Proceedings of the Regional Symposium on Pro-poor Housing Finance

April 19-20 2010, New Delhi, India
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INTRODUCTION

Access to adequate housing is a basic and fundamental right and is essential for the achievement of the Millennium Development Goals (MDGs). Besides providing shelter and the space for households to live, it is also considered a point of reference for access to services and utilities, such as basic infrastructure, employment, education, medical services or credit. The housing sector is a key driver of the economy with multiplier effects reaching over 600 other industries. As recently demonstrated, crises in land and housing markets can trigger crises in capital markets, not only at country level, but region-wide and even globally.

For most people housing is the single most expensive purchase and the single biggest asset. Vast majority of the households cannot pay such amounts up-front and are critically dependent on availability of credit at affordable and easier terms. As is well known, formal financial institutions prefer lending to clients with established credit records, a regular income and some collateral – prerequisites that most poor cannot fulfill. Moreover, the poor tend to build, improve and expand their houses incrementally – as and when their incomes permit. They therefore often require a series of small housing loans that can be paid off easily, but which cannot be processed cost-effectively by formal housing finance institutions. In order to deliver housing finance to the poor despite such limitations, non-governmental organizations and community-based organizations in several countries have developed micro-credit and community-based housing finance systems, which are specifically adapted to the more informal lives of many poor communities. However, such housing finance systems are often small in scale, reaching only a limited number of households.

Therefore, the stark discrepancies between the vast need for pro-poor housing finance and its actual reach need to be urgently addressed. While non-governmental and community-based organizations can provide sustained access to poor communities, the formal housing finance sector can provide the necessary big-scale financing. One key approach is to explore possibilities for significant up-scaling of the micro-credit and community-based housing finance sector by linking it with the formal housing finance sector. The challenge is to find innovative, economically viable, win-win solutions, whereby more poor households have access to housing finance, simultaneously providing the formal housing finance sector with access to a vast, hitherto unreachable, market of clients.

Several such cutting-edge approaches are currently under way in some countries of Asia. They need to be supported, further developed and disseminated throughout the region for adaptation and up-scaling. A regional network on pro-poor housing finance would provide the needed regional mechanism and platform to advocate innovative approaches to pro-poor housing finance, undertake further research and exchange knowledge and experience.
To analyze and discuss how to address the pro-poor housing finance needs outlined above, ESCAP initiated a regional project on Pro-Poor Housing Finance implemented together with the National Housing Bank of India (NHB) and UN-HABITAT. ESCAP commissioned reports on the State of Housing Finance from key housing finance institutions in India, Indonesia, Mongolia, Sri Lanka and Thailand. The reports have now been finalized after being reviewed and discussed in national workshops. A draft comparative analysis has been prepared that highlights the issues of regional importance and brings forward a few of the innovative examples on pro-poor housing finance that are being implemented in the region. Meetings among key housing finance institutions in the region were also convened to discuss the establishment and operationalization of a regional network on housing finance in the region.

For achieving the above objectives, the sequence of events that occurred in the Project have been summarized in annexure.

**Objectives of the Symposium**

The objectives of the symposium were to:

- a) Discuss challenges and highlight innovative approaches towards pro-poor housing finance in different countries of the region.
- b) Discuss the operationalization of a regional network on pro-poor housing finance.

**Participation**

Participants of the Regional Symposium on Pro-Poor Housing Finance included international housing finance experts from housing finance institutions representing countries viz. Bangladesh, Japan, Philippines, Sri Lanka, Thailand besides India. It also included senior decision makers/officials from Government of India, senior executives from select commercial banks and housing finance companies, academia and research organizations and representatives from the civil society. Representatives from UN-HABITAT, UN-ESCAP and NHB also took part. A list of participants annexed.
PROCEEDINGS

The Regional Symposium on Pro-Poor Housing Finance commenced on 19th April, 2010, with the Inaugural Session followed by presentation and discussions on the draft compendium on pro-poor housing finance in select countries of the Asia Pacific region. It was then followed by panel discussions which included presentations by select countries on Innovative approaches to pro-poor housing finance and enabling National policies and Practices. On 20th April the symposium commenced with a presentation and discussion on conclusions and recommendations from the comparative analysis which was followed by a presentation and detailed discussions on operationalizing the regional network on pro poor housing finance.

Inaugural session and Opening ceremony

The Regional Symposium on Pro-Poor Housing Finance commenced with Mr. Vishal Goyal, Regional Manager, National Housing Bank, India, extending a warm welcome to all the participants. He gave a brief background on the regional project on pro-poor housing finance initiated jointly by UN-ESCAP, UN-HABITAT and the National Housing Bank, India in 2008. He also announced that the draft compendium of the Project would be released by the Chairman and Managing Director of National Housing Bank, Mr. S. Sridhar during the Inaugural Session. He then introduced the panelists seated on the podium which included Mr. S. Sridhar, Chairman and Managing Director, National Housing Bank, India, Mr. Adnan H. Aliani, Head, Sustainable Urban Development Unit, UN-ESCAP, Bangkok, Thailand, Dr. Xing Quan Zhang, Chief – Urban Economy and Finance Branch, UN-HABITAT, Nairobi, Kenya, Mr. G.S. Sandhu, Principal Secretary (Housing), Government of Rajasthan, India, Mr. R.V. Verma, Executive Director, National Housing Bank, India and Mr. V.K. Badami, General Manager, National Housing Bank, India. He concluded by requesting Mr. Badami of National Housing Bank to deliver the “Welcome Address” to all participants.
Welcome Address by Mr. V.K. Badami, General Manager, National Housing Bank, India

In his welcome address, Mr. Badami accorded a warm welcome to all the participants from across the Asia Pacific region, India and from various multi-lateral organizations.

He then briefly spoke about the background of the Project and the various activities and events which were initiated under the Project. He finally made a reference to the conclusion of this Project with the release of the Draft Compendium on Pro-Poor Housing Finance and beginning of the next phase.

Mr. Badami’s address was followed by a floral welcome to all the panelists seated on the podium. This was followed by the lighting of the ceremonial lamp by the panelists, led Mr. S. Sridhar of National Housing Bank.

