienced overall improvements in their quality of life from their home improvement loans. Specifically, they experienced security and privacy improvements from wall projects, and health and comfort improvements from roofing and flooring projects.
- There was no one group, based on gender, income category or livelihood, where improvements in well-being were either concentrated or lacking.
- The administrative data suggest that 68 percent of employed clients had debt-to-income ratios that were in compliance with SERFIGSA's underwriting rules.
  - This raises questions about SERFIGSA's underwriting process (or the quality of the data) and the potential impact of the home improvement loan on clients' resiliency.
  - There was no difference in debt-to-income ratios by gender.
  - Employed clients living below the poverty line were far more likely to have debt-to-income ratios greater than allowed by SERFIGSA's underwriting rules.



## CLIENT SATISFACTION

- Clients expressed a high degree of satisfaction with the results they were able to achieve with the loan from SERFIGSA
- There were instances of dissatisfaction with SERFIGSA's loan process, mostly driven by delays in the loan approval or disbursement process.
- Clients gave mixed reviews to the TA they received, with almost half the clients who participated in the qualitative interviews expressing concerns about some aspect of the TA in answers to at least one of three questions about TA. The types of dissatisfaction varied but the most dissatisfaction was with the nature of the follow up services provided by the technician, which, for the most part, were not considered to be enough. There were also some concerns with the attitude of the technicians.



- Despite the mixed reviews, most respondents (76 percent) said they would recommend the TA to a neighbor.
- Opinions regarding the final result of the project, the SERFIGSA loan process, and the TA cut across gender, livelihood, and income category. There was no one group where satisfaction or dissatisfaction were concentrated.



## Key Insights



**People living in low-income communities see real value in improving their homes. The value comes in the form of feelings of safety, improvements in health, and overall quality of life. Examples of the gains people experience: having a roof that does not leak when it rains; being able to keep windows open when it is hot because the window openings are secured with bars; and having lower levels of dust in the house because of ceramic floors.**



**Well-structured loans in combination with technical assistance (TA) to ensure the home improvement is done correctly can help low-income people achieve their goal to improve their homes. But attention must be paid to the role front-line staff play. A project can too easily fail because of a lack of diligence by a technician.**



**Installment loans lasting more than a year are well-suited to people working in salaried positions, such as school teachers. The regular, documented salaries make underwriting simple in comparison to underwriting a home improvement loan to a micro-entrepreneur, whose income is harder to document and may vary more. Lenders may, as a result, have a bias towards employed clients with regular incomes and be missing out on a market of micro-entrepreneurs who have the capacity to repay housing loans.**



**Collecting accurate data on the use of home improvement loans can greatly improve housing lenders' ability to track their clients home improvement journey—clients are likely to take on multiple home improvement loans in sequence and a lender can improve their marketing and TA if they have a better understanding of the typical home improvement journeys clients follow.**



A photograph of two women standing in the doorway of a building. The woman on the left is older, wearing glasses, a light-colored floral blouse, and a dark skirt. The woman on the right is younger, wearing a white patterned blouse and blue jeans. They are standing in front of a white door with a semi-circular window. To the left of the doorway is a black metal spiral staircase. The wall is a light beige color with some peeling paint. The floor is a green patterned tile.

# Project Background



# Impact Objectives

## GLOBAL PARTNERSHIPS

Global Partnerships' (GP) provides loans to partner enterprises to strengthen and scale the delivery of goods and services that enable low-income households to earn a living and improve their lives. Within its Home Improvement Finance Initiative, GP aims to improve health, security, and sense of dignity for households living in poverty by investing in financial institutions that deliver home improvement credit, often with tailored services such as budgeting assistance, access to quality inputs, and technical assistance during design and construction. In doing so, GP seeks to achieve short- and long-term outcomes that are associated with improved overall wellbeing.

## GLOBAL PARTNERSHIPS

Within its Home Improvement Finance Initiative, GP aims to improve health, security, and sense of dignity for households living in poverty.



## SERFIGSA

SERFIGSA is a microfinance institution (MFI) that offers a variety of loan products including mortgage loans, microcredit, personal credit, and agricultural credit. The most common loan uses are home improvement or home purchase. At the end of 2017, 41 percent of SERFIGSA's loan portfolio was housing loans of some sort: 12 percent of all outstanding loans were home improvement loans, while the other 29 percent were to purchase land or to purchase or build a home.

SERFIGSA extends credit for home improvement loans through three of its ten credit products. As of the end of 2017 SERFIGSA had 1,826 clients with housing loans outstanding, 34 percent of which were clients with microcredit loans, 38 percent were clients with personal loans, and the remainder, 28 percent, were clients mortgage loans. In the four branches for which MFO has transaction level data, almost all the loans outstanding were extended either through the microcredit (71 percent) or the personal loan product (29 percent).<sup>1</sup>

The focus of this case study is SERFIGSA's home improvement loan activity and the technical assistance (TA) that Habitat for Humanity provides to home improvement borrowers, regardless of the particular product through which it is extended. The TA is a three stage process: an initial meeting to determine the purpose of the project and assess the current condition of the home; a meeting to agree on the technical specifications of the project and the budget; and follow up meetings at critical points in the project implementation to check on the quality of the materials used and the work performed.<sup>2</sup>

The logic model of the SERFIGSA home improvement financing + TA (HIF+TA) program is one of progressive short-term outcomes of home improvement projects that lead to long-term impact. The intent of the loan is to finance one or more progressive home improvements, and the intent of the TA is to ensure that that improvement can be funded with the resources available to the client and will result in an improvement that will last because



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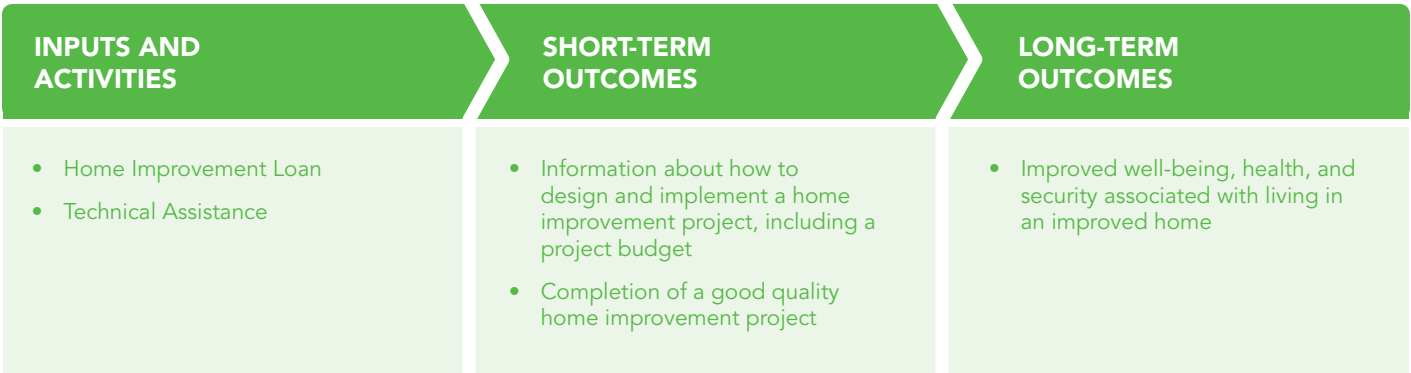
1. SERFIGSA categorizes loans according to government guidelines that require categorization based on the borrower's main source of income. Microcredit loans are for self-employed clients, while personal loans are for salaried clients.

2. Habitat for Humanity "Servicios de Asistencia Técnica para Mejoramiento de Viviendas con Fondos Hphn," December 2017; this is also consistent with Global Partnership's Due Diligence Report, July 2017, p. 5



it was done properly using good materials. If those short-term outcomes are achieved and result in improved well-being, in most cases the improved well-being will be maintained over the long term. In some cases, progressive improvements may require follow-on improvements to unlock all improved well-being outcomes.

Theory of Change



Learning About Clients and Measuring Progress

HYPOTHESES AND RESEARCH QUESTIONS

GP and SERFIGSA initiated this case study with the goal of learning more about SERFIGSA’s clients, their experience with their home improvement loans and the TA program, and their clients’ satisfaction with both the loans and the TA. In addition, GP had the goal to validate assumptions within its internal theory of change in its Home Improvement Finance investment initiative. The initial objective of the research was to conduct a comprehensive analysis of SERFIGSA’s home improvement loan + TA program that included both its TA partners—Habitat for Humanity and PRODEL. Habitat agreed to participate, while PRODEL declined. This limited the project to the four branches where Habitat was the partner providing TA to SERFIGSA’s home improvement loan clients (Estelí, Jinotepe, Masaya, and Matagalpa). Of these four, SERFIGSA requested that the project focus on Estelí and Matagalpa, because the TA program had been running for the longest in those two branches.

Together, GP, SERFIGSA, and MFO agreed to focus on the following research questions using SERFIGSA’s administrative data from the four branches that worked with Habitat:

- What is the poverty profile of SERFIGSA’s home improvement loan clients?
  - How resilient are clients to fluctuations in their cash flow and to economic shocks? Why do they respond in the way they do?

- 🔗 Do clients with different characteristics conduct different types of home improvement projects?
- 🔗 Is there any relationship between the number of loan cycles with SERFIGSA and the types of projects clients conduct (i.e. is there a customer journey, and if so, what is it)?

In addition, the three organizations also agreed to conduct qualitative research, through in-depth interviews with clients from the two branches (Matagalpa and Estelí) on which SERFIGSA wished to focus:

- 📈 Are clients satisfied with the technical assistance and customer services provided by SERFIGSA and its partners? What could be improved?
- 🌱 How has access to SERFIGSA's loans and Habitat for Humanity's technical assistance affected clients' lives? Have there been real or perceived improvements in well-being?

After a preliminary review and analysis of the data GP and MFO agreed to focus on the gender, livelihood, and income level of SERFIGSA's clients in answering these questions. This brings the report into alignment with GP's core concern about the extent to which its investments are reaching and helping low-income households and empowering women.



## RESEARCH METHODS

To answer the research questions, MFO implemented the research in two stages. First, MFO analyzed SERFIGSA's administrative data that included 460 home improvement loans outstanding as of the end of 2017. Second, MFO used the results from the analysis of the administrative data to formulate in-depth interview questions that we asked of 38 clients. This second, qualitative stage of the research allowed us to look more deeply at why clients chose the projects they did and what their perceptions of the results were.

### Administrative Data

#### GENERAL DESCRIPTION

SERFIGSA provided MFO with two databases that, together, contained records on 460 clients. The combined database contained data on one loan (the most recent loan) received by each client, with detailed information on both the client and the loan they received. The client data included demographic data on their gender, education, marital status, age, and occupation as well as data on their and their family's income (in monthly USD). The loan data include the loan amount in USD, the term, the interest rate, the loan cycle, and whether it was a personal loan (for salaried clients) or a microcredit loan (for self-employed clients).

