



# MicroBuild Fund

Year in Review FY2024



# Jacqueline Innocent

Senior Vice President, Integrated Programs,  
Habitat for Humanity International

## MicroBuild...

...enabled us to finance the housing needs of our clients.

...opened our eyes to a new, profitable and high-impact market segment.

...gave us credibility to approach new investors.

**T**hese are sentiments I hear regularly when speaking with MicroBuild's investees. Their testimonies – and the fund's impact on the lives of the clients you will read about in this report – are why Habitat for Humanity and our partners created the MicroBuild Fund almost 12 years ago. They continue to motivate our work today.

Now we are approaching the end of the fund. MicroBuild began its scheduled wind-down in 2019 and made its final new investment and disbursement in FY2023. As of June 2024, the fund had active investments in 18 institutions, down from 44 institutions five years ago. This is all by design – a critical and intentional part of MicroBuild's conception as a demonstration fund.

Though new investments have stopped, MicroBuild's impact continues to grow. As of June 2024, investees of the fund had mobilized over US\$1.22 billion in capital toward the growth of their housing portfolios since MicroBuild's respective investments.

MicroBuild's technical assistance also continues for both current and former investee institutions, with 12 advisory engagements in four countries this fiscal year. We shared what we've learned with the wider sector through seven reports and conference engagements. And, building on the work of MicroBuild, Habitat's Terwilliger Center for Innovation in Shelter is piloting new ways to offer technical assistance at scale, including working with and through associations of microfinance institutions.

MicroBuild has remained committed to our investees and the low-income households whom they serve. In January 2024, MicroBuild demonstrated this commitment by announcing a debt relief initiative for Al Majmoua, the fund's only investment in Lebanon. Lebanon was and continues to face a severe financial and economic crisis, which led to the banking sector essentially halting lending services.<sup>1</sup> While debt relief is not uncommon in this industry, MicroBuild took the unusual step to make this decision public to increase the chance that other lenders would follow suit, enabling Al Majmoua to build a new portfolio and helping households regain access to affordable housing finance products. Retaining institutional capacity and a functioning housing finance system will be critical to an eventual recovery.

As we look toward the fund's end in October 2025, we will continue to drive success, especially in terms of social impact. Thank you to our partners who have made our work possible, this year and every year since 2012. Together we have helped over 1.18 million people access better housing for a more prosperous future. ■

**ON THE COVER:** Edgar and his daughter have a new home in Guatemala thanks to housing microfinance loans from FUNDEA. The MicroBuild Fund provided FUNDEA with advisory services and capital to make housing loans like Edgar's possible.

# Steven Evers

Managing Director and CEO,  
Triple Jump

**F**rom its inception, MicroBuild has aimed to demonstrate the viability of affordable housing finance for both financial institutions and investors, applying a system lens to the global housing crisis to scale impact and crowd-in additional capital. MicroBuild has seen much success to date in this regard. As of June 2024, the weighted average PAR30\* of investees' housing microfinance products was 6.3%, compared with 7.6% for general portfolios. This success attracted more funding, enabling financial institutions to mobilize an additional US\$1.2 billion to grow their housing portfolios.

MicroBuild has provided evidence that affordable housing finance is a meaningful tool to address the global housing deficit, and that affordable housing finance is a viable asset class.

However, major challenges remain. In emerging and low-income countries, population growth and rapid urbanization exacerbate the global housing deficit with follow-on impacts for other key areas of social and economic development. At the same time, growing demand for new-build homes accelerates climate change by stretching demand on already high-emissions industries: infrastructure and construction. In the inverse, climate change continues to displace the most vulnerable

individuals and communities, driving urbanization and accelerating demand for new construction. Women are disproportionately affected, facing challenges in accessing affordable housing finance products and services. They are often excluded from homeownership and suffer from housing insecurity because of unequal property rights.

