



Habitat for Humanity's

MicroBuild Fund

2016 annual report



The MicroBuild Fund is the investment vehicle sponsored by Habitat for Humanity International to drive innovation and scale of housing finance for low-income households.



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**Cover photo caption: Esmeralda and her son Anthony live in a
Habitat for Humanity home in Ciudad Arce, El Salvador.**

Letter from Mike Carscaddon, Chairman of the MicroBuild Fund Board of Directors



The results from the fourth year of operation of the MicroBuild Fund continue to be very encouraging. What does that mean? Starting with the end in mind, more than 54,000 families, representing over 272,000 people, received financing for better housing. And in keeping with the fund's vision as a demonstration to encourage the financial sector serving low-income populations to include housing finance as a part of a suite of financial services, \$90 million of capital has been directly attracted to this purpose.

To create this impact, MicroBuild has provided longer-term wholesale debt financing to 32 microfinance institutions in 20 countries, totaling \$50.5 million. This capital, in addition to the technical assistance that is an integral part of the fund, has enabled the development and distribution of housing microfinance products to help families improve their housing condition, build new homes and purchase land or improve tenure.

Last year also marked a significant strategic decision to double the fund's capital commitments to allow MicroBuild to grow to its originally envisioned size of \$100 million. This included bringing in a new equity partner, the MetLife Foundation. MetLife has been a strong supporter of Habitat for many years with our domestic program, and MicroBuild provided a wonderful opportunity to engage them in our global work as well.

MicroBuild expanded its footprint into India. At the outset, the fund was not able to operate in India because of governmental restrictions around foreign debt capital,

but with the possibility of lending through the issue of non-convertible debentures, MicroBuild Fund registered in India during the fiscal year. In December 2015, MicroBuild invested \$3 million in Annapurna, a financial institution based in the eastern region, to launch a housing microfinance product. India offers an important opportunity to expand the market and meet the significant demand for affordable housing finance. By the end of FY2017, MicroBuild expects to invest an additional \$6 million in two entities, one each in the south and north regions.

We have also engaged Land Alliance to study the overlap of MicroBuild's growth and opportunities for strengthening land tenure. The study will seek the best geographies to introduce bundled services of land rights and housing microfinance.

I'm pleased to note that late in the year, we were notified that MicroBuild had been awarded the 2016 Overseas Private Investment Corporation Impact Award in the Access to Finance category. We are honored to have received this recognition of the impact that the fund is having, and we are grateful to our partners at OPIC for their continued support.

In conclusion, I want to acknowledge the stewardship Alex Silva has provided to the MicroBuild Fund, starting from the initial stages when the fund was being conceptualized and then providing governance oversight on both the investment committee and the board. The entire MicroBuild team is grateful for his support.

Letter from Matt Sheedy, MetLife Foundation

MetLife Foundation has a passion for how financial well-being plays a central role in people's lives, and we have a long track record of investing in building prosperous and more resilient communities through housing. We proudly support the work of Habitat for Humanity's MicroBuild Fund in this important nexus between financial services and housing.

Over 70 percent of the world's population has no access to formal market housing solutions – those marked by formal construction and a mortgage loan from a bank. This vast majority of people left out of formal systems must build their home in stages with savings or informal financing. Habitat's MicroBuild Fund invests in the innovation and growth of services that meet the financial and nonfinancial needs of these people as they build and improve their homes incrementally for their families.



MicroBuild ties closely with our goals and areas of focus. The technical assistance Habitat provides to enhance knowledge of home construction, budgeting and planning among client communities creates a foundation for household success. MicroBuild seeks to create incentives so that housing services are offered in an ongoing, sustainable manner to households in their local communities. Lastly, the research and publication agenda of the MicroBuild Fund aims to produce the insights needed to move the affordable housing sector forward with the ability to better serve people in new ways.

We're excited to invest as a minority shareholder in the MicroBuild Fund and to be a part of the fund's growth to \$100 million in affordable incremental housing. We also are proud to be part of the learning that drives tomorrow's solutions to financial well-being and better housing and living conditions.

Steven Evers of Triple Jump, fund manager of the MicroBuild Fund



HIGHLIGHTS

The fiscal year ending June 2016 was marked by the MicroBuild Fund's placing almost all of the resources from Phase I (US\$50 million). This achievement is noteworthy, as the last fiscal year was also marked by the rebalancing of the portfolio away from the Central Asia and Caucasus region, affected by low oil prices and the Russia crisis, toward better-performing investees in the Asia and the Pacific region. We believe the actions taken will set us on the path for an improved performance in the coming years. This expectation is already reflected in the positive net income generated during the year, despite the difficult market circumstances.

PORTFOLIO EVOLUTION

MicroBuild grew its invested portfolio to US\$44.2 million by disbursing loans amounting to US\$12.8 million. Our investment strategy was successfully implemented, with the Asia and the Pacific region growing to represent 21 percent of the portfolio, up from 8 percent last year. The exposure to the Central Asia and Caucasus region was carefully reduced from 43 percent to 32 percent as a result of our intense recovery efforts (US\$6.2 million in repayments), while the fund maintained a strong presence in the Middle East, Africa and Latin America markets.

FOREIGN CURRENCY RISK MANAGEMENT

The foreign currency risk for MicroBuild remains within very prudent boundaries, where 93 percent of the portfolio is invested in dollars. However, we have successfully leveraged the Hilti facility to increase the unhedged local

currency portfolio from US\$1 million to US\$3 million, with two new loans in Peruvian soles and Sri Lankan rupees. The Hilti facility is and will remain a cornerstone of MicroBuild's investment strategy, as it offers strong FX risk mitigation and allows the fund to reach out to clients in many more countries.

PORTFOLIO QUALITY

MicroBuild's portfolio quality remains in accordance with market standards. The impact of the challenging macroenvironment remains concentrated in a handful of investments. In particular, the fall in oil prices has had a dramatic impact on the performance of two investees in Azerbaijan. However, this situation is not specific to MicroBuild investees; the entire sector is winding down operations. In this difficult context, the fund has succeeded in recovering a large part of its exposure to the country (more than 50 percent of the original exposure to date). Ecuador was hit by a devastating earthquake in April 2016, and the portfolio of Banco D'Miro, one of MicroBuild's investees in the country, has suffered from a sharp increase in risk. Despite this, international lenders have shown their support to the microfinance bank, and MicroBuild's exposure has not been impaired.