#### GENDER, LIVELIHOOD, AND INCOME

As noted above, this report will focus on gender, livelihood, and the income of SERFIGSA's clients. Extracting gender data from the administrative data is straightforward—SERFIGSA collects these data on all its clients. It also turns out that extracting livelihood data is also straightforward, because of the nature of the loan classification data. Though the classification of the loan as a personal or microcredit loans is, ostensibly, a characteristic of the loan, in reality it is a borrower characteristic. Specifically, SERFIGSA categorizes loans according to government guidelines that require categorization based



on the borrower's main source of income: personal loans for salaried/wage workers (employees) and microcredit loans for micro-entrepreneurs (self-employed). In other words, the "loan type" indicator can be used to identify the livelihood of the client—a demographic indicator.

Finally, the administrative data contains information on monthly client income and family income, which are highly correlated. MFO transformed the data to an annual income and divided by 5.2, the average number of people per dwelling according to the 2005 census—the administrative data do not include information on household size—to generate a per capita income per year number. This allowed for a comparison of the client data to the Nicaragua National Poverty Line (NPL). According to the INIDE (the statistics office) the NPL was C18,311 per person per year in 2016. Based on current currency conversions, that is equal to about \$587, not adjusted for purchasing power. MFO further converted both the client data and the NPL to generate per capita per day income data in purchasing power parity dollars to bring this report in line with other reports in this series. The NPL in purchasing power parity terms is the equivalent of \$4 USD PPP per person per day. Based on the distribution of clients along the income scale, MFO and GP chose to categorize SERFIGSA's clients into three groups: those living below the NPL (\$4 USD PPP per person per day); those living between the NPL and two times the NPL (\$4-8 USD PPP per person per day); and those living above two times the NPL (\$8 USD PPP per person per day).

As we will describe in more depth below, the administrative data showed the following distribution of clients across the three demographic characteristics on which this report will focus:

**Table 1: Distribution of Clients by Demographic Characteristics**

Livelihood	Income Category	Gender		Grand Total
		Men	Women	
Employee	Below NPL	18	30	48
	NPL to 2X NPL	74	123	197
	Above 2X NPL	35	46	81
Micro-entrepreneur	Below NPL	1	5	6
	NPL to 2X NPL	18	25	43
	Above 2X NPL	32	51	83
Not Known	NPL to 2X NPL	1		1
	Above 2X NPL	1		1
Grand Total		180	280	460

## PROJECT CHARACTERISTICS

Each record in the database also had a construction project associated with it. This information was not standardized. Broadly, there were three types of projects:

- Single and Non-Specific (ex. "General home improvement")
- Single and Specific (ex. "Installation of light fixtures")
- Multiple and Specific (ex. "Installation of light fixtures, build exterior fence")

MFO, with GP support, disaggregated the records that had multiple descriptions and were specific. Combined with the other two types of projects, MFO identified 703 project descriptions. MFO and GP "upcoded" these

project descriptions into GP's home improvement categories, with additional categories to accommodate the range of projects clients completed.<sup>3</sup> These upcoded categories are used to describe the variety of different home improvement projects SERFIGSA's clients undertook. A closer look at these data, as will be described below, also revealed a clear split, where there was specific project information, between projects that included work on walls or enclosures and other types of projects. MFO leveraged this broad distinction to test whether there were any differences in the types of project clients undertook by gender, livelihood, or income level.

In the following we provide descriptive data on the 460 clients represented in the records provided by SERFIGSA and analyze their use of the home improvement loans they received. Generally, any analysis of construction projects is based on the 703 client-projects we identified in our coding process. In this data, a client can be listed more than once if they conducted different types of projects with the same loan (ex. 1 energy project/1 walls project) but, due to the coding, will never be represented twice in the same category (ex. 2 energy projects is recorded once). As a consequence, clients will never be represented twice within the same project category but may be present in different project categories. This is necessary, but not ideal. The implication is that we cannot definitively identify how much of a loan went to particular projects. We can just say whether projects types were associated with higher or lower value loans or incomes.

### QUALITATIVE DATA

In the second stage of the research, MFO developed an in-depth interview research instrument that covered the following subject areas:

1. Household income, the occupation of the client, and respective decision-making roles within the household;
2. Household economic resilience
3. Construction decisions
4. Household and client well-being after project completion
5. Client satisfaction

We used this instrument in interviews with 38 randomly selected clients served by the Estelí and Matagalpa branches. Out of a total of 38 interviews, 22 (58 percent) were with women and 16 (42 percent) with men. This was similar to the distribution within the general population of SERFIGSA clients in the administrative data (61 percent women vs 39 percent men). Respondents who lived between the NPL and 2X NPL make up over half of the interview sample—23 in total (61 percent), while there are nine (9) living above 2X NPL (24 percent) and six (6) living below the NPL (15 percent). A large majority of respondents were employees with only seven (16 percent) being micro-entrepreneurs. In sum, the in-depth interview sample is broadly representative of SERFIGSA's clients in terms of gender, but there is a slight under-representation of those living above 2 times the NPL and micro-entrepreneurs. With a sample of 38, some under/over-representation is to be expected, and the important strength of this interview sample is that it allowed MFO to collect data from all key client demographic groups, except women micro-entrepreneurs living between the NPL and two times the NPL, which were five (5) percent of the client population.

3. The categories are: flooring, roofing, walls/enclosures, maintenance and repairs, water, sanitation, energy, general, loan repayment, fixtures, structure, other.



**Table 2: In-Depth Interview Sample Demographic Characteristics**

Gender	Income Category	LIVELIHOOD		Total
		Employee	Micro-entrepreneur	
Female	Below NPL	3	1	4
	NPL to 2X NPL	13		13
	Above 2X NPL	3	2	5
Male	Below NPL	1	1	2
	NPL to 2X NPL	8	2	10
	Above 2X NPL	3	1	4
Total		31	7	38

As described in the discussion of the administrative data, MFO coded the loans and clients along two dimensions: whether they undertook multiple projects or only one project with their loan; and whether the project(s) involved work on walls or enclosures. There were also a number of projects for which we had insufficient information to conduct a categorization and we coded these as “general.” The in-depth interview sample covers all the sub-categories of client based on the type of project they undertook.

**Table 3: In-Depth Interview Sample Project Characteristics**

PURPOSE	GENERAL	MULTIPLE	SINGLE
General	7	-	-
Other	-	6	6
Walls/Enclosures	-	11	8

The research design was driven by the fact that all home improvement loan clients received TA from Habitat, so there was no within-client counterfactual group that could be used to assess the impact of the TA. As has been noted in other project reports, building a counterfactual group outside of the client population is prone to a number of methodological issues. As a result, with the decision not to incorporate a counterfactual group into the research design, GP, MFO and SERFIGSA chose a qualitative research methodology to gain an understanding of the “why?” behind the decisions that home improvement loan clients made, and to gather data on clients’ perceptions of the impact of their home improvement loans on their well-being and on their satisfaction with the loan and TA process.

This means that the qualitative data will be used in this report in two ways: first to provide qualitative information on the “why?” behind clients’ choice of project; and second to provide qualitative data on perceived impact on well-being and client satisfaction. Where feasible the report provides information on any differences in perceived impact and satisfaction across demographic groups, with a focus on differences by gender. In doing so, we will show the distribution of respondent responses to questions by gender, income category, and livelihood based on a coding of those answers. Though, ostensibly, the graphs show numeric data, they should not be treated as statistical representations of SERFIGSA’s client base as whole—the in-depth interview sample is too small for that. Instead, the focus should be on the simple question: are there demographic groups whose behavior seems so different from other groups that it is worth a closer look?



The report will also use quotes from respondents. Wherever the report quotes a respondent, we provide information on that respondent in the following format: (ID number, gender, income category, livelihood). The following table is a guide to interpreting the information:

RESPONDENT CHARACTERISTIC	DESCRIPTION/CODE
ID number	A unique identifier. The reader can see the diversity of voices included in this report through the number of different ID numbers used.
Gender	F = Female; M = Male
Income category	NPL1 = Below the NPL; NPL2 = Between the NPL and 2X NPL; NPL3 = Above 2X NPL
Livelihood	E = Employee; ME = Micro-entrepreneur





A photograph of a family of three standing in the doorway of a house. The house has orange-colored walls and a red base. A shovel is leaning against the wall on the left. A small plant with pink flowers is on the right. The family consists of a woman on the right wearing a white polo shirt and dark pants, a young boy on the left wearing a white t-shirt and khaki pants, and a young man standing behind them wearing a grey t-shirt. They are all smiling. A semi-transparent white box with the word 'Results' in green text is overlaid on the bottom left of the image.

# Results



## Client Profile

### Research Questions:

- What is the poverty profile of SERFIGSA's home improvement loan clients?
- How resilient are clients to fluctuations in their cash flow and to economic shocks? Why do they respond in the way they do?

### Answer:

- About half the clients are living between approximately \$4 and \$8 per day\*, equivalent to the National Poverty Line (NPL) at \$4 per day\* and two times the NPL at \$8 per day\*. About 12 percent live below \$4 per day\* and about 38 percent live above \$8 per day\*.
- A typical client is a woman with a salaried job, living on about \$7 per day\*. She has almost certainly completed her secondary education, and may very well have attend university or technical training.
- According to their administrative data, 71 percent of SERFIGSA clients were salaried or wage earners (employees) and the remainder were micro-entrepreneurs.
  - There was no difference in the livelihoods of men and women.
  - More micro-entrepreneurs had incomes greater than 2 times the national poverty line than employees.
- Clients report having consistent incomes, often paid as monthly salaries.
- Almost all the emergencies clients discussed in the in-depth interviews related to health emergencies.
- About half the clients participating in the in-depth interviews said they did not feel prepared for a large, unexpected expense. Those that did say they were prepared would rely on savings or help from family to cope with the expense.

In sum, SERFIGSA's home improvement clients are living in moderate poverty, just above the Nicaraguan poverty line. Many clients have consistent incomes, but are vulnerable to financial shocks often associated with household health events.

*\*USD PPP per person per day*

## DEMOGRAPHICS

Located in the mountainous north central region of Nicaragua, the hilly towns of Estelí and Matagalpa are home to many coffee and tobacco farms. Masaya and Jinotepe are located in southern Nicaragua, not far from the capital, Managua. Masaya is a bustling town known for its artisan crafts and commerce, while Jinotepe is smaller and more agricultural, producing sesame seed, sugarcane, and coffee. As described above, MFO, GP and SERFIGSA agreed to focus the case study on the four branches where Habitat for Humanity provides the TA for SERFIGSA's home improvement loans.

