3 - 5

Housing Finance Scheme for the Poor using Islamic Microfinance System:
a Promising Approach to Enabling Strategy

Dyah W. Astuti

ABSTRACT

When revitalization program has been issued in the master plan, one challenge is how to do slum upgrading in urban area. The problem rises because most households in the area not only have no financial capacity, but also have no access to housing finance institution. As a consequence, they cannot improve their housing condition. In the last decades, the Indonesian government had tried to play the role of enabler to help lowest-income community in housing provision. Some programs, such as P2BPK and P2KP, were introduced and applied by developing revolving fund, first known as *'Kredit Triguna'*, that was especially designed to meet the need of housing financing scheme for the poor. But like many other schemes offered by the government, the scheme cannot sustain and stopped lending. It means another alternative scheme, applied integrated approaches from physical, economy and socio-cultural sides that help the poor to access key assets and to increase productivity, should be created. On the other hand, having the biggest Moslem population in the world, Islamic finance is an alternative to be developed in Indonesia. The system, that is considered to promote distribution of welfare based on equality and fairness, allows chance to reach the poorest. Based on the reason, this paper is aimed to develop the most sustainable alternative scheme, and Islamic Microfinance system is seen as the tool. The observation is mainly focused on comparison between *'Kredit Triguna'* as the sample of previous loan applied and the instruments used in Islamic Microfinance. Adopting the concept of '*Triguna*' into Islamic Microfinance hence can be one potential innovation to fill the gap between housing finance needs and low income community.

Keywords: enabling strategy, housing finance, Islamic Microfinance, slum upgrading

1. INTRODUCTION: IMPROVING THE POOR'S ACCESS TO HOUSING

1.1 Housing Financing, the Main Constraint

What actually the reason behind the growth of slum and squatter in urban area is interesting to be observed. *Panudju (1999)*, as well as *Sheng (2000)*, described that housing for low-income community is a complex problem and has some constraints, such as financial constraint, limitation of land availability and land price, limitation of housing and environment facilities and infrastructures, and the last, building material and building codes/regulations.

Furthermore, economic condition is believed to be one potential reason. It is generally believed that one of the distinguishing aspects of being poor is being without assets. The rapid rising price of housing has consequence that mostly households cannot reach even the lowest housing price *(Panudju,1999)*. However much costs are reduced, there will always be the need for finance to build or to upgrade dwellings *(Whitter, 1994)*.

Moreover, *Sheng (2000)* argued that the problem occurs because almost all households need a loan to gain home ownership, but the poor have no access to banks because of their irregular income and employment. The lack of collateral needed to get loans is another reason. Consequently, they cannot even improve their housing condition. According to *World Bank (1996)*, increasing access for the poor to two important inputs, credit and land, can break this cycle, as well as *Whitter (1994)* that proposed to increase the accessibility to finance by reducing the obstacles to lending.

On the other hand, the biggest challenge of mobilising finance for low-income housing is to identify the sources of finance. And so far, no financial institution can provide any loan for housing financing for the poor without any involvement of the government. Habitat (1991) argued that for sustainability reasons, the funds needed for financing housing must be generated locally from domestic resources. Therefore promoting savings for housing then can be agreed as one perfect way, even though increasing savings capacity for the poor is not easy and the establishment of savings for housing itself is still in debate because the high inflation rate in many developing countries can erode savings rapidly.

1.2 Microfinance as a Powerful Tool

In term of housing financing, there is no doubt that improved access to housing finance will lead to improved access to housing. When a loan for housing becomes unaffordable because of low-income, high prices and high cost of long term finance, microfinance, in which people can save and borrow money in very little amounts, becomes potential alternative since most people lack of income and assets to qualify for a loan.

According to *Ferguson*, *in Habitat, 2002:23-24,* the term microfinance for housing referred to small loans designed for low/moderate-income households, typically for self-help home improvement and expansion, but also for new construction of basic core units. In another paper published by *IIED (1999),* he also explained that the small loans are given at market rates of interest and amortized over short terms, often two to ten years.