Statement by Dr Xing Quan Zhang, Chief – Urban Economy and Finance Branch, UNHABITAT, Nairobi, Kenya

Dr Xing Quan Zhang, through his presentation on Mainstreaming Pro-Poor Housing Finance in Asia, highlighted the housing challenges prevailing in the Asia Pacific region. He said that the Asian countries also had certain advantages such as high rates of economic growth, high savings rates, high expenditure on housing, low indebtedness, the rapid growth of housing mortgage finance etc. He also brought the attention of the audience to some contrasting situations prevailing in the region wherein about 80 per cent of households in Thailand have access to some form of housing finance, while 80 per cent of households in India lack access to finance, according to World Bank estimates.
Referring to the sources of funding for housing finance in the Asia Pacific region, he remarked that deposits still dominated developed mortgage finance markets. He further added that deposits and bonds have now become the main emerging market funding instruments. Concluding the presentation, he recommended some action points which could be utilized towards the provision of affordable housing finance in the region including the promotion of knowledge and experience sharing networks in the Asia Pacific region, the expansion of housing finance systems so as to make it more inclusive, the need for developing an effective social housing policy/strategy etc. He concluded by giving examples of certain countries where social housing is given top priority like Singapore where 80 per cent of housing finance is provided by the Government. He made a reference to European countries like Sweden, Austria and others which have robust social housing sectors. He also felt that the empowerment of local government is an essential step towards the promotion of social housing. He made a reference to China, where 70 per cent of total Government expenditure was made by the local Governments indicating the extent of decentralization.

Statement by Mr. Adnan H. Aliani, Head, Sustainable Urban Development Unit, UNESCAP, Bangkok, Thailand

Mr. Aliani, in his statement remarked that the Symposium is the cumulative activity of the Regional project on Pro-Poor housing finance, which involved the preparation of Country Reports in five countries across the Asia Pacific region. He also made a reference to the various National Seminars where issues of Pro-Poor housing finance were highlighted and discussed. He stressed on the fact that UN-ESCAP gives great importance to housing and sustainable development as housing
not only provides shelter but a platform through which various other essential and basic amenities could be accessed. Housing, according to him, is not just about putting a roof over a person’s head, but should also involve the provision of security, stability and dignity.

He then highlighted the fact that access to housing finance is not inclusive in many countries and a major constraint in the provision of housing finance to the poor is the non availability of proper collateral. He also felt that the ability of various pro-poor housing programs to actually reach the poor is restricted. Hence, MFI’s and CBO’s have a major role to play in the provision of housing finance to the poor. He also stressed the need for promotion of networking between formal and community based housing finance institutions. He then drew the attention of the audience towards a Concept Note, which has been prepared for facilitating the formation of a Regional Network in the Asia Pacific region and placed for discussion. He concluded by hoping that the discussions at the Symposium would be fruitful and would show the right way forward.

Opening remarks by Mr. S. Sridhar, Chairman and Managing Director, National Housing Bank, India

Mr. Sridhar, in his opening remarks, remarked that the Regional Project on Pro-Poor housing finance, though concluding with the launch of the Compendium, however, has only reached an intermediate stage, considering the relevance and importance of the concept and the need for a continuous dialogue. He highlighted the importance of the Project, wherein he remarked that the project covers a region which accounts for around 25 per cent (700 million to 1 billion) of the world’s population. Hence, the project has important implications not only for the region’s perspective but from a global perspective. Hoping that the project is carried to its logical conclusion, he felt that the Project should produce a number of creative “templates” which can be adapted to the individual country’s requirements.

He felt that the efforts put into the Regional Project were praiseworthy and at the end, it should be able to deliver a solution which would be beneficial to various practitioners of housing finance. He felt that there is a need for generating a greater thrust on financial inclusion, which is limited in a country like India, where about 50 per cent of the population does not have access to a bank account. Financial
inclusion is important as it eventually leads to social inclusion. With respect to affordable housing, he remarked that it is critical for the poor as it provides financial and psychological security and provides them with an “identity” of being citizens of the country. With respect to the provision of affordable housing finance, he felt the need for greater liquidity in the financial system, the presence of adequate risk mitigants, need for secondary markets and supportive Government/Policy framework through creation of property records, reduction in stamp duties and the need for introducing creative and innovative practices in housing finance.

Referring to the Regional Network on Pro-Poor Housing Finance, he felt that the network will provide a platform for experience sharing and it needs to be carried forward. He concluded by congratulating the NHB team and its partners in the Project: UN-ESCAP, UN-HABITAT and others.

**Release of the Draft Compendium on Pro-Poor housing finance by Mr. S. Sridhar, Chairman and Managing Director, National Housing Bank, India**

With the conclusion of his remarks, Mr. Sridhar released the Draft Compendium on Pro-Poor housing Finance, copies of which were handed over by him to the other panelists of the session and thereafter distributed among all participants at the Symposium.

**Vote of Thanks by Mr. R. V. Verma, Executive Director, National Housing Bank, India**

Mr. Verma, after extending a warm welcome to all participants at the Symposium, gave a brief background of the Project, which was conceptualized two years back. Through these two years, he felt the project had acquired new aspects, new dimensions and new approaches. He remarked that the Symposium marked the conclusion of the 2 year journey and hoped that the results of the endeavor would be fruitful in terms of its usefulness to all stakeholders concerned. He also hoped that the Draft Compendium released earlier would provide a base for comparing housing related challenges in the region and the range of possible solutions through
a mix of policy regulation and financing institutions. He also emphasized that the
countries in this region have a lot to learn from each other’s experience by exploring
alternative institutional approaches and product developments as housing solution
for the poor.

He concluded by extending a vote
of thanks to all participants from
different countries and institutions
and hoped that the discussions at
the symposium would be fruitful
in showing the way forward.

The Inaugural session concluded
with mementoes being distributed
to all distinguished panelists on
the podium.

Presentation and Discussions on the Compendium

The first technical session of the day was led by Mr. Adnan H. Aliani, Head,
Sustainable Urban Development Unit, UN-ESCAP, Bangkok, Thailand and his co-
panelists on the podium included Mr. V. K. Badami, General Manager, National
Housing Bank, Mr. Zaigham Rizvi, Consultant, World Bank and Mr. K. I. Woo,
Advisor, Government Housing
Bank (GHB), Thailand.

