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MicroBuild Fund

Annual Report FY2022

MicroBuild's funding has enabled access to housing microfinance loans for 215,419 borrowers and their families, helping more than 1 million individuals build or improve their homes.

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Jacqueline Innocent

Chair
MicroBuild Fund Board of Directors

Building has always been at the heart of Habitat for Humanity’s mission. We bring people together to build homes, communities and hope. But the global housing deficit is immense, and we cannot build our way out of it without innovating our approaches and engaging many more organizations and people like you in this work.

In January, the MicroBuild Fund won a Silver World Habitat Award, one of the most prestigious global housing awards. In naming the 2022 winners, World Habitat CEO David Ireland highlighted MicroBuild’s

success, saying, “The barrier that many poor people face is not that they can’t build or improve their own home, but banks won’t lend them the money to enable it to happen. ... It is an amazing achievement [for MicroBuild] to have served more than 200,000 households that would otherwise not have had access to formal financial services or support.”

MicroBuild’s first investment was in support of IMON International in Tajikistan. MicroBuild’s US\$2 million investment doubled the size of IMON’s housing portfolio and, in just two years, enabled more than 3,100 families to build or improve their homes. Since that first investment, MicroBuild has invested in almost 60 financial institutions, lending over US\$200 million – twice the fund’s initial capital.

When families are able to access the funding necessary to build a home, they are building more than just a physical structure. They are building a healthier future. They are building a safe place for families to learn. They are building hope.

The MicroBuild Fund makes such loans possible for families like Enida’s in Bosnia and Herzegovina. Born just before the outbreak of the Bosnian War, Enida – now 30 and a beautician – grew up with her brother and parents in a one-room home perched on a hill above Bašćaršija, the oldest neighborhood of Sarajevo. With one window and no dedicated bathroom or kitchen, the family of four lived for 23 years in the cramped 260-square-foot (25-square-meter) structure. In 2017, thanks to a loan from SUNRISE Microcredit Foundation financed by the MicroBuild Fund, the family was able to break ground



Enida stands in the one-room home where she lived for 23 years. Today, the family uses it for storage.

on a home that could meet their needs. Over the six years that MicroBuild invested in SUNRISE, the institution’s housing portfolio grew sixfold, from €500,000 to €3.4 million, well beyond MicroBuild’s investments.

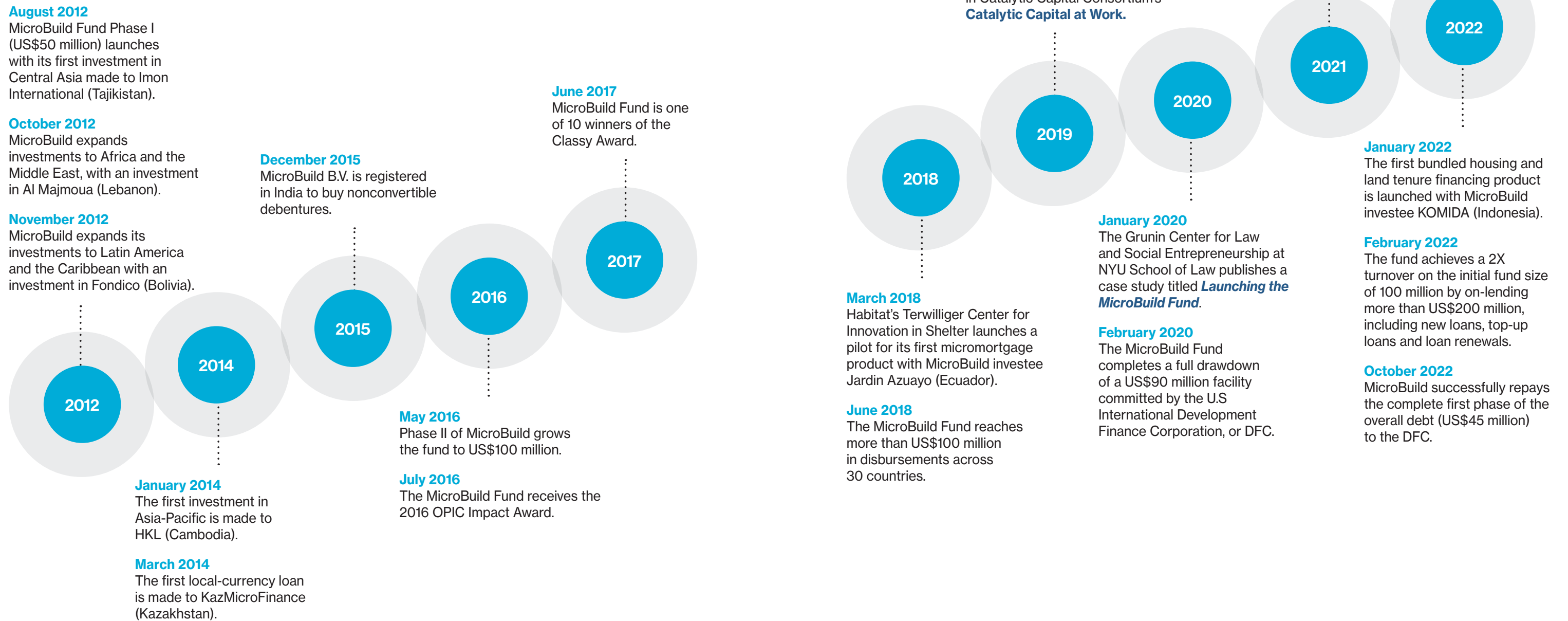
With her most recent loan (US\$2,500), Enida completed the family’s new bathroom. Today, the family uses the room where Enida and her brother grew up for additional storage. Speaking with Enida and her mother, you can hear the pride they feel in what their family has accomplished these past five years. MicroBuild exists to help bridge this gap

toward a secure future so that more families can know the comfort of a safe home and benefit from an asset that offers long-term stability.