But how access to housing can be improved through microfinance? Microfinance is seen as a powerful tool for reaching the poor, raising their living standards, creating jobs, boosting demand for other goods and services, contributing to economic growth and alleviating poverty. *(Dhumale and Sapcanin, 1998)* It can be translated that microfinance, besides it works directly to finance housing, it also gives chance to people to increase their affordability to access housing by productive loans. It relates to the trend that the most interesting development in recent years is the explosion of microfinance approach in all regions mainly in the field of credit for micro-enterprises.

2. WHY USING ISLAMIC MICROFINANCE SYSTEM

2.1 Basic Principles of Islamic Finance

Islamic finance has different characteristics to conventional financial system. As a system based on cooperation and equity, *Arifin (2000)* and *Hafidhuddin (2002)* agree that Islamic finance has two principles.

The first is avoiding ***al-iktinaz***, which means prohibition to idle money (unproductive activity), because there is flow concept of money. It relates to interest free system applied. Islamic finance creates interest-free system based on profit-sharing basis, as an alternative to conventional system. Fitting to Islamic aim to develop entrepreneurship, interest free concept leads capital owners improve investment and flow money. Consequently, at the end, it will impact to increase wealth distribution, social and economic justice.

The second is leading to ***al-ta'awun***, which means to help and to collaborate each other for the goodness in the community. The strongest point is in its expansion to the poor, and it is established in form of social funds as redistribution of welfare. It prohibits money circulation only in one part community, and on the other hand, at the same time, leads people to invest and promote money distribution, or economic with equity.

2.2 The Potencies of Islamic Finance in Microfinance Level

Based on the principles, Islamic finance, an interest-free system which promotes entrepreneurship, risk-sharing and care for the poor can offer alternatives at the microfinance level, and can also play a vital role in the economic development by mobilizing dormant savings. *(Iqbal, 1997)* According to *Antonio (2001:134), s*ocial mission involved besides commercial goals also gives special characteristic that makes *sharia* banking different to conventional banking.

This system can be fully understood only in the context of Islamic attitudes towards ethics, wealth distribution, social and economic justice. Principles encouraging risk sharing, individual rights and duties, property rights, and the sanctity of contracts are all part of the Islamic code underlying banking system. *(Dhumale and Sapcanin, 1998)*

In this light, many elements of microfinance could be considered consistent with the broader goals of Islamic banking. Both system advocate entrepreneurship and risk sharing, and believe that the poor should take part in such activities.

Because Islamic finance deems to profit rather than interest, it offers funds based on intangibles, such as businessperson's experience and character. It means that viable projects rejected by conventional lending institutions because of insufficient collateral might prove to be acceptable to Islamic banks on profit-sharing basis. *(Dhumale and Sapcanin, 1998)*

According to *Abdouli (1991)*, there are three basic instruments of Islamic finance that could be built into the design of a successful microfinance program, ***mudharabah*** (trustee financing), ***musyarakah*** (equity participation), and ***murabahah*** (cost plus mark up). Other type of Islamic funding, ***al-qard al-hasanah*** (beneficence loan, the only loan permitted by ***sharia*** principles), which means an interest-free and zero profit loans advanced for humanitarian and welfare purposes, could also give chance for the poor access to microfinance. *(Al-Harran, 2002)*.

2.3 Islamic Social Welfare Funds as Potential Funding Sources Used in Microfinance

As explained before, there is social funds for helping the poor (*dhuafa*) in Islam. The main resources of social funds come from *zakat*, *infaq* and *shadaqah (PIRAC, 2002)*, which required to be paid by wealthy people to the poor. With minimum amount of 2,5% from their idle money, *zakat* is compulsory for Moslems that have ability to pay, while *infaq* and *shadaqah* is more likely a preference. *Zakat* is potential funding source to be developed, since the government of Indonesia will reduce income taxation to everybody who pays *zakat*.