The session commenced with Mr.
Vishal Goyal, Regional Manager,
National Housing Bank making a
presentation on the Compendium
of countries in the Regional
Project on Pro-Poor housing
finance. Through his presentation,
he highlighted various aspects of
the Project including its objectives,
the implementation strategy for
the project, the sequence of events
leading to the Regional
Symposium, the structure of the Compendium, the housing scenario in the Asia and
the Pacific, various housing policies and Government initiatives taken in countries
across the region, the constraints in providing housing finance to the poor and
innovative pro-poor housing finance schemes initiated across the region among
others. His presentation also made a reference to the need for creation of a Regional Network for knowledge and experience sharing in the region.

Mr. Aliani, in his comments, remarked that the Compendium had highlighted some innovative models which involved the empowerment of the poor and made a reference to CODI which focused on the empowerment of the poor through community housing. He also referred to Indonesia, where the Local Government initiatives towards the provision of housing finance to the poor are praiseworthy.

Mr. Woo remarked that the pro-poor housing issue has critical significance in the region and made a reference to the housing micro-finance approach of Sri Lanka and India which have performed exceedingly well in the provision of housing finance to the poor. He expected that similar such models could be replicated across the region. Making a reference to the GHB Journal, he said that GHB has been able to develop knowledge base and capacity building measures in the housing sector.

Mr. Rizvi thanked UN-ESCAP, UN-HABITAT and NHB, India for their efforts towards the Project. He highlighted the fact that among every 4 poor persons in the world, 2 persons are found in the Asia Pacific region. He then made a reference to Afghanistan, wherein 90% of the population does not have any housing stock. He added that though Governments have been implementing Pro-Poor housing programs they have not succeeded in achieving the desired objectives. He however added that since different initiatives have been taken by different governments, there were different learning curves for each country. He made a reference to his five P’s of pro poor housing finance, which according to him are; Price- ensuring that the existing housing finance is affordable to the poor, Product - innovations in terms of product design are needed, Policy - policy initiatives in terms of delivery/subsidy, Promotion – the need for specialized institutions to explain the various aspects of housing finance to the poor and Place – to ensure that the poor can access housing finance conveniently.

Mr. V.K. Badami, in his comments, felt there was need to focus on the recommendations and conclusions that come out of the Comparative Analysis. He felt that the various innovative experiences in housing across countries should be shared. He also felt the need for promoting low cost construction technologies across
the region and the need for greater interaction between countries for sharing such
technologies. Another prime issue was the need for solving the long term funding
issues with respect to the provision of housing finance, according to him. The
creation of land banks needs to be given some serious consideration to address
housing issues in the region. He concluded by adding that there is an urgent need
for the exchange of ideas to move forward on issues relating to pro-poor housing
finance.

After Mr. Badami’s comments, the floor was thrown open to questions and
comments from the participants. Mr. Woo commented that since land costs are
relevant besides technology costs, financial institutions need to rethink and redefine
their definition of collateral for the provision of housing finance.

Mr. Florencio Carandang JR of the Social Housing Finance Corporation, Philippines,
remarked on the significance of providing “Value Formation Programs” for the
poor. His rationale was that poor people often become too dependent on
Government and assume that the Government will always provide the necessary
support. Hence there is a need for promoting institutionalized value formation,
which should be given importance in the context of pro-poor housing finance. He
added that in Philippines, 99 per cent of the housing programs are initiated by the
National Government. He felt that the Local Governments should spend a certain
portion of their budget on social programs. As Local Governments do not comply
with such norms, a solution needs to be devised to ensure that they comply with
such norms.

Mr. G.S. Sandhu, Principal Secretary (Housing), Government of Rajasthan, felt that
most of the action in housing takes place at the state level. A major problem
experienced in housing was the access to housing finance. Therefore, he suggested
that new and innovative instruments should be devised for the promotion of
housing finance. He drew the attention of the audience to the initiation of a Joint
Venture which involved the Government of Rajasthan, the International Finance
Corporation (IFC), HDFC and NHB for ensuring improved access to housing finance
for the poor by setting up a specialized HFI for the same which is under study. He
said that there was a greater need for initiating more such SPV’s for ensuring
improved access to housing finance.
Panel discussion on innovative approaches to pro-poor housing finance

The post lunch session was chaired by Dr. Xing Quan Zhang, Chief, Urban Economy and Finance, UNHABITAT, Nairobi, Kenya. The panelists for the session included Ms. Thipparat Noppaladoram, Director, Community Organizations Development Institute (CODI); Mr. M.N.Gamage, General Manager, Sri Lanka Women’s Development Services Cooperative Society ltd; Mr. Zaigham Rizvi, Consultant, World Bank and Mr. G.Manickasundaram, Project Director, REPCO Foundation for Microcredit.

Ms. Thipparat Noppaladoram explained the evolution of CODI and thereafter went to explain in detail the Baan Mankong (BMK) Program. Explaining the different steps involved in implementing the BMK program, she outlined that at initial stages of the BMK program, low-income communities work closely with their local governments, professionals, government agencies, universities and NGOs to survey all the communities in their individual cities and then plan an upgrading process which attempts to improve all the city’s low-income communities. Once these city-wide plans are finalized and upgradation projects are selected, CODI channels infrastructure subsidies and housing loans directly to the communities through legally established cooperatives or savings groups. Government subsidies to BMK are THB 68,000 per unit. The subsidy is paid to the implementing cooperatives to be used for infrastructure improvements such as electricity, pipe, walkways, sewerage etc. A part of the government subsidy is for housing renovation to reduce costs. CODI acts as program facilitator and budget
administrator and provides long-term financing for land acquisition and housing construction. BMK not only focuses on building for low income people but also takes into account social aspects of the community such as welfare and living environments. The BMK concept allows low-income communities to study their settlement’s physical problems and develop their own resolution and implementation plans. The various methods used by BMK to upgrade low income settlements are: On-site improvements, Re-blocking, Land sharing, Reconstruction and Relocation. There are three main components in financing of each BMK housing project: 1) subsidy from the government which equals THB 68,000 per family; 2) long-term loan extended by CODI; and 3) community’s own savings.

Mr. M.N. Gamage while presenting the experience of Women’s Development Services Cooperative Society Ltd. (WDSCSL) in Sri Lanka, explained how they began in 1989 with 8 people in Colombo city. Most of the organizations at that time did not enter into city slums and they were the first agency to venture into the slums. They first began with savings and after 3 weeks they could collect 1 dollar. As on date they have a membership of 70,000 women with Rs 1.6 billion as savings. He said that in Colombo 52% of the population was living in slums but was occupying only 6% of the land. Outlining their approach, he stressed that they established City Development Committees (CDCs) in various cities, met the mayors of the cities to register CDC as co-operative societies, then CDCs were formed for housing and were used to create awareness at the city level. City wise surveys are also carried out and women leaders are identified at the community level. The settlements are categorized into very poor, poor and not poor categories. The Housing program does not begin without the formation of groups and the mayors are convinced to convince the community members to form themselves in groups. He highlighted the concept of savings and group formation in his presentation.

