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Habitat for Humanity's MicroBuild Announces Debt Relief of \$3.5 million for Al Majmoua to Further Social Objectives

ATLANTA (Jan. 22, 2024) — Habitat for Humanity's [MicroBuild Fund](#) (MicroBuild), which invests in financial institutions that on-lend this capital as housing microfinance loans directly to low-income borrowers, has announced a debt relief initiative for [Al Majmoua](#) (also known as the Lebanese Association for Development). Habitat for Humanity's technical assistance team will continue to engage with Al Majmoua – one of Lebanon's first and most prominent microfinance institutions (MFIs).

The collaboration between Habitat for Humanity and Al Majmoua commenced in 2008, marked by a US\$100,000 investment facilitated through a revolving fund managed by Habitat's national office in Lebanon. Alongside financial support, Habitat for Humanity provided crucial technical assistance for product development to the MFI and construction technical assistance directly to low-income families through the national office's engineers. The partnership fostered the creation of a distinctive affordable housing microfinance product and paved the way for Al Majmoua to become one of the first MFIs to launch such an offering in the market. Al Majmoua's housing loan product is characterized by a profound understanding of clients' needs and preferences and was iteratively refined by the institution to ensure client-centricity.

Habitat's collaboration with Al Majmoua deepened in 2012 with an additional investment of US\$500,000 through MicroBuild, making Al Majmoua the fund's second investee. The combined impact of MicroBuild's investments and technical assistance to bolster institutional capabilities in housing have substantially strengthened Al Majmoua's capacity to extend housing finance solutions to a more extensive range of underserved clients, including low-income women and vulnerable communities. MicroBuild subsequently made additional investments and loan renewals after completing initial terms, such that as of April 2019, MicroBuild had exposure of \$3.5 million in principal outstanding with Al Majmoua.

From 2012 to 2018, the share of the housing microfinance portfolio in the overall gross loan portfolio of Al Majmoua increased from 2% to 9%. Since MicroBuild's investments, Al Majmoua has served 8,500 low-income families with housing loans with a cumulative disbursement of more than US\$10 million. Their outstanding housing portfolio increased to US\$7.5 million by 2018 from a baseline of US\$672,000, and the number of active housing loans increased from 717 to 5,989 by 2018. By 2018, this housing portfolio was outperforming – in terms of growth rate and portfolio quality – the institution's general portfolio. Clients reported benefits such as less humid homes, increased confidence in hosting others, cleaner living spaces, and enhanced security and safety. Over 98% of clients expressed satisfaction with the impact of their home renovations. Al Majmoua's entire decade-long journey in the housing microfinance space was also captured in a [case study](#).

Since October 2019, Lebanon has been grappling with [a severe economic and financial crisis](#), which was further intensified by the dual impacts of the COVID-19 pandemic and the devastating August 2020 explosion at the Port of Beirut. The banking sector, which informally implemented stringent capital controls, has halted lending activities and struggles to attract deposits. The depletion of foreign exchange reserves, compounded by the ongoing crisis, has led to a significant deterioration in basic services in Lebanon. The national currency has experienced a sharp decline, reaching unprecedented lows, with parallel market rates reaching 100,000 Lebanese pounds to the dollar. Taking into account the implications of this crisis on low-income households, as well as the local currency loan portfolio developed prior to the economic downturn, the valuation of Al Majmoua's assets has experienced an 85% decline when factoring in the parallel-market exchange rates. This significant drop has rendered the institution insolvent, making it unable to fulfil obligations to lenders, particularly those that primarily extended hard currency loans.

However, during these challenging circumstances, the significance of Al Majmoua's industry role is even more pronounced. Numerous lenders have chosen to forgive outstanding loans, and in certain instances, have extended new concessionary capital and grants to assist the institution in revitalizing its operations and establishing a new microfinance portfolio denominated in dollars. Al Majmoua remains committed to its primary focus on providing affordable microfinance loans, including housing microfinance.

In light of this, MicroBuild will provide significant debt relief to Al Majmoua to help alleviate financial pressures and support the MFI's ongoing efforts to fulfill its social objectives. Habitat for Humanity's technical assistance team will continue to engage with Al Majmoua. MicroBuild has maintained a positive outlook on the future prospects of Al Majmoua and confidence that the debt relief initiative will empower the institution to successfully navigate country's present challenges.

About Habitat for Humanity

Driven by the vision that everyone needs a decent place to live, Habitat for Humanity began in 1976 as a grassroots effort on a community farm in southern Georgia. The Christian housing organization has since grown to become a leading global nonprofit working in local communities across all 50 states in the U.S. and in more than 70 countries. Families and individuals in need of a hand up partner with Habitat for Humanity to build or improve a place they can call home. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. Through financial support, volunteering or adding a voice to support affordable housing, everyone can help families achieve the strength, stability and self-reliance they need to build better lives for themselves. Through shelter, we empower. To learn more, visit [habitat.org](https://www.habitat.org).