FUND PERFORMANCE

Despite the difficult market environment in Azerbaijan and Ecuador, the MicroBuild Fund made a remarkable net income of US\$505,000, reducing the accumulated loss from previous years to US\$680,000. In addition, an equity injection materialized that brought the total equity value

to US\$4.3 million. We expect the equity value to break even in the next fiscal year if the current rate of growth is maintained and no unforeseen provisioning expenses have to be registered.

HOUSING MICROFINANCE AND SOCIAL PERFORMANCE

The housing microfinance portfolio of MicroBuild's partner institutions reached an impressive US\$326 million as of June 2016, enabling access to over 168,000 end clients. Out of these, MicroBuild investments directly financed over 54,000 households and 272,000 individuals. The average housing microfinance loan size of investees remained stable at US\$1,750 – an evidence of the strong social impact of the fund. The social performance of partner institutions is outstanding, with 43 percent rated A-Excellent and 57 percent rated B-Good, according to the Triple Jump Social Performance Score. The careful selection of investees who match the social and housing mandate also resulted in a deep outreach to rural areas (70 percent of total clients) and women (71 percent of total clients). These outstanding results place the MicroBuild Fund as one of the best-performing vehicles in terms of social return, compared with other microfinance-focused funds.

OUTLOOK

Triple Jump is excited to begin working on Phase II of MicroBuild after the first tranche of the second loan from OPIC was closed in November 2016. Portfolio growth in 2017 will continue to focus on the Asia/Pacific and Latin America regions, and will further increase the fund's outreach to low-income families and their shelter. MicroBuild will also look to continue leveraging the Hilti facility to expand its unhedged local currency portfolio in countries where FX risk remains a constraint for foreign investments. We expect solid portfolio growth, improved financial performance and outstanding social return to be the main highlights for the year to come.

MicroBuild milestones

FY2013

august 2012

MicroBuild Fund Phase I (US\$50 million) launched with US\$2 million investment in IMON, Tajikistan.

october 2012

First investment in the Africa and Middle East region made to Al Majmoua, Lebanon.

FY2014

november 2012

First Latin America and the Caribbean investment made to Fondecos, Bolivia.

january 2014

First investment in the Asia/Pacific region made to HKL, Cambodia.

FY2015

march 2014

MicroBuild funds its first local currency loan to KMF, located in Kazakhstan.

january 2015

Oxfam Novib begins impact evaluations of MicroBuild Fund microfinance institutions in LOK (Bosnia-Herzegovina) and ENLACE (El Salvador) to measure long-term improvements in social well-being and health achieved through housing microfinance loans.

FY2016

december 2015

MicroBuild B.V. registered in India to buy nonconvertible debentures. MicroBuild Fund makes its first investment of US\$3 million in India through NCD to Annapurna.

may 2016

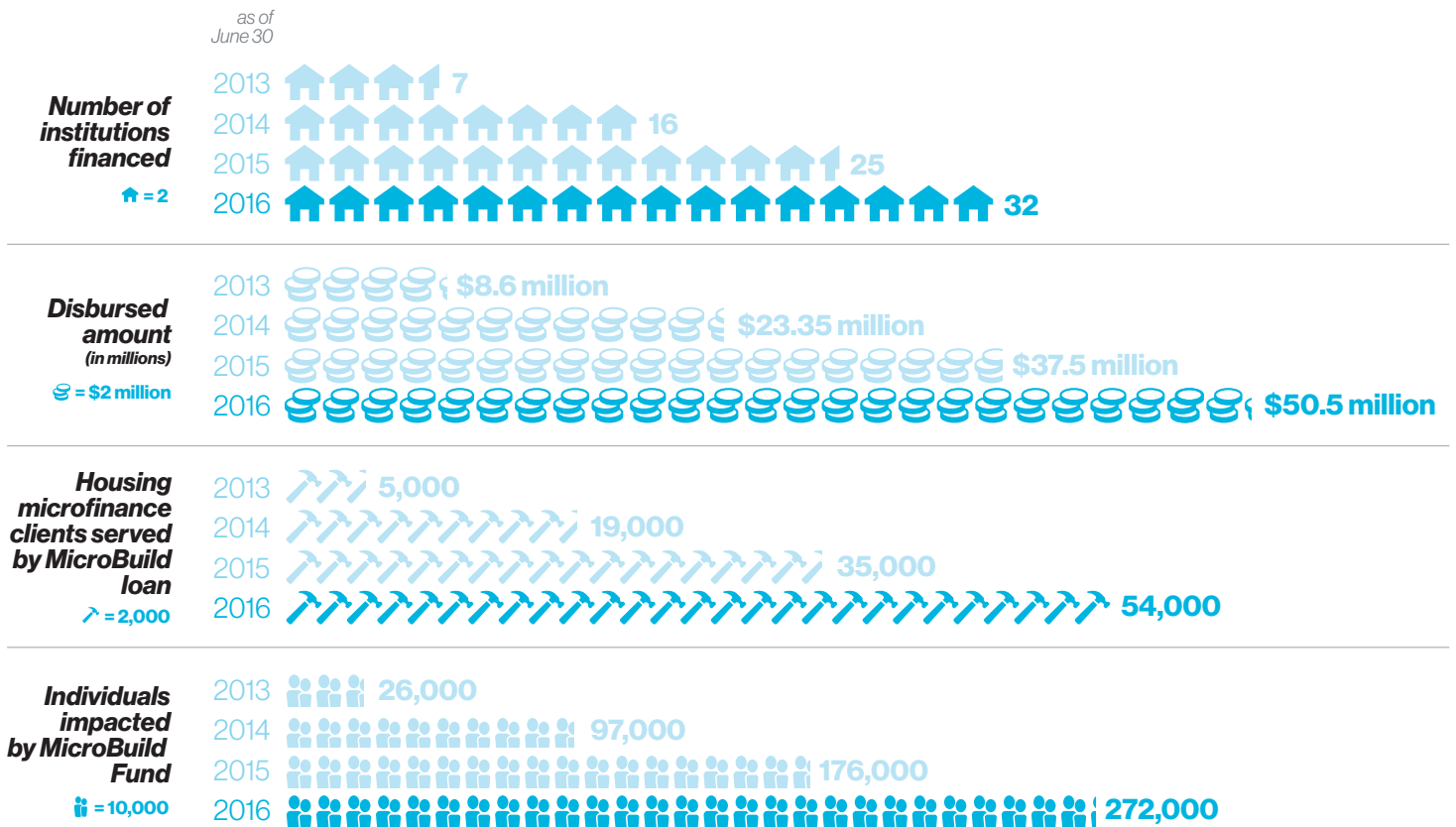
MicroBuild Fund Phase II closed to grow to US\$100 million. MicroBuild is featured in *Harvard Business Review's* article "How NGOs Are Using Data to Transform Themselves."