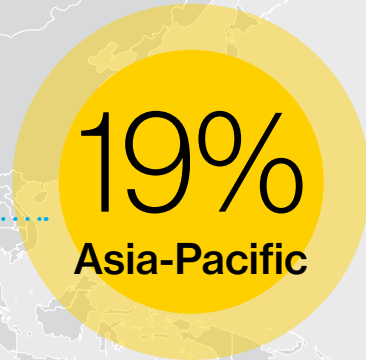
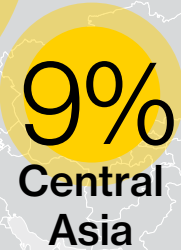
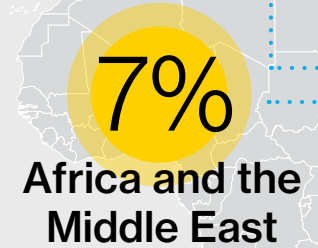
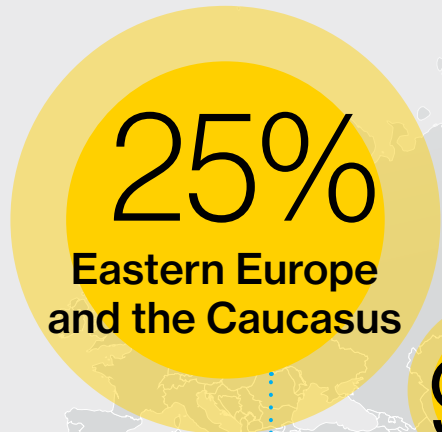
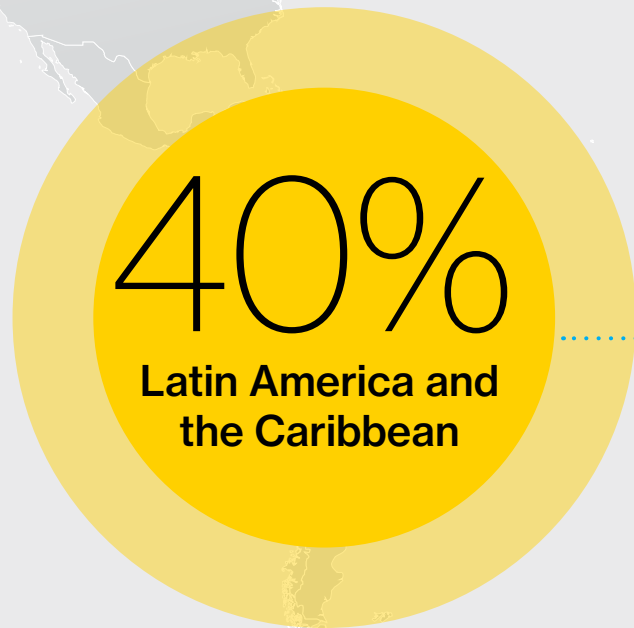
Affordable housing, gender equality and climate change are therefore intricately intertwined. Gender-responsive, climate-resilient affordable housing solutions are key to addressing this multifaceted crisis. By investing in institutions that promote gender equality and support green home construction in emerging countries, MicroBuild aims to contribute to building an inclusive, affordable and sustainable housing ecosystem. Investments prioritizing energy-efficient renovations, upgrades and retrofits can drive improvements in the construction sector, creating higher-quality, disaster-resilient homes. Similarly, by collaborating with financial intermediaries to sustainably provide access to long-term finance and climate-resilient housing for women-led households, MicroBuild can increase housing affordability and equal property rights, unlocking homeownership for women working in informal economies.

MicroBuild's efforts have demonstrated the transformative power of affordable housing finance. By continuing to share insights and knowledge on innovative, market-based solutions and partnerships, MicroBuild is well-positioned to further its impact, contributing to a more equitable and sustainable housing ecosystem. ■

\* "PAR30" stands for "portfolio at risk for greater than 30 days," a measure of the outstanding amounts of all client loans with an expected payment more than 30 days past due.



# Geographic distribution of total fund portfolio



# \$1.2 billion

ADDITIONAL CAPITAL MOBILIZED BY INVESTEEES TO GROW THEIR HOUSING PORTFOLIOS

## \$230.2 million

TOTAL DISBURSED + RENEWALS

## \$100 million

ORIGINAL FUND CAPITALIZATION



# 62

institutions (total)



