

**COVER: ▶**

Najareen is incrementally building a home for her family in Jahidpur, India, through disbursements from a loan provided by AVIOM, a MicroBuild Fund investee.



285 Peachtree Center Ave. NE, Suite 2700, Atlanta, GA 30303-1220 USA  
322 W. Lamar St., Americus, GA 31709-3543 USA  
(800) 422-4828 fax (229) 928-8811 [publicinfo@habitat.org](mailto:publicinfo@habitat.org) [habitat.org](http://habitat.org)

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# MicroBuild Fund

Impact Report FY2023



**After technical assistance from MicroBuild, MIKRA – a microfinance institution in Bosnia and Herzegovina – decided to create a distinct energy efficiency loan product.**

Sarajevo, Bosnia and Herzegovina

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**Content:** Ela Hefler, Holly Williams

**Design:** Kai Porter (graphic designer), Adam Smith (editor), Laurie Steele (art director)

Turn to [page 8-11](#) to see all of the fund's key performance indicators.



**Home improvement loans: 47.8%\***



**Small constructions loans: 29.6%**



**Full construction loans: 14.2%**



**Land purchase/tenure: 8.4%**

\*Includes residential energy efficiency loans.



# Jacqueline Innocent

**Chair**  
*MicroBuild Fund Board of Directors*

Often, we are so caught up in the present that we forget to reflect on and celebrate all that we've accomplished. When we founded MicroBuild 11 years ago, we set a number of performance targets we wanted to achieve by 2026, including improving housing for 600,000 individuals, investing \$100 million, and supporting 60 microfinance institutions. As of 2023, I am thrilled to report that the fund is on track or exceeding all key performance indicators, three years ahead of the target.

This is all the more impressive considering that when we began to discuss the possibility of launching an impact fund focused on housing microfinance, the industry's focus was still on small-business loans and women entrepreneurs. A 2009 study by Bankable Frontiers, commissioned by Habitat for Humanity, found that microfinance institutions primarily viewed housing microfinance as a means to retain existing customers. The same study, however, found that microenterprise clients were regularly diverting their business loans to housing purposes – as much as 40% of total microfinance loan disbursements.

What we knew then is still true today: The families who depend on microfinance loans also spend a significant portion of their income on housing. Whether they are diverting a business loan from its stated purpose in order to make home repairs, starting a business but channeling the profits to support their housing costs, or taking out a tailored housing loan, housing will always be a key driver of households' spending. By driving targeted investment to housing loan products, we can maximize the benefits to clients and to the microfinance institutions and their investors.

From its inception, the MicroBuild Fund has sought to earn both a financial return, which is important for sustainability, and a social return, which is critical to Habitat's mission. We have succeeded in both these regards. As of June 30, 2023, MicroBuild had provided longer-term wholesale debt financing to 62 microfinance institutions in 33 countries, totaling US\$181.15 million. From a social

performance perspective, this financing to local institutions resulted in loans to 236,461 clients for improved housing, impacting an estimated 1,182,305 people, particularly children<sup>1</sup>, who have gained healthier spaces to play and study.

## This fiscal year, we continued the wind-down phase and repaid a total of US\$9.1 million of Development Finance Corporation notes. Simultaneously, MicroBuild continued to disburse new loans and renew existing investments, lending a total of US\$22.9 million in FY2023 to nine institutions.

Now more than ever, we need to leverage the power of financial markets and continue to crowd in investment for financially sustainable, rapidly scalable housing solutions. Earlier this year, UN-HABITAT released a new estimate that 2.6 billion people lack decent, affordable housing. Many of these families are doubly vulnerable in that they live in regions at the greatest risk of climate-related disasters.

Many of the families benefiting from the MicroBuild Fund's investments, particularly in Eastern Europe, are using their loans to try to insulate themselves from the worst effects of climate change – building with more resilient materials, repairing their roofs to protect against increasingly extreme storms, and installing windows with better insulating properties to keep the home cooler in the summer and warmer in the winter. Overall, 77.4% of the housing loans MicroBuild supports are used by families to perform home repairs and small construction projects to upgrade their homes, while 14.2% are used for full-home construction and the remaining 8.4% go to purchasing land or acquiring a title as the first step toward building a home.

