

Where East Meets West

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



Republic of Macedonia

- *Small, landlocked country*
- *Crossroad on the Balkans*
- *Middle of nowhere*
- *Oasis of peace*
- *Gunpowder barrel*



Poverty update

- *GDP per capita \$ 2,230*
- *Average salary \$ 236 per month*
- *30% live below the national poverty line*
- *36% unemployed*



Housing update

- *110,000 homes (16% of the housing stock) need immediate reconstruction, due to unsafe construction, poor maintenance and lack of sanitation*



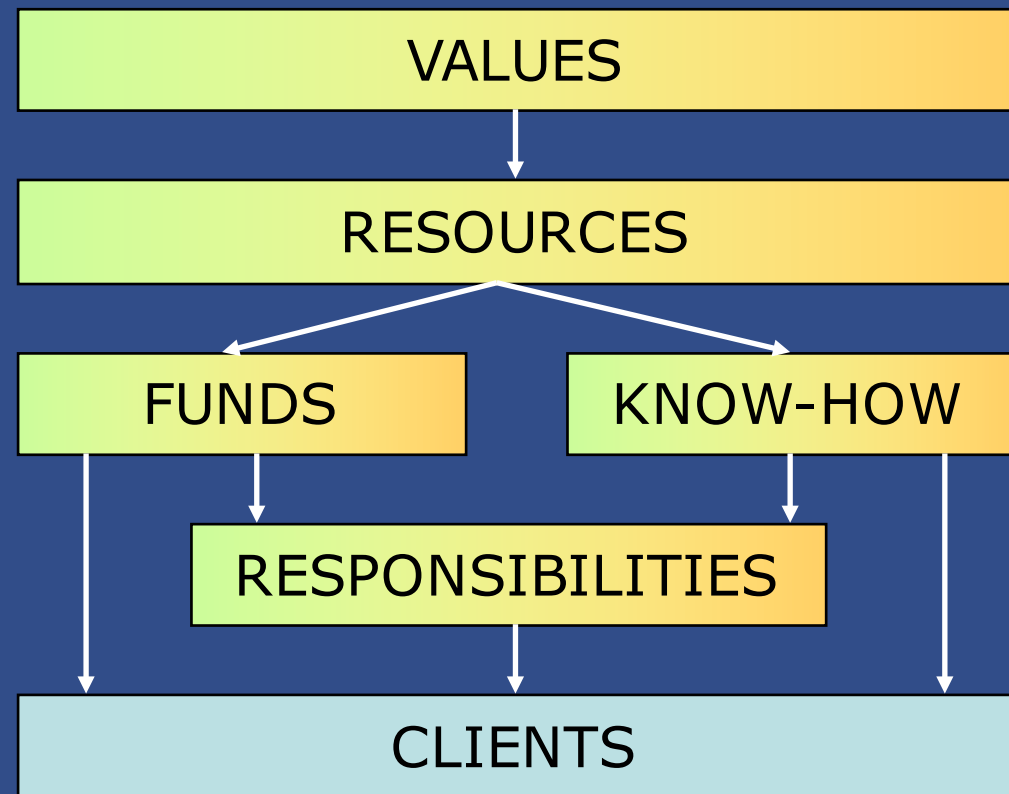
HFH Macedonia

- *Recognized June 2004*
- *Registered Aug. 2004*
- *Office established Feb. 2005*
- *First program launched April 2005*



Developing partnership

- *Multi-step process covering organizational:*
- *Vision & Mission*
- *Values*
- *Strategies*
- *Goals & objectives*



Partners sharing values, approaches

- *Commitment to sustainable programmes that enable partners to recycle its resources*
- *Viewing families as responsible and accountable clients, fully capable of repaying their loans*

PROVIDERS'
SUSTAINABILITY

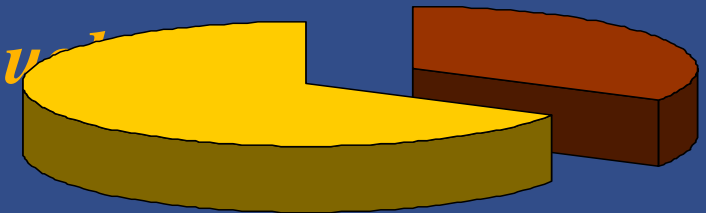


CLIENTS'
ACCOUNTABILITY



Sharing resources

- *In financing the programme: through joint contribution*



- *In know-how: implementing the programme*



Existing program

- *Reconstruction and renovation of substandard homes, through provision of micro-loans*
- *In partnership with a microfinance institution, local affiliation of Opportunity International*
- *Addressing poverty housing in Macedonia on a scale larger than the traditional Habitat program*



Sharing funds

- *Partners contribute to the jointly established Home Improvement Fund*
- *Microfinance partner contributes twice of HFH Macedonia's input*
- *US \$ 1 million outsourced funds committed to Habitat families*



■ Možnosti (OI Macedonia)

