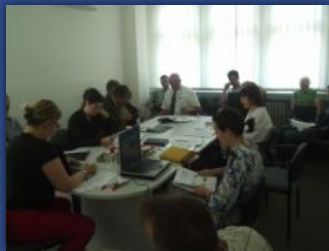


Where East Meets West



**Addressing poverty housing
in the second poorest country in Europe**



Republic of Macedonia

- *Small, landlocked country in South-eastern Europe, severely affected by the ex-Yugoslavia conflicts*
- *Population of 2 million inhab.*
- *Crossroad on the Balkans*
- *Middle of nowhere*
- *Oasis of peace*
- *Gunpowder barrel*



Poverty update

- *Drastic decrease in economic activity, production still ½ of that in 1990*
- *GDP per capita US\$ 2,230, average salary US\$ 290 per month*
- *22% live below the national poverty line, 36% unemployed, 40% consider themselves as very poor*



Housing update

- *1990 to date: new constructions per 1000 inhabitants dropped from 5 to 1.6 units*
- *110000 homes (16% of the existing housing stock) need immediate reconstruction, due to unsafe construction, poor maintenance and lack of sanitation*





Home
Improv.
Fund

Since
July
2005



Roma
Housing
Fund

Since
July
2007



New
builds

Since
Sep.
2007

Construction

Financing

Advocacy

Capacity dev.

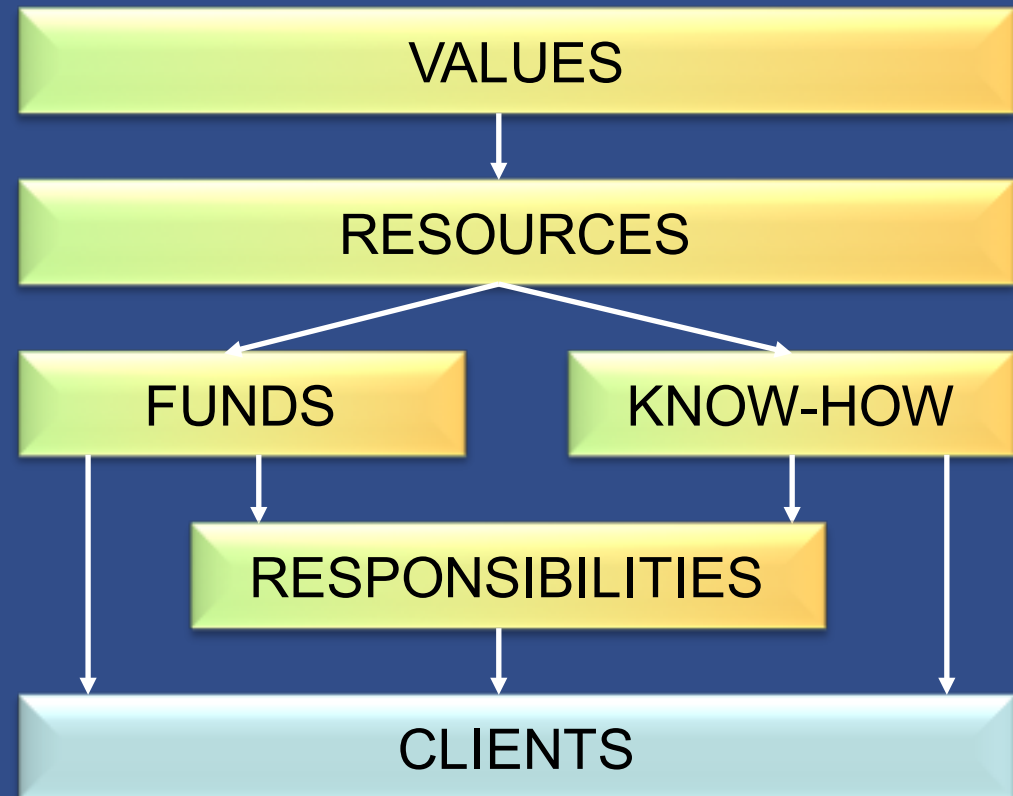
Volunteer dev.

Community dev.



Developing partnership

- *Sharing similar vision and mission, social responsibility*
- *Commitment to sustainable programmes that enable partners to recycle their resources*
- *Viewing families as responsible and accountable clients*



Initial program

- *Reconstruction and renovation of substandard homes, through provision of micro-loans*
- *Addressing poverty housing in Macedonia on a scale larger than the traditional Habitat program*
- *Original, locally developed program, first of its kind in Europe/Central Asia region*
- *In partnership with Mozhnosti, a microfinance institution, implementing partner of the global microfinance coalition Opportunity International*



Savings bank Mozhnosti



- *First MFI in Macedonia, established in 1996 as a non-for-profit association*
- *Converted to a formal financial institution in 2000, enabling the institution to grow*
- *Over 21000 clients served, US\$ 117 million in loans disbursed, contributing in sustaining of 25000 jobs, creating 6500 new ones.*



Sharing funds, know-how

- *Partners contribute to the jointly established Home Improvement Fund, in total of US\$ 1.5 million*