FY2017

july 2016

OPIC Impact Award received.

Portfolio statistics: 2013-16



OPIC 2016 Impact Award

Each year, the Overseas Private Investment Corporation recognizes investments that demonstrate social and developmental impact in the world. MicroBuild Fund joined six other OPIC investees in receiving the 2016 Impact Awards, winning the Access to Finance award. MicroBuild is the first housing- or shelter-related OPIC Impact Award, and the team is proud to have brought housing and housing solutions to such a level of visibility and attention.



MicroBuild Fund portfolio

Growth

In the past year, the MicroBuild Fund has added seven microfinance institutions and two new countries into its portfolio, while also approving additional funds or renewals for many existing portfolio institutions that have performed well with MicroBuild Fund's initial funding. During the year, with commitment from OPIC, MetLife Foundation and Habitat for Humanity International, MicroBuild Fund doubled its size from US\$50 million to US\$100 million.

As of the fiscal year ending June 30, 2016, MicroBuild Fund portfolio microfinance institutions have US\$326 million, or 9.7 percent, of their portfolios in housing. Additionally the housing microfinance portfolios of MicroBuild investee institutions continue to perform stronger relative to their general portfolios. For the disbursed portfolio, the weighted average PAR30¹ of the housing microfinance product was 2.4 percent, compared with 5.2 percent of the general portfolio excluding the housing microfinance product.

The growth in clients and portfolio sizes experienced by the institutions since the time of their appraisals has also outpaced the growth in the remainder of their portfolios. The compounded annual growth rate, or CAGR, of the housing microfinance clients from the time of appraisal

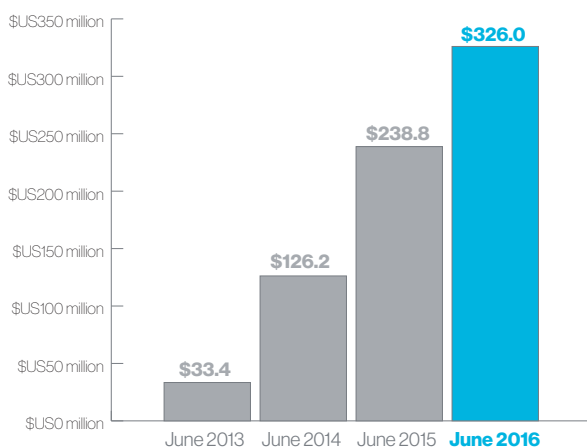
until June 30, 2016, was 30.3 percent, while the CAGR of the general clients was 20.5 percent. Similarly, the CAGR for the housing portfolio was 32.5 percent, compared with the general portfolio, which saw a CAGR of 17.8 percent.

With good performance and quality, MicroBuild Fund's portfolio microfinance institutions are leveraging their housing products with additional funding besides MicroBuild Fund's loan. The portfolio institutions' cumulative housing portfolios have increased by US\$89.8 million since MicroBuild funding, representing a leverage multiplier of 1.8 times the invested capital from MicroBuild.

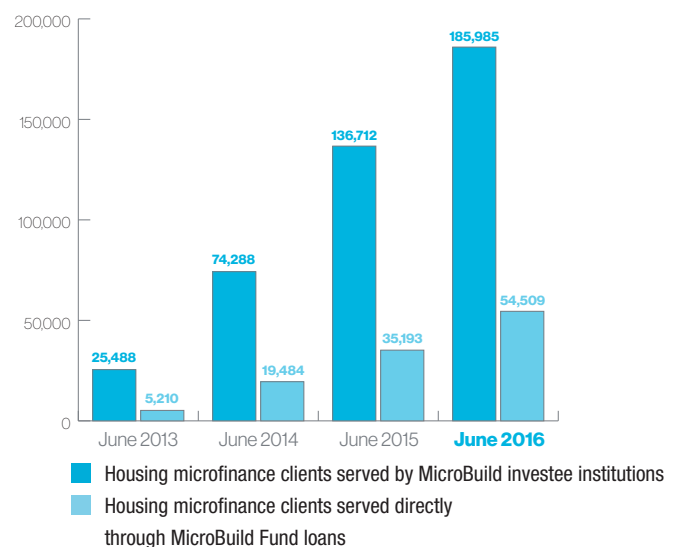
MicroBuild's demographic reach has also seen an increase in the impact on rural and female borrowers. As of June 30, 2016, rural clients made up 70 percent of the clients served by MicroBuild Fund's portfolio microfinance institutions, up from 62 percent in 2014. Female borrowers increased to 71 percent of their client base, in comparison with the 2014 figure of 54 percent.

1. PAR30 stands for Portfolio at Risk > 30 Days, which is the value of all outstanding loans that have one or more installments of principal past due more than 30 days.