Mr. P.R. Jaishankar while presenting the Initiatives of National Housing Bank towards Pro-Poor Housing Finance, mentioned that micro-finance could be an
effective tool in addressing the issue of housing shortages. The rationale for including MFIs in Pro-Poor Housing would be that they provide timely and adequate credit and other financial services to the poor at their doorstep, they establish credit histories of the poor borrowers as these borrowers have been taking and repaying loans from them on a regular basis, they have well-established systems and procedures for distributing and collecting loans and finally they have maintained recovery rates in excess of 95%. He also explained that in the Housing Microfinance Programme of the National Housing Bank, while providing financial assistance to NGOs/CBOs, certain criteria for beneficiary selection like completion of minimum credit cycles by the borrowers, minimum monthly income required by the borrowers etc. were also followed. However, since few MFI’s had ventured into the domain of housing finance, there was a need for more encouragement and support for such MFIs to enter into the housing finance sector.

Mr. Zaigham Rizvi made a presentation on ‘Experience of Ansaar Management Company in Pakistan’, on behalf of Mr. Jawad Aslam, CEO, Ansaar Management Company, Pakistan, which is a model for low income housing in Pakistan. He said that the housing shortfall in Pakistan was 7 million units with an annual incremental demand of 3, 00,000 units. There are approximately 10 million families living in slums in Pakistan. He shared the history behind the development of the Khuda-Ki-Basti (KKB) scheme in Pakistan which was launched in 1987 as micro-housing scheme titled “Incremental Developmental Housing Scheme” on the concept of incremental or progressive housing. The scheme was initially implemented and managed by the Hyderabad Development Authority (HAD), the public sector institution. Later on, an NGO that was associated with the project management was registered as SAIBAN in 1990 with an initiative to meet housing needs of very poor and very needy sections of the society who are the real candidates for micro-housing solutions. SAIBAN launched housing schemes in Hyderabad, Karachi and Lahore based on the concept of ‘Incremental or Progressive Housing. Under this scheme, a poor and needy family is invited to personally visit the reception of KKB on site. After initial verification, the family is given a one-room temporary residence on rent at the site. Once the management at KKB is convinced of the genuineness of the family’s need, they are allotted a plot on site with payment in installments. The family is then permitted to start construction on an incremental basis subject to their
financial means. Technical and other support in construction is provided by the management. The ownership of the plot is conditional to living on site and is non-transferable. This prevents any speculation or misuse of the scheme. Ansaar Management Company (AMC) is a commercial, low-cost housing development and management company. AMC leverages the crucial lessons and insights from Saiban’s KKB model.

Mr. G. Manickasundaram provided a background about the REPCO group in India which runs a bank, a housing finance company, a not-for-profit company and an infrastructure company. Based on the experience of his organization he felt that the solution lay in promoting Group Housing concept through SHG mode. He also showcased an innovative model which is adopted by his parent company REPCO Bank in providing pro-poor housing finance through an integrated approach. The model involved three different entities targeting the poor. One entity will act as demand aggregator of the poor/servicing of repayments, one entity will provide finance and another will provide technical/construction assistance in housing. If the promoters of all the three entities are the same, as is the case of the model suggested by him, then it would make the job of provision of pro-poor housing finance, all the more easier.

Summarizing the presentations Dr. Zhang commented that the innovative approaches presented in the session highlighted that the following aspects were crucial for planning for pro-poor housing projects:

- Community based approaches – women oriented programs will fetch greater results
- Focus on Microfinance i.e the community has to be mobilized and the processes have to be initiated by the community and the ownership of the community is important.
• Mobilization of savings is important
• Capacities of the community have to be developed.

After the floor was thrown open for questions and discussions, queries relating to the establishment of organizations like CODI in other countries, sources of long term funds for MFI’s, mechanisms/incentives were provided to the private developers to produce cheaper housing units etc. were discussed.

With respect to the operations of WDSC, Sri Lanka, it was sought to understand as to how poor people save money and save enough to buy a home. It was explained that women first form groups which may vary from 5-15 members who sit every week to save Rs 5/week. The saving activity continues for 8 months and they have to prove to the co-operative society that they are patient enough to sit together and save. These groups are visited by co-operative leaders every week and the loans are provided to the group and the group takes responsibility for repayment. The groups wait for around 2-3 years to get a housing loan package. The housing loan package does not have a cap and it may vary from $3000-$4000.

Mr. Zaigam Rizvi remarked that although private developers have announced affordable housing projects in countries like India, there has been very little delivery on the ground. In the past the Government also has been announcing housing schemes for the poor but the quantum of delivery has not been able to match the quantum of demand. Government does not have the resources to meet the huge demand and the private developers will not come forward if there is no financially sustainable model available. Therefore Public Private Partnership (PPP) is the key and models have to be developed wherein the developers get commercially attracted in producing houses for the poor. With regard to the KKB project in Pakistan it was mentioned that there is differentiated targeting in the sense that only the extremely poor are provided land, a little rich are provided with one room and so on. The private developer gets to keep the commercial plots and does not sell them until the entire infrastructure moves in and then the corner commercial plots are sold.
Panel discussion on enabling National Policies and Practices

Mr. R. V. Verma introduced the session and the panelists to the participants. The session was chaired by Mr. S. K. Singh, Joint Secretary, Ministry of Housing & Urban Poverty Alleviation, Government of India and the panelists included Mr. Ballobh Kritayanavaj, SVP, Government Housing Bank (GHB), Thailand, Ms Enkhbayar Tsedendorj, CEO, Mongolian Mortgage Corporation and Mr. G. S. Sandhu, Principal Secretary (Housing), Government of Rajasthan.

Mr. S.K. Singh traced the origin of the housing programmes and policies of the Government of India over the years. He mentioned that Government of India for the first time came up with the National Urban Housing and Habitat policy in 2007 focusing only on the urban areas. In earlier policies, rural and urban areas were not treated separately. He also talked about the various recent schemes launched by Government of India which included Jawaharlal Nehru urban renewal Mission (JNNURM), the Interest Subsidy for Housing the Urban Poor (ISHUP) and Rajiv Awaas Yojana (RAY).