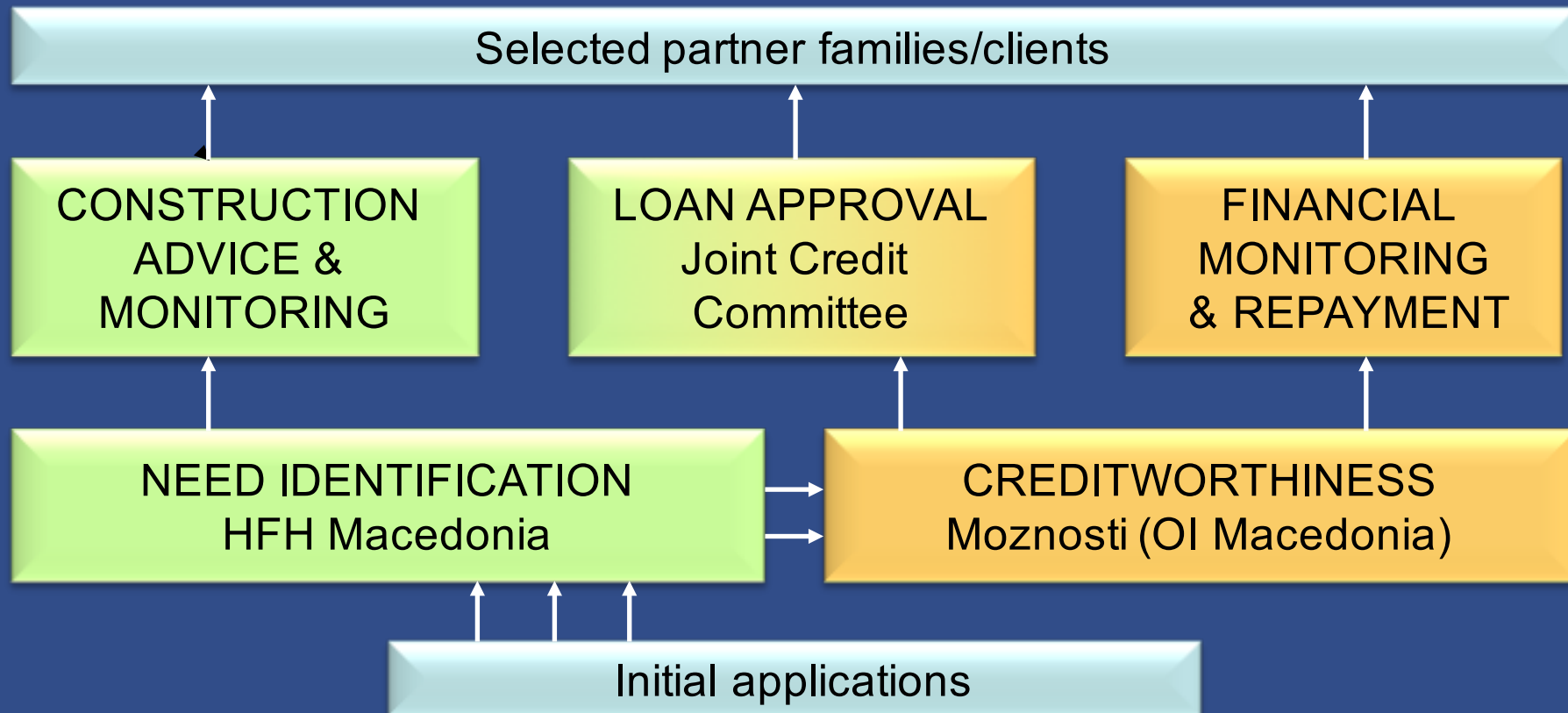
-  Moznosti (OI Macedonia)
-  HFH Macedonia

- *Mozhnosti contributes twice of HFH Macedonia's input, US\$ 1 million outsourced funds committed to Habitat families*

- *HFH Macedonia determines the target group, provides construction advice and does construction monitoring,*
- *Mozhnosti does screening of the client's financial reliability, process the loans and is responsible for repayments*



How it works



Innovative components

- *Complementing expertise of a housing and a microfinance institution, through a genuine model*
- *Sustainable, income generating social housing program that covers the performance costs*
- *Capacity development for the loan beneficiaries through counselling and training*

Compared to Habitat's traditional program:

- *Faster turnover of the funds available*
- *Guaranteed repayment by the microfinance partner*



Key target outputs

Initial projections:

- *72 to 127 new housing loans per year, total of 455 completed reconstructions*
- *US\$ 2,275,000 disbursed by 2010*

Expansion after DIGH involvement (€ 5 million):

- *2358 new loans, US\$ 9,988,650 disbursed by 2013*



Up to date impact

As of December 31, 2007

- *207 loans, US\$ 893,887 disbursed*
- *144 reconstructions completed*
- *63 reconstructions in progress*
- *1077 beneficiaries/family members*

Social impact:

- *35.7% to women applicants*
- *21.7% to ethnic minorities*
- *Social housing concept reaffirmed*
- *Housing finance market revitalized*



Replicated partnership

Housing Microfinance for Roma

- *After HFH Macedonia's regional advocacy conference profiled the approach towards the new target group*
- *Roma (Gypsies): non-traditional clients, poorest of the poor, good micro-business credit history as sole collateral*
- *In partnership with Horizonti Foundation, Catholic Relief Services microfinance partner in Macedonia*



New builds

- *Habitat settlement, traditional Habitat program, 62 homes in 11 buildings, total of 3520 m²*
- *Land provided by the government, after HFH Macedonia advocated in favour of social housing policy*



Global impact and regional replications

- *Wide debate within Habitat for Humanity International, strategic shifts in many principles and practices,*
- *Introducing the concepts of: housing microfinance (vs. long time known housing funding), sustainability through income generation (vs. sustainability through new fundraising), measuring families served (vs. houses built)*
- *Ongoing housing microfinance partnership development in Europe/Central Asia: Armenia, Bulgaria, Hungary and Kyrgyzstan*



**Shared
Funds**



**Shared
Vision**

**Developing Partnerships
in Housing Microfinance Services**