■ HFH Macedonia



Sharing know-how, responsibilities

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



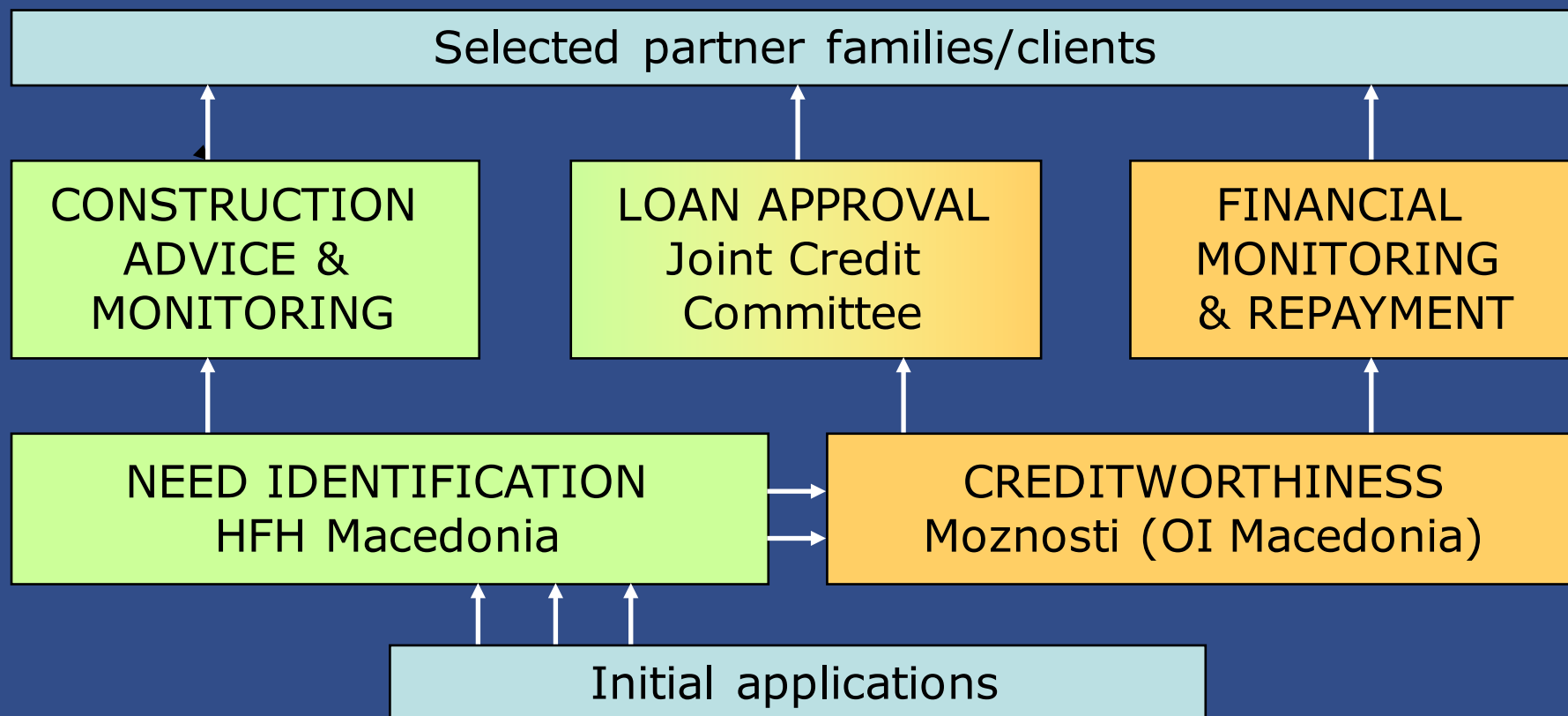
The loan product

Poorest of the poor not targeted

- *Ranging \$ 2,400 to 5,000 per home*
- *Repayment period max 60 months*
- *Current interest rate 11% on declining balance*
- *No grace period*



How it works?



Innovative components

Compared to Habitat's traditional program

- *Faster turnover of the funds (max 60 months)*
- *Guaranteed repayment by the microfinance partner*
- *Counselling and training for the loan beneficiaries through accredited advisors*
- *No volunteers, no community development*



Challenges

- *Conflicting interest of the partners: creditworthy vs. needy*
- *Dualism in measuring outputs: loans disbursed vs. reconstructions completed*
- *Misuse of loans, definition and sanctions?*



Targets

Five year projection:

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



As of May. 31, 2007

Operations started July 2005:

*143 loans, \$ 684.950
disbursed*

- *75 reconstructions
completed*
- *68 reconstructions in
progress*



Exemplar stories: Bogdanov family

- *Three generations within a family of 6 lived in a state provided shelter*
- *Loan of \$ 4,740 used to complete ceilings and a bathroom of their newly built house*



Exemplar stories: Sulai family

*Huge household of 4
related families with 17
members share a 5 room
house*

- *Loan of \$ 4,350 used to
repair a roof and to adapt a
common living room*



New partnership

Housing Microfinance for Roma

- *Non-traditional target group: poorest of the poor*
- *Good micro-business credit history as collateral*
- *High risk vs. guaranteed repayment*



**Shared
Funds**



**Shared
Vision**

**Developing Partnerships
in Housing Microfinance Services**