I have been continually impressed by and grateful for the vast network of supporters that makes the fund’s work possible. Thank you. Whether through your institutions’ investments, your own advocacy or simply your interest in housing equity, you are helping us build a future where everyone has a decent place to live. ■

MicroBuild Fund milestones

Ten years of impactful investments



Impact at a glance

\$160.2
million
Total disbursed portfolio

59
Institutions

33
Countries

\$207.3
million
Total disbursed + renewals

\$825.1
million
Additional capital mobilized
by investees to grow
their housing portfolio

1.08
million
Individuals benefiting from
improved housing

69%
Female borrowers*

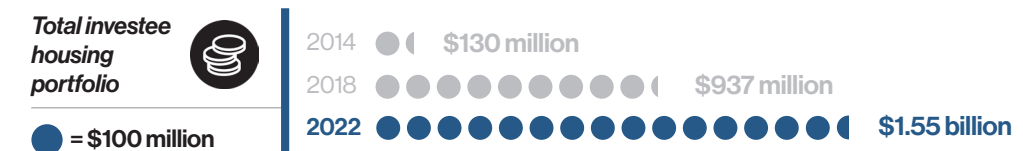
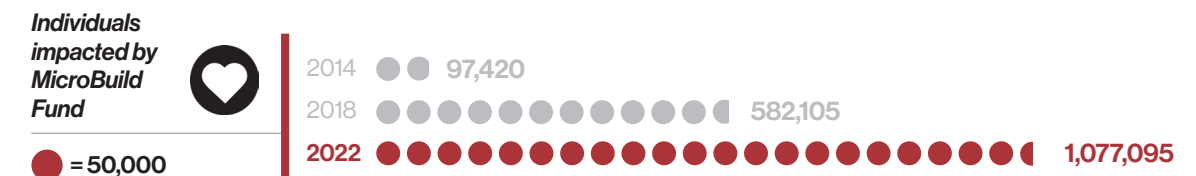
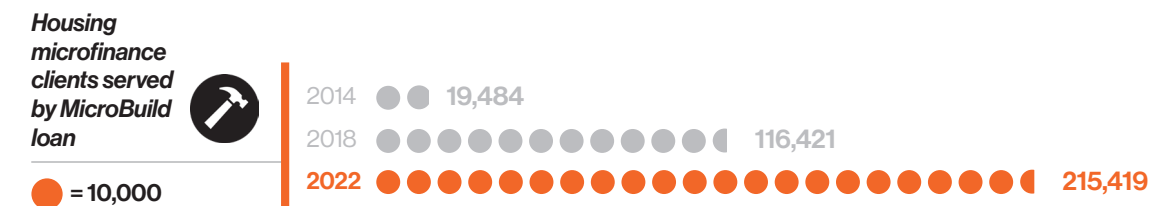
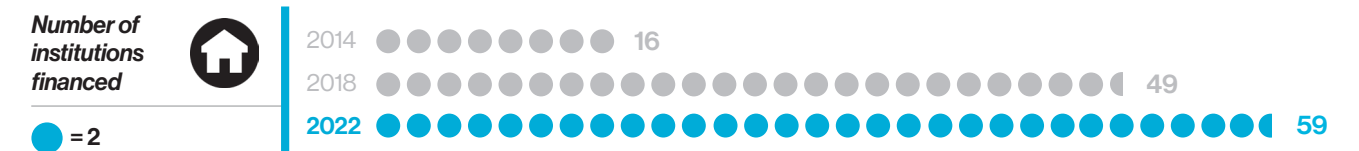
62%
Rural borrowers*