The session started with a presentation on “Affordable Housing Initiatives by Rajasthan Government” by Mr. G. S. Sandhu. Mr. Sandhu, in his presentation, highlighted the housing shortage in the state of Rajasthan in India (1.07 million dwelling units) which was expected to rise to 1.70 million dwelling units by 2021. He also said that 86% of the shortage was in the category of Economically Weaker Sections (EWS) and Lower Income Groups (LIG). Earlier the State Government had been banking only on Government efforts for meeting the shortage of the housing units but later realized over a period of time the private sector has to be increasingly given a leading role. He said that the state of Rajasthan had launched a new ‘Affordable Housing Policy – 2009’ to promote EWS/LIG Housing through private sector participation and the target was to construct 1,25,000 houses for EWS/LIG/MIG categories in the next 4 years.
He outlined five models in the policy for private sector participation and the incentives that are offered to the private developers were complete waiver of External Development Charges, waivers of building plan approval fees and conversion charges. The other incentives include fast track approval of the projects and additional incentive of 0.5 FAR for timely completion of the project. A major initiative that has been taken by Government of Rajasthan in July, 2009 is to reduce the stamp duty in the case of EWS/LIG from 8% to a mere Rs.10/- for EWS and Rs.25/- for LIG. In other cases the stamp duty has been fixed at 5% with a reduction of 1% in the case of women. Other initiatives include proposed setting up of a shelter fund in each local body under the building regulations to be used for creating external infrastructure. He drew the attention of the audience to the initiation of a Joint Venture which involved the Government of Rajasthan, the International Finance Corporation (IFC), HDFC and NHB for ensuring improved access to housing finance for the poor by setting up a specialized HFC for the same which is currently under study.

On a query with regard to similarities of the Mumbai model of Slum Rehabilitation vis-à-vis the State Government of Rajasthan, Mr. Sandhu explained the similarities.

Mr. Ballobh Kritayanavaj presented an overview on “National Housing Policies and Programs in Thailand”. He indicated that the Thailand Cabinet has recently approved the setting up of National Housing Policy Committee whose major responsibility is to oversee the formulation of comprehensive and a long-term national housing policy. He added that though there was no comprehensive national housing policy in Thailand, however, three main Government units namely Government Housing Bank (GHB), National Housing Authority (NHA) and Community Organization Development Institute (CODI) which implements housing programs for the middle and low income groups are proving to be effective. He then gave a brief of the GHB, NHA and CODI and indicated that the market share of the new home mortgages of
GHB was 32.2%. The NHA primarily acts as an enabler between the Government and the private sector. CODI finances slum area community networks and has since 2003 funded more than 77,000 households in 245 districts throughout Thailand. The incentives given to private developers in Thailand include Income Tax exemptions between 5-8 years. He pointed out that the key to future growth of the housing finance market in Thailand are reducing housing costs through low cost construction technologies, developing resale housing markets, strengthening professional housing associations and homeownership counseling services.

Mr. S. K. Singh after the presentation pointed out that initially in India it was decided to encourage private sector participation in pro-poor housing through fiscal incentives, however subsequently it was realized that it was not making much of a difference and therefore it was then decided to launch Public Private Partnership (PPP) projects. The discussions then centered on the declining share of the private sector in the housing market in Thailand and it was pointed out that in the initial stages private sector was active in the higher/middle/lower income market and with the saturation of the higher and middle income categories, the private sector then moved into the lower income segments. However, with the recent changes in housing laws and the subsidy provided to NHA, it became no longer compatible for the private sector to enter into housing for the low income categories.

The last presentation of the session was by Ms. Enkhbayar Tsendendorj on ‘Mortgage Market Development in Mongolia: Issues and Challenges’. She provided a brief overview on the development of the housing finance sector in Mongolia and said that before 2000 it was the State which was providing housing and only after the launch of the Housing Finance Sector project did the commercial banks start providing housing loans to the various segments of the society. She said that the housing areas in Mongolia were divided into serviced apartments and ger areas which consist of temporary structures without any infrastructural facilities. The number of mortgage borrowers as on 31.12.009 was 16,628 with the total debt outstanding being 226 million MNT. The Mongolian Mortgage Corporation (MIK) was established on September of 2006, when Bank of Mongolia (BoM) and ten commercial banks (Anod, Capital, Capitron, Golomt, khaan, Mongol Post, Trade and Development, Ulaanbatar City, XacBank, and Zoos Bank) signed a joint Founding Agreement to work together towards to establishment of a private sector controlled secondary tier mortgage institution. The main goal of the MIK is to
develop primary and secondary markets by issuing and selling Mortgage-backed securities on domestic and foreign capital markets and to create and ensure a smooth functioning of a long-term financing system to improve access to housing and promote in the future modern urban development. The outstanding mortgage pools held by MIK as on 2009 are 7,969.78 billion Mongolian Tugrig. She said that the issues that need to be tackled for developing efficient mortgage markets are: Standardization of mortgage loans, Property appraisal, Mortgage database system, Mortgage insurance, Credit bureau, Capital market development, Rating and Income verification system for the development of primary mortgage market infrastructure and for the development of the market environment the issues are: political stability, economic stability, balance on supply and demand, creating domestic potential investor, affordability, capacity development, institutional capacity coordination and linkages of market players and the quality of collateral. She said that MIK had recently made a pilot issue of covered bond which was issued in local currency and the investors were local. She also said that they were starting a separate institution for rating of the bonds.

In the end Mr. S. K. Singh said that there were lessons to be learnt from the experience of Thailand and Rajasthan in the sphere of involvement of the private sector in pro-poor housing.

Mr. R. V. Verma concluded the day by giving a vote of thanks to the panelists and mentioned that the discussions had proven to be very informative.