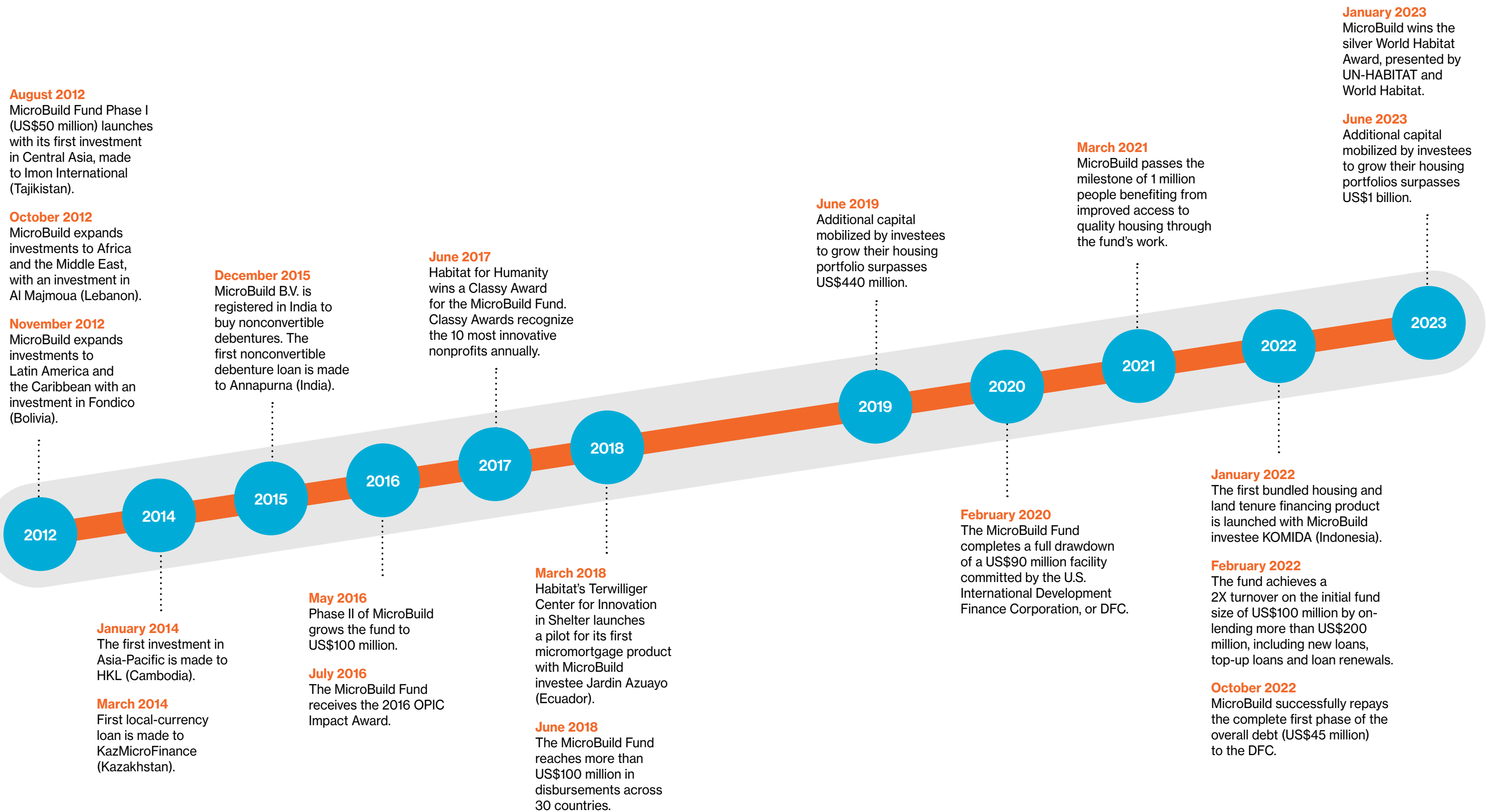
Our work cannot stop. And it won't. The housing deficit continues to rise, and there's still so much opportunity to cultivate additional investors to the housing finance space. As Roland Pearson, executive director and vice president of Habitat for Humanity's Terwilliger Center, writes in his perspectives piece, "Our opportunity – indeed, the imperative – is to scale our impact: to catalyze a shift in the market and leverage these accomplishments in order to crowd-in capital."

So while we celebrate our past achievements, our gaze is also focused squarely on the future. ■

None of these accomplishments would have been possible without the vast network of supporters who make the fund's work possible. Thank you. Whether through your institutions' investments, your own advocacy, or simply your commitment to housing equity, you are helping us tackle ever bigger challenges and surpass already-ambitious targets.

Read Roland's full piece on [page 12](#).

# MicroBuild Fund milestones



# Partnering for sustainable progress



## Steven Evers

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

The past decade has brought a number of challenges to global financial markets, not least the COVID-19 pandemic and the banking crisis at the beginning of 2023. In spite of these significant challenges, the MicroBuild Fund continues to exceed our expectations, disbursing over US\$181 million to institutions across 33 countries. This strong performance has resulted in improved access to affordable housing finance to more than 1.18 million clients and their families. Our leveraged impact of over US\$1 billion highlights the ongoing urgency and potential of housing microfinance to shape resilient communities.

The microfinance sector has also grown and evolved in the years since MicroBuild launched. Microfinance institutions have expanded the financial inclusion universe from a narrow focus on microentrepreneurs to serving small and medium enterprises, or SMEs, and expanding their product range beyond

business and consumer loans. This growth, including affordable housing, reflects a drive to better address the needs of the customers they serve and compete for a wider share of the market.

And yet, the housing sector's potential remains largely untapped. Among investors, the MicroBuild Fund's singular focus on housing remains unique. The fund's success, however, has highlighted the opportunity for housing investments to play a pivotal role in supporting women's empowerment as well as economic and climate resilience. While MicroBuild has largely succeeded in establishing affordable housing as an asset class, it still awaits its rightful place among international funding priorities and top investment categories.

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**Reflecting on our journey, a crucial lesson stands out: Collaboration is powerful. MicroBuild's success as the first dedicated affordable housing fund was made possible by the collaboration among Habitat for Humanity, Triple Jump, our committed investors and our investees.**

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This partnership model proved instrumental in achieving sustainability, social impact and financial viability.

Another key lesson has been the connection between affordable housing and climate change. Our work on energy-efficient housing microfinance loans in Eastern Europe in particular showcases how sustainable construction practices can significantly curb carbon emissions and enhance climate resilience. This experience, combined with industry benchmarking, underlines the replicability of our approach and underscores the importance for investors with environmental concerns to embrace affordable housing.

The current trends in housing finance and impact investing align seamlessly with MicroBuild's trajectory. Many investors have shifted their focus to investments addressing climate change. Affordable housing plays a pivotal role in this.

Beyond its obvious social impact, sustainable housing directly addresses the drivers of climate change. Efficient housing practices diminish carbon footprints, bolster community resilience and promote economic stability. As we confront the repercussions of climate change, investing in affordable housing is a strategic response that delivers social and environmental returns.

MicroBuild's journey has been one of transformation, empowerment and impact. We remain committed to pioneering solutions that promote economic empowerment, climate resilience and holistic community development. Together, we can build a future where affordable housing becomes the cornerstone of sustainable progress. ■

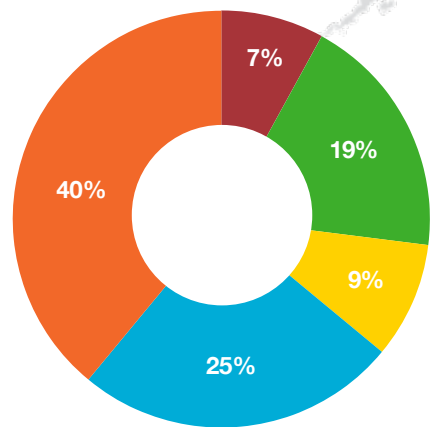


Nani availed a loan from KOMIDA to renovate her home in Indonesia.