# 33

countries



# 18

active investments





ACCESS TO ADEQUATE, SAFE AND AFFORDABLE HOUSING

**236,870**

housing microfinance clients served to date by MicroBuild's investments



**1.18 million**

individuals living in improved housing

7.9%  
Land purchase/  
tenure

14%  
Full  
construction  
loans

**LOAN USES**  
AS OF JUNE 2024

29.6%  
Small  
construction  
loans

48.5%  
Home  
improvement  
loans



**86%**

WOMEN BORROWERS IN ACTIVE INVESTEE'S TOTAL LOAN PORTFOLIOS



**77%**

RURAL BORROWERS IN ACTIVE INVESTEE'S TOTAL LOAN PORTFOLIOS



**8**

ACTIVE AND FORMER INVESTEE'S IN THE WESTERN BALKANS OFFERING ENERGY-SPECIFIC PRODUCTS FOR HOUSEHOLDS

**Climate considerations within MicroBuild's portfolio**

Climate change – both its impact on households and houses' impact on the environment – has taken an increasingly prominent role in MicroBuild's work over the past decade, most notably in the Western Balkans. Significant gaps remain between the felt needs of low-income households and the climate goals of funders, the targets of national governments, and the products offered by the microfinance sector. Households and the institutions best positioned to influence them remain disconnected from national climate change efforts. The potential impact of engaging households is substantial, as the residential buildings sector drives 30% to 60% of total energy use across the Western Balkans.<sup>2</sup>

MicroBuild Fund's technical assistance facility partnered with eight institutions in the Western Balkans to develop or refine affordable housing finance products. All of these products support energy efficiency as a potential use of loan proceeds, but four of the institutions – through MicroBuild's support – developed or refined a dedicated energy efficiency housing finance product. In addition, MicroBuild is piloting new ways to address these issues at scale, including partnering with national associations of microfinance institutions to facilitate knowledge transfer and data sharing. Direct technical assistance to individual institutions continues to play a critical role in MicroBuild's success. The opportunity to work with and through associations differs in that it enables a higher baseline of understanding and engagement across the sector.

**NOTE**

The United Nations' 17 Sustainable Development Goals, adopted by U.N. members in 2015, address global challenges, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. Goal 11, "Make cities and human settlements inclusive, safe, resilient and sustainable," includes the following target: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums."



# Tackling energy poverty — and emissions — in Bosnia and Herzegovina

In November 2022, MicroBuild made its final new investment: a €1.5 million loan to Mikra in Bosnia and Herzegovina.

“There was a clear mission fit for us,” recounts Dzenita Kičić, regional lead for MicroBuild in Eastern and Central Europe. “They have a well-earned reputation as the financial institution in Bosnia and Herzegovina that really, truly believes they can change peoples’ lives.”

Initially, Mikra focused exclusively on small-business loans for women, but it began to diversify its portfolio and clientele approximately 15 years ago. “We want our clients to be self-sufficient and find their own way and make profit,” explains Verdan Zametica, manager for marketing, sales and environmental, social and governance at Mikra. But “everything in microfinance is about housing. In the end, everything goes to the household.”

## Building upon an existing product

MicroBuild’s investment in Mikra came six years after Mikra began offering a housing loan product. “We started with housing loans to improve the lives of our clients,” says Aida Ganić, executive director of loan operations. “Now these loans have become very important in our portfolio.”

The goal of MicroBuild’s technical assistance was to scale Mikra’s housing portfolio. This began with an analysis of Mikra’s gross loan portfolio — over 20,000 active loans. It showed a surprising trend: More than 40% of Mikra’s clients pursuing housing renovations were using their loans specifically for energy efficiency retrofits.

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Air pollution is responsible for up to 1 in 5 premature deaths in the Western Balkans.<sup>3</sup>

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Energy poverty remains a widespread issue in the Western Balkans, with significant impacts on health, safety and economic security at both the household and national levels.<sup>4</sup> “The portfolio analysis was eye-opening to say the least,” Aida says. “We were able to see more clearly what needs we are fulfilling for our customers.”

To better serve these client needs, MicroBuild helped Mikra develop a second, dedicated housing loan product for energy efficiency, differentiated by lower interest rates and longer loan terms. MicroBuild also helped train staff members and develop consumer education materials related to energy-saving behaviors and products.

## A healthier home through energy efficiency

Through consumer education materials, Mikra loan officers are helping clients like Admira in Konjic understand their options for energy-efficient renovations, the potential long-term cost savings, and the expected benefits for their comfort and health.

In spring 2024, with financing through Mikra’s energy efficiency loan product and guided by



Mikra’s consumer education materials, Admira replaced her home’s old and leaky single-pane windows with new energy-rated ones. Though this was Admira’s first energy efficiency loan, she had previously used Mikra’s housing loans to improve thermal comfort, and by extension the energy efficiency, of her home.

It “was a very old house with many issues,” Admira explains. “The walls were just [concrete] blocks. There was no protection from the wind. It was very cold and damp. When my older son was born, he was constantly sick. We saw we had to fix these things, or he would keep getting sick.”