The potency of *zakat* resource in Indonesia achieves amount of Rp. 7,5 trillion. This assumption is based on Central Bureau of Statistics that there are 40 million households in Indonesia, with 32 millions among them are classified as welfare family, 90% of them are Moslems, with annual income Rp. 10 million – 1 billion / household and *zakat* tariff is 2,5%/annum. *(El Saha and Ishom, in PIRAC, 2002)* Another potency is that it is possible to use and to manage it as revolving fund to help the poor. *(Hafidhuddin, 2003)*

3. COMPARATIVE ANALYSIS

To assess the possibility of using Islamic Microfinance instruments for housing financing for the poor, the comparative study is used to observe similarities and differences of natures between the previous loan offered and Islamic Microfinance instruments.

The reasons for carrying out a comparative analysis in this research is to find the ideal conditions for housing financing schemes that can solve the problem of uncontrolled housing growth which leads to urban slum, based on the previous and the potential schemes.

The observation is mainly focused on comparison between *'Kredit Triguna'* as the sample of previous loan applied and the instruments used in Islamic Microfinance, that are *Al-Mudharabah*, *Al-Musharaka*, *Al-Murabahah* and *Al-Qard Al-Hasanah*. In this case, *'Kredit Triguna'* was a scheme, developed as mixed loan, that existed effectively for around 2 years. On the other hand, although Islamic Microfinance faces fast growing demand in Indonesia, it has no experiences in financing housing through microfinance in Indonesia as well as no specific program in mixed loan as used in *'Triguna'*.

Some parameters are selected based on the set up of an ideal condition that needs to be satisfied. However, there is no strict definition of an ideal condition for a loan scheme. Hence the selection process of the parameters chosen is quite difficult.

After quick reviewing the scheme models of microfinance or housing-finance used in some countries (Bangladesh, Yemen and India), the aspects of availability, acceptability, accessibility and sustainability seem to be included as a component in an ideal condition of housing-finance. The limitations and definitions of parameters used are:

- Availability
  refers to whether supply and demand are available and can meet the need each other
- Acceptability
  refers to whether the scheme is acceptable to most people in the target group
- Accessibility
  refers to whether the target group population can and is able to use the scheme

- Sustainability
  refers to whether the scheme can sustain both from supply and demand sides

Table 1. Comparison between the natures of *'Kredit Triguna'* and Islamic Microfinance

PARAMETERS	*INDICATORS*	KREDIT TRIGUNA	ISLAMIC MICROFINANCE			
			Al-Mudharabah	Al-Musharaka	Al-Murabahah	Al-Qard Al-Hasanah
AVAILABILITY	Market	-Urban low income with housing problem -Used to access land and housing, completed with income generating loan	-No specific income class -Investment fund	-No specific income class -Classical joint venture	-No specific income class -Consumptive and productive financing	-Only for *dhuafa*, low income communities -Consumptive and productive financing
	Source of funds	Government special funding program	Mainly cooperation and investment funds	Mainly cooperation and investment funds	Mainly cooperation and investment funds	Mainly Islamic social welfare funds
ACCEPTABILITY	Lending criteria	-Conventional -Complicated -Community based loan, not personally	-Contract based on *sharia* -Administrative requirements -Prospective	-Contract based on *sharia* -Administrative requirements -Prospective	-Contract based on *sharia* -Administrative requirements	-Contract based on *sharia* -Simple
	Lending terms	-Interest based, low rate, 8.5% pa -Medium to long term, 5-20 year	-Interest free based -Profit and risk sharing -Flexible terms, depends on contract	-Interest free based -Profit and loss sharing -Flexible terms, depends on contract	-Interest free based -Profit taking from price mark up -Flexible terms, depends on contract	-Interest free based -Zero profit oriented -Short term, < 1 year
ACCESSIBILITY	Location of supplier	Branch offices	No specific location	No specific location	No specific location	No specific location
	Quality of services	-No specific promotion but uses consultant as intermediary -Community based collateral / social guarantee	-No specific promotion -Alternative to collateral, such as business person's experience and character / intangible	-No specific promotion -Alternative to collateral, such as business person's experience and character / intangible	-No specific promotion -No collateral	-Promotion in public mass media -No collateral
SUSTAINABILITY	Performance	-Unsatisfied record of recovery rate -Ineffective application -Only used in 1996-1998 -Non-renewable funding source	-High risk -Monitoring is required	-High risk -Monitoring is required	-No specific record information	-Monitoring is possible -Usually be repeated with increased amount of loan -Renewable funding source
	Potency	-Good mixed loan -Increased repayment capacity program	-Promoting entrepreneurship -Profit and risk sharing	-Promoting entrepreneurship -Profit and loss sharing	-Collateral is not required -High flexibility	-The only soft and benevolent loan -No risk in case of default -No required collateral