Housing microfinance portfolio of MicroBuild Fund investee institutions



Number of clients served by housing microfinance loans



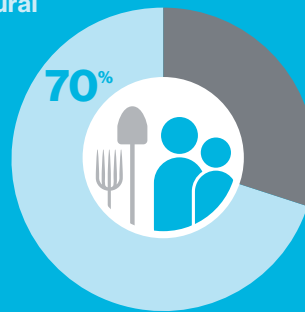


Geographic reach

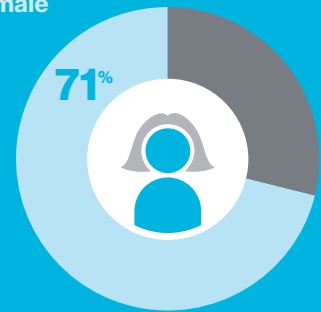
A large part of MicroBuild Fund's growth is due to the diversification of its portfolio into new countries. Through hedging and open currency loans, MicroBuild Fund has been able to expand its reach into countries with high competition and other market factors that previously made a U.S. dollar loan unfeasible. As of June 30, 2016, MicroBuild Fund has investments in 20 countries, with financial institutions approved for future disbursements in an additional three countries.

Demographic indicators

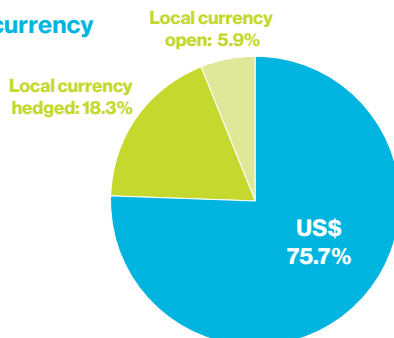
rural



female



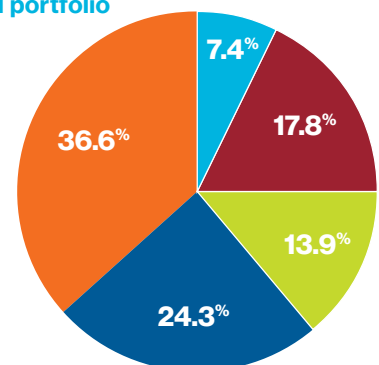
MicroBuild Fund disbursed currency profile



Regional allocation of MicroBuild portfolio

Disbursed amounts

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



Survey findings

This year, Habitat for Humanity's Terwilliger Center for Innovation in Shelter (for more information on the center, see page 20) released its second publication of the *State of Housing Microfinance*, a report driven by survey findings from 83 financial institutions located in 37 countries around the world. Thirty of the survey respondents are financial institutions in MicroBuild Fund's portfolio.

In this edition, questions were structured to distinguish the characteristics of the housing microfinance loan portfolio from the overall lending portfolio in order to better understand the nuances of having such products and whether there is a business case for offering housing microfinance. Overall, survey results revealed that housing microfinance loan policies – financial requirements and collateral, loan sizes, disbursement methods and repayment schedules – are similar to those of other loan products offered by the institutions. The main distinctions are interest rates charged and loan tenor.

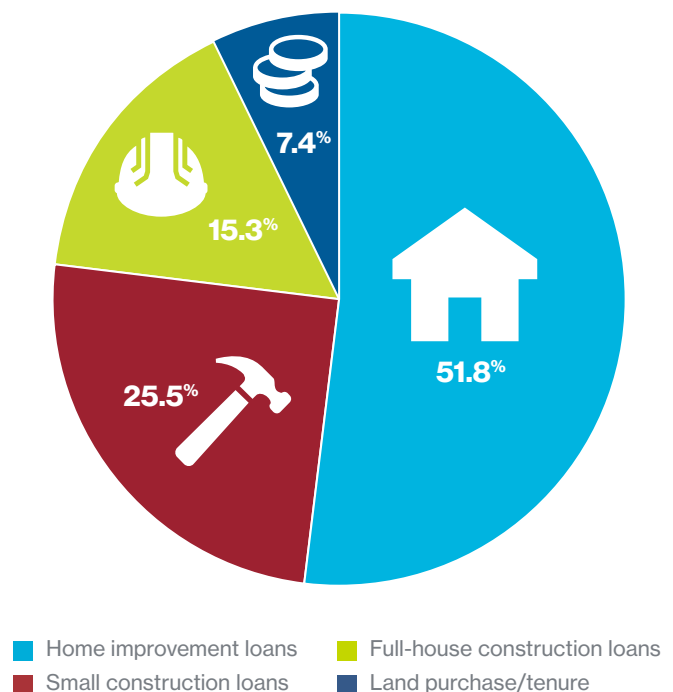
Housing microfinance loans are typically used for home improvement projects, including basic repairs and upgrades, though loans can be used to purchase energy-efficient appliances, add rooms, construct new homes, and even purchase land or secure legal tenure. Construction support (e.g., training in building techniques or providing oversight during construction) is one of the most popular forms of technical assistance offered alongside the housing microfinance loan, as it allows the financial institutions to ensure better quality of the home improvement. Additionally, a key survey finding was that the portfolio quality of housing microfinance is better than the overall portfolio's quality.

For institutions funded by MicroBuild Fund, the survey indicated that most of the institutions find housing microfinance meets their commercial needs and social mission ideals. A large percentage of MicroBuild Fund microfinance institutions selected "Social Impact" as a reason for adding housing microfinance to their loan portfolios, alongside "Grow in Response to Client Demand" and "Portfolio Diversification."

The survey also informed of the range of uses a housing microfinance loan provides. More than half of MicroBuild Fund's survey respondents reported housing microfinance loan uses in at least three of the four use categories provided: home improvement, small construction, full house or formal construction, and land purchase/land tenure.

Additionally, these respondents reported on their interest in adding loan products that complement housing microfinance loans, including microinsurance; micromortgages; land formalization services; and water, sanitation and hygiene, or WASH, products. This research supports product diversity already seen in the housing microfinance products provided by MicroBuild Fund institutions, including rental housing in Kenya and energy-efficient appliances in Bosnia-Herzegovina.

Uses of housing microfinance loan proceeds, 2016



How and where we work

As part of MicroBuild Fund's model, institutional and construction technical assistance is provided through grants from Habitat for Humanity International. Habitat's network of worldwide area offices (located in Bratislava, Slovakia; San José, Costa Rica; and Manila, Philippines) and national organizations support MicroBuild Fund by providing technical assistance services through Habitat's Terwilliger Center for Innovation in Shelter (formerly the Center for Innovation in Shelter and Finance) to eligible financial institutions that receive capital from MicroBuild Fund.