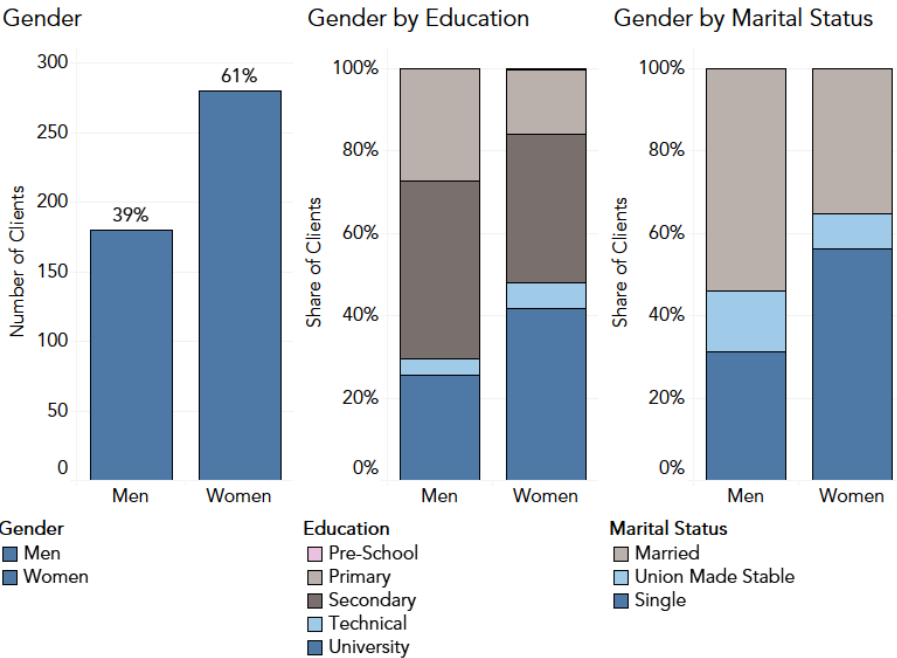


Figure 1: Branch Locations



SERFIGSA's branches are predominantly serving women. They are better educated than SERFIGSA's male clients and are more likely to be single than they are to be married. Furthermore, in comparison to clients of other GP partners covered by this case study series, SERFIGSA's home improvement loan clients are well educated, most having completed secondary school and many attending university or technical training.

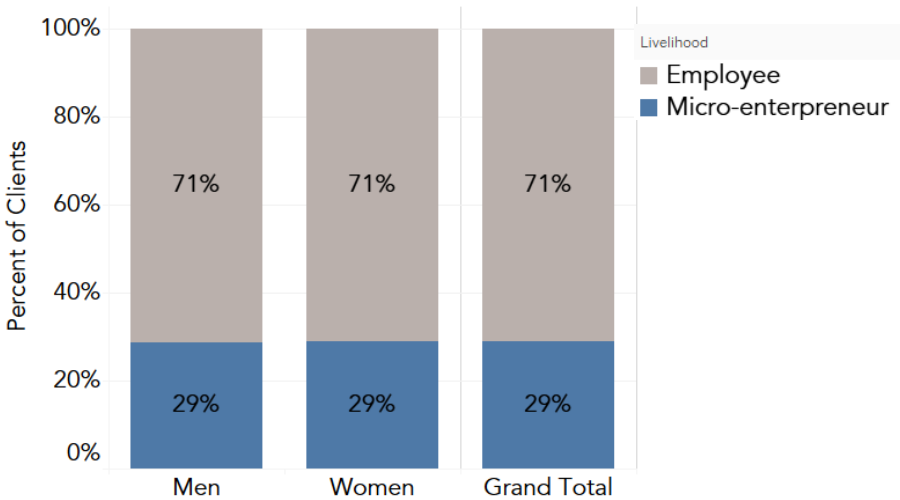
Figure 2: Gender, Education, and Marital Status



## LIVELIHOOD AND OCCUPATION

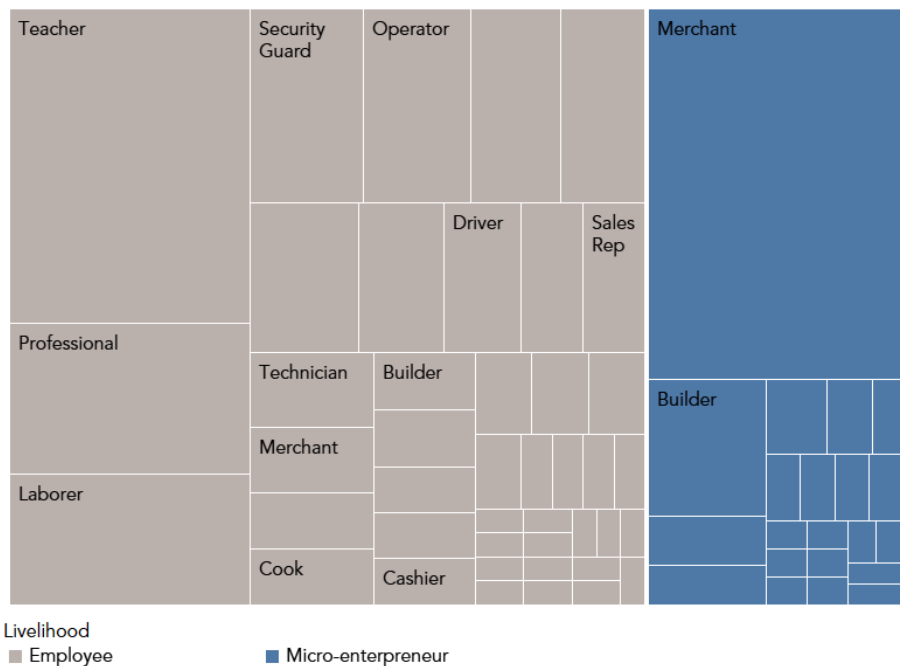
Of the 460 borrowers listed in the administrative data, 71 percent were employees (salaried or wage workers) and the rest, 29 percent, were micro-entrepreneurs (self-employed). There was no difference in the distribution of livelihoods by gender.

Figure 3: Livelihood by Gender



Within the broad livelihood category of employee SERFIGSA's client had a wide variety of different occupations, with the most common being teacher, followed by professional (licenciado) and laborer. The micro-entrepreneur category was dominated by merchants or shop-keepers (comerciante).

Figure 4: Occupation by Livelihood



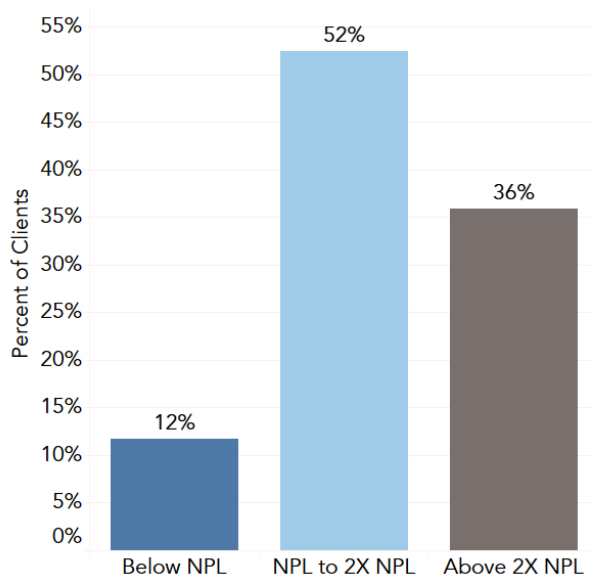


## INCOME AND POVERTY LEVEL

The database contains information on monthly client income and family income, which are highly correlated. The data was transformed to annual income and divided by 5.2, the average number of people per dwelling according to the 2005 census—the administrative data do not include information on household size.

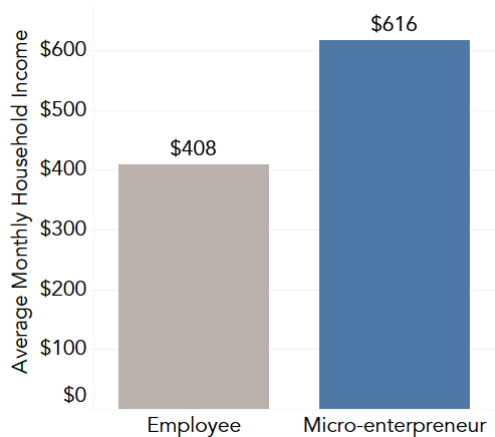
The NPL according to the INIDE (the statistics office) was C18,311 per person per year in 2016. Based on current currency conversions, that is equal to about \$587, not adjusted for purchasing power. The median annual income of the 460 clients with outstanding home improvement loans was \$955. Roughly 12% of clients live below the Nicaragua National Poverty Line (NPL), which in purchasing power parity terms is the equivalent of \$4 USD PPP per person per day and about one-third of clients live at or above two times the NPL, or \$8 USD PPP per person per day. About half the clients fall between the NPL and two times the NPL.

Figure 5: Income Distribution



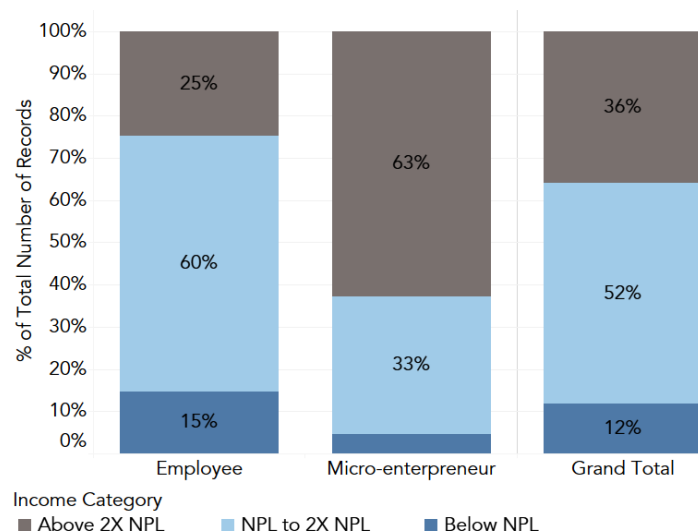
In general micro-entrepreneurs’ household income was higher than salaried clients’ household income - \$616 per month v. \$408 per month.

Figure 6: Monthly Household Income by Livelihood



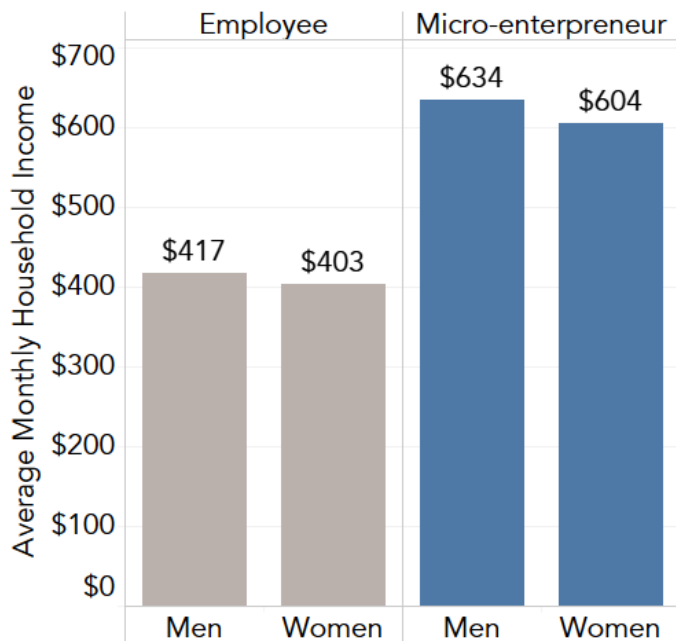
Another way of looking at these data is by income category: what share of micro-entrepreneurs in comparison to employees fall into the three different income categories defined above? The data show that micro-entrepreneurs are far more likely to have household incomes greater than two times the national poverty line ("Above 2X NPL" in the graph) than employees: 63 percent vs. 25 percent.

**Figure 7: Livelihood by Income Category**



Furthermore, there was little difference in the incomes of men and women within the two livelihood categories.