13.7%
Amount of investees'
portfolios in housing loans

\$1.55
billion
Total investee housing
microfinance portfolio

* Percentage of current portfolio outstanding, as of June 2022

Portfolio statistics: 2014-22

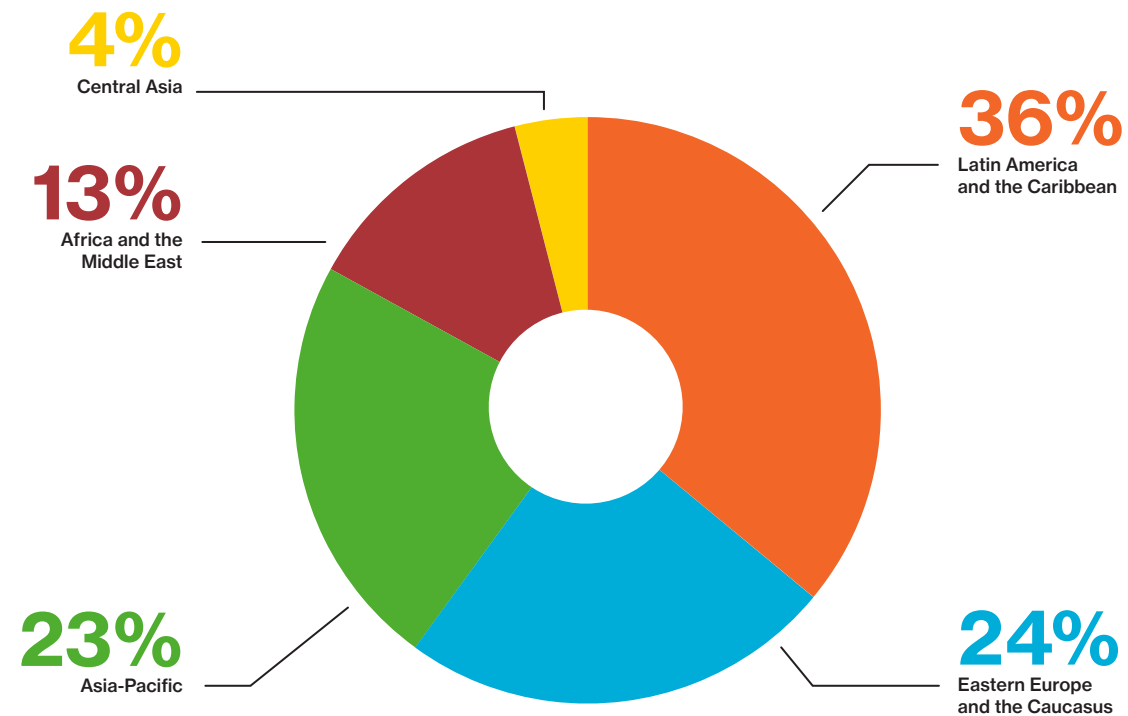


Where MicroBuild invests

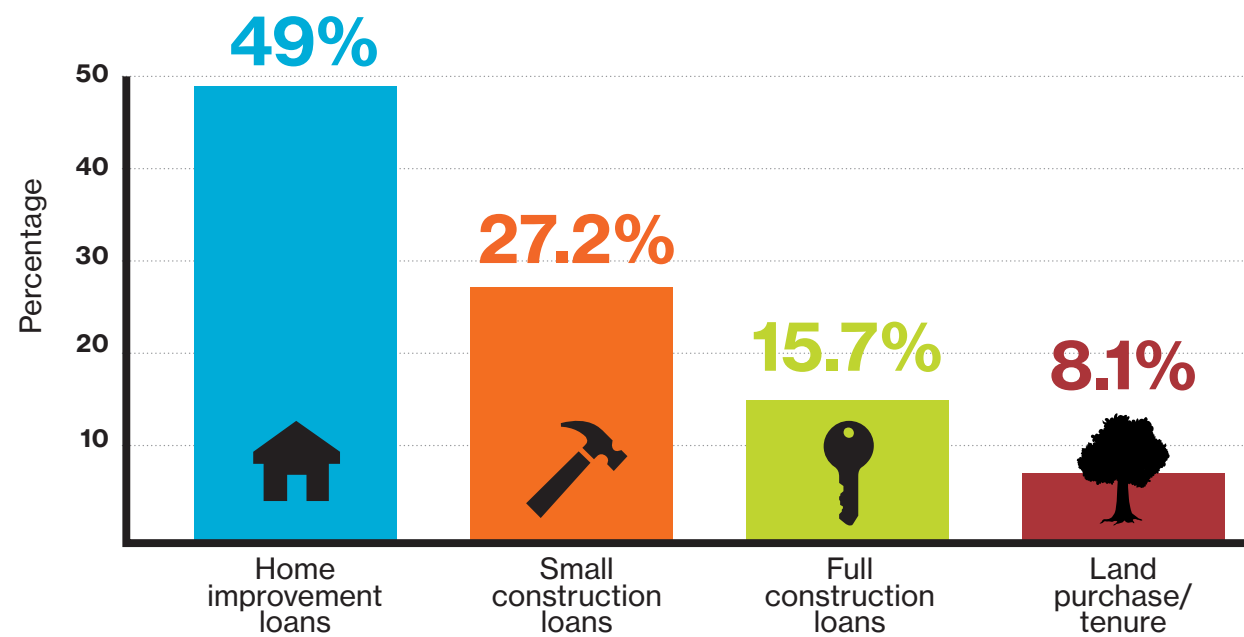
33
countries



Geographical distribution of portfolio outstanding



Loan uses



Housing microfinance as a tool for sustainable development

and MicroBuild's role in furthering this effort

While housing is often viewed as a commodity, it is more accurate – and impactful – to understand it as a human right. Housing is not just about having a safe place to sleep; it is critical for enabling many other aspects of human flourishing, including physical and mental health, education outcomes, financial security, and more.

It is no surprise then that housing has a vital role to play in achieving the global development agenda, as outlined by the 17 United Nations Sustainable Development Goals, or SDGs. Launched in 2015, the SDGs serve as a call to action by all countries to promote prosperity and eradicate poverty while protecting the planet. While housing is explicitly named under SDG 11, its transversal nature makes it a direct contributor to at least 13 of the goals.³ Furthermore, studies have found that enabling low-income households' access to housing finance has widespread benefits across livelihoods, health and well-being. In fact, in one multigeography study looking specifically at the microfinance clients of Habitat for Humanity's partners, 86% of respondents reported improvements in their quality of life, 10% had an uptake in home-based income, and 99% reported an improved sense of security and safety in their homes after availing a housing loan.⁴

The foundational role of housing for human health, security and stability has become even clearer during the COVID-19 pandemic; communities with poor housing and overcrowded conditions have experienced higher rates of COVID-19 transmission and deaths.⁵ These communities have also faced heightened financial strains because of medical expenses and reduced employment opportunities during lockdowns. However, more than 40% of loan



clients surveyed in Egypt and Indonesia reported that their housing loan had a positive effect on their ability to recover from the negative impacts of the pandemic. And for families surveyed in the Philippines, access to housing microfinance helped maintain or improve families' economic stability during the pandemic by enabling investment in new or existing home-based businesses.⁶ This adds to the growing body of research demonstrating that housing microfinance can serve as a valuable tool for building resilience in vulnerable communities, helping to promote sustainable development for all.



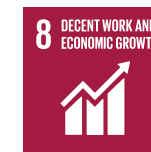
Women statistically register higher loan repayment rates and contribute larger portions of their income to household consumption but are often excluded from financial services.⁷ In a recent study conducted by 60 Decibels in Indonesia, approximately 60% of female housing microfinance clients reported an improvement in the following indicators: self-confidence and confidence in one's abilities, ability to make decisions about spending, and choice and control over one's actions.⁸ Not only is access to microfinance important for women's financial well-being and independence, but research has shown that it can also lead to higher contraceptive use and improvements in children's nutrition.⁹ Aiming to increase access to capital for women in particular, 69% of MicroBuild-supported loans have gone to female borrowers. [Read about KOMIDA's work](#) to learn how MicroBuild is supporting women's empowerment.



Residential heating represents a significant portion of global energy use, including more than 30% of total energy consumption for most countries in Europe and Central Asia. In Bosnia and Herzegovina, residential buildings are the single largest consumers of energy and a major source of greenhouse gas emissions. Many families still rely on wood stoves for heat, a practice that is financially and environmentally costly, with further consequences for indoor air quality and health. By improving the thermo-insulating properties of a building, it is possible to reduce the total heat and energy loss by up to 80%.¹⁰ [Read Goran's story](#) to learn more about how MicroBuild's support to SUNRISE Microcredit Foundation in Bosnia and Herzegovina helped the institution develop a tailored energy efficiency loan product.



When a home does not have clean water or appropriate sanitation services, it has immediate impacts on both health and safety, particularly for women and children. For many years, Marlon's home in Ocotal, Nicaragua, did not have a bathroom. When he decided that needed to change, he went directly to FUNDENUSE, a MicroBuild Fund investee and the only institution at the time providing microloans for sewage catchment tanks. "Having a new [attached] bathroom had a great impact for our daughter," Marlon explains. She no longer had to shower outdoors or be "scared of going to the latrine [when] it is dark."