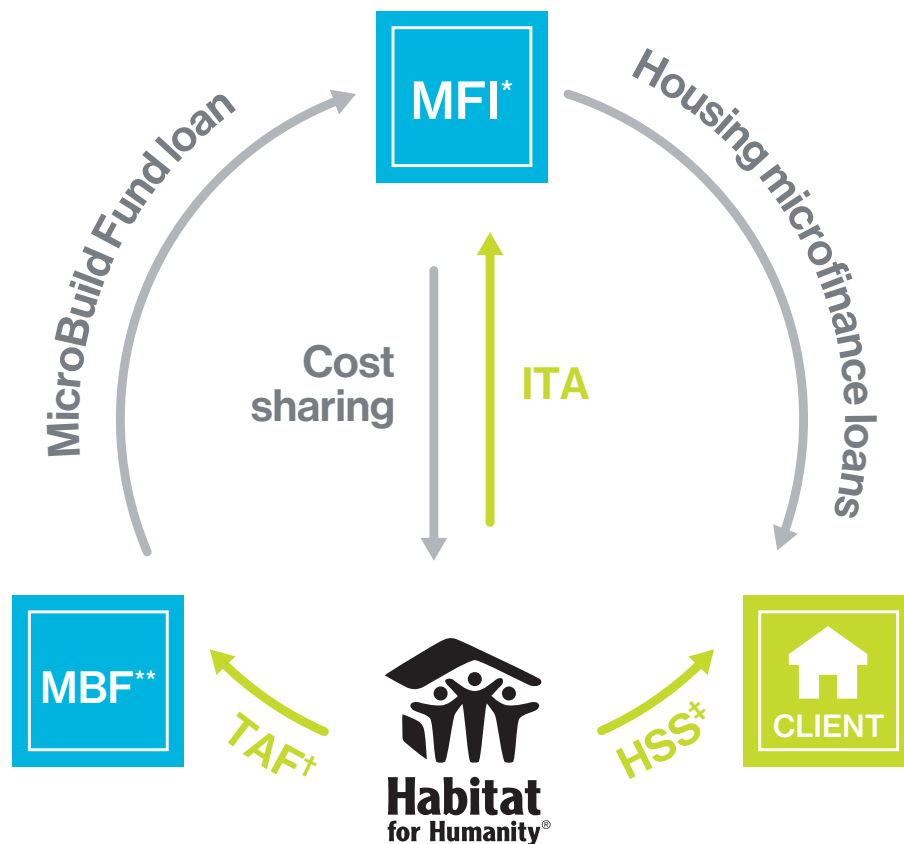
Technical assistance comprises:

- 1) Institutional technical assistance (ITA), which involves working with a financial institution to better understand the housing needs of its target market, refine its

housing microfinance loan products, pilot new housing microfinance products, and build internal capacity to improve the institution's processes in administering housing microfinance loans.

- 2) Housing support services (HSS), which involves creating market linkages with suppliers of construction materials, as well as providing direct construction support to households to help them succeed in their housing projects.


The following pages provide examples from our regions on the type of work the Terwilliger Center provides to MicroBuild Fund's microfinance institutions.



Area or national office

* Microfinance Institutions
 ** MicroBuild Fund
 † Technical Assistance Fund
 ‡ Housing Support Services

Investment profiles

A stylized map of Latin America and the Caribbean region, with countries outlined in white against a blue background. The map is positioned on the right side of the page, partially overlapping the title text.

Number of funded partners: 13
Disbursed amount: \$18.5 million
Number of approved countries: 9

Latin America and the Caribbean

Scaling housing microfinance and building partnerships with suppliers

CoopAspire – Dominican Republic

The Dominican Republic recently was added to the countries in MicroBuild's portfolio when CoopAspire was approved for funding by the investment committee. The institution will receive US\$1 million, along with technical assistance from the Terwilliger Center for Innovation in Shelter. The technical assistance for CoopAspire is aimed to strengthen the existing housing microfinance product in order to reach scale.

CoopAspire was a compelling institution for MicroBuild Fund; the institution was developed to create inclusive and sustainable models with positive social impact. Its housing portfolio has grown significantly over the past few years with a low portfolio-at-risk ratio. Additionally, the institution

has demonstrated a commitment to housing microfinance; at the time of appraisal, the housing portfolio represented 20 percent of the overall portfolio, and management hopes to increase this to 30 percent.

The Terwilliger Center hopes to take advantage of CoopAspire's vast geographical reach (headquartered in Santo Domingo with 19 branches), to identify potential housing microfinance borrowers among its client base, review and adjust the institution's brochures regarding the product, strengthen the capacity of the staff to deliver housing microfinance effectively, and develop partnerships with suppliers.

Training and capacity building to improve housing quality

CrediCampo – El Salvador

The housing shortage in El Salvador affects more than 944,000 families and continues to grow as the population increases, resulting in 6 out of 10 families living in inadequate housing. With approximately 32 percent of the population living in relative or extreme poverty, many families do not have access to financing to improve their homes. MicroBuild Fund has helped 1,672 families – about 8,300 individuals – through construction training and microfinance loan programs.

Three years ago, microfinance institution CrediCampo of El Salvador, joined MicroBuild's portfolio with a US\$1 million loan alongside technical assistance. The institution had created a housing loan product after recognizing demand among its existing client base. Thus the product grew organically but was not separated in its lending methodology from the institution's other loan products. The Terwilliger Center used the technical assistance to better define the housing loan product and adjust its loan terms and implementation to increase its reach, particularly in rural areas. Additionally, construction technical assistance was provided to increase the quality of the construction behind the housing improvements.

Luis Iván, 30, a native of El Salvador, received construction technical assistance and began his career as a mason more than a decade ago in Osicala, a town located 184 kilometers from San Salvador. "My occupation is masonry; it sustains my family and is something that fascinates me. It's all about how you defend yourself, and you have to stay motivated if you want to get more jobs," says the father of two: Daniel, 7, and Iván, 1.