Day 2: Presentation and discussion on conclusions and recommendations from the comparative analysis

The second day started with Mr. Zaigham Rizvi, Consultant, World Bank presenting the recommendations that emerged from the comparative analysis and these included:

1. Creation of an Affordable Housing Fund
2. Channeling Loans through Community Savings Groups
3. Strengthening of Laws related to Recovery of Loans
4. Need for Exclusive and Intermediate Institutions
5. Need for continuous Dialogue and Dissemination
6. Need for Risk Mitigants like Credit Guarantee Programs
7. Mortgage Insurance, Title Insurance and Credit Bureaus

8. Alternative Forms of Collateral

9. Mortgage Counseling and Consumer Education


He also pointed out that it emerged from the comparative analysis that there was a Need to share common wisdom and experience on Low Cost Construction Technologies, Low Cost Construction Material, Builders with technical and financial expertise, Promoting Networking and Joint Ventures, Issues and answers in Long Term Funding, Product innovation and experiences, Policy Initiatives and Programs in different countries, Provision of Affordable Serviced Land and Land Banking, promotion of Housing Micro-Finance Institutions and correct Use of Subsidies.

While talking about the laws related to recovery on housing loans he mentioned that in Sri Lanka and Bangladesh the laws related to recovery of housing loans existed but their implementation was poor. In fact in Bangladesh the Supreme Court had intervened and the law was kept in abeyance. In Pakistan the HBFC has not yet written off even a single rupee of principal of the housing loans extended to the poor while with regard to interest some concessions have been given. In Bangladesh, the default was less than 1% in Grameen Bank where 90% of the clientele were women.

Elaborating about risk mitigants he pointed out the experience in United States where it is mandatory that Title Insurance is obtained for every mortgage loan. Title Insurance Companies do the title search and before the disbursement of the loan the defects in the title come to the fore.

While talking about low cost construction technologies he mentioned that there are a lot of research institutions that carry out research on low cost construction techniques but lacked accountability/credibility in terms of achievement and also most were in public domain. He stressed on the need for inviting representatives from such organizations to similar Symposiums in the future.
He also stressed the need for documentation of the various practices/initiatives/steps taken during natural disasters like the Gujarat or the Kashmir Earthquake and other natural calamities affecting the region.

The other important area that needed to be focused was making available long term funding for housing finance through mechanism like securitization. He gave example of associations of covered bond holders in Europe whereas in Asian countries such measures were still in nascent stages. He said that product innovations in pro-poor housing finance should include innovations both on the Liabilities as well as the Assets side. He said that Housing Microfinance could provide pro-poor housing solutions but at the same time felt that it required a different mindset and the existing housing finance institutions need to innovate in terms of product, delivery, personnel managing the product etc. He also mentioned that Subsidies have to be used in a ‘smart’ manner i.e they can be used for providing infrastructure or for providing serviced land as the experience has been that presently the subsidies have been misused.

He felt that the creation of a regional network or forum would provide a base from where knowledge sharing about innovative approaches and networking between different institutions could be accomplished. He said that the forum will prove to be a breakthrough for pro-poor housing finance and said that NHB and UN-ESCAP deserve a special mention for their efforts in creating this forum.

The discussions on the recommendations made in the compendium revolved around the following aspects:

- Although laws related to recovery of housing loans existed in certain countries but their implementation was hampered because of political interference.

- It was observed that as mentioned by Hernando De Soto, a well known Peruvian economist, that it is the extra judicial systems which work well in illegal habitats and ensure recovery in housing loans.

- There is a need for exploring mechanisms for raising long term capital for institutions that provide housing loans to the poor. These mechanisms could involve either securitizing housing loans to the poor or covered bonds etc.
• There is a need for creating a cadre of Housing Professionals who could be trained and educated in all aspects of housing finance. In Bangkok there are Universities which provide real estate/housing programs.

• Housing Information Systems on pro-poor housing need to be developed. Reports could be prepared wherein all the information regarding pro-poor housing could be obtained in one place. Examples in this regard are the research reports produced by the Monitor Group on low income housing in India which are increasingly used by the private builders while planning affordable housing projects, the Housing Information Systems developed by Government Housing Bank, Thailand and Housing Observatory Report by Canadian Mortgage Corporation etc.

• Indicators which are simple and measurable need to be developed in all the countries. These indicators will help in benchmarking data and year by year measurements could then be made to understand how poor are getting access to housing finance.

• The forum could facilitate research, encourage pilot projects and also develop training programs for housing professionals.

Presentation and discussion on operationalizing the regional network on Pro-Poor housing finance

The need for establishing a Regional Network on Pro-Poor Housing Finance was felt by participants at the Regional Policy Dialogue on Pro-Poor Housing Finance, held at New Delhi, India from January 30-31, 2008. Later, meetings held within the framework of the NHB – UNESCAP – UNHABITAT project, including those held in Chiang Mai and Bangkok in 2009, further emphasized the need for such a network. Discussions on the nature and shape of the network were also held following the South Asia Housing Finance Forum (SAHF) meeting in 2010 in New Delhi. During the meeting it was agreed that the existing initiatives of SAHF, UNESCAP, UNHABITAT and NHB would be merged into the new Regional Network. Subsequently an additional meeting was held in Bangkok in March, 2010, where the modalities for the setting up of the network were presented and discussed.

The Panel Discussion was chaired by Mr. R. V. Verma, Executive Director, NHB and co-chaired by Mr. Adnan H. Aliani, UNESCAP. The panelists included Mr. V. K. Badami, General Manager, NHB and Mr. K. I. Woo, Advisor, GHB. A concept note
on the creation of a regional network on pro-poor housing finance was prepared by NHB and GHB which was circulated amongst the participants. The presentation on the concept paper was made by Mr. V. K. Badami.

Mr. R. V. Verma mentioned that during the meeting of the SAHF in January 2010 it was decided that the regional network would be merged with SAHF and SAHF would be renamed as Asia-Pacific Union for Housing Finance (APUHF). Mr. Adnan Aliani also mentioned that based on the discussions on the concept note the merged network will be informally launched at a side meeting during the International Union of Housing Finance (IUHF) congress in October 2010. Mr. Rizvi then pointed out that pro-poor housing finance was the main issue and the focus of the forum should be Housing Finance with a specific focus on pro-poor.

There were wide ranging discussions on the different aspects of the concept note.

**Name of the network**

The participants discussed whether the name of the forum should also include mention about ‘pro-poor’ and whether the forum should also include institutions focusing on the supply side of housing instead of concentrating only on housing finance. It was then agreed that it was necessary to form a network of institutions concentrating on housing finance first and subsequently based on its activities the other aspect could be looked into. It was also felt that as the supply side issues cannot be ignored, literature/thought on such issues can be captured by the forum.