# Where MicroBuild Invests

**33**  
countries

Geographic distribution of total fund portfolio



- Africa and the Middle East
  - Asia-Pacific
  - Central Asia
  - Eastern Europe and the Caucasus
  - Latin America and the Caribbean
- 
- Current investments
  - Previous investments



**62**  
Institutions total

**24**  
Institutions in outstanding portfolio

**\$181 million**

Total disbursed portfolio

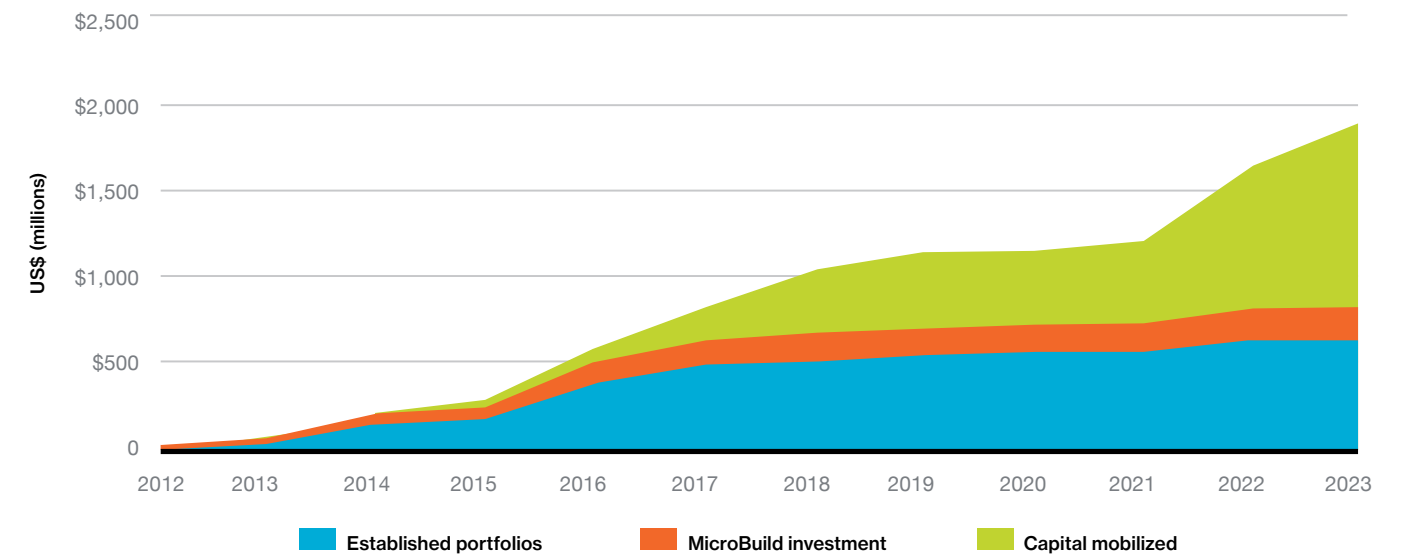
**\$230.25 million**

Total disbursed + renewals

**\$1.09 billion**

Additional capital mobilized by investees to grow their housing portfolios

**Cumulative housing portfolios of MicroBuild investees**



The investees of the MicroBuild Fund have experienced an excellent growth rate in their housing portfolio since they became associated with the fund. The combined outstanding housing portfolio of all the investees – including active and former investees – at the time of MicroBuild’s investment date stood at US\$618 million, **which has increased to US\$1.85 billion as of June 2023, witnessing a compounded annual growth rate, or CAGR, of 25% over the past 11 fiscal years in comparison with the CAGR of 16.15% that investees experienced in their overall loan portfolio.**



**Thanks to the MicroBuild Fund, we've had enough capital to finance [families'] small housing projects in rural and peri-urban areas of our country. ... By building their homes incrementally – a kitchen, a bathroom, additional rooms, etc. – these families also make incremental improvements to their quality of life and their future.”**

**Ricardo Manuel Manayalle Chirinos**

Deputy Business Manager  
Edpyme Alternativa – Peru

**83%**

Female borrowers in current portfolio

**75%**

Rural borrowers in current portfolio

**1.18 million**

Individuals benefiting from improved housing to date

**236,461**

Housing microfinance clients to date served by MicroBuild’s investments

# What does impact mean for a demonstration fund?



## Roland Pearson

**Vice President and Executive Director**  
Habitat for Humanity International's  
Terwilliger Center for Innovation in Shelter

When Habitat for Humanity and our partners launched the MicroBuild Fund, it was unique for a few reasons. It was the world's first investment vehicle focused solely on affordable housing. It represented Habitat for Humanity's first – but not last – impact investment fund. In turn, MicroBuild's creation helped drive a significant strategic expansion in how Habitat for Humanity tackles the global housing crisis. And although, at US\$100 million, MicroBuild was similar in size to other microfinance investment vehicles in the market at the time,<sup>2</sup> MicroBuild stood out as a demonstration fund by design.

Impact investment funds measure success by the rate of return on investment and change in social metrics. As a demonstration fund, MicroBuild has sought to do both at the fund level while also aiming to have an impact on the overall market. MicroBuild's

primary goal has always been to leverage investment capital as a means toward establishing affordable housing finance as an asset class.

So what have we seen? For microfinance institutions and their investors:

- MicroBuild has demonstrated that demand for affordable housing finance exists, and microfinance loans can fill this market gap. Most of the fund's investees, regardless of their geographic market, have embraced housing finance as a critical part of their portfolio. In the case of newer markets, including Southeast Asia and sub-Saharan Africa, housing loan products have helped microfinance institutions capture a larger market share by differentiating themselves from competitors. In more advanced markets, including Eastern Europe and Latin America, these products help investees compete with peers who have already taken up housing loan products, and improve client retention by demonstrating an understanding of their needs.
- MicroBuild has demonstrated that housing products not only are profitable but also pose less institutional risk. Overall, the housing portfolios of investee institutions are outperforming their general portfolios. As of June 2023, the weighted average PAR30<sup>3</sup> of investees' housing microfinance products was 5.2%, compared with 8.1% for their general portfolios. Furthermore, the housing portfolios of MicroBuild investees have attracted investment at a faster rate than their general portfolios, with a compounded annual growth rate, or CAGR, of 25% compared with 16.15% for the general portfolio.