Though recently widowed, Luis Iván participated in the training provided by the Terwilliger Center, Habitat for Humanity El Salvador and the microfinance institution. The training was offered to construction workers as part of the project titled "Growing the impact of housing microfinance



in Latin America and the Caribbean," which aims to help masons improve their construction knowledge and skills so that they can help low-income families achieve adequate housing solutions. "Construction workers often face obstacles in terms of accessing the technical information needed to provide safer, more cost-effective housing improvements," says José Evenor Ríos, Campo's chief of planning and territorial management. "So, we designed these theoretical-practical workshops on topics such as assessing the construction site and storing materials."

For Luis Iván and 13 of his colleagues, the training was a great help. "The engineers spent a lot of time with us; they clearly had a great desire for us to learn. For example, they explained to us that it's very important to look for quality materials and to ensure that our work looks polished," he says. "I learned something that is fundamental for any mason," he adds. In addition to becoming a certified construction worker, Luis Iván is now sharing what he has learned with community development associations and has inspired others to join the project. By becoming a better mason, Luis Iván will help families achieve their dream of a safe, affordable home.

Investment profiles



Refining housing microfinance processes to increase efficiency

LOMC – Sri Lanka

Lanka Orix Leasing Company Microcredit Limited, or LOMC, is the biggest microfinance provider in Sri Lanka, which made it a compelling partner for MicroBuild. LOMC is a financial institution that reaches the lower-income population through integrated services for medium- and small-enterprise clients. LOMC's operations are rural-based, with a growing reputation for empowering women entrepreneurs.

The housing product of LOMC organically evolved from an existing microlending portfolio because of high demand among existing clients. The institution formally introduced an individual housing product in 2014 and is eager to expand the product to new clients.

In order to help the institution achieve its growth goals, MicroBuild Fund disbursed US\$1 million to LOMC alongside technical assistance. LOMC's housing microfinance product is growing at a compounded monthly growth rate of 8 percent; the MicroBuild Fund investment committee has recently approved a top-up loan of US\$2 million to help LOMC achieve scale. The technical assistance plan has been designed to develop housing support services to improve the quality of the housing microfinance product.

New investment strategies to expand geographic reach

Nonconvertible debentures

The housing shortage in India is staggering, with demand from the low-income segment constituting a large proportion of this shortage. Although consumer demand is high, the financing options for low-income households, especially those employed in the informal sector, are limited. The union government's 'Housing for All by 2022' initiative in India offers Habitat an important opportunity to expand the market for housing microfinance. Habitat for Humanity International has a dedicated Affordable Housing Technical Assistance Center in Chennai and a national office in Mumbai. In 2013, Habitat established a housing finance company, MicroBuild India, to meet the growing demand for affordable housing.

In November 2015, MicroBuild Fund was registered in India to fund potential institutions through the nonconvertible debenture instrument. MicroBuild Fund is expected to make investments of around US\$12 million in Indian microfinance institutions and housing finance companies to leverage the MicroBuild brand in the subcontinent. As of September 2016, MicroBuild India has about US\$3.5 million in investments, benefiting over 7,746 families, which will further grow with the IKEA Foundation's equity of US\$4 million.



Investment in Annapurna – India

In December 2015, MicroBuild Fund invested US\$3 million in Annapurna, located in Orissa, one of the poorest states in Eastern India. Although Annapurna did not have a specific housing product, the institution was providing water and sanitation loans as an internal initiative of the staff to reach households that are deprived of basic water supply and sanitation facilities. Loans are primarily used to build an extension to an existing home, or for installing water pumps. The institution collaborated with water.org to raise awareness among its clients. The microfinance institution also received technical assistance from the organization in conducting geo-hydrological research and support through the use of civil engineers. The institution's partnership with MicroBuild Fund is to further develop loan features, conduct a market study, and develop housing support services through the technical assistance support of the Terwilliger Center.

Presently, the technical assistance program has helped the microfinance institution launch a home improvement product in seven of its branches. In total, Annapurna has reached 1,600 families through MicroBuild Fund's investment.



Investment profiles

Europe and Central Asia

A stylized map of Europe and Central Asia in shades of blue. The landmasses are outlined in white, and the surrounding oceans are a lighter blue. The map covers the entire region from the British Isles in the west to the borders of China and India in the east, and from the Arctic region in the north to the Mediterranean and Indian Oceans in the south.

Number of funded partners: 11
Disbursed amount: \$19.3 million
Number of approved countries: 7

Product refinement to compete in tough markets

Salym Finance — Kyrgyzstan

Kyrgyzstan has the second smallest population in Central Asia, with less than 6 million people. The poverty level is estimated at 37 percent, and the nation is classified as a lower-income country by World Bank. There are more than 1.25 million households in Kyrgyzstan, of which 62 percent are located in rural areas. The housing market in Kyrgyzstan is very active, and 70 percent of the houses in Kyrgyzstan are in need of considerable improvements and renovations. MicroBuild Fund partner Salym Finance was founded in 2007 to improve access to financial services for the low-income population.

Considering that the Kyrgyz microfinance market is saturated and dominated by three big microfinance institutions, which hold 90 percent of market, Salym Finance had to find alternative loan products and use an individual lending methodology in order to compete. Besides a MicroBuild Fund investment of US\$1 million, Salym Finance received technical assistance through the Terwilliger Center for Innovation in Shelter.

The technical assistance objectives were to assist Salym Finance in evaluating the existing housing product, support it in the process of modifying the housing product and developing housing support services, and position and brand the housing product. As a relatively new

organization, Salym Finance did not have the internal capacities designated to product development, and so the Terwilliger Center team additionally supported Salym Finance with capacity building for its staff.

The first step in delivering this technical assistance was the evaluation of the housing product. The evaluation recommended improving the housing loan product and processes. Based on the recommendations, Salym Finance modified the loan disbursement process. The center also conducted a client satisfaction survey to better understand the borrowers' needs and preferences as they relate to a housing loan product. One of the key findings from the survey was the need for better insulation. As such, Salym Finance has planned to modify the product to accommodate loan uses for weatherproofing improvements and energy-efficient appliances.