A wide body of research has established that housing is an economic sector with strong multiplier effects on both employment and consumption.¹¹ Accordingly, MicroBuild's model combines debt capital from the fund with technical assistance from Habitat's Terwilliger Center for Innovation in Shelter, both to improve the institution's loan products and to increase the quality of the construction behind housing improvements. Luis Iván, a mason from El Salvador, participated in one such training developed by the Terwilliger Center with MicroBuild Fund investee CrediCampo in 2016. "My occupation is masonry; it sustains my family and is something that fascinates me," he explains. "It's all about how you position yourself. You have to stay motivated if you want to get more jobs." Luis' work as a mason is not just providing a better life for his sons Daniel and Iván – now 12 and 6 – but also ensuring that families receiving housing microloans have a decent place to live. ■

MicroBuild wins Silver World Habitat Award



Silver Award Winner 2023

“ The barrier that many poor people face is not that they can’t build or improve their own home, but banks won’t lend them the money to enable it to happen. MicroBuild is a **hugely ambitious global microfinance system that solves that problem for millions of people on low incomes.** It is an amazing achievement to have served more than 1 million households that would otherwise not have had access to formal financial services or support. ”

— David Ireland, CEO, World Habitat

Organized by World Habitat, in partnership with UN-HABITAT, the World Habitat Awards are the world’s leading housing awards, recognizing the most innovative, outstanding and revolutionary housing ideas, projects and programs from across the world. The MicroBuild Fund was named a 2023 Silver World Habitat Award winner from a pool of over 200 applicants. ■

Bridging the gap for the most vulnerable

Sani and Ace live in Indonesia with their three children. “In the beginning, we paid our expenses from my husband’s earning as a farm laborer” Sani explains. The family’s plot of land is small – 0.75 acres yielding just 2 tons of produce annually, which sells for approximately Rp4.5 million (US\$290). “After saving for approximately five years, we managed to begin buying several building materials, such as bricks, sand, wood, by paying in installments.”

earning Rp50,000 (US\$3.20) a day, and the family sold bananas from their garden at Rp2,000 (US\$0.05) per pound. But after three years, they hadn’t made much progress.

Sani had been a member of KOMIDA, a savings and loan cooperative, for more than 13 years, but she had only taken out loans to support her family’s farming business. It was not until recently that she applied for a home loan from KOMIDA.

Ultimately, Sani received two loans of Rp20 million each, equivalent to US\$2,570 total, with a repayment rate that is more favorable than the family’s farming loans. With these funds, the family was finally able to complete the home they started building years ago. The walls that used to be exposed brick and mortar are now neatly covered, and the roof has been upgraded.

“I’ve had offers from banks, but the loans from KOMIDA were enough for us,” Sani says. “With this, I was able to repair the roof and the walls of the house that were damaged. Our finished house has a kitchen and bathroom, so there is no need to walk so far out to use the bathroom and washing area. And if there’s an earthquake, we only feel a small impact. The walls of our old house cracked, but this new house doesn’t anymore.” ■

93% of KOMIDA's housing loan clients reported that their quality of life had improved or greatly improved since receiving the loan.

They began building incrementally, but the materials they were able to buy with their savings only took them so far. The laundry area and bathroom were still outside of the house, the bare brick walls needed constant repairs, and rain frequently leaked through the makeshift roof into their home. Ace took on a side job as a porter,

Sani and Ace have availed loans from KOMIDA to renovate their home in Indonesia.

Spotlight on KOMIDA

- **Gross loan portfolio:** 135,673,851
- **Number of clients:** 797,482
- **Women borrowers:** 100%
- **Rural borrowers:** 96%
- **Social Performance Score:** A-Excellent

Multiplying the impact of microfinance

KOMIDA is one of the largest microfinance institutions in Indonesia. Since 2004, it has supported over 700,000 low-income women through financial assistance and nonfinancial services. After the success in its water and sanitation portfolio, KOMIDA launched the housing microfinance product in 2017 with advisory support from Habitat for Humanity's Terwilliger Center for Innovation in Shelter. The product development process employed by the Terwilliger Center incorporated human-centered design approaches. The pilot in 2017 was highly successful; more than 300 families across five branches received loans of an average of US\$1,200. KOMIDA has continued the gradual rollout of the product across all the branches since the successful pilot in 2017. To ensure the product rollout and meet the market's needs, access to long-term wholesale capital was essential for KOMIDA.

In 2021, MicroBuild invested US\$1.5 million in KOMIDA – its first disbursement in Indonesia – to help scale the institution's housing microfinance product to more branches. Today, the product is offered in more than 50 branches across Indonesia. As of

June 2022, KOMIDA had supported more than 8,300 families with loans to improve their homes, representing a total loan disbursement of US\$8.6 million.

KOMIDA always follows human-centered design approaches in which the microfinance institution understands low-income women's needs and pain points and develops its product and services portfolio accordingly. Pilot testing results of the housing microfinance product in 2017-18 indicated that about 20% of clients also demanded the existing housing loan for land tenure. To continue its client-centricity principle, KOMIDA wanted to expand its housing microfinance offerings with a solution for obtaining land tenure and was looking for partnerships with land tenure providers. In late 2019, Habitat and KOMIDA again came together to develop, integrate and test a land title and housing loan product in Indonesia for low-income households. KOMIDA partnered with Meridia, a social enterprise having expertise in field data and land titling, to offer an embedded finance product through which Meridia would offer the land title and KOMIDA would meet families' financing needs. After delays caused by COVID-19, this new product was launched in January 2022. KOMIDA will continue to assess its housing microfinance portfolio and adapt it based on the market requirements in the short to medium term. The need for affordable housing



Nurhayati, a KOMIDA client, lives in West Java, Indonesia, with her husband and three children, ages 19, 13 and 4. A loan from KOMIDA enabled Nurhayati to begin building her two-bedroom home.

in the country is significant. In Indonesia, 22 million households – nearly one-third of the population – live in homes with at least one substandard feature, such as overcrowded conditions or a lack of access to essential services.¹² These are often families like Sani's, who lack the financial means to get ahead on their housing journey. That number increases to 43 million households when the housing quality is measured against the standards set by Indonesia's National Medium-Term Development Plan for SDG11 Target 1: Adequate, safe and affordable housing.