MicroBuild's demonstration mandate – and objective to shift the financial sector toward greater inclusivity – complement and enhance

its social impact. Today, because of MicroBuild's investments, hundreds of thousands more clients now have access to fit-for-purpose housing loans with longer tenors and more favorable interest rates. These same clients have the opportunity and means to complete their homes faster. And, through the fund's housing technical assistance and support services, low-income clients understand the value of design services. They also can choose better quality construction materials to build safer, more resilient homes.

MicroBuild has exceeded what we at Habitat for Humanity thought possible for our first impact investment vehicle. Our opportunity – indeed, the imperative – is to scale our impact to catalyze a shift in the market and leverage these accomplishments in order to crowd-in capital to substantially increase the financial service industry's portfolio investment in affordable housing. If we can shift the affordable housing portfolio composition of the industry from 1% to 10%, we have the potential to unlock an additional 38 times the current capital for affordable housing – a truly transformative goal. ■



**MicroBuild's investment “increased the availability of financing which, in turn, significantly increased our clients' access to the housing loan product. ... The housing loan is one of the priority products for the company and is one of our top three products by portfolio volume.”**

**Melania Kutchukhidze**

Chief Business Officer, MFO Crystal, Georgia



MicroBuild was conceived at a time when Habitat was exploring innovative and scalable models for greater impact and when an increasing number of microfinance institutions were recognizing the role of microfinance loans in improving their customers' lives. As a result of this recognition, Habitat for Humanity has embraced a “build and influence” program philosophy. MicroBuild also provided the foundation for launching other investment and technical assistance vehicles, including for housing startups, with additional innovative investment solutions in the pipeline.



# Inclusive housing finance: Unlocking stability in the face of climate emergencies



## Sitara Merchant

**Chief Executive Officer**  
Swiss Capacity Building Facility (SCBF)

Climate change poses a significant threat to housing security, particularly for low-income communities. Extreme weather events, such as hurricanes, floods and wildfires, are becoming more frequent and severe. Furthermore, sea level rise poses an increasing threat to families and their homes in low-lying coastal regions. Residents in low-income countries are 15 times more likely to die from floods, droughts, storms and other extreme weather events than residents in wealthier areas.<sup>4</sup> **Furthermore, disasters brought on by climate change are predicted to displace 1.2 billion people globally by 2050,<sup>5</sup> which will drive spikes in migration and urbanization, putting further strain on housing resources.**

Despite promising growth in account ownership in recent years, 1.4 billion people remain unbanked,<sup>6</sup> and 80% of them reside in climate-vulnerable

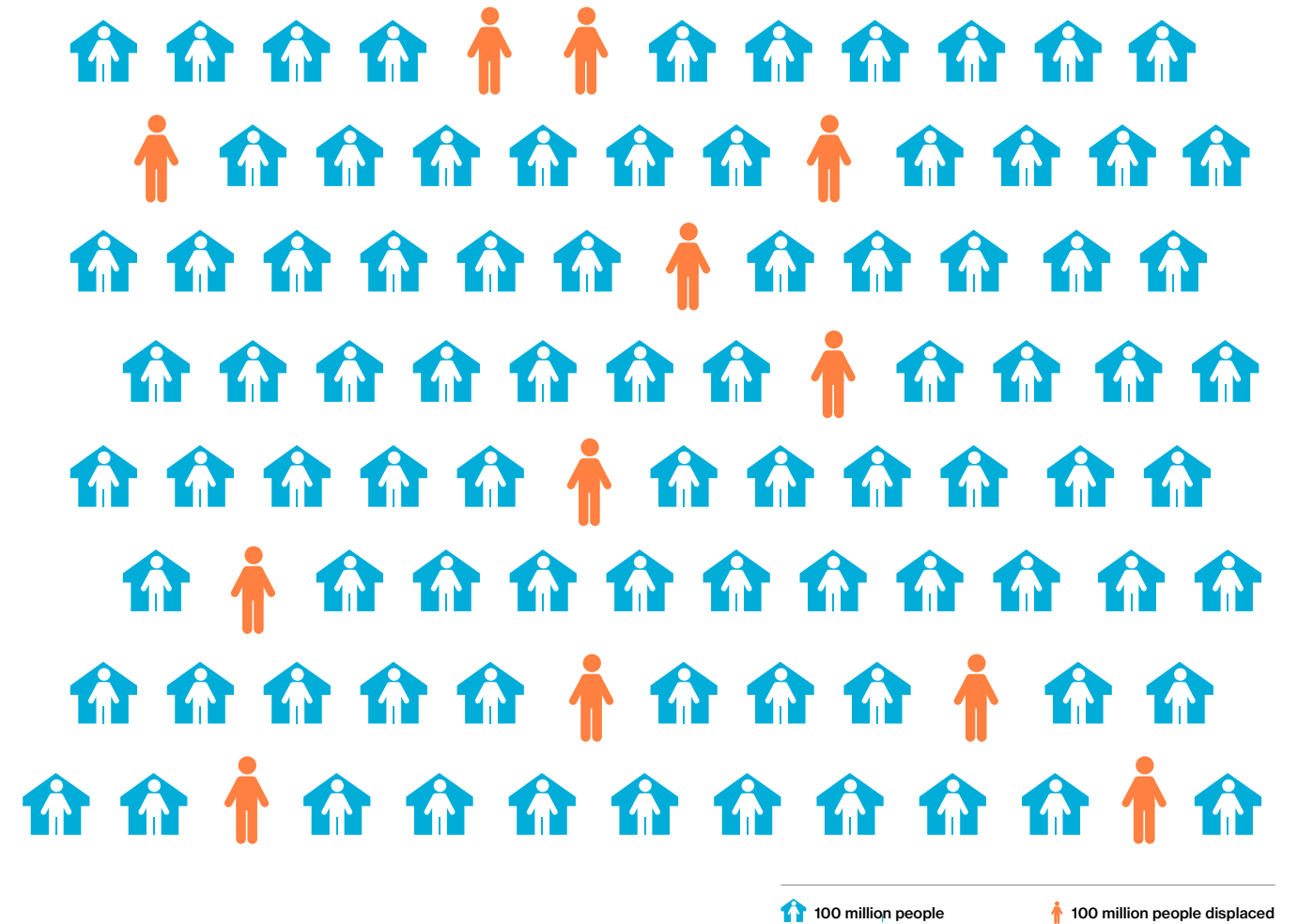
economies.<sup>7</sup> Financial inclusion has a critical role to play in continuing to drive this number down while disrupting the cycles of poverty and displacement exacerbated by climate change. Providing accessible microloans and mortgage options with reasonable interest rates, along with insurance and savings solutions, will enable families to invest in a safe and stable home.