Rahmatali, a 50-year-old construction master who lives with his wife and has five children, is one client who is pleased with the loan and Salym Finance's service. Rahmatali received a loan of 200,000 SOM to complete internal and external finishings on his house. The loan paid for construction materials, windows and doors. Rahmatali was able to do the construction work himself, and he now has a decent place to live.

Investment profiles

Africa and the Middle East

A map of Africa and the Middle East region. The landmasses are shown in a light blue color, while the surrounding oceans are a darker blue. Several countries are highlighted in white, indicating active investment profiles: Egypt, Sudan, Chad, Niger, and Mauritania. The title 'Africa and the Middle East' is overlaid in large white text on the upper left portion of the map.

Number of funded partners: 3
Disbursed amount: \$3.75 million
Number of approved countries: 4



Refinancing strong partners

Al Majmoua – Lebanon

MicroBuild Fund portfolio microfinance institution Al Majmoua has been sustainable and profitable for almost 10 years, showing its capability of quickly adapting to external developments. The institution has provided financial and nonfinancial services to female, disabled and young entrepreneurs, Palestinian and Syrian refugees, and the Lebanese host community. MicroBuild Fund provided a loan in 2012, and Habitat for Humanity Lebanon provided technical assistance in the form of an engineer who provided construction support and oversight.

With the housing microfinance product growing faster than expected, a renewal of the initial loan – along with additional funding – was approved and disbursed in April. The technical assistance will continue and expand to provide more support to the institution to improve

the product. Al Majmoua hopes to increase the housing microfinance product's scalability and reach even more low-income and at-risk households.

In all, MicroBuild Fund's growth in Africa and the Middle East has been slower than expected because of macro-economic challenges in the region. However, the recent approval of an investment in Madagascar and pipeline opportunities in the West Bank and Jordan all provide potential to add new countries to the region's portfolio in the coming months. With the ongoing crises in the Middle East, investments in the West Bank and Jordan, along with the additional capital invested in Al Majmoua, will serve to help vulnerable families live more comfortably.



Expanding the market for affordable housing

Habitat for Humanity's efforts to make housing markets work better for low-income households, exemplified by the work of the MicroBuild Fund, have led to some ambitious new plans. Habitat's work on affordable housing markets has been rebranded as the Terwilliger Center for Innovation in Shelter, a platform that represents a long-term commitment to improving the way housing markets work for the many.

Terwilliger Center for Innovation in Shelter

The Terwilliger Center works to enhance the supply and demand sides of housing market systems through a two-pronged approach: Mobilize the flow of capital to the housing sector and serve as facilitator and adviser to market actors (as seen on page 21). In addition, the center advances the knowledge around housing markets by conducting research studies, creating publications, developing tool kits and scheduling public appearances that foster impact in the sector.

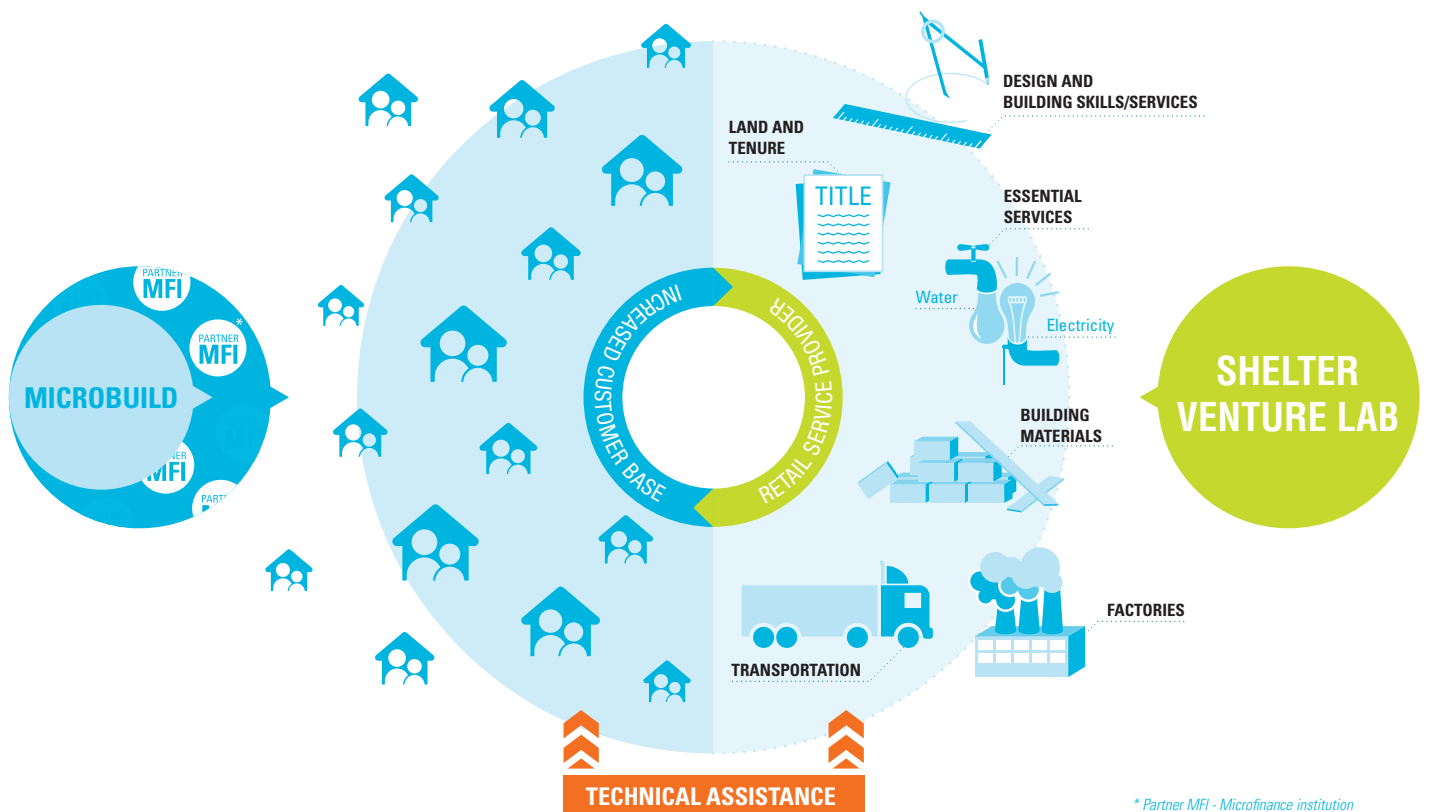
Of the many lessons Habitat has learned, one of the most important is that to continue making affordable housing markets work for low-income families, we must have a more comprehensive impact on the housing market systems, which can help us reach the goal of impacting at least 8 million people through market development approaches by 2020.