KOMIDA and Habitat also came together to conduct a lean data impact assessment study in 2021 to evaluate the impact of housing microfinance on the lives of low-income households. Overall, 93% of housing loan clients

reported that their quality of life had improved or greatly improved since receiving the loan. Clients who improved their housing are twice as likely to report "significant improvements" in their quality of life (18%) compared with business loan clients (9%). Additionally, 79% of housing loan clients felt good or very good about their housing (compared with 39% of business loan clients) and perceived that their home's condition had improved as a result of the loan.

Notably, KOMIDA lends exclusively to female borrowers. The study found that 71% of housing loan clients reported increased confidence in their selves and their abilities, while 57% reported increased decision-making power related to household spending. ■

Belma, whose daughter Enida (opposite page) is a SUNRISE client, lived with her husband and two children in this 260-square-foot room for 23 years. Now she uses the room for storage and lives in a home nearby that her family built with MicroBuild-supported housing loans from SUNRISE.

Spotlight on SUNRISE

- **Gross loan portfolio:** US\$25,817,936
- **Number of clients:** 16,503
- **Women borrowers:** 42%
- **Rural borrowers:** 35%



Driving changes that work

All MicroBuild investee institutions offer housing loans. For many of these institutions, housing microfinance continues to be a strategic priority even after they have fully repaid their MicroBuild Fund loans and completed their technical assistance projects. SUNRISE Microfinance Foundation in Bosnia and Herzegovina is one such institution.

In 2014, SUNRISE decided to develop a housing-specific loan product when it realized that almost a quarter of its consumer loan borrowers used the money to make purchases related to home improvements. Later, it developed a second housing loan product tailored to energy efficiency retrofits, which primarily targets homeowners.

MicroBuild made two investments in SUNRISE – the first for US\$1 million in 2014 and a renewal of the same amount in 2018. During this time, SUNRISE’s housing microfinance portfolio increased sixfold, from approximately €500,000 to €3.4 million, well beyond MicroBuild’s investment. Today it is no longer an active MicroBuild partner, but the institution’s housing finance portfolio continues to grow. At US\$25.8 million of the gross loan portfolio and more than 16,000 active loans, housing loans represent 9% of SUNRISE’s active loans and 14% of its total lending portfolio.

As of today, all of SUNRISE’s loan officers receive training specific to housing microfinance, which helps them identify appropriate loan candidates and offer sound advice to homeowners. This practice started in 2016, when Habitat’s Terwilliger Center trained more than 80 loan officers and 11 trainers and supervisors as part of MicroBuild’s technical assistance. In the first six months after the loan origination process improvements and these trainings, SUNRISE saw a 59% increase in the number of loans it disbursed.

MicroBuild’s investment supported housing loans to 3,000 SUNRISE clients.

Samir Bajrovic, SUNRISE’s CEO, highlighted the importance of MicroBuild’s support in the refinement of the housing loan product and portfolio growth: “For SUNRISE, the support of MicroBuild was crucial after the microfinance sector crisis in 2009-10. We improved our offer and service quality to address housing challenges of low-income families and growing demand. Also, our partnership with the MicroBuild Fund encouraged other investors to support SUNRISE’s growth.” ■



Goran (center), a microfinance client whose loan was supported by MicroBuild, is accompanied by staff members and consultants from Habitat for Humanity International, SUNRISE Microcredit Foundation and World Habitat during a site visit as part of the World Habitat Awards evaluation process.



Fostering more inclusive housing markets

Goran, a self-employed technician who repairs and sharpens industrial saws, is typical of many of SUNRISE's clients, who make on average 344 BAM (US\$180) per household member each month, often from a mix of formal and informal employment. Like many of SUNRISE's clients, he and his wife, Larisa, have been building and improving their home incrementally for many years. When they first broke ground in 2015, Goran's business was doing well, but he lacked the proof of income or the collateral to apply for a traditional mortgage loan.

With SUNRISE's support, the family was able to begin construction on a large, three-floor home that could also accommodate Goran's business needs. Today, he, Larisa, their two children – who are both university students – and their dog live in a clean apartment on the second floor.

The ground floor serves as Goran's workshop. Industrial machines line the walls, and a large pile of firewood, used to heat the home, occupies the far corner. The floor is concrete, and the walls are unadorned save for a portrait of a middle-aged man. "That's my mentor," Goran explains. "He taught me everything I know. Every day before I sit down to work, I look up at his picture and say thank you for what he did for me. In this way, he is still here supporting everything I do."

Building a home that could accommodate Goran's workshop has helped the family save money by eliminating the need to rent an expensive industrial space. Goran has reinvested this money in their home, enabling him to finance multiple construction loans, expediting their incremental construction journey. Eventually, they hope to complete the third-floor apartment and rent it out for additional income. But for now, it remains empty and



A photo of Goran's mentor hangs in his workshop.

unfinished, with exposed beams and a plywood floor.

Goran's story shows what is possible when we build more inclusive housing finance systems. A borrower with a young family and an unstable income can access loan products tailored to their needs and invest in an asset that provides social, emotional and physical stability. After a number of years, that asset and payment history can often then be leveraged for larger and more favorable loans in the formal housing market.

Soon, Goran's growing income will put him outside SUNRISE's target client population. But this should be celebrated. The next time Goran wants to take out a loan to expand his home, business or any purpose, he will have options, including the banks that once turned him away. ■



Steven Evers

Managing Director and CEO
*Triple Jump, fund manager
of the MicroBuild Fund*

FUND HIGHLIGHTS AND EVOLUTION

During the fiscal year ending in June 2022, the MicroBuild Fund continued its wind-down phase and repaid a total of US\$15.5 million of Development Finance Corporation notes. Simultaneously, the fund continued to disburse new loans and renew existing investments. During the first half of the year, portfolio growth was slower than expected, reflecting high liquidity and low interest rates in the sector. The fund's pipeline was more robust in the second half of the year, mainly in Asia and Latin America. As of June 2022, the fund had disbursed a cumulative total of over US\$160 million across 59 institutions in 33 countries in new and top-up loans. Additionally, a total of US\$47 million has been renewed across 24 institutions in 19 countries. The MicroBuild Fund continued to maintain a strong presence in Latin America, Asia, and Eastern Europe and the Caucasus.