**Vision and Mission**

There were discussions on whether the vision of the forum should be shorter and whether it should also include mention about the impact that the forum may want to have. It was then decided that the forum must fix simple and achievable targets for itself to understand the progress that can be achieved by the forum say for 2-3 years. The forum could also assist the member countries in developing benchmarks and measuring the indicators towards pro-poor housing. The forum could also exchange information, sensitize different players and promote understanding of different activities on pro-poor housing finance in the member countries.
Objectives and Activities

While discussing the objectives and activities the participants felt that the definition of a ‘formal institution’ and an ‘informal institution’ differed from country to country and therefore the forum could adopt the United Nations definitions of what is an institution in the formal sector and what is an institution in the informal sector.

It was also agreed upon by the participants that the following objectives will be included for the forum:

- To advocate policy changes that would promote pro-poor housing finance
- To promote the development of appropriate and contextual legal frameworks and regulatory systems and policies in the Asia-Pacific region

With respect to the above objectives the forum also decided to include the following activities:

- To advocate policy changes for pro-poor housing
- To promote the development of appropriate and contextual legal frameworks and regulatory systems and policies for pro-poor housing in the Asia-Pacific region

Another additional activity agreed upon by the forum was:

- To mobilize resources to assist members to promote pro-poor housing initiatives

The participants also deliberated on mobilizing the funding for the forum from different sources and felt that the forum should not be limited by its thinking that funds would always have to be mobilized from the Government but there could be other institutions like international donor agencies which could be approached for funding. An attempt must be made to create regional funds and even if such a mechanism is not possible at least resources must be made available for funding of pilot projects on pro-poor housing.

Networking structure and modalities, Membership, Financial and other resources of the network and Decision making structure

Membership fees set in the concept note were considered high by majority of the members and it was felt that the forum must set the fees at a lower level to begin with and then depending upon the benefits accruing to the members, the fee structure could be revised upwards. It was also agreed upon that the forum must be able to generate enough revenues so that it does not become donor dependent.
It was decided that as at present NHB being the Secretariat of the SAHF forum, the secretariat of the forum would continue to be with NHB.

The participants also felt that the frequency of meetings of the General Council of the forum should be at least once a year and the frequency of meetings of the Executive Committee of the forum should be at least twice a year.

It was also agreed that before the October meeting of IUHF, a proposal of a list of activities that the network would want to carry out would be identified and shared with the members and during the sidelines of the meeting the activities that would be carried out by the forum would be finalized.

Based on the discussions, the revised concept note on the regional network on pro-poor housing finance is attached with the annexure.

After discussions Mr. Adnan Aliani proposed setting up of Working Groups amongst the members which could then be assigned various aspects of the network which they will work on and before the October meeting of IUHF, the various aspects will be finalized and the network will be launched.

The different working groups along with the composition and the aspect of the network on which they will be working on are as follows:

<table>
<thead>
<tr>
<th>Aspect of the Network</th>
<th>Composition</th>
<th>Initiator of Working Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft Charter</td>
<td>CODI (Thailand), GHB (Thailand), NHB (India), SAHF Secretariat (Mr. Zaigham Rizvi) and MIK (Mongolia).</td>
<td>GHB</td>
</tr>
<tr>
<td>Membership Fee Structure</td>
<td>HDFC (Sri Lanka), NHA (Thailand) and NHB (India).</td>
<td>NHB</td>
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<tr>
<td>Programmes/Activities</td>
<td>Women’s Bank (Sri Lanka), SHFC (Philippines), NHB (India) GHB (Thailand) and Habitat for Humanity.</td>
<td>Habitat for Humanity</td>
</tr>
</tbody>
</table>

It was also decided that 2 months before the IUHF Congress in October, the drafts prepared by the Working Groups will be circulated amongst all the participants while the overall coordination would be done by UN-ESCAP.

After the panel discussion there was an announcement by Mr. Ballobh Kritayanavaj, SVP, GHB, Thailand about the impending IUHF congress to be held in Bangkok in October 2010. He invited all the participants to the meeting. Later Mr. Zaigham Rizvi also informed the participants of the symposium that a World Bank workshop on pro-poor housing was going to be held in Washington D.C. from 28th May 2010 and he invited the participants to attend the workshop.

The symposium then ended with a Concluding Session wherein Mr. R. V. Verma thanked the participants for taking time out of their busy schedules and attending the symposium. He also believed that the discussions during the symposium would have enriched the knowledge and understanding of the participants on various pro-poor housing finance issues.

Mr. Adnan Aliani also thanked Mr. R. V. Verma and NHB team for making arrangements for the symposium and praised the efforts of the other members of the NHB team for taking care of the other arrangements.
In the end Mr. Rizvi thanked Mr Aliani and Ms. Karin Andersson from UN-ESCAP for their support to the forum.
Regional Symposium on Pro Poor Housing Finance, April 19-20, 2010