**Figure 8: Income by Livelihood and Gender**



When we look at the distribution of women and men across income categories within livelihood categories there is very little difference.

#### KEY INSIGHT:

*People living in low-income communities see real value in improving their homes. The value comes in the form of feelings of safety, improvements in health, and overall quality of life.*

## RESILIENCE

### Consistency of income

SERFIGSA's administrative data as of the end of 2016 shows that about half its home improvement loans were to salaried people. The qualitative interviews collected data on the extent to which respondents' incomes varied. Most of the respondents had regular monthly salaries, such as from teaching. Given that a key aspect of economic resilience is the consistency of the household's income, this is important to keep in mind.

### Unexpected expenses

The qualitative interviews asked clients whether they had experienced a financial emergency in the past 12 months and how they had managed that emergency. About half the respondents reported an emergency they had faced. Almost all the emergencies were medical in nature: an injury at work, an illness, or the death of a relative. In one case the family was struggling with a drug-addicted son and the expenses associated with trying to get him well. To handle the expenses associated with the emergency the clients used a variety of financial tools including: savings, loans from family, part of the proceeds of their SERFIGSA loan that they had not yet used, or an advance from their employer.

### Preparedness

The qualitative interviews asked clients whether they felt prepared for a major expense. There was a mix of answers: about half felt they were prepared, while the other half said they were not. Those who were prepared pointed to having savings and the ability to draw on the resources of other family members, including adult children. In addition, three of the clients who said they felt prepared mentioned having private health insurance, and two other clients stated that they wished they had health insurance.

### Property issues

A few respondents stated that they had experienced some sort of issue regarding their property. In one case, the client was living on land owned by her mother, and after some time her mother decided to sell part of the land in order to pay off the remainder of the mortgage. At this point the client and her husband decided they needed to do something about their share in the property—they had been helping the client's mother with her debt payments (5025, M, NPL3, E). In another case, a respondent reported how moving out of a rented property to one that he owned improved his mental health because of the disagreements he used to have with his landlord (502, M, NPL3, ME).

Overall SERFIGSA's home improvement clients show moderate poverty, with about half living modestly above the NPL. Their income is reliable through salaried positions and they are generally able to cover necessary expenses, however they are susceptible to economic shocks that may pull them back under the poverty line. Health events – through injury or illness within the household – are the leading cause of unexpected expenses, and only some clients feel they are prepared to cover these expenses. The profile of home improvement clients are consistent with GP's understanding of a target demographic within the home improvement initiative, which identifies clients predominantly living below \$5.50 per day<sup>4</sup> that have modest flexibility to repay a non-productive home improvement loan.

## RESULTS

About half the clients' household incomes fall between the National Poverty Line (NPL), equivalent to approximately \$4 USD PPP per person per day, and two times the NPL (\$8 USD PPP per person per day). About 12 percent fall below the NPL and about 38 percent are above two times the NPL.

4. \$5.50 USD PPP per person per day



## Home improvement projects choices

### Research Questions:

- Do clients with different characteristics conduct different types of home improvement projects?
- Is there any relationship between the number of loan cycles with SERFIGSA and the types of projects clients conduct (i.e. is there a customer journey, and if so, what is it)?

### Answer:

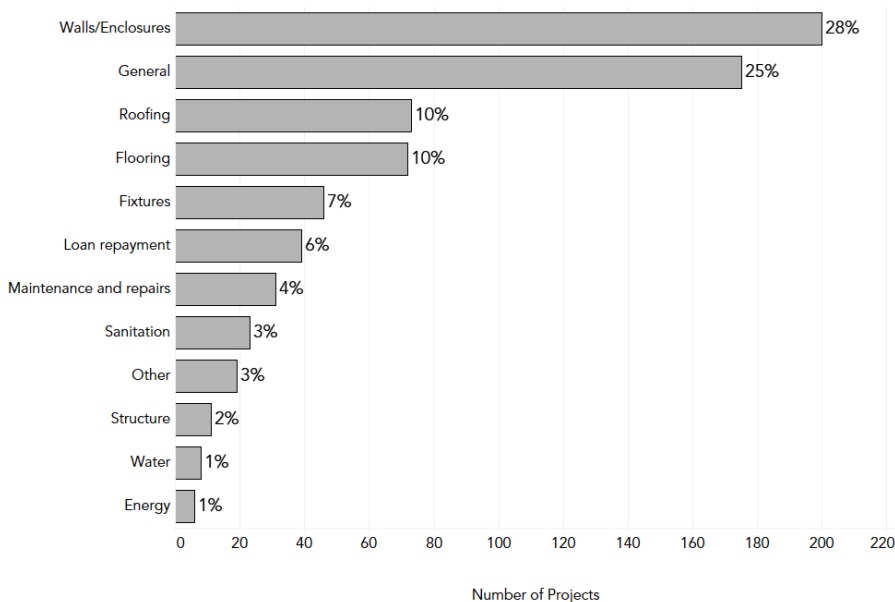
- Clients predominantly used their loans for structural improvements with a focus on walls and enclosures, flooring, and roofing.
- Statistical analysis suggests that there was no pattern in the distribution of projects by income, livelihood, or gender.
- There was no perceptible client journey apparent in the analysis of the administrative data, but the qualitative data suggests there may be a journey.

## CATEGORIES OF PROJECT—CHOICES AND REASONS

The administrative data included data on the types of project for which the home improvement loans were used. As noted above, MFO categorized these projects using GPs categorization scheme. This was possible for 528 of the 703 individually identified projects that were financed by the 460 loans outstanding. The other 175 projects, 25 percent of the total projects, had a general “home improvement” project description. Much of this missing information is concentrated in the Jinotepe branch. In fact, this branch had almost no other projects recorded, other than loan repayments. The Matagalpa branch also had similar record keeping issues.

Focusing on the projects for which we do have good information, the majority built the physical structure of the home, including adding walls and other enclosures, laying floors, and building roofs. This suggests households were focusing on expanding and improving the structures of their homes. Amenities including bathrooms, fixtures (lights, blinds, etc.), and energy systems were much less common.

Figure 9: Projects

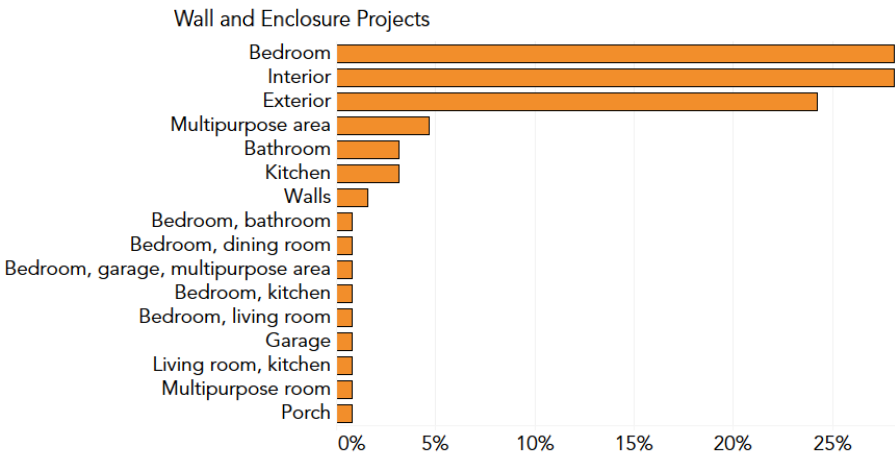


**KEY INSIGHT:**  
*Well-structured loans in combination with technical assistance (TA) to ensure the home improvement is done correctly can help low-income people achieve their goal to improve their homes.*

Walls and Enclosures

Walls and enclosures were the most popular types of improvement. This is in part because this category covers both interior and exterior wall projects, so it is a broad category. Of the 200 wall/enclosure projects in the administrative data coded by MFO and GP, 128 records contained information on the particulars of the project, beyond just stating it involved the construction or improvement of walls. Projects to create bedrooms were the most popular type of wall project—41 projects, 32 percent of the total, involved bedrooms. It is unclear how many of the projects simply referencing interior wall projects were also bedroom projects, but that category of project was the second most common—36 projects, 28 percent of the total. The third most popular category of projects was exterior walls—31 projects, 24 percent of the total.

Figure 10: Wall and Enclosure Project Details



The qualitative interviews provide some insight into the motivations behind these different kinds of wall projects. The bedroom projects create, of course, additional sleeping rooms in the house. This is important to families for a number of reasons that include privacy and health concerns.

*“ I wanted to build a room for the grandson that lives with us, we were all sleeping in the same bedroom and I considered it was not appropriate for the child to be there anymore. (5030, F, NPL1, ME)*

*“ I decided to make a bedroom because my sons were sharing one room but one of them got his girlfriend pregnant and now she is living with us, so his brother is now sleeping in the living room and I am making the room so he can move there. When I first built I never considered that they would be growing up someday. (5004, F, NPL3, ME)*

When asked if the home improvement loan had improved her life this same respondent stated:

*“ [M]y son will no longer have to sleep in the living room, sometimes they are watching tv and he can't sleep (5004, F, NPL3, ME)*

Another woman we interviewed had used her home improvement loan to build a second floor on her house, which naturally included work on the walls:

*“ One of the children had asthma and we moved him to a room with better ventilation and he improved his health. (5011, F, NPL3, E)*

Wall projects can also be about security, especially exterior wall projects. In the qualitative interviews a number of respondents talked about the security provided by concrete walls in contrast to wood walls. One respondent stated:

*“ We feel safer because the other material was really weak, it is easier to break the wall, even though the neighborhood is ok you never know. We feel as if we have our own space (5008, F, NPL2, E)*

*“ We transitioned from vulnerable wood walls to concrete walls. (5023, M, NPL1, E)*

Two other male interviewees who live in the same area as interviewee 5023 also mentioned “vulnerable” wood walls.



Some interviewees also mentioned the fact that they worried that their old walls would fall on them:

*“ I feel safer because I am more comfortable, no longer afraid that the walls will fall, one doesn’t live peacefully. (5010, F, NPL2, E)*

Finally, building walls to add a room also could be driven by an economic motive—to create a room the owner could then rent out.

### Roofing and Flooring

After walls and enclosures, roofing and flooring were the second most popular categories of project. Taking into account the fact that the walls and enclosures category covered a fairly diverse set of activities, while roofing and flooring were more specific, these projects were less common than wall and enclosures projects.