Emerging data and technology-driven business solutions are also gaining force as a means to efficiently deliver services at scale in both rural and urban areas. Coupled with innovative building materials and housing techniques, these new solutions offer an opportunity to affordably address the resilience and energy efficiency of the global housing stock. Not only will this improve the housing and economic security of vulnerable families, but it also will help reduce the built environment's substantial contribution to global greenhouse gas emissions.

Real-world successes are demonstrating that carbon-neutral solutions can thrive beyond the borders of the world's richest economies. This year, India surpassed both the United States and China to claim the top place on global rankings for LEED Zero certifications,<sup>8</sup> with 45% of the world's LEED Zero buildings.

Financial services providers, working in tandem with housing organizations, can create tailor-made financial products that offer affordable interest rates and flexible repayment plans, ensuring that no family is left behind. Working in collaboration with Habitat for Humanity and local financial services providers, SCBF found success with this approach in Cambodia by developing accessible microloans

**By 2050, it is predicted that 12 out of 97 people on Earth will be displaced by a disaster related to climate change.**



and micromortgage products that empower low-income families to construct or upgrade their homes for greater resilience. Recognizing the importance of housing finance linked to climate and migration, SCBF has also included a housing finance vertical in its 2030 strategy to address the challenges the pioneer gap enterprises face while scaling up to provide much-needed sustainable solutions to low-income populations.

The need for climate-resilient housing among low-income families is not just a pressing issue; it's an urgent call for action. The devastating impact

of climate change on vulnerable communities demands a comprehensive response that addresses housing insecurity and financial exclusion simultaneously. Together, we can turn the tide and empower low-income families to thrive in the face of climate change, ensuring that every person has a place they can call home – a place of safety, stability and hope. The time to act is now; the future of our planet and its people depend on it. ■

# Building capacity for greater impact

“We used to have very small apartments,” Alma Mushi says of Albania’s Communist period from 1944 to 1991. Alma serves as deputy marketing director for Fondi BESA, Albania’s largest microfinance institution. “In my father’s house, there were eight or nine people living in two rooms and one kitchen. Everyone was living like that, with two or three sons (and their wives) in the same small apartment.”



Valbona at her desk in Fondi BESA's head office.

**In the past 30 years, Albania’s housing stock has grown by 58%. But affordable housing supply still lags significantly behind demand, and there remains a deficit of 100,000 housing units.<sup>9</sup>**

“We Albanians are very sensitive about our houses,” adds Valbona Xhafa, regional manager for Fondi BESA’s micro- and small credit department. “We all want to [own] houses. That’s what it means to live well. And because we are in the microfinance sector, we work with low-income clients who also really need to improve their living conditions.”

Fondi BESA’s clients had long been coming to the institution for consumer loans to finance home repairs and construction, but it was not until MicroBuild’s investment in 2021 that the institution introduced a dedicated housing loan product. Uptake, however, remained slow. “We’d had the

product for more than a year, but we were hardly disbursing any” housing loans, Alma says.

In addition to the challenges brought on by the pandemic, Fondi BESA’s initial loan product faced a critical design challenge: It was not distinct enough from the institution’s existing portfolio. The staff did not see value in selling a new product with the same terms as the consumer loan, which they were already familiar with selling.

Product differentiation and staff training thus became key components of the technical assistance that MicroBuild offered to Fondi BESA. After a two-day workshop with the MicroBuild team in late 2022, Fondi BESA opted to increase the housing loan product’s maximum size to 1.5 times that of their consumer loan and also decrease the housing product’s interest rate. The MicroBuild team also led a two-day “training of trainers” course to facilitate the product rollout across Fondi BESA’s vast network of 51 offices and 600 staff members. Six senior staff members, including Valbona, were trained in both facilitation skills and technical knowledge on affordable housing so that

they could train a larger cohort of staff trainers to cascade this knowledge to the whole organization.

“It makes me happy that now we can serve these clients with better loan terms,” Valbona says. “For loan officers this is important, because the client is investing a loan in something that doesn’t directly bring in income.”

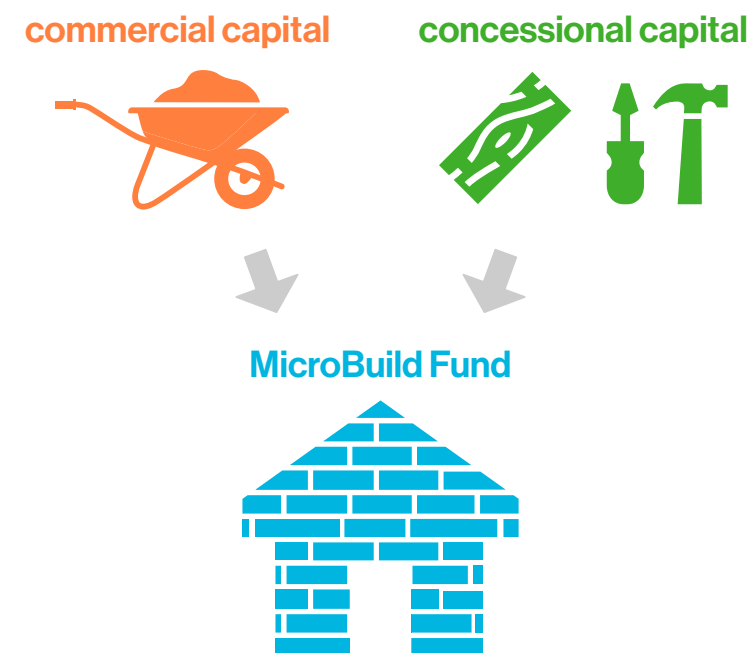
“This gives space to sell this product,” Alma adds. “And from the client perspective it is much better, because the client feels they have the product they need and that someone cares about them.”