4. THE POSSIBILITIES

4.1 Imitation of Two Important Aspects

Basically there are two concepts in the scheme, the concept of mixed loan and the involvement of community, which were the strong points and furthermore, should be handed and developed.

4.1.1 The concept of mixed loan

Theoretically, Triple Functions Loan was a perfect combination as a mixed loan addressed to urban poor, which combined between giving access to key assets, land and housing, and productive loan. The idea was how to make people could afford housing, and one solution was by increasing their income, so savings or repayment capacity will increase automatically.

According to *Whitter (1994),* one of the strategies in mobilizing resources for low-income housing is enhancing access to finance. But *'Triguna'* did more than only enhancing access to finance by financing housing. It also gave people chance to increase income by productive loan, given in the last step of financing. The advantage calculated from both sides, borrower and lender, was that the borrower could improve repayment capacity while the lender had more security, or guarantee, in the sustainability of loan repayment.

As the original name of *Triguna* implicates, it divided into three steps that relates to each other. Firstly to help people to get security of their land, usually it was used to solve illegal or squatter housing, and the first step was meant to help people to legalize land tenure. For the second and third steps, land that had already been legalized would be used as collateral to get more loans to construct housing and to generate income.

Each steps would be divided more accurately into more than one financing stages. It was dropped gradually, depended on the achievement of the project. The last step, amount of 15% of total loan, would be used as productive loan to guarantee the sustainability of repayment.

4.1.2 The assistance of Community Based Organizations

As a loan scheme given to community, and not personally, the involvement of the community, either in the decision making process or in the development process, was one key to success based on the theory that was applied by Triple Functions Loan. In *'Kredit Triguna'*, it could be seen in term of community participation, either by sweat equity or by hired worker. By participation in very basic level, it made possible to produce low-cost materials, and kept production cost down.

Moreover, this loan package was designed with the assistance of community based development program and introduced bottom-up approach in housing provision for urban poor. Based on this reason, it could be easier to understand why low-income community could accept this program. They felt that they were one of the decision makers for themselves, because no one knows better what their needs, priority and available resources. In the long run, it would lead people to have sense of belonging more than in top-down approach.

4.2 Improved Aspects of *'Kredit Triguna'* by Islamic Microfinance

There are different strengths and opportunities of both schemes that can be complement each other, in which the weaknesses and threats of *'Kredit Triguna'* can be covered by the strengths and opportunities of instruments in Islamic Microfinance. Based on the analysis, it shows the good possibility of adopting process. At least there are three aspects that will improve automatically by adopting *'Kredit Triguna'* using Islamic Microfinance instruments.

4.2.1 The availability and sustainability of funding source

The problem of dependency on government special funding program, which usually comes from international loan, is that the source will be non-renewable and less sustainable. It strongly influences to the continuity of the program. Without any sufficient funding source available, it is very difficult to sustain in the long run. As a consequence, many schemes, including *'Triguna'*, that have resources from government special funding programs were discontinue.