The roofing and flooring projects were largely carried out to address issues of basic physical comfort and health. Roof projects were largely completed in order to keep out the rain, while flooring projects were carried out to replace dusty (and muddy) dirt floors. As one respondent put it: “Imagine a rainy season and a bad roof” (5014, F, NPL2, E). Another respondent conveyed the reduction in stress that comes from a sound roof:

*“ It is rewarding to go home and rest without having to be thinking about things getting lost, worried that there is water all over the place or water falling over something during rainy season or that the roof is getting worse due to the wind. There is more privacy for [my] sons, it is safer. They feel like they can freely leave their home and come back without worrying. (5016, F, NPL2, E)*

Putting down a concrete floor had similar advantages to a sound roof in terms of basic comfort. The focus here was on the dust and dirt. As one interviewee described it “the situation with the dust improved after putting the concrete floor.” But when asked what further work she would also like to do, she stated she want to “install ceramic on the floor... When it is only concrete there tends to be more dust and it is more hygienic for the children with ceramic. ” (5029, F, NPL2, E)

### Other categories of project

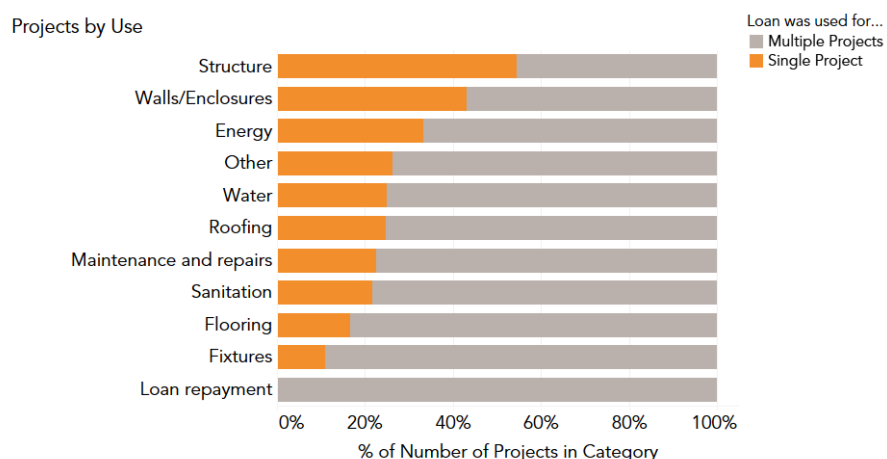
Beyond these major categories of home improvement projects SERFIGSA’s clients used their loans for a number of other improvements. There is evidence that suggests that the more “advanced” projects—water/sanitation, building separate structures, adding fixtures, or energy systems—are associated with larger loan values; however, the number of these projects is rather small. Furthermore, the data are complicated by the fact that often these more advanced projects are just one of multiple projects being financed by the loan.

### Single vs. Multiple Project Categories

Finally, looking at the extent to which particular types of project were either financed on their own or along with other projects, the data show that loans for structural improvements were the most likely to be financed on their

own, followed by walls/enclosures. Not surprisingly, none of the branches recorded the disbursement of a loan simply to repay another loan—all loan repayment “projects” were bundled with a home improvement project.

**Figure 11: Categories of Project by whether Stand-Alone or Multiple Projects**



## PROJECT CATEGORIES AND CLIENT CHARACTERISTICS

Despite the “upcoding” of home improvement projects, there were still a large number of different project categories for which clients received loans. There was also a skew in the distribution of projects with a strong bias towards wall and enclosure projects. In combination, these two aspects of the project data make it difficult to conduct any sort of statistical analysis to identify any association between the characteristics of SERFIGSA’s clients and the home improvement projects they conducted. To make some statistical analysis possible, MFO coded the loans to clients where the data included specific information about the project. The coding was along two dimensions: whether the loan was for a single project or multiple projects; and whether the loan involved a wall/enclosure project or not.<sup>5</sup> We were able to code 290 of the 460 loans in this way. The remaining 170 loans had general project descriptions that could not be coded.

**Table 4: Number of Loans by Project Count and Type**

Project Count/ Type	Walls/ Enclosures	Other	Total
Single	84	65	149
Multiple	91	50	141
Grand Total	175	115	290

5. We excluded “loan repayments” as a project category in this coding so as to focus on projects where clients were doing actual improvements with their loans. Loan repayment was never the sole purpose of a new loan from SERFIGSA, it was always linked to a project of some type. Twenty-two (22) of the loan repayments were linked to a “general” project, while another nine (9) were linked to another, specific project category. We used that other project category to code the loan.

Structuring the data in this way allows for a simple presentation of the data and a statistical analysis to see whether the demographic characteristics of SERFIGSA clients are associated with loans used for multiple projects at the same time or are associated with loans used for wall and enclosure projects in contrast to other types of project. A simple presentation of the data on how a loan was used along each of the three demographic characteristics on which this report is focusing—gender, livelihood, and income--suggest that there is little difference in the use to which clients put their loans based on their demographic characteristics (Figures 12, 13, and 14) .

Figure 12: Loan Use by Gender

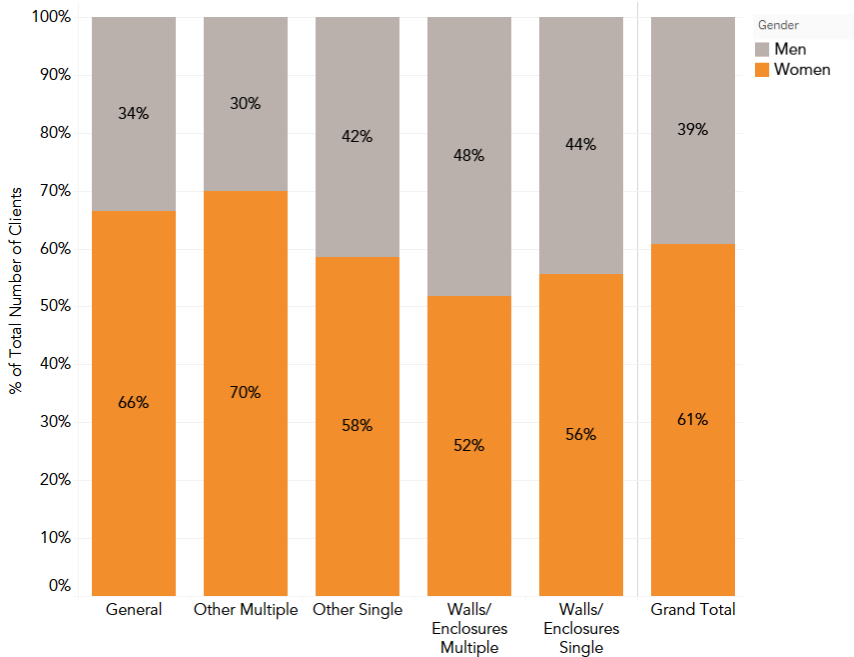


Figure 13: Loan Use by Livelihood

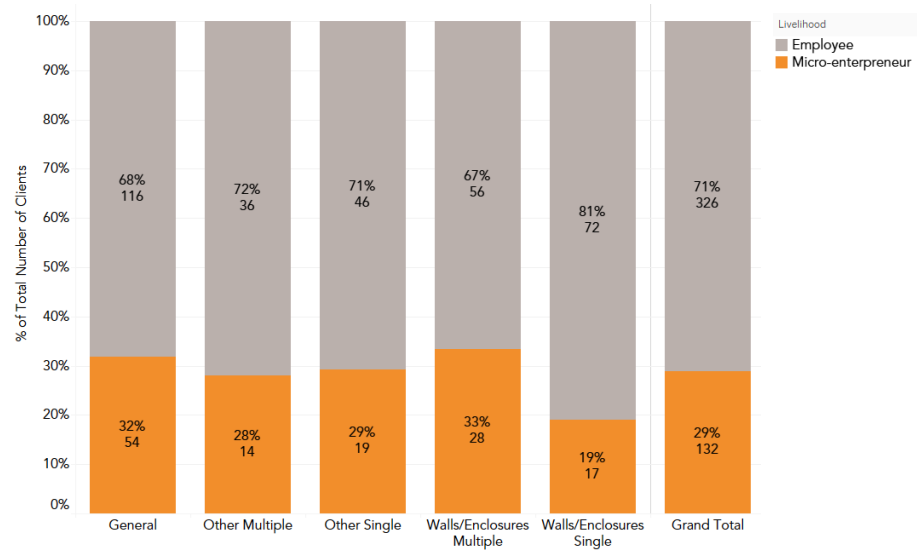
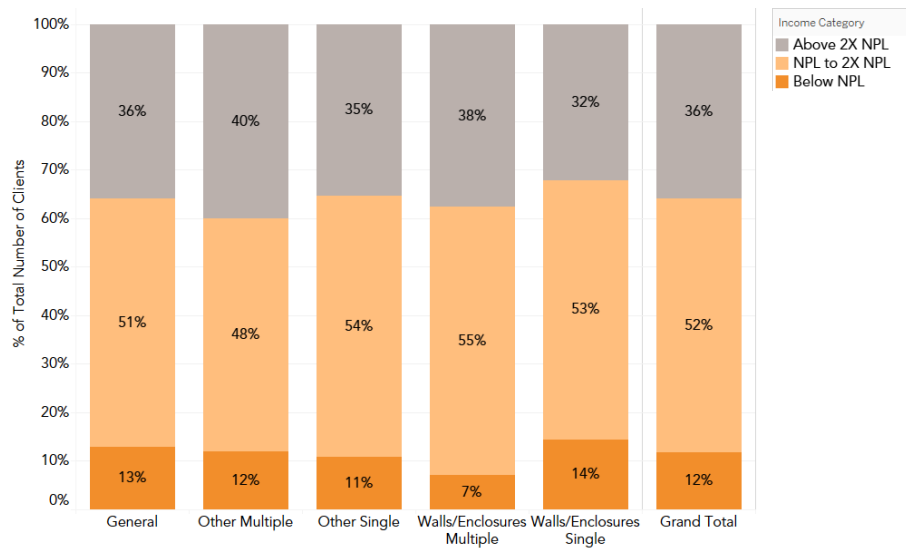




Figure 14: Loan Use by Income



A more sophisticated analysis that looked at the combined association of gender, livelihood, and income, and also included the education level of the client, revealed no relationship between these characteristics and the number of projects taken on or the type of project, with one exception: men who took a loan to conduct multiple projects at the same time were more likely to take on a wall or enclosure project as part of that mix than women were. This can be seen in the matrix below where the number of marks indicating a male client are greater as a share of all clients within the “Walls/Enclosures Multiple” category of projects than in the “Other Multiple” category of projects. This greater share is not the result of some other factor but is linked to the fact that the client is a man.

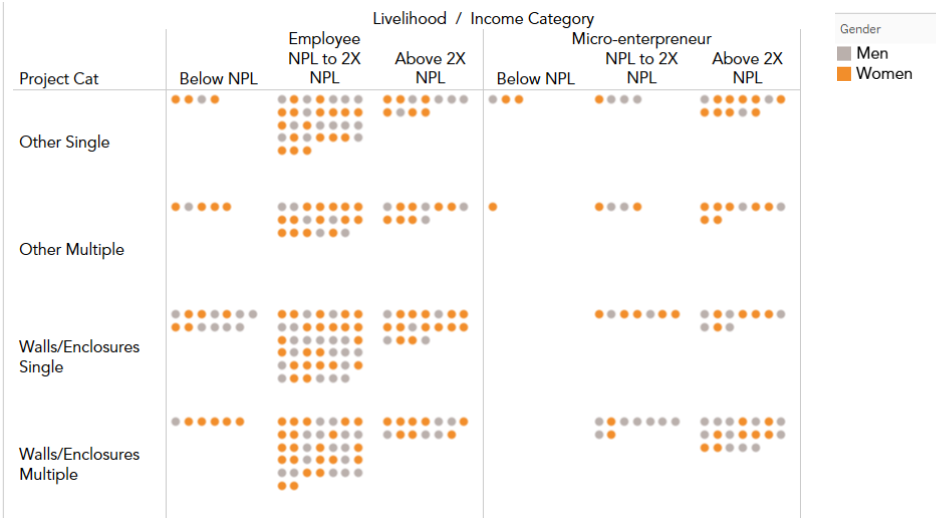
RESULTS

Clients predominantly used their loans for structural improvements with a focus on walls and enclosures, flooring, and roofing.