Valbona got to observe the impacts of both workshops firsthand when a prospective client came into one of her branches looking for a loan to purchase the windows, doors and flooring. A staff member – who had just finished training – inquired about the prospective client’s project budget and whether he was considering energy-efficient products before recommending the new housing loan. The prospective client, she recounts, “was very happy to know that we had a special product just for this type of work, especially after we

compared for him the terms” of the housing loan and the consumer loan.

During the pilot launch of Fondi BESA’s restructured housing loan, participating branches saw significant growth in their housing portfolios. As of July 2023, Fondi BESA had disbursed 153 loans to low-income clients looking to improve their homes, more than 50% of them as part of a six-month pilot. “The results are there, and low-income families are improving their living conditions,” Alma says. “We are happy.” In fact, she says, the pilot was beyond Fondi BESA’s expectations.

As Fondi BESA expands the product’s rollout beyond the pilot branches, the team is optimistic that it will continue to scale, particularly as energy costs and extreme weather bring greater attention to the issue of climate change. “In addition to construction decisions, we are very sure that clients who have home appliances without energy efficiency ratings – because of the rising price of energy – will be inclined to replace them,” Alma says. “Even the small things, like the bulbs, we are changing now.” ■



MicroBuild’s support extends beyond investment capital. The fund’s **blended finance** model, which combines **commercial capital with concessional capital** from public and philanthropic sources, ensures investee institutions have grant-funded technical assistance tailored to their needs.

As a fund sponsor, Habitat for Humanity, led by the organization’s Terwilliger Center for Innovation in Shelter, committed to funding technical assistance to investee institutions and their clients, valued at 10% of the fund’s capitalization, or US\$10 million. As of December 2022, Habitat had delivered 97.8% of that commitment, and it continues to provide technical assistance to the institutions in its current portfolio.

# A strong foundation for the next generation

When Jersika, a loan officer for Fondi BESA, goes to visit her client Ergil, his mother, Mereme, always has the same request: that she rub her foot across the doorstep before entering. Doing this, Mereme says, will help Ergil find a wife faster. She is eager to see her son married.

Mereme and her husband, Bashkim, live in a small, three-room structure surrounded by smallholder farms. Adjacent to it, on the same plot of land, sits Ergil's new house. It is large and modern by comparison, with clean, whitewashed walls and a freshly laid tile patio out front.

It's been a long journey to get to this point. The family broke ground on Ergil's home four years ago, but without upfront financing to build, they had to purchase materials slowly, building only when they had the money to do so.

Ergil works as a plumber, and his parents farm the land adjacent to the two homes – a lush tangle of fruit trees heavy with figs and pomegranates and vine-covered trellises of grapes and beans. Chickens dash in and out of the foliage in search of bugs, while two cows graze behind the home. Fifty years ago, when Mereme and Bashkim's modest home was built, it was part of a small village. But in the intervening decades, Tirana, the capital city Albania, has tripled in size, expanding right to the edge of this small community.

Like 30% of working-age Albanians, Mereme and Bashkim's other three children work abroad and send money back to their parents when they can. As the youngest, tradition dictates that Ergil is the *djali i pleqërisë*, or "son of old age," meaning he is the one Mereme and Bashkim will spend their elderly years with.

But Mereme is also eager for Ergil to have a family of his own. Both she and Ergil knew that would not be possible in their existing home. So they began to save what money they could, and over four years, Ergil's home slowly began to take shape.

When Jersika met the family six months ago, the home was still an empty shell, with a foundation and walls but still open to the elements.

"I saw their house was still incomplete, and I went to talk to them," she explains. "We were piloting our new housing loan product, and I thought they might be a good fit – that it could help them with construction."

"The loan helped us speed up the building process," Mereme confirms. "All at once we were able to buy the doors, windows and the roof."

Jersika and the team at Fondi BESA also consulted with Ergil to identify materials and construction techniques that would save the family money in the long run, including insulating the roof and walls, which will reduce the family's energy use and expenses year-round. The family felt the difference this summer. Even without air conditioning, when daily temperatures routinely surpassed 90 degrees Fahrenheit (32 degrees Celsius), it was consistently 15-20 degrees cooler inside the house.

Ergil's home also can grow as his family does.

"The foundation was built to support two stories," Jersika explains. "They can remove the roofing and add a second story for more space."

"Yes," Mereme affirms. With a laugh, she adds, "with our next loan." ■



Fondi BESA loan officer Jersika visits Ergil's new house, which is almost complete.

# A housing finance company run by women, for women



Kajal Ilmi (right) formed the AVIOM housing finance company by building a network of 50,000 female community-based entrepreneurs.



**MicroBuild came at the right time, as we were expanding our business to new geographies. MicroBuild’s capital provided us the credibility and helped us to leverage this for funding from other lenders.”**

**Kajal Ilmi**  
CEO, AVIOM

Two-thirds of global microfinance clients are women,<sup>10</sup> and more than half of microfinance institutions include advancing gender equity as one of their core objectives. But AVIOM, a registered housing finance company, takes its commitment to women’s empowerment one step further, making women the crux of its business model, both as clients and as a critical part of its workforce.

Managing Director and CEO Kajal Ilmi spent two decades in the real estate and housing sectors before founding AVIOM in 2016. She recognized the pressing need for affordable housing finance solutions in rural and semi-urban areas.