PORTFOLIO EVENTS

With the market impacts of COVID-19 gradually fading almost two years after the onset of the pandemic, the fund – under Triple Jump's direction as fund manager – was moderately optimistic in

its outlook. This changed with the Russian invasion of Ukraine in February 2022. The war continues to impact commodity, energy and food prices, as well as disrupting supply chains previously worsened by the pandemic. In response to rising domestic inflation pressures, a growing number of central banks in emerging markets have been raising policy interest rates in recent months, and the macroeconomic outlook has deteriorated. MicroBuild's investees will also be affected, for example through increased financial and operating expenses. Habitat for Humanity and Triple Jump, however, remain confident in the ability of MicroBuild's investees and their clients to successfully respond to adverse change, as was also shown during the pandemic. Currently, none of MicroBuild's portfolio has experienced direct negative effects of the Russia-Ukraine war. Triple Jump will continue to closely monitor adverse effects the current global economic environment could have on our investees and their clients.

HOUSING MICROFINANCE AND SOCIAL PERFORMANCE

MicroBuild funding has enabled access to housing microfinance for 215,419 borrowers and their families, meaning approximately 1,077,095 individuals have been able to build or improve their homes. Moreover, the total housing microfinance portfolio of the MicroBuild Fund's partner institutions, including leveraged capital, reached US\$1.55 billion. Partner institutions continue to have remarkable social performance, with 55% rated A-Excellent and 45% rated B-Good. The MicroBuild Fund continues to demonstrate strong social impact through its outreach to rural areas and women, which reached 62% and 69% of total clients, respectively, as of June 2022.

OUTLOOK

As the fund disburses the final loans of the investment phase and fully transitions into the winddown phase, Triple Jump's team remains committed to ensuring the social outreach of the MicroBuild Fund to the greatest extent possible. The fund has a solid cash position with the ability to meet DFC obligations comfortably. The Triple Jump team is focused on continuing to manage the assets and liabilities of the fund successfully until 2025. ■



Micromortgage study

Understanding the product and consumer

Many low-income families are engaged in the informal sector, and they often lack the proof of income and credit history necessary to secure a traditional mortgage. However, there has been a rise in business models in which financial intermediaries are able to underwrite mortgage solutions for such segments using field-based underwriting models. Habitat has seen such examples of secured mortgage products even within the investees of the MicroBuild Fund in several countries, including India, Cambodia, Ecuador, Kyrgyzstan and Albania. The MicroBuild Fund also supports four housing loan product types:

- **Home improvement.**
- **Small construction.**
- **Full construction or formal housing.**
- **Land tenure/land purchase.**

Most of the fund's on-lending – 75.9% – is used for home improvement and small construction loans, whereas loans for formal housing and land purchase constitute 24.1% (December 2021). These affordable or micromortgages exhibit similar characteristics to traditional mortgage loans, but their smaller size helps make them more accessible to low-income and lower-middle-income families. Like traditional mortgages, these loans are secured by the mortgaged property, and the lender has a legal right to claim the borrower's pledged collateral if they do not pay their debt obligation.

The term micromortgage is also often confused or used interchangeably with housing microfinance loans, which consist of small, non-mortgage-backed loans that can be offered to low-income populations to address their shelter needs (such as home improvement or incremental building construction). Loan size, loan term, purpose of

the loan and client profile are sometimes used to distinguish micromortgages. However, products may look vastly different depending on the institution, management practices, geography, etc. Given the affordability premise, micromortgages have the compelling potential for socio-economic impact in the lives of low- and lower-middle-income households as they may supersede or expedite the incremental journey toward adequate housing.

The Terwilliger Center recently conducted a study of micromortgage products offered by microfinance institutions in Ecuador, India, Moldova and Kyrgyzstan to understand the customer profiles, product features and the portfolio performance of the institutions offering these products. The study then compared these products and their characteristics with the housing microfinance products offered by MicroBuild Fund investees.

Beyond deepening sector understanding of micromortgages, the Terwilliger Center sought to use the study to understand whether micromortgages would fit within the objectives and scope of the MicroBuild Fund. The study found:

- **Customer profile:** Micromortgage clients have an average monthly household income one to two times higher than housing microfinance clients. Micromortgage clients have mixed income sources, including formal, semiformal and informal sources, while housing microfinance clients' income is typically from the informal sector. Housing microfinance loans are typically offered to clients in both urban and rural areas, while micromortgages are primarily available in urban or suburban areas.