Statistical analysis suggests that there was no pattern in the distribution of projects by income, livelihood, or gender.

There was no perceptible client journey apparent in the analysis of the administrative data, but the qualitative data suggests there may be a journey.

Figure 15: Project Category by Gender, Livelihood and Income Category



In sum, there are no associations between project type and the demographic characteristics of SERFIGSA’s clients, except in the case of men and their choice of whether to include work on a wall or enclosure when taking a loan for more than one project. It is unclear why this last association exists.

CLIENT JOURNEY

One hypothesis MFO tested was whether there was a clear “client journey” from one type of project to another. We were able to test this hypothesis using the SERFIGSA administrative data which contained information on the client loan cycle—how many loans the client had taken from the MFI. The results of the analysis suggest that there is no client journey—there are no clear patterns in the data suggesting that clients undertake one project before another. This is not completely consistent with the qualitative data, which suggests that clients were following a pattern when making improvements. There are a couple of possible explanations for this inconsistency. One is that each client is following their own journey, based on their priorities. The second is that clients start working with SERFIGSA at different points in their journey, so the journey they have been through already does not show up in SERFIGSA’s records.



## Household Outcomes: Well-Being and Resilience

### Research Question:

- How has access to SERFIGSA's financial services and partners' technical assistance programs affected clients' lives? Have there been real or perceived improvements in well-being? How does this differ by gender?

### Answer:

- Clients experienced overall improvements in their quality of life from their home improvement loans.
- Specifically, most respondents stated that they had experienced improvements in health and security.
- Respondents were split as to whether they had experienced an increase in income or an improvement in their financial situation as a result of their home improvement loan.
- There was no one group, based on gender, income category or livelihood, where improvements in well-being were either concentrated or lacking.
- The administrative data suggest that 68 percent of employed clients had debt-to-income ratios that were in compliance with SERFIGSA's underwriting rules.
  - This raises questions about SERFIGSA's underwriting process (or the quality of the data) and the potential impact of the home improvement loan on clients' resiliency.
  - There was no difference in debt-to-income ratios by gender.
  - Employed clients living below the poverty line were far more likely to have debt-to-income ratios greater than allowed by SERFIGSA's underwriting rules.

## WELL-BEING

In looking at the level of impact that SERFIGSA's programs had on the lives of respondents, impact tended to vary depending on the measure.

Looking first at the impact on respondents' income, respondents were mixed about how the loans and projects benefited their household financially, and there was no concentrations of opinions in any one demographic group. For those who did see an impact, the most common response was that the projects allowed them to save more by reducing the amount they would have to spend on electricity. Others considered the gain in their home's value to be a positive impact.

*"Since we raised the walls and installed windows, we no longer feel the need to use a fan, so there is lower expense of electricity."*  
(5033, M, NPL2, E)

*"We think that increasing walls has improved ventilation in the home and that has contributed to saving money on electricity since we use the fan less."* (5024, M NPL3, E)

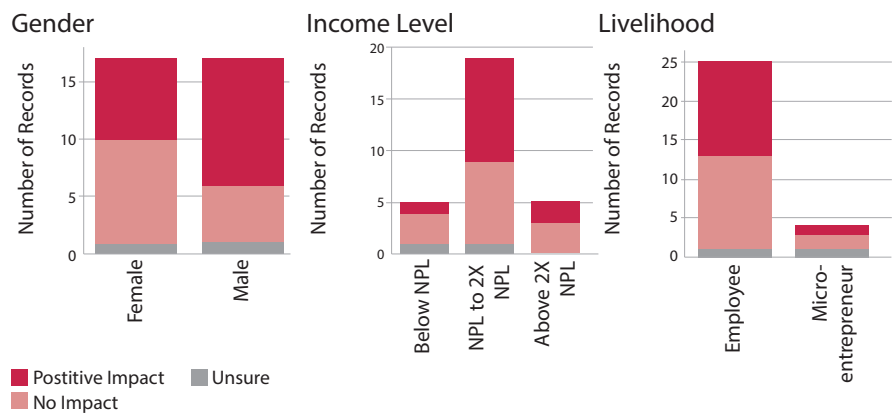
*"I think the added value to our home has improved our economic standing."* (5006, F, NPL2, E)

## RESULTS

**Clients experienced overall improvements in their quality of life from their home improvement loans. Specifically, they experienced security and privacy improvements from wall projects, and health and comfort improvements from roofing and flooring projects.**



Figure 16: Impact on Respondents' Income



Respondents were more likely to report that there were benefits to their health. The response rate for this was fairly consistent among the different demographic groups. Many respondents felt that the construction projects reduced the amount of dust in their homes, helping with their breathing and their eyes.

“ One of my children has asthma, and we moved him to a new room with better ventilation. We think this has improved his health.”  
(5011, F, NPL3, E)

Some women also noted that building better kitchens with gas stoves has improved their health by reducing the amount of firewood smoke they would have to inhale.

“ Yes, there has been an impact because now we are no longer cooking with firewood. We cook with gas now. I used to think that going out to the mountains to collect wood was not too safe, and I would have to do this every day.” (5030, M, NPL1, ME)

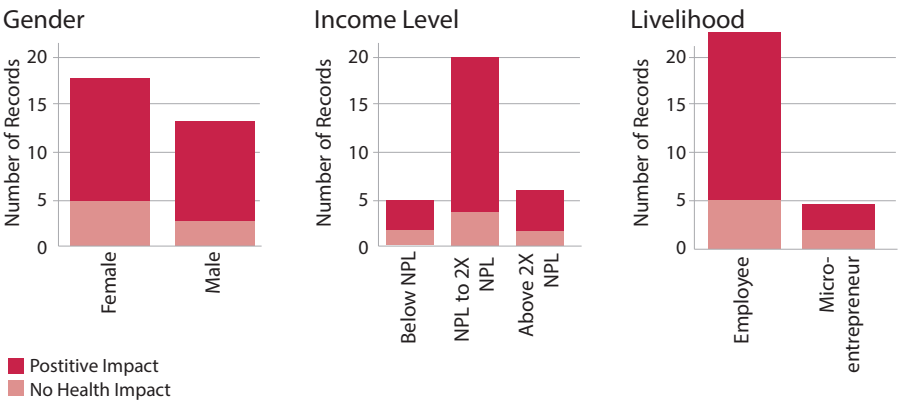
Other respondents noted that they used their projects to build better latrines or toilets that improved their household’s sanitation.

“ Yes, there is an impact because the previous toilet conditions were outdoors and were more exposed. We all had to go outside the house to use the toilet and inevitably get wet during rainy season. My small daughter would get colds often when she got wet, but this is no longer the case.” (5006, F, NPL2, E)

“ I wanted to build a toilet because I was pregnant, my due date was getting closer, I knew I was getting a C-section and wanted to have a bathroom because it would provide more hygienic conditions. We were using a latrine, outside the home and it was really uncomfortable.” (5006, F, NPL2, E)

And another client reported how the recent installation of a sewage system in her neighborhood prompted her to want to install a toilet to take advantage of it, because “it is more hygienic, the gray waters are no longer being stored in the patio...” (5038, F, NPL2, E)

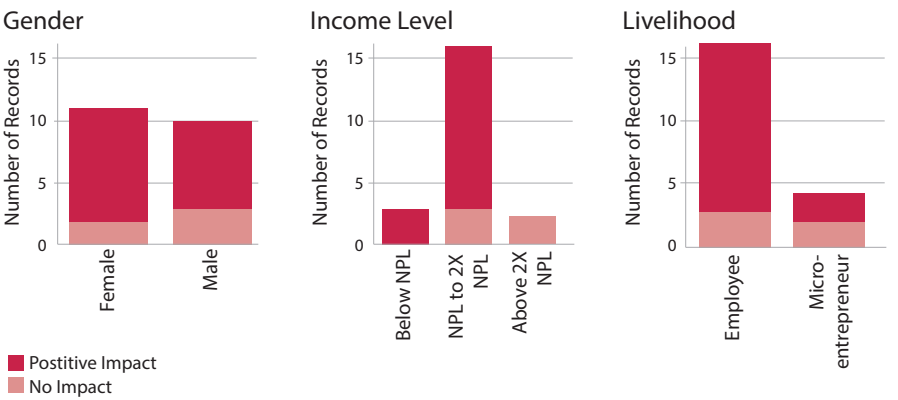
Figure 17: Impact on Respondents’ Household Health



Many respondents also noted improvements in their households’ safety as a result of the projects, and this was true for all demographic groups. For those who did notice an impact, many reported that improving the building materials of their homes has made them sturdier and easier to protect.

“ Yes, I see an improvement. Some of the materials that we had in the house before were not good. They were more vulnerable. Now I feel the materials contribute more to the physical safety of the family.” (5029, F, NPL2, E)

Figure 18: Impact on Respondents’ Household Safety



**RESULTS**

There was no one group, based on gender, income category or livelihood, where improvements in well-being were either concentrated or lacking.

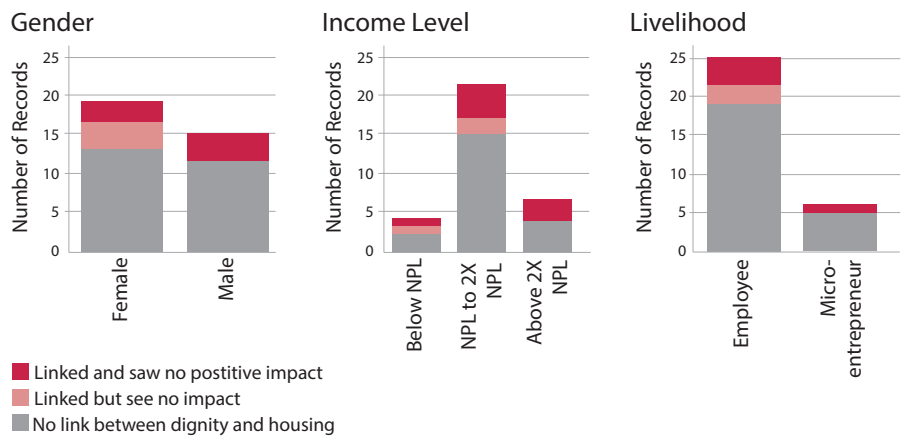
When asked about how the project impacted their family life, only one respondent was unsure about the effects. The rest all noted improvements. These varied due to the previously mentioned health and safety improvements as well as improvements in privacy and self-esteem.

*“ Yes, I believe our family life is improving. There is a different ambience in the home, and my husband complains less about the dust now that there is ceramic on the living room. I can now sleep peacefully because I feel safer after building a wall around the property.”*  
(5020, F, NPL3, E)

*“ Yes, I feel like we have more liberty. We are no longer all living together in one room, and we each have our own space.”*  
(5003, F, NPL2, E)

Despite some respondents feeling better about their homes and lives as a result of the project, few respondents saw a link between a family’s dignity and the type of house they lived in. This did not vary drastically among the different demographic groups, though females, those living below the 2X NPL line, and employees were more likely to report seeing a link than other demographics.