“In India, at the time, there were small-ticket loans up to INR 1 lakhs (US\$1,200) and large-ticket loans beginning at INR 10 lakhs (US\$12,000),” Ilmi explains. But the smaller loans on offer were

insufficient for the costs associated with major investments, such as housing, while the larger loans were inaccessible to low-income families, who lack the requisite income and collateral. Ilmi saw a need – and potential business opportunity – to serve the segment in between: midsize loans from 125,000 rupees (US\$2,300-US\$6,020). “There’s always a reason for such market patterns,” Ilmi says. “In this case because it is a very difficult segment to underwrite.”

AVIOM has carved out a new and much-needed financial market across India. Today, the housing finance company boasts 140 branches across 12 states. At the center of it all is a network of 50,000 female community-based entrepreneurs, conceived of by Ilmi. MicroBuild invested in AVIOM in 2022 to support its growth and continued housing impact.

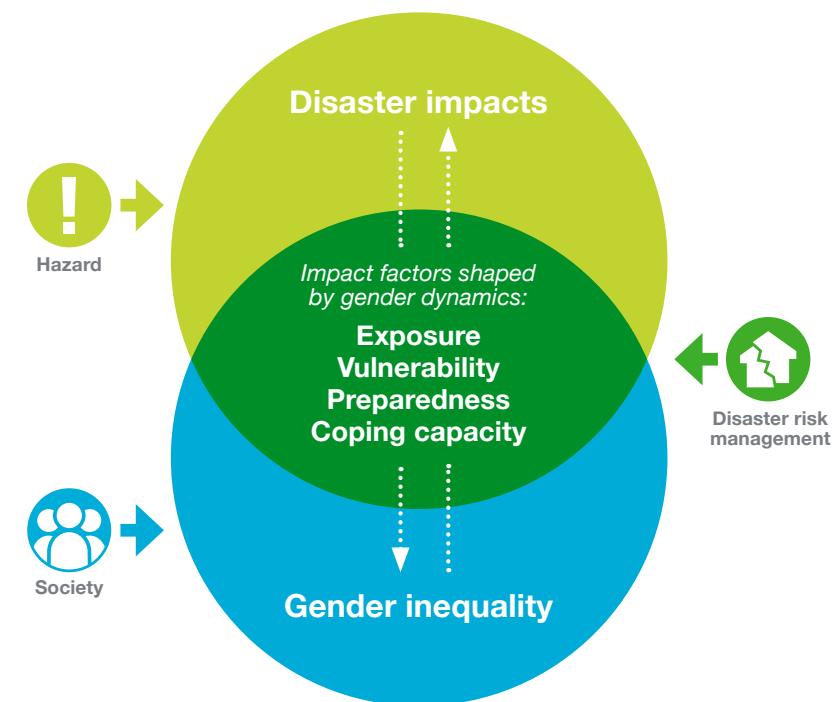
These women are AVIOM’s Shakti officers – a word that evokes the Hindu goddess of energy and creation. Typically stay-at-home mothers or traditional rural child care workers, women in AVIOM’s Shakti program receive financial literacy training and the opportunity to earn a sustainable income. Shakti officers identify and reach out to potential housing loan clients in their communities on behalf of AVIOM. They are paid for every lead they generate and receive a bonus if their leads become clients. Many of AVIOM’s best Shakti officers go on to be offered full-time employment on the branch staff.

“Almost 50% of our clients come to us through our Shaktis,” Ilmi says. “They are the key partnership that makes our business sustainable.” AVIOM’s Shakti officers also exemplify the organization’s commitment to social responsibility. Shakti officers advocate for quality housing and emphasize the importance of sanitation within their communities. According to the World Bank, 22% of people living in rural India continue to practice open defecation,<sup>11</sup> and women in India without access to at-home sanitation facilities are twice as likely to experience sexual assault.<sup>12</sup> AVIOM is doing its part to change this by ensuring that all of its clients have access

to proper at-home sanitation facilities. If a client’s home does not yet have a toilet, the company mandates that their first housing loan tranche be used to construct a washroom or latrine. “I can confidently say that every client of AVIOM has access to sanitation facilities,” Ilmi says.

The Shakti program’s focus on community outreach has also helped AVIOM expand its reach into more rural and remote regions than other financial institutions that depend solely on loan officers. But even in urban areas, AVIOM stands as one of the few financial institutions serving this market segment. In Meerut, a city 50 miles (80 kilometers) outside of New Delhi, AVIOM is the only organization offering housing loans to low-income clients working in the informal sector, according to AVIOM’s regional manager for the area, Mayank Singh Sirohi.

“While some entities offer housing loans to higher income groups, those companies necessitate comprehensive documentation, including proof of income and property records,” Mayank says. “We specifically work with clients who often lack those documents.” ■



When disaster strikes, women and children are up to 14 times more likely to die than men,<sup>13</sup> and those who survive are slower to recover. The threat of disaster looms ever larger with the growing effects of climate change. In spite of India’s elevated disaster risk, only 3% of households have property insurance.<sup>14</sup> But here too, AVIOM is an outlier, offering all clients the option to insure their homes against disaster. According to Ilmi, the majority of clients have opted in. “More than 300 claims have been filed to date,” Ilmi says, “and AVIOM has settled every claim – helping 100% of our clients with insurance get back on their feet.”

# Paving a path toward a better future

*Five years ago, a fire blazed through the village of Jahidpur in India, destroying approximately 100 homes.<sup>15</sup> Today, new houses are under construction throughout this small, semi-urban community on the outskirts of Meerut. Najareen's house is among the active construction sites. An AVIOM client since July 2022, Najareen and her husband, Tosif, are using disbursements from their US\$3,285 loan to incrementally build a house for their children: Noorjahan, Najeya, Imran and Fatma.*

*Staff members from Habitat's Terwilliger Center for Innovation in Shelter visited Najareen's home on a hot August day, with staff members from AVIOM, to learn about her family's housing journey. The conversation below has been translated from Hindi and edited for brevity.*

"The journey to our current home started around 11 years ago. It was a time of new beginnings, marked by the birth of our first child, Noorjahan. At the time, [we were living with Tosif's family and] it was a tight squeeze. We all coexisted, but the limitations of the space gave rise to disagreements, particularly among us women. The space was fragmented; when [Tosif and I] had guests, for example, it forced my in-laws to huddle in one corner while we'd occupy another.