In the years since, with support from Mikra, Admira and her husband have transformed their home into a place for their family to thrive. Their investments have paid off. Today, both her sons are healthy, boisterous and inquisitive primary schoolers.

As Mikra was developing its new loan product, it asked clients like Admira what they wanted out of their homes. “They all said, ‘We want a safe home,’ ‘We want a comfortable home to come back and rest after hard work,’” Verdan says. “But with this loan, we also see how there is a benefit to the country overall, as a ripple through the generations.”



Admira, a Mikra client, and her sons have new energy-efficient windows.

## Looking ahead

Mikra is exploring how to measure the environmental and social impact of its energy efficiency loan portfolio against industry-recognized environmental, social and governance metrics to attract further investment and document its contribution to Bosnia and Herzegovina’s national goals for greening energy consumption. ■



## ‘Little by little’ can go a long way



Edgar, Norma and their two children – 5-year-old Elizabeth and 18-month-old Yoslin – live together in a home they are building on land owned by Edgar’s family. Edgar’s pursuit of a home to call his own has been long and challenging, but housing loans from FUNDEA helped speed construction of the first rooms – enough for his family to move in.

*This is Edgar’s story in his own words, translated from Spanish and edited for brevity.*



My family has always lived in this area. I was born [on this property], I lived here all my life. My father is still here. We lived with him for four years before we decided to start our own house ... three years ago.

Given the situation here, building a house isn’t easy. ... Even if you’re earning well; you can’t save up; you don’t manage to accumulate it. ... you always end up spending it. ...

Having the loan has helped me. I feel it’s better because I pay month by month. ... You have to go and pay it off, so there’s pressure. You push yourself. ... **It’s little by little, every month** ... And every month I feel like I’ve already reached the goal, so it’s easier for me.

When we started building the house, first we just did the framework – all the walls but without a roof. We did it ourselves; my brother-in-law is a bricklayer. It stayed like that for a while – over

eight months. It wasn’t until [recently] that I started working on the carpentry; I put up the roof and made the doors.

There have been a lot of changes. ... We only had one room [when we lived with my dad] because his house is small. We built four rooms here: the living room where we also do our prayers, the bedroom, the room for [my wife’s business] and the kitchen.

And [the temperature] is always very comfortable. It’s incredible, the difference, if you compare it to my dad’s place, which is

very hot. I think its cooler because of ... the overhang I added and the type of [roof]. I got the thickest metal sheets [for the roof] so that it holds up better.

Everyone comments to my wife [about the house]. They say that it turned out beautiful because a lot has really been spent here. Other people have tried [to build homes], but they haven’t been able to succeed, for the same reason [why it took us years]: It’s not easy. I made that choice to move my family forward. And the difference is huge. ■





## Improving housing loan options in Guatemala

FUNDEA, Fundación para el Desarrollo Empresarial y Agrícola, is a nonprofit microfinance institution dedicated to supporting farmers, microentrepreneurs and small-business owners in rural Guatemala, with a focus on fostering economic and social development. The organization offers a comprehensive range of financial and nonfinancial services to enhance its clients' living conditions and business opportunities.

In 2022, FUNDEA received a US\$1.5 million loan and technical assistance from MicroBuild to refine and strengthen its housing loan product,

CrediVivienda, including adjusting terms, introducing consumer education materials and new promotional strategies to expand sales, and building staff capacity to support clients in their housing journeys. MicroBuild also worked with FUNDEA to develop partnerships with local hardware stores that improve clients' access to quality construction products. These changes have made CrediVivienda more accessible and relevant to low-income families, demonstrating FUNDEA's commitment to delivering comprehensive solutions that address the diverse needs of its clients.



### CITATIONS

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- 3 United Nations Environment Programme. "Air Pollution Responsible for up to One in Five Premature Deaths in 19 Western Balkan Cities." 20 Sept. 2022, <https://www.unep.org/news-and-stories/press-release/air-pollution-responsible-one-five-premature-deaths-19-western>. Accessed 14 Aug. 2024.
- 4 Widuto, Agnieszka. *Energy Poverty in the EU*. European Parliamentary Research Service, September 2023, EPRS\_BRI(2022)733583\_EN.



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## In gratitude to our MicroBuild Fund partners and investors



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## About MicroBuild

Launched by Habitat for Humanity International and managed by 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. The fund invests in financial institutions that 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.

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## 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 2016, Habitat's Terwilliger Center has helped more than 45.2 million people build or improve the place they call home.