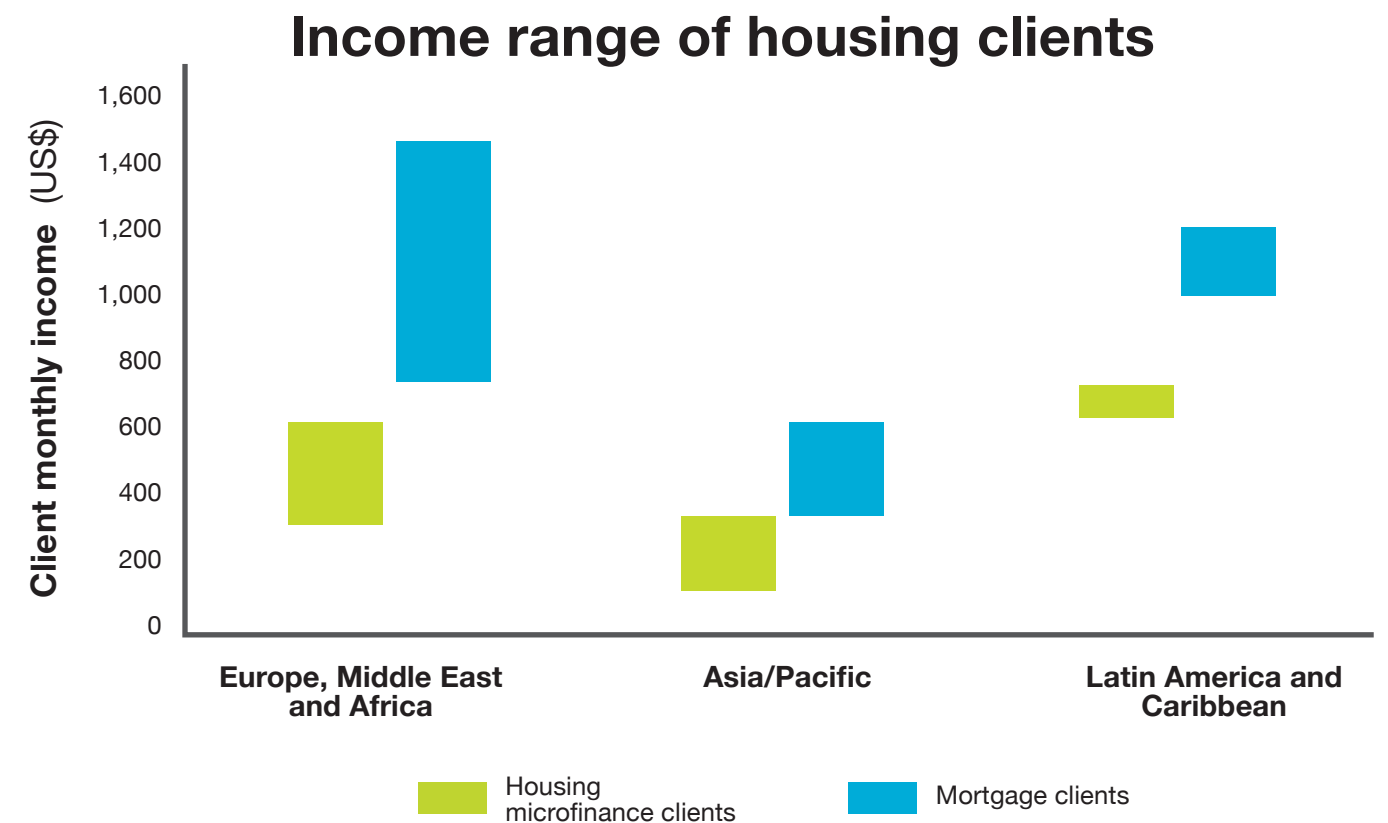
- Product features:** Micromortgage solutions are often introduced organically within microfinance institutions after an analysis of their existing housing microfinance products, usage and client feedback, including the need for higher loan amounts. Understandably, micromortgage solutions are typically larger and have a longer tenor than housing microfinance loans. Micromortgage solutions are properly registered mortgages, whereas housing microfinance solutions are largely unsecured.
- Product performance:** Micromortgage products had lower profitability levels than housing microfinance loan products at two of the institutions studied. The primary cost driver for profitability was the financial expense ratio.
- Market potential and product fit:** The study found that micromortgage solutions and housing microfinance products have strong market potential and can be a growth driver for financial institutions. The participating financial institutions experienced high growth rates for both housing microfinance and micromortgage products despite the COVID-19 pandemic. An enabling regulatory environment is a prerequisite for microfinance institutions to expand their offering to micromortgages. By comparison, some less-favorable regulatory environments make repossession of foreclosed properties difficult, adding risk and inefficiency to micromortgage lending. Microfinance institutions also cited a lack of long-term financing as a major challenge inhibiting the growth of their micromortgage portfolios. Financial institutions offering micromortgages face the risk of asset-liability mismatch, wherein the term of investors' loans are typically shorter than the tenor of the micromortgage loans offered. The institutions included in the study primarily used their own financial resources, whether equity or deposit mobilization, to address this challenge and support housing portfolio growth.

The study sought to understand when it would make sense to offer this product, in which kinds of markets, and for which kinds of financial institutions. The study hypothesized the businesses cases for a microfinance institution to offer this product and for a creditor to finance an institution with this product line. The business case for micromortgage products did not come out convincingly among the four microfinance institutions, as we found contrasting performances. Similarly, microfinance institutions have no access to lending facilities to on-lend for such products except MicroBuild (which is also not entirely suitable for the micromortgage product). However, the team acknowledges the requirements for additional evidence among more microfinance institutions that have branched into micromortgage products to conclude these two dimensions. There is also a need for a market system change where dedicated and long-term lending facilities are available for financial institutions to offer such products. ■



Customers' main income source	Europe, Middle East and Africa		Asia/Pacific		Latin America and the Caribbean	
	HMF	MM	HMF	MM	HMF	MM
Salary		✓				
Micro-entrepreneurs	✓	✓	✓		✓	
Small and medium-sized enterprises				✓		✓
Remittance	✓	✓			✓	✓
Daily wage			✓			
Pensions	✓					

HMF — Housing microfinance | MM — Micromortgage



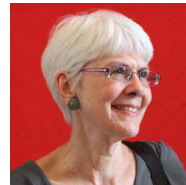
MicroBuild Fund board of directors

** Indicates members and advisers who joined the MicroBuild board of directors and investment committee since July 2021.*

Directors



Jacqueline Innocent*
Vice President, Integrated Programs
Habitat for Humanity International



Jan Piercy
Senior Advisor
Southern Bancorporation



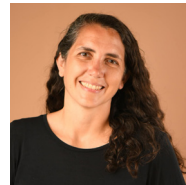
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Chief Administrative Officer
Habitat for Humanity International



Philip Martin Brown*
Former Managing Director of Risk
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Professor of Clinical Law
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Gretchen Phillips*
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Advisers



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Director of Investments
MetLife Investments



Jim Stanard
Director on the Board
Habitat for Humanity International



Steven Evers
Managing Director and CEO
Triple Jump

MicroBuild Fund investment committee

Committee



Julie Abrams
Founder and Managing Director
Impact Investing Analytics



Lauren Moser Counts
Senior Director, Head of National Programs
Capital Impact Partners



Philip Martin Brown
Former Managing Director of Risk
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Alejandro Krell*
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Paladin Realty Partners



Deborah Burand
Professor of Clinical Law
and Co-Director of Grunin Center
for Law and Social Entrepreneurship
New York University School of Law



Roland Pearson*
Vice President and Executive Director,
Terwilliger Center for Innovation
in Shelter, Habitat for Humanity
International (since February 2023)

Advisers



Matthew Sheedy
Director of Investments
MetLife Investments

In memoriam

With immense gratitude, Habitat for Humanity International recognizes the cherished lives of former MicroBuild board members **Michael Edward Carscaddon** (1960-2022), **Katharine Winston McKee** (1955-2022) and **Edward Keith Quibell** (1946-2022). Their work in service of financial inclusion and affordable housing will continue to impact generations to come.