After Imran was born, I realized we needed a space we could truly call our own. We continued to nurture this dream for a long time, then three years ago, the pieces fell into place."

*In total, 18 people – 10 adults, including Tosif's three brothers and their wives, and eight children – lived in Tosif's parents' small home, where a single room doubled as the living space and kitchen. AVIOM's regional manager, Mayank Singh Sirohi shared in a separate interview that overcrowding is a significant challenge for low-income families in*



Najareen and her husband, Tosif, are using a loan from AVIOM to finish the home that they began building with their own savings.

*the Meerut district, with 15 to 20 people often living in a 1,700-square-foot (160-square-meter) home.*

"Our journey wasn't without its challenges. Our savings was 125,000 rupees (US\$1,524), a sum that – though substantial – still fell short of our aspirations. Our plot was in a low-lying terrain, [thus] soil filling to level the ground was our first step before the construction of our home. This decision wasn't just about erecting walls, but about ensuring a solid foundation for a strong home."

*The family's initial home savings were equivalent to more than six months of income. Najareen cares for their four children full time, while Tosif makes wooden furniture at a local workshop, where he earns INR 20,000 (US\$244) per month.*

"From our savings, we managed to build one small room, a toilet, washing area and even a modest gate. Yet a sense of incompleteness lingered. Our limited funds were preventing us from completing our home.

It was quite fortunate that someone informed my husband of AVIOM's housing loan offerings. We had reached a point where our options were limited, and we were uncertain how to turn our dream of a home into reality. This discovery breathed fresh hope into our aspirations.

When we were approved, we directed our entire loan amount toward finishing the construction of our home, a project that unfolded in stages. Each installment we received marked a step forward in this journey of transformation. Gradually, the walls stood tall, ceilings came in, and then the roof was built."

*Bad weather and frequent rain posed a major challenge in their housing journey, slowing down construction and putting their furniture, belongings and health at risk.*

"Throughout this endeavor, my husband assumed the roles of both supervisor and active participant. His dedication extended beyond overseeing the process. He collaborated with the masons, worked with the raw materials and lent his expertise to the very construction of our home. The result is a space that embodies not just our hopes, but the collective effort that breathed life into those dreams.

The contrast between our old home and the new one we're building is stark. The transformation we've experienced is remarkable. My happiness knows no bounds as I sit in the newfound comfort within our home's walls. With expanded space, our lives have taken on a new dimension, with a place where my children and I can thrive. Adequate sleeping arrangements, a designated space for play and study – these are big changes in our lives."

*Najareen delights in her children's education. She is immensely proud that they now attend additional paid classes after school. "My dreams for their future are unwavering," she says. "I want to provide them with education, nurturing their potential as far as they're willing to explore."*

"Both my husband and I lack formal education, and we certainly aren't affluent. Despite these challenges, we've learned to make the most of our resources and needs. As we look ahead, the approach we've taken appears promising. When this current loan concludes, we're open to considering another one, whether it's to fulfill housing needs or address other essentials.

This journey has taught us that determination and resourcefulness can bridge the gap between dreams and reality. It's a reminder that even in the face of challenges, with the right opportunities, we can pave a path towards a better future." ■

Instances of heavy rainfall in India have risen by almost 85% since 2012.<sup>16</sup> The 2023 monsoon season was particularly severe in northern India, causing an estimated US\$1.2 billion in damage<sup>17</sup> and damaging or destroying over 10,000 homes.<sup>18</sup>

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# 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 in developing or refining 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.

Read more about the MicroBuild Fund:



**Princeton University:**  
"Land Rights for the  
Untitled Poor"



**Grunin Center for Law  
and Social Entrepreneurship,  
NYU School of Law:**  
"Launching the MicroBuild Fund."



**MicroBuild Fund wins  
2023 silver - World  
Habitat Award**

Interested in partnering with us to grow the MicroBuild Fund's impact? Reach out to [MicroBuild2@habitat.org](mailto:MicroBuild2@habitat.org) and [TCIS@habitat.org](mailto:TCIS@habitat.org). ■

# 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 requirements 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 yet exists. Since 2017, Habitat's Terwilliger Center has helped more than 36.8 million people build or improve the place they call home. ■



# Citations

1. An estimated 60% of those directly impacted by the MicroBuild Fund's investments have been the children of the clients/borrowers.
2. According to the 2012 Symbiotics Microfinance Investment Vehicle, or MIV, Survey, the MIVs that responded to the survey reported average total assets of \$95 million as of December 2011, when MicroBuild was established; <https://cases.grunin.law.nyu.edu/product/launching-the-microbuild-fund/>
3. PAR30 refers to the portion of an institution's portfolio that is at risk of being in arrears for more than 30 days.
4. <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>
5. <https://www.zurich.com/en/media/magazine/2022/there-could-be-1-2-billion-climate-refugees-by-2050-here-s-what-you-need-to-know#:~:text=This%20climate%20migration%20is%20expected,climate%20change%20and%20natural%20disasters.>
6. The Global Findex Database 2021 (worldbank.org)
7. <https://gain.nd.edu/our-work/country-index/>
8. Leadership in Energy and Environmental Design, or LEED, is the world's most widely used green building rating system. LEED Zero certifications are awarded to existing buildings that have achieved net zero output in either carbon, energy, water or waste.
9. <https://www.instat.gov.al/media/4156/albania-in-figures-2017.pdf>
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18. <https://reliefweb.int/report/india/india-flood-2023-dref-operation-no-mdrin028>

# In gratitude to our MicroBuild Fund partners and investors



**J. Ronald Terwilliger Foundation**

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**Morgan Lewis**



**Stanard Family Foundation**



**"The strategic partnership with the MicroBuild Fund has been transformative for us. Their investment and technical support have empowered us to advance and expand our housing microfinance offerings, catalyzing sustainable change within underserved communities."**

**Hashim Sejdiu**

Chief Commercial Officer, KEP Trust, Kosovo