In addition to the capital for financial institutions from MicroBuild, the Terwilliger Center is operating capacity building programs working together with various public-private partners in the housing market, namely USAID, Inter-American Development Bank, MasterCard Foundation, Swiss Capacity Building, the IKEA Foundation, and with private family foundations such as the Stanard Family Foundation and J. Ronald Terwilliger. Upcoming projects that will take a direct focus on innovation and entrepreneurship include the Shelter Venture Lab and its associated investment vehicle, the Shelter Venture Fund, and the deployment of Terwilliger Fellows around the world.

Theory of change

Facilitating supply and demand

Affordable, accessible and environmentally responsible





MicroBuild's board and investment committee members

Members of the MicroBuild team, investment committee and board at the OPIC 2016 Impact Award ceremony.

BOARD COMPOSITION	INVESTMENT COMMITTEE COMPOSITION
Habitat for Humanity International <ul style="list-style-type: none"> Mike Carscaddon, Executive Vice President — Administration/Chief Financial Officer Ed Quibell, Volunteer Adviser, Senior Vice President — Administration Hillary Harp, General counsel 	Habitat for Humanity International <ul style="list-style-type: none"> Mike Carscaddon, Executive Vice President — Administration/Chief Financial Officer Ed Quibell, Adviser
Omidyar Network <ul style="list-style-type: none"> Peter Rabley, Director of Investments, Property Rights 	Omidyar Network Appointee <ul style="list-style-type: none"> Julie Abrams, Impact Investing Analytics
Omtrix Inc. <ul style="list-style-type: none"> Alex Silva, Founding Partner 	Citi Microfinance <ul style="list-style-type: none"> Philip Martin Brown
New York University, School of Law <ul style="list-style-type: none"> Deborah Burand, Professor of Law 	New York University, School of Law <ul style="list-style-type: none"> Deborah Burand, Professor of Law
AfriCap Microfinance Investment Company <ul style="list-style-type: none"> Anne-Marie Chidzero, CEO 	Capital Impact Partners <ul style="list-style-type: none"> Lauren Moser Counts
MetLife Foundation <ul style="list-style-type: none"> Matthew Sheedy, Director 	MetLife Foundation <ul style="list-style-type: none"> Matthew Sheedy, Director

Thank you

to MicroBuild partners



IKEA Foundation



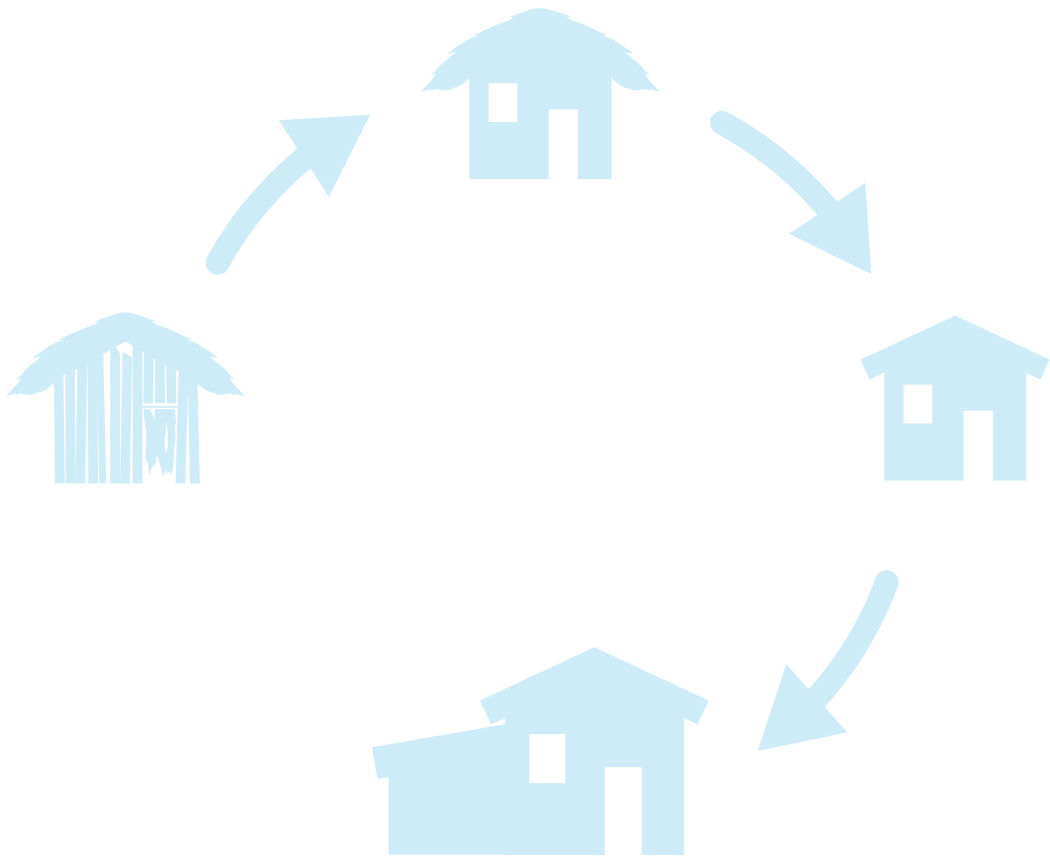
**J. Ronald
Terwilliger**



Morgan Lewis

**Stanard Family
Foundation**





everyone
needs a place to call home



INTERNATIONAL HEADQUARTERS

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