The company Amiscus Horizon (AH) started operating and pioneering the concept of cement block banking in 2014.

The concept, “Cement Block Saving Scheme” is a “pay-as-you-go-model” whereby clients save and buy cement blocks on a monthly basis.

FUNCTIONING

As part of the saving scheme, the clients receive monthly statements that indicate the amount of blocks they saved. When they have saved a sufficient amount of money for their housing project, the cement blocks are delivered to them.

At the beginning of their operations, AH bought the blocks on a monthly basis from a factory. Now, the company switched to producing the blocks in house, where there is closer monitoring and assessment of the quality of the blocks.

If the quality does not meet the requirements, the customer gets reimbursed their total amount of blocks at the market price.

CONTACT

Amiscus Horizon (AH)

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LOCATION

Gambia

PARTNERS

Most of AH’s clients have low and middle incomes, who are currently renting, but wishing to build new homes or improve their properties.

At the beginning of the construction phase, only 3 to 4% of the clients have access to finances.

RESOURCES


Amiscus Horizon Gambia Co. Ltd
AH buys cement in bulk from the factory, in order to protect the company and their clients against cement price increases. The discount received for the bulk orders helps to protect against significant price variability. The packages offered by AH account for a 10% price increase, so the company did not have to change the prices for their customers over the past year. An additional cost was added to the packages to cover the administrative costs and other costs related to the fabrication of the blocks and depot.

From October 2015, the company started offering an in-house finance facility (financing the construction of fencing over a one year period). In order to further address the client’s financing needs, AH worked on an in-house mortgage and microfinance instrument. The clients were then able to start saving for a two-bedroom house. Once the materials and construction costs were paid and the blocks saved, the company would then build additional rooms.

Clients are able to start saving for a package as low as GMD 500 (7.81 EUR) to GMD 6,000 (93.72 EUR) per month, over a two to five year period. The extra finance instruments make it possible for clients to have a standard house at the cost of GMD 1,130 (17.65 EUR) to GMD 2,421 (37.82 EUR) per month within a 6 to 7 year period.

Default rates are relatively low. Each client that participated in cement block banking for one year without defaulting, was offered an 8% interest by AH. This encouraged customers to pay regularly.

At the end of the year, the interest was paid in blocks to the clients.

AH provides standard housing plans and packages for two, three, and four-bedroom houses and different sized fences.

LESSONS LEARNT

» The “Cement Block Saving Scheme” is innovative as it allows clients to make **affordable contributions per month** towards a house, whilst hedging against inflation.

» AH has partnered with financial institutions to offer mortgage financing, but these mortgage products did not meet clients' needs and requirements. Interest rates were too high and unaffordable. This is why **AH worked on developing and offering its own mortgage financial products**.