The problem can be solved by the availability and possibility to use alternative funding source in Islamic Microfinance system, the Islamic social welfare funds. The strong point of Islamic social welfare funds is that it is paid every year based on social reasons, so it is seen as renewable and very secure funding source.

4.2.2 The refusal of interest based used in conventional system

The trend of Islamic movement revival in Indonesia has effect to the increasing Moslem awareness of Islamic financial concept in the last decade. The effect maybe is not perceivable yet, but it should be recognized as a serious threat in the future. The fact that most of Indonesian populations as the target group are Moslem who is unwilling to pay interest on savings and borrowings recently, means the conventional system used in *'Kredit Triguna'* could likely be unacceptable.

By using Islamic Microfinance, the method of Triple Functions Loan will automatically interest converted into three basic contracts, that are soft and zero profit loan, profit sharing, or sale and purchase schemes. Automatically it will reduce the resistance of Moslem that prohibits interest. With the support of many Islamic financial institutions that already established and still grows recently, it seems possible to develop new scheme based on *sharia* that is adopted from *'Triguna'* scheme.

4.2.3 The dependency on government involvement

Last aspect, as a system based on faith, *sharia* system is independent from government involvement. Government involvement is not something that should be avoided. But then, the problem rose because of the involvement of government that usually made the process became more complex. It has affected people cannot access the loan easily. By the concept based on *sharia* that is used as norm in community as whole, the emphasis of social spirit to help each other in the goodness and the independency of government involvement can cut off the complicated bureaucracy system.

Another problem was the instability on government policies. There is no doubt that some policies made by Indonesian government, such as tax reduction policy for *zakah* payers, give opportunities to develop Islamic financial system. But even though there is no policy to support the *sharia* system, or the policy that support this system changes, it will still grow naturally. It can be concluded that from sustainability point of view, the independency of Islamic Microfinance can overcome the problem in the instability of government policies.

4.3 Avoid Repeating Two Important Failures

The basic failure of the scheme is that the performance was not satisfactory. Based on the BTN repayment record, *'Triguna'* had not shown good recovery rate. But why did it happen? The concept of mixed loan actually tried to encounter problem in financial capacity, by giving the third step of loan for productive activity, and finally aimed to secure repayment sustainability. But in fact, it seemed that the aim could not be achieved successfully. There are two reasons for it.

4.3.1 Mismanagement in side streaming risk

One reason is that most borrowers used big part or the entire productive loan not for income generating activities, but for other purposes such as for consumptive needs, called side streaming. The risk in side streaming was high, and no special effort done to minimize the risk. What the scheme did was collected solidarity fund besides the monthly loan repayment, as part of the collective responsibilities of the borrowers to shoulder the cost of defaulters. It was aimed to reduce the risk of default for lender only, but could not minimize the risk of side streaming itself.

The side streaming made the loan was not well targeted, as the aim should be. Consequently it had bad impact for the borrower's capacity to repay such loan, which finally affected to the sustainability of the loan program.

4.3.2 Ineffective and inefficient in application

Another reason is that the productive loan was given as the last step in *'Triguna'* scheme, while the borrowers should start repayment directly after the first loan had been liquefied. So, there was no possibility to improve their financial capacity before the repayment period was started. As a consequence, most of them felt hard to repay such loan, and only part of them decided to continue to the third step of loan scheme because they were quite apprehensive could not afford to repay.

Based on the reason, the application of *'Triguna'* scheme showed inefficient and ineffective way to drive the income of the borrower. It would be more appropriate and sustainable if the scheme could give a chance for the borrower to improve financial capacity first.

5. BUILDING THE PERFORMANCE

5.1 Building the independency

The dependency of *'Kredit Triguna'* on government policies in the instability of politics situation had an impact on the availability of institutions involved and also the availability of funding sources. The objective of the strategy is to create a new scheme that can sustain without any dependency on the government role.