**Figure 19: Whether Respondents See a Link between Dignity and Type of Housing and Whether Project Improved their Family’s Dignity**



Lastly, respondents overwhelmingly felt that the projects had a positive impact on their and their family’s quality of life, and, again, there was no one group where this sentiment was concentrated. Among the respondents who did not report a positive change, two felt that their quality of life is unrelated to their loan project, while others simply felt their quality of life had not drastically improved as a result.

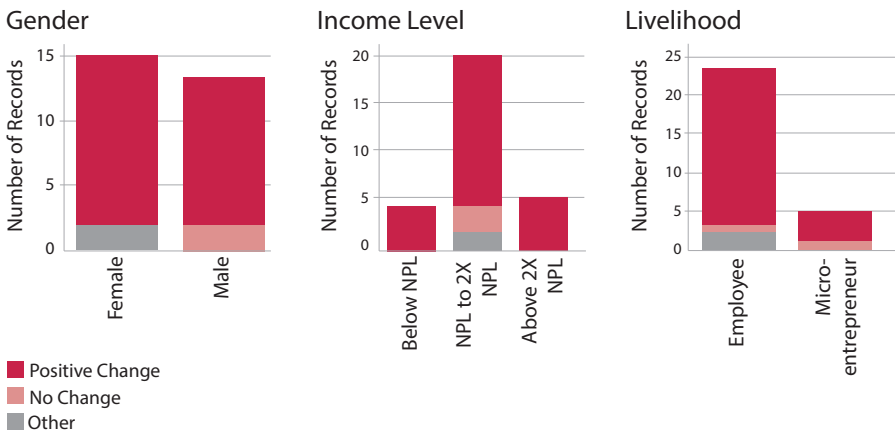
*“ I don’t feel my quality of life has improved because I think there is still a long way to go, and I think that there are many things missing.”*  
(5021, M, NPL2, ME)



*“ I feel like my construction and quality of life are not related, I feel ok with my quality of life so far.” (5003, F, NPL2, E)*

*“ I believes that my quality of life has improved by 95% because of the difference in safety and the accomplishment of being able to do this by myself.” (5017, F, NPL1, E)*

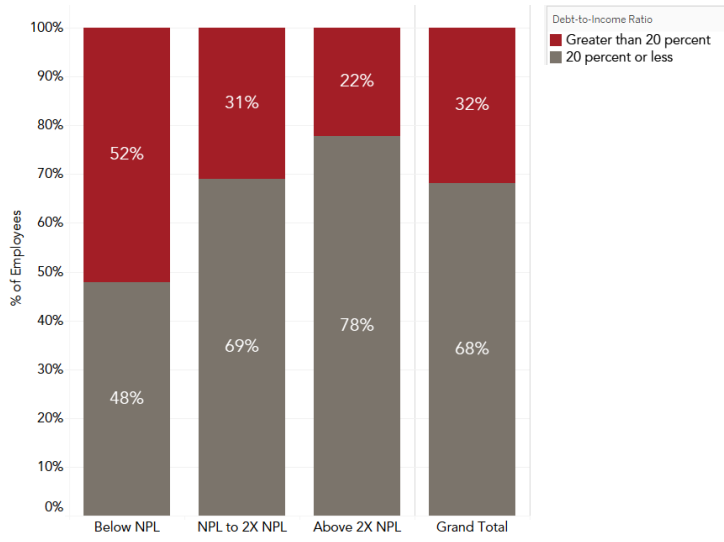
Figure 20: Change in Respondents' Quality of Life



RESILIENCE

The clear, positive impact of SERFIGSA's home improvement loans could be undermined if it came at the price of greater economic vulnerability (and hence less resilience) due to the burden of repaying the home improvement loan. SERFIGSA includes a capacity-to-pay analysis in its underwriting. For employed borrowers the ratio of monthly debt payment to monthly income can be no more than 20 percent. Calculations based on the administrative data that include the term of the loan, the interest rate, and the original loan amount suggest that about 68 percent of these salaried clients have debt-to-income ratios of 20 percent or less. Behind this average are important differences in the debt-to-income ratio of people with different incomes. Over half of employed borrowers living below the poverty line had debt-to-income ratios greater than 20 percent, while only 22 percent of those living above two times the poverty level did. There was no difference in debt-to-income ratios by gender.

Figure 21: Debt-to-Income Ratio by Income Category, Employees

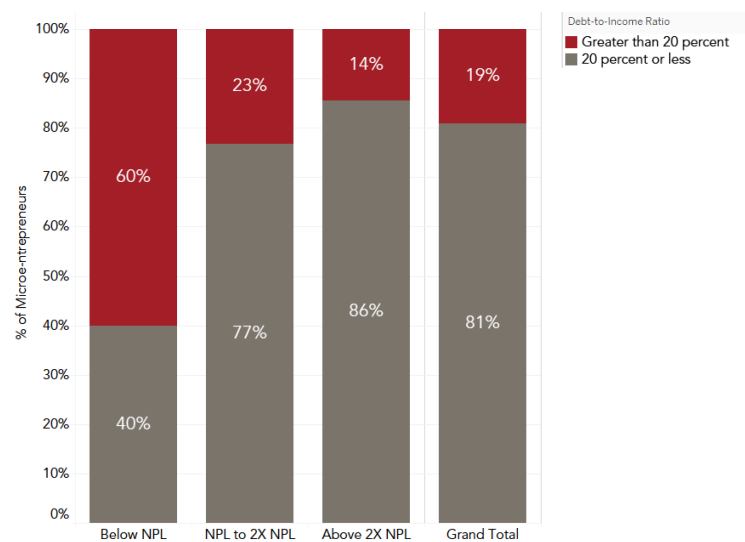


RESULTS

The administrative data suggest that 68 percent of employed clients had debt-to-income ratios that were in compliance with SERFIGSA’s underwriting rules.

For non-salaried borrowers, SERFIGSA calculates the amount of disposable cash they have after all expenses and will lend an amount that results in payments that are 50% of disposable cash for new borrowers and 60% for returning borrowers. The administrative data do not provide details on the disposable cash of micro-entrepreneurs, but the data show that about 81 percent of micro-entrepreneur borrowers have a debt-to-income ratio of less than 20 percent—a far greater percentage than the employed borrowers. It should be noted that though the share of micro-entrepreneur borrowers living below the NPL with debt-to-income ratios greater than 20 percent seems high, this is a spurious result as there are only five borrowers in this category. As with the employed borrowers, there was no difference in debt-to-income ratios by gender.

Figure 22: Debt-to-Income Ratio by Income Category, Micro-entrepreneurs



The data suggest that there is some concern that lower-income employed borrowers are being stretched by the home improvement loans they have taken on, and there is less concern about the higher income groups. We cannot definitively conclude that these higher income groups are not overburdened with debt. As noted above, we do not have enough data on the micro-entrepreneurs to evaluate their overall situation. In addition, we do not know what other debts SERFIGSA's borrowers have taken on. This is a potentially important piece of missing information, because the qualitative data revealed that many of the respondents have other loans outstanding. Nevertheless, those respondents seemed unconcerned by the additional payments they were having to make to service their debts.

There is no evidence in the data that SERFIGSA or its clients are reliant on remittances to meet their obligations. Only 20 of the 460 clients reported receiving remittances, and these 20 clients did not appear to have meaningfully higher DTI ratios than clients who did not report receiving remittances.

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**KEY INSIGHT:**

*Installment loans lasting more than a year are well-suited to people working in salaried positions, such as school teachers. The regular, documented salaries make underwriting simple in comparison to underwriting a home improvement loan to a micro-entrepreneur, whose income is harder to document and may vary more.*

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## Client Satisfaction

### Research Question:

- Are clients satisfied with the technical assistance and customer services provided by SERFIGSA and its partners? Are there differences in satisfaction based on what products and services a client received? What could be improved?

### Answer:

- Clients expressed a high degree of satisfaction with the results they were able to achieve with the loan from SERFIGSA
- There were instances of dissatisfaction with SERFIGSA's loan process, mostly driven by delays in the loan approval or disbursement process.
- Clients gave mixed reviews to the TA they received, with almost half the clients who participated in the qualitative interviews expressing concerns about some aspect of the TA in answers to at least one of three questions about TA. The types of dissatisfaction varied but the most dissatisfaction was with the nature of the follow up services provided by the technician, which, for the most part, were not considered to be enough. There were also some concerns with the attitude of the technicians.
- Despite the mixed reviews, most respondents (76 percent) said they would recommend the TA to a neighbor.
- Opinions regarding the final result of the project, the SERFIGSA loan process, and the TA cut across gender, livelihood, and income category. There was no one group where satisfaction or dissatisfaction were concentrated.

There was an overwhelmingly positive response to the question about clients' satisfaction with the results of the projects the clients undertook ("How happy are you with the final result?").

In terms of respondents' satisfaction with the results of their projects, no respondents reported any level of dissatisfaction with their results. Only 11 percent of respondents reported being unsure as they were still in the middle of their construction project and were unsure if they would be satisfied with the results. This favorability translated to most respondents stating that they would be likely to take out a new loan for another construction project in the future. Most men and women agreed with this statement, as did all of the respondents who were living below the NPL. Some respondents said that they would be willing to take on a new loan for a reason other than home improvement, primarily to start a business.

*"Probably in the future, I would take another loan to continue building my home."* (5005, M, NPL2, ME)

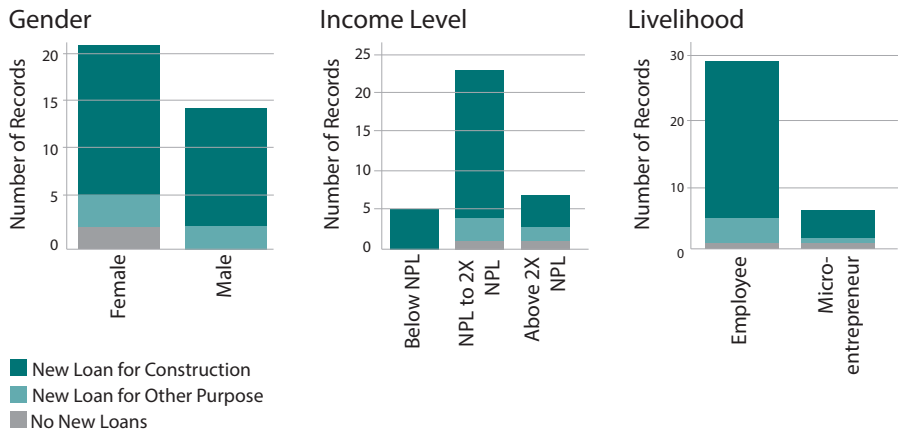
*"Yes, I would like to continue taking out loans. Maybe in the future, I would like to have a small business, but we would have to pay for this loan first."* (5008, F, NPL 2, E)

## RESULTS

**Clients expressed a high degree of satisfaction with the results they were able to achieve with the loan from SERFIGSA.**

**There were instances of dissatisfaction with SERFIGSA's loan process, mostly driven by delays in the loan approval or disbursement process.**