Michael Edward Carscaddon



Katharine Winston McKee



Edward Keith Quibell

About the MicroBuild Fund

Launched by Habitat for Humanity International and managed by Triple Jump and Habitat's Terwilliger Center for Innovation in Shelter, the MicroBuild Fund supports microfinance institutions to develop or refine affordable, housing-specific loan products tailored to the needs of low-income families. When it launched in 2012, MicroBuild was the first housing-specific microfinance investment vehicle in the world. The fund invests in financial institutions, which on-lend this capital as housing microfinance loans directly to low-income borrowers. MicroBuild loans are paired with advisory services from

Habitat's Terwilliger Center, ranging from market analysis and product design to capacity building for loan officers. By providing both long-term capital and advisory services, MicroBuild models a systems-level approach to addressing the lack of housing finance options available to low-income households. It has demonstrated the financial viability and the opportunity to scale up these products to meet the vast housing demand, encouraging other institutions to support this market. ■

“On average, housing represents 50% of household wealth in most developing countries. Strengthening the housing sector and making affordable housing financing solutions available is key for long-term, sustainable development outcomes.”
 – World Bank, “Making Homes More Affordable in IDA Countries Through Expanded Mortgage Financing”

About Habitat's Terwilliger Center

Despite burgeoning demand for affordable housing, low-income families around the world remain underserved by housing markets. Shut out by the mortgage sector's income and unable to afford high-quality building materials or certified labor, they build their homes incrementally, often with poor advice and substandard materials. As a division of Habitat for Humanity International, the

Terwilliger Center for Innovation in Shelter focuses on the most pivotal yet uncharted intervention points in housing markets, piloting new approaches and making a business case where none exists. Since 2017, Habitat's Terwilliger Center has helped more than 27.8 million people build or improve the place they call home. ■

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In gratitude to our MicroBuild Fund partners



**J. Ronald
Terwilliger
Foundation**

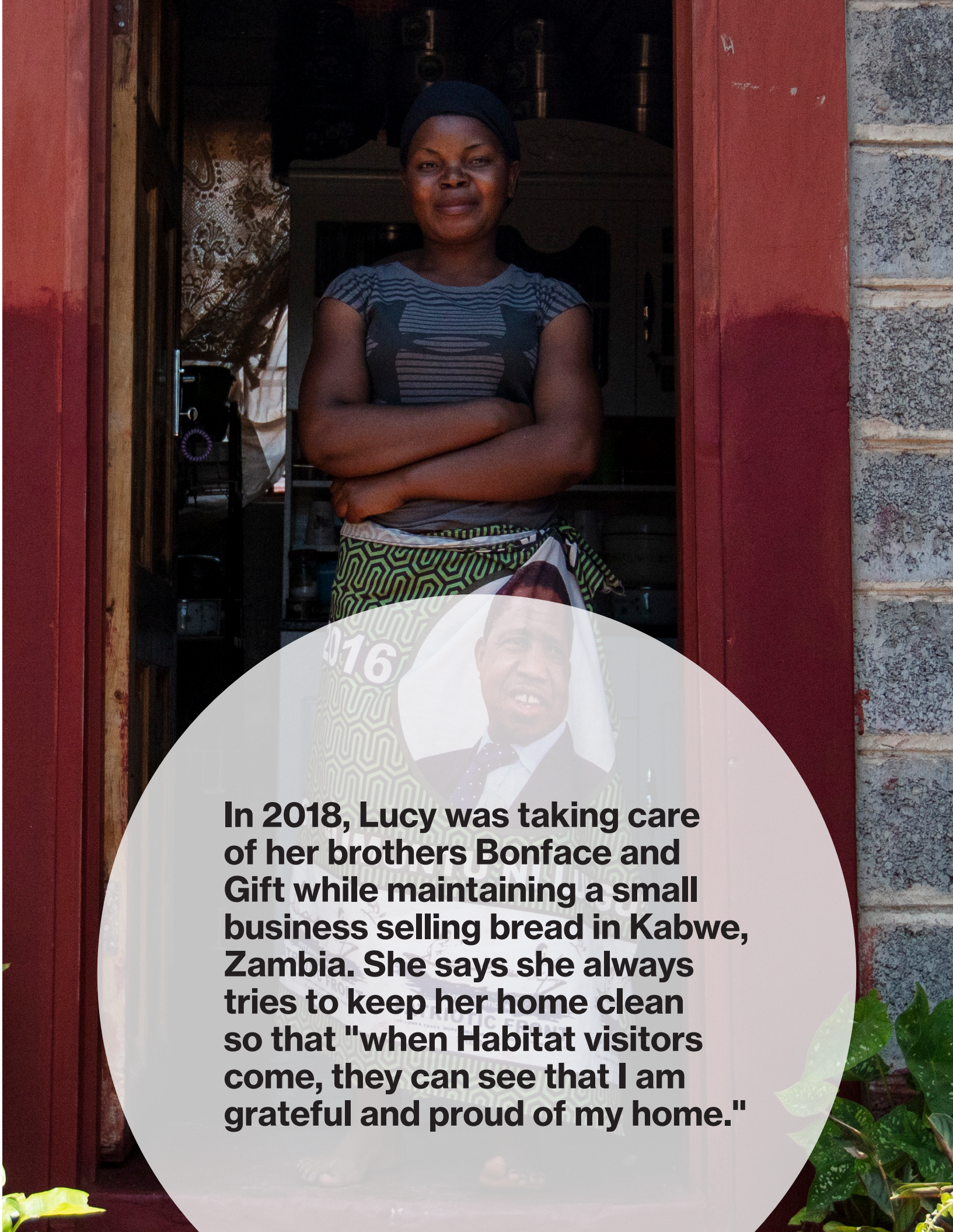
**Keith V. Kiernan
Foundation**



Morgan Lewis



**Stanard Family
Foundation**



In 2018, Lucy was taking care of her brothers Bonface and Gift while maintaining a small business selling bread in Kabwe, Zambia. She says she always tries to keep her home clean so that "when Habitat visitors come, they can see that I am grateful and proud of my home."