Proposed strategy

- Developing the independency of new scheme by using instruments in Islamic Microfinance that fit to Triple Functions loan concept, those are *Al-Murabahah* and *Al-Qard Al-Hasanah*.
- Maximizing the potency of Islamic social welfare funding sources, including *zakah*, *infaq* and *shodaqah* for revolving fund, in proper way based on *sharia*.

5.2 Savings while constructing

As analyzed before, the aim of giving the third loan for productive activities could not be achieved successfully. One of the reasons, the borrowers should start repayment directly after the first loan had been liquefied, without any possibility to improve their financial capacity before the repayment period had to be started. Based on the problem, the objective hence is to give people opportunities to improve their income and their financial capacity first, then followed by giving access to housing financing.

Proposed strategy

- Significantly changing of *'Triguna'* scheme, the productive loan in the proposed scheme is given as the first step of the scheme, uses *Al-Qard Al-Hasanah* contract, the zero profit loan given usually in short term (Figure 4.3). The loan can be quick repeated with increasing amount of loan after timely repayment.

- Introducing planned savings for housing, increases as targeted each year. By savings continually, besides it will give result the amount of money saved, also gives opportunity to show the increasing of financial capacity and savings capacity as the two most important things related to having access to financial institutions.
- After achieving certain amount of savings, i.e. 20% from the housing price, they can order housing with certain specification to Islamic financial institution, uses *Al-Istishna' Wal Murabahah* contract which means purchase by order. The price, calculated from total building cost with mark-up as the profit taken by the institution, the repayment method and the repayment period have to be declared from the beginning and signed by both sides.
- Then the institution, which normally has no stock of housing, will be responsible to provide the housing for them in accordance with the specification. It can be built by the institutions themselves, or by giving sub-contract to other institution.
- No repayment for housing before the construction process is finished, so the community has enough time to continue planned savings while the housing is still in progress.

5.3 Management of risks

Another reason why the aim of giving the third loan for productive activities could not be achieved successfully was that the loan available was used for other purposes by the borrowers. Monitoring and supervising, even they are possible to be done, but very difficult in application. So, the objective is to set risks management of the new scheme developed from the beginning in order to lower risk for the lender, by maximizing the role of community (CBO's) in control function and managing fund in a proper way.

Proposed strategy

- Taking funds for productive loan aimed to help poor people to improve their financial capacity from the very secure and renewable source, that is Islamic social welfare funding source. As a loan given based on social reason, besides no profit taking allowed, it supposes to have no punishment in case of default. With social welfare funding source, there is no risk for the lender institutions, usually *Baitul Maal*, because they collect and receive the funds from alms-giver as a gift and not a loan.
- Tightening monitoring and supervising process by compelling the role of CBO's in controlling their members, from selection process, loan approval and repayment control.
- As the concept of *'Triguna'*, each steps will be divided more accurately into more than one financing stages. It will be dropped

gradually, depends on the achievement of the project to make monitoring and supervising more possible and easier.