Figure 23: Whether Respondents would Take on New Loans

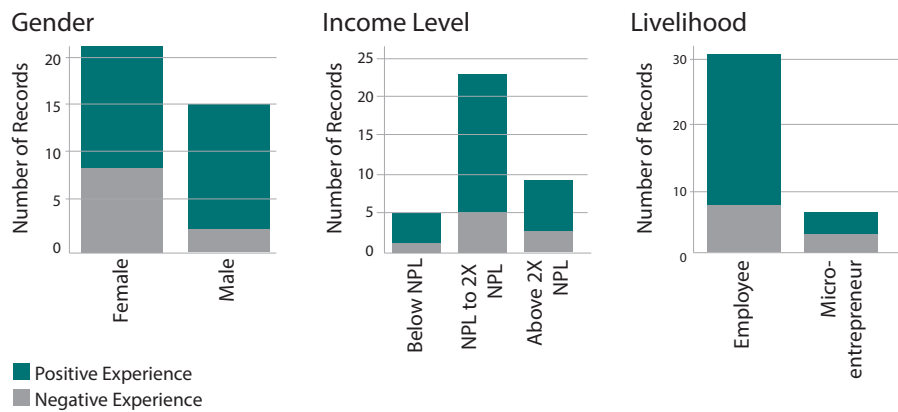


In general, respondents also reported that they were satisfied with the quality of services that they received from SERFIGSA. When asked specifically about how they would describe their experience with SERFIGSA, most respondents reported that they had a positive experience. There were instances of dissatisfaction, but there was no one group where dissatisfaction with SERFIGSA's services was concentrated—there was some people in all the different categories who expressed dissatisfaction, even though the overall number of dissatisfied customers was small. Two of the dissatisfied clients were upset by the TA fees and this was linked to expressions of dissatisfaction with the TA they received. Complaints about SERFIGSA specifically largely focused on delays the clients experienced before receiving their money.

*"I think the service has been good, but there have been many delays. The process should be faster for repeat customers, and I also think loyal customers should have a preferential interest rate."* (5029, F, NPL2, E)

*"I believes that the process took too long. It took three visits before my loan was approved, and it was very annoying. I was about to cancel the process."* (5004, F, NPL3, ME)

Figure 24: Satisfaction with SERFIGSA's Services



## RESULTS

Clients gave mixed reviews to the TA they received, with almost half the clients who participated in the qualitative interviews expressing concerns about some aspect of the TA in answers to at least one of three questions about TA. The types of dissatisfaction varied but the most dissatisfaction was with the nature of the follow up services provided by the technician, which, for the most part, were not considered to be enough. There were also some concerns with the attitude of the technicians.

The in-depth interviews asked three different questions related to clients satisfaction with the technical assistance (TA) that respondents received from Habitat for Humanity. These were: an assessment of the technician providing the TA; satisfaction with the TA follow up visits they received; and whether they would recommend the TA to others. Many respondents viewed the TA positively, although the level of satisfaction was less than that expressed for SERFIGSA. Almost half of the respondents (16 of 38) expressed dissatisfaction with the TA in answering at least one of the three questions.

The most dissatisfaction was expressed regarding the quality of the TA follow up during the home improvement process—12 of the respondents gave negative responses to these questions. The dissatisfaction seems to have been the result of either a mismatch in the level of supervision that they wanted or a product of poor interactions with the TA worker.

*“No, we were not satisfied by the TA follow up, but we followed the instructions. We would have liked to have more reassurance though.”* (5001, F, NPL2, E)

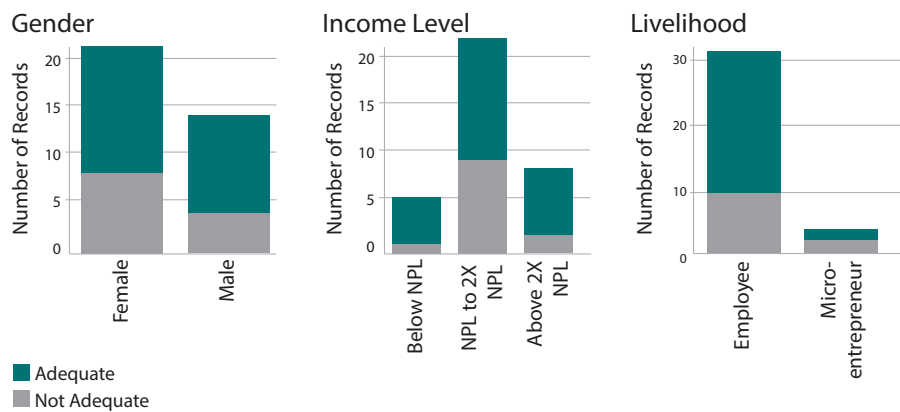
*“No, I did not like the TA follow up. It happened too many times, and the technician was rude, even asking the workers about their level of education, and the workers were getting annoyed too.”* (5038, F, NPL2, E)

RESULTS

Despite the mixed reviews, most respondents (76 percent) said they would recommend the TA to a neighbor.

Opinions regarding the final result of the project, the SERFIGSA loan process, and the TA cut across gender, livelihood, and income category. There was no one group where satisfaction or dissatisfaction were concentrated.

Figure 25: Level of Satisfaction with TA Follow Ups



With respect to the technicians themselves, there were two types of complaint: either the technician did not do everything they were supposed to do; or the technician did what they were supposed to do but the client found it annoying. With respect to the first issue, sometimes a technician did not show up until after construction had begun or helped with the planning but did not follow up. For example, one client stated:



**"** *I would have liked the technician to visit at the moment in which the most activity was happening, she came again when it was all complete.* (5008, F, NPL 2, E)

With respect to the second issue, clients expressed dissatisfaction that seems to center on whether the TA was necessary, the purpose of the TA, and the attitude of the technician. Some clients noted that they had experienced builders or were experienced themselves and did not feel they needed TA. Related to this some clients felt that the TA was really about checking up on them and not trusting them:

**"** *I really didn't like that the technician visited 7 times, as if he didn't think we could do it. We did have a delay because the rainy season started and this meant we had to pause the work. But even the builder was complaining and annoyed.* (5038, F, NPL2, E)

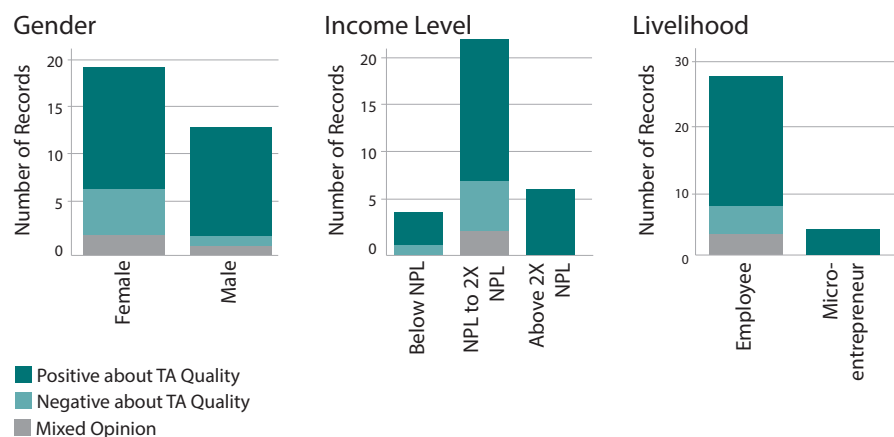
**"** *I didn't like that they came to supervise the construction as if they were not trusting that I was actually going to use the money to make the improvement. My builder didn't like having someone come over* (5002, F, NPL2, E)

And one client complained that the technician was condescending:

**"** *[Y]es there was a technician that came but I didn't like that he was perhaps treating me as if I didn't know what I was doing. I am educated and participated in a course about "project design and evaluation" and so, I didn't like the tone of the technician, too condescending. In the end he said that what I was doing was ok.* (5038, F, NPL2, E)

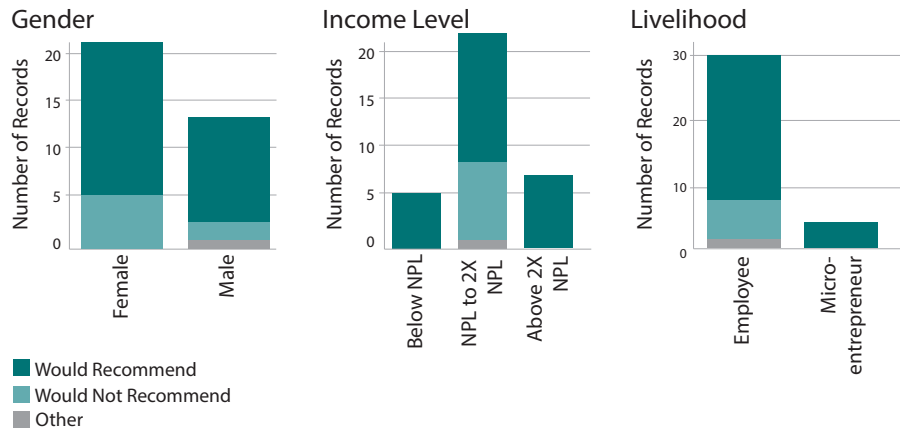
But, as with the other complaints about the TA, there was no one group where the complaints were concentrated.

**Figure 26: Assessment of Technician Quality**



Despite the complaints about the TA, most respondents (76 percent) stated that they would recommend the TA to their neighbors. Again, those that said they would not were not concentrated in any demographic group.

Figure 27: Whether Respondents Would Recommend TA to Others



**KEY INSIGHT:**  
*Collecting accurate data on the use of home improvement loans can greatly improve housing lenders’ ability to track their clients home improvement journey—clients are likely to take on multiple home improvement loans in sequence and a lender can improve their marketing and TA if they have a better understanding of the typical home improvement journeys clients follow.*



# Participating Organizations



Global Partnerships (GP) is an impact first investor, pioneering and investing in sustainable social enterprises that deliver high-impact products and services for people living in poverty. Global Partnerships invests in microfinance institutions (MFIs), social business and cooperatives in Latin America, the Caribbean and sub-Saharan Africa.



SERFIGSA is a microfinance institution (MFI) that offers a variety of loan products including mortgage loans, microcredit, personal credit, and agricultural credit. The most common loan uses are home improvement or home purchase.



Microfinance Opportunities is a global nonprofit organization committed to understanding the financial realities of low-income households and developing consumer-focused solutions. Their work shapes the design and delivery of financial products and services, and enhances the capacity of low-income consumers to make informed financial decisions. In collaboration with a wide range of public and private sector partners, their research and expertise help to increase consumer access to finance in the developing world.

**This study was made possible in part through generous support from the Swiss Confederation and JPMorgan Chase:**



The Economic Cooperation and Development division is part of SECO's economic competence. In advanced developing countries, it supports socially, environmentally and climate-friendly economic growth with more and better jobs for all levels of the population. This opens up prospects, reduces poverty and removes inequalities. Switzerland benefits from development of this type through new trading partners, increased security and reduced migration pressure.

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JPMorgan Chase believes more people should have access to opportunity and the chance to move up the economic ladder, particularly in the world's cities, where the benefits of revitalization are not reaching everyone. Their global initiatives are focused on key drivers of inclusive growth to address social and economic challenges and leverage the firm's world-wide presence, talent and resources.