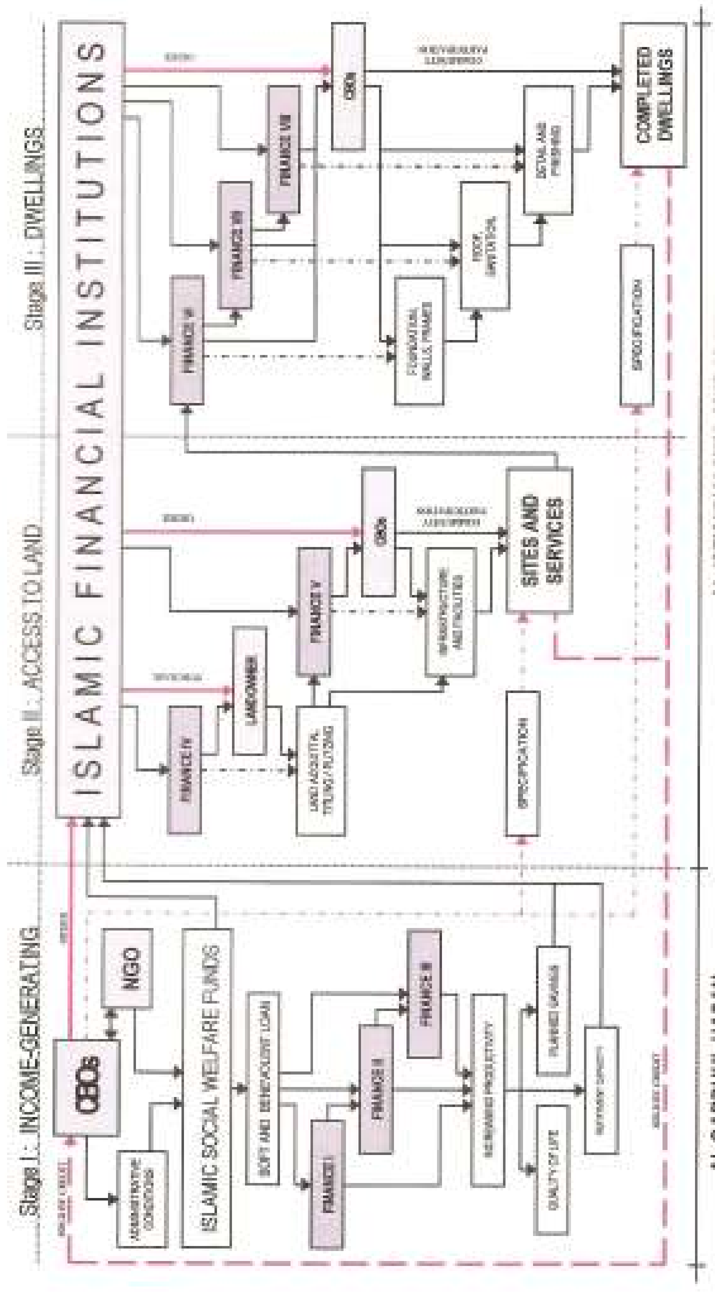
6. CONCLUSION

After comparing the nature of *'Kredit Triguna'* and Islamic Microfinance based on the four parameters, availability, acceptability, accessibility and sustainability, there are many similarities and significance differences between the two schemes. With the advanced study done based on strengths, weaknesses, opportunities and threats, it can be concluded that the similarities and the differences between two schemes gives benefit by complementing one another. Moreover, it gives possibility to combine them.

Basically, there are three main strategies, building the independency, savings while constructing and management of risks. The strategies are then developed into a new scheme as an alternative.

In the new scheme, the concept of mixed loan is imitated with a rotation. The new scheme is divided also into three stages. Those stages are income generation as the first stage, access to land as the second stage, and the last, the third stage is dwelling constructions. As in *'Kredit Triguna'*, each step in the alternative scheme is divided more accurately into more than one financing stages.

Figure 56.1. Alternative Scheme



In the first step, income generation process is started from the establishing of CBO. With the assistance of NGO, the CBO sets up the organization and prepares to access Islamic social welfare funds for their members. The fund is then given in form of soft and benevolent loan, that is *Al-Qard Al-Hasanah*.

The loan is given in three financing stages, in which there is a possibility for a quick disbursement with increasing amount of loan after timely repayment in each level. It is aimed to increase productivity, which hopefully will lead to income generation. Part of the income generation is purposed for increasing quality of life of the poor that usually is very bad, starting planned savings for housing, and repaying the *Al-Qard Al-Hasanah* loan.

After achieving certain amount of savings, the members of CBO order to financial institution to provide land and housing. That is the beginning of the second step, access to land. As an implementation of managing risk by reducing housing cost mentioned in the strategy, the institution then orders to the CBO itself to provide land and housing for the institution, with the *Al-Istishna' 'wal-Murabahah* parallel contract. Financing in accessing the land is divided into two stages. The first financing is purposed for land acquittal and titling, while the second financing is mainly for providing infrastructures and facilities in the area.

In the third step, that is dwelling construction, the CBO is still responsible to construct housing for the financial institution. Financing in this step is divided into three stages. The first financing is for constructing foundation, walls and frames. The second financing is for completing roof, sanitation, doors and floors. And the last financing is for detail finishing.

After finishing, the completed dwellings do not automatically belong to the CBO's members, but to the institution that is financing the land and the construction process. Based on the *Al-Istishna' 'wal-Murabahah* parallel contract, the institution then sells the dwellings to the members of CBO in the specific terms, those are amount of profit taken and repayment period, agreed from both side before. The dwellings and the land where the dwellings are built still belong to the institution until they are paid off.

That is basically the operation of the new alternative scheme proposed, based on the analysis on supply and the formulation of the tools and the strategies. The new scheme is promising more sustainable scheme to be applied, by flexibility and simplify access to loan, providing no collateral and interest free loan, continuous availability of non-subsidy, renewable and secure funding source, and logically shorten repayment period.

6. REFERENCES

Abdouli, A., 1991, 'Access to Finance and Collateral : Islamic versus Western Banking', Journal of King Abdulaziz University Islamic Economics

Antonio, M.S., 2001, *'Bank Syariah: Dari Teori ke Praktek'* (*Sharia* Banking: from Theory to Practice), Tazkia Cendekia, Gema Insani Press, Jakarta, Indonesia

Arifin, Z., 2000, *'Prinsip-prinsip Operasional Bank Islam'* (Islamic Bank Operational Principles), Tazkia Institute, Jakarta, Indonesia

Dhumale, R. and Sapcanin, A., 1998, 'An Application of Islamic Banking Principles to Microfinance', Technical Note, United Nations Development Program

Ferguson, B., 1999, 'Micro-finance for Housing; a Key to Housing the Low or Moderate-income Majority', International Institute for Environment and Development

Habitat, 1991, 'Housing Finance Manual for Develeping Countries: A Methodology for Designing Housing Finance Institutions', United Nations Centre of Human Settlements, Nairobi, Kenya

Habitat, 1993, 'National Trends in Housing-Production Practices', Volume 2, Indonesia, United Nations Centre of Human Settlements, Nairobi, Kenya

Habitat, 2002, 'Financing Adequate Shelter for All: Addressing the Hosing Finance Problem in Developing Countries', United Nations Human Settlements Programme, United Nations Centre of Human Settlements, Nairobi, Kenya

Hafidhuddin, D., 2002,*'Zakat dalam Perekonomian Modern'* (The Existence of Zakat in Modern Economics), Gema Insani Press, Jakarta, Indonesia

Iqbal, Z., 1997, 'Islamic Financial System', Finance and Development, The World Bank

Panudju, B., 1999, *'Pengadaan Perumahan Kota Dengan Peran Serta Masyarakat Berpenghasilan Rendah'* (Urban Housing Development by Low-income Community's Participation), Penerbit Alumni, Bandung, Indonesia

PIRAC, 2002, *'Pola dan Kecenderungan Masyarakat Berzakat, Hasil Survey sebelas Kota di Indonesia'* (Community's Pattern and Preference to Pay *Zakah*, A Research in Eleven Cities in Indonesia), Public Interest Research and Advocacy Center, Jakarta, Indonesia

Sheng, Y., 2000, 'Sustainable Strategies for the Provision of Low-Income Housing in Cities in Developing Countries', CDSI, pages 64-66

Witter, M., 1994, 'Low-Income Housing: Towards a Strategy for Mobilising Finance for Low-income Housing', Housing Finance International, December, pages 27-29