Programme

“Amaltas” Basement Theatre, India Habitat Centre, Lodhi Road, New Delhi 110 003

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>10.00 – 10.30</td>
<td>Registration with Tea/Coffee</td>
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<tr>
<td>10.30 - 11.30</td>
<td>Inaugural Session and Opening Ceremony</td>
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<td></td>
<td>Welcome address by Mr V K Badami, General Manager, National Housing Bank, India</td>
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<td></td>
<td>Lamp Lighting and Floral welcome to the Guests</td>
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<td></td>
<td>Statement by Dr Xing Quan Zhang, Chief – Urban Economy and Finance Branch, UNHABITAT, Nairobi, Kenya</td>
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<td></td>
<td>Statement by Mr Adnan H Aliani, Head, Sustainable Urban Development Unit, UNESCAP, Bangkok, Thailand</td>
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<td></td>
<td>Opening remarks by Mr S Sridhar, Chairman and Managing Director, National Housing Bank, India</td>
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<td>Release of the Draft Compendium on Pro Poor Housing Finance in select countries of the Asia Pacific Region</td>
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<td>Vote of Thanks by Mr R V Verma, Executive Director, National Housing Bank, India</td>
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<tr>
<td>11.30 – 12.00</td>
<td>Tea/Coffee Break</td>
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<tr>
<td>12.00 – 13.00</td>
<td>Presentation &amp; Discussions on the Compendium led by Mr Adnan H Aliani, Head, Sustainable Urban Development Unit, UNESCAP, Bangkok, Thailand and Panelists Mr V K Badami, GM, NHB, Mr K I Woo, Advisor, GHB, Thailand and Mr Zaigham Rizvi, including Presentation on the Draft Compendium on Pro Poor Housing Finance by Mr Vishal Goyal, RM, NHB</td>
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<tr>
<td>13.00 – 14.00</td>
<td>Lunch</td>
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<td>Time</td>
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<tr>
<td>14.00 – 15.30</td>
<td><strong>Panel discussion on Innovative approaches to pro-poor housing finance</strong></td>
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<td></td>
<td><strong>Chair:</strong> Dr Xing Quan Zhang, Chief – Urban Economy and Finance, UNHABITAT, Nairobi, Kenya</td>
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<td></td>
<td><strong>Panelists &amp; Presentations:</strong></td>
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<td></td>
<td>Experience of Community Organization Development Institute (CODI) Thailand by Ms Thipparat Noppaladarom, Director, CODI</td>
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<td></td>
<td>NHB Housing Microfinance Initiatives, India by Mr P R Jaishankar, AGM, NHB</td>
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<td></td>
<td>Experience of Women’s Bank, Sri Lanka by Mr M N Gamage, GM, Sri Lanka Women’s Development Services Cooperative Society Ltd.</td>
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<td></td>
<td>Experience of Ansaar Management Company, Pakistan by Mr Zaigham Rizvi, Consultant, World Bank</td>
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<td></td>
<td>Formal and Informal Linkages - REPCO Foundation for MicroCredit, India by Mr G Manickasundaram, Project Director</td>
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<tr>
<td>15.30 – 16.00</td>
<td><em>Tea/Coffee break</em></td>
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<tr>
<td>16.00 – 17.00</td>
<td><strong>Panel discussion on enabling National Policies and Practices</strong></td>
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<td><strong>Chair:</strong> Mr S K Singh, Joint Secretary, MHUPA, Government of India</td>
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<td></td>
<td><strong>Panelists and Presentations:</strong></td>
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<tr>
<td></td>
<td>Government Housing Bank, Thailand – Government Policies and Initiatives by Mr Ballobh Kritayanavaj, SVP, Government Housing Bank, Thailand</td>
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<td>Mongolia Mortgage Corporation – Ms Enkhbayar Tsedendorj, CEO, MMC</td>
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<td></td>
<td>Government of India –State Level Housing Policies and Programs by Mr G S Sandhu, Principal Secretary (Housing), Government of Rajasthan</td>
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**Tuesday April 20, 2010**

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<thead>
<tr>
<th>Time</th>
<th>Event</th>
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<tr>
<td>10.00 – 10.30</td>
<td><strong>Presentation and discussion on conclusions and recommendations from the comparative analysis</strong> by Mr. Zaigham Rizvi, Consultant, World Bank (TBC)</td>
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<tr>
<td>10.30 – 11.00</td>
<td><em>Tea/Coffee break</em></td>
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<tr>
<td>11.00 – 13.00</td>
<td><strong>Presentation and discussion on operationalizing the regional network on pro-poor housing finance</strong></td>
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<td>Time</td>
<td>Event</td>
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<tr>
<td>Chair and Co-Chair: Mr R V Verma, ED, NHB and Mr Adnan H Aliani, UNESCAP</td>
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<tr>
<td>Panelist: Mr V K Badami, GM, NHB, India and Mr K I Woo, Advisor, GHB, Thailand</td>
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<tr>
<td>Presentation on Concept Paper on Regional Network by Mr V K Badami, General Manager, NHB</td>
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<tr>
<td>13.00 – 13.10</td>
<td>Announcement by Mr Ballobh Kritayanavaj, SVP, Government Housing Bank, Thailand for the IUHF Congress in October 2010</td>
</tr>
<tr>
<td>13.10-13.30</td>
<td><strong>Concluding Session</strong></td>
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<td></td>
<td>Mr R V Verma, Executive Director, National Housing Bank, India</td>
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<td></td>
<td>Mr Adnan H Aliani, Head, Sustainable Urban Development Unit, UNESCAP, Bangkok, Thailand</td>
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<tr>
<td></td>
<td>Dr Xing Quan Zhang, Chief – Urban Economy and Finance Branch, UNHABITAT, Nairobi, Kenya</td>
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<tr>
<td>13.30 – 14.30</td>
<td>Lunch</td>
</tr>
</tbody>
</table>
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- Mr. Vishal Goyal, Regional Manager
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## Sequence of Events in the Project

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Event/Date/Place</th>
<th>Purpose and Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Convening of the Regional Policy Dialogue</td>
<td>A brainstorming meeting organized by NHB and UNESCAP comprising senior officials of each of the seven country-level institutions and experts in pro-poor housing finance. Agenda was to discuss the need for the establishment of a regional network on pro-poor housing finance.</td>
</tr>
<tr>
<td></td>
<td>January 30-31, 2008 at New Delhi, India</td>
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<tr>
<td>2</td>
<td>First Meeting of the Country Reporters</td>
<td>To review and finalize the draft guidelines for preparation of the country reports.</td>
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<tr>
<td></td>
<td>January 31-Feb 1, 2008 at New Delhi, India</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Second Meeting of the Country Reporters</td>
<td>Peer-Review of first drafts of the country report and discuss the preparation of the regional comparative analysis. The meeting also finalized the time frame for the next steps of the program, particularly the national workshops, networking needs and options.</td>
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<tr>
<td></td>
<td>March 18-20, 2009 at Chiang Mai, Thailand</td>
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<tr>
<td>4</td>
<td>National Workshop on Pro Poor Housing Finance</td>
<td></td>
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<tr>
<td>a.</td>
<td>Thailand</td>
<td>Understand and outline the key challenges in providing finance for Pro-poor Housing, review and finalize the draft country reports and discuss the outline of the regional level</td>
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<tr>
<td></td>
<td>August 30-31, 2009 at Bangkok, Thailand</td>
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</tr>
<tr>
<td></td>
<td>Event Description</td>
<td>Date and Location</td>
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<tr>
<td>b.</td>
<td>Indonesia</td>
<td>August 5, 2009 at Jakarta, Indonesia</td>
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<td>c.</td>
<td>Mongolia</td>
<td>September 17-18, at Ulan Baatar, Mongolia</td>
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<tr>
<td>d.</td>
<td>India</td>
<td>October 29-30, 2009 at New Delhi, India</td>
</tr>
<tr>
<td>5</td>
<td><strong>Regional Meeting of Housing Finance Institutions on October 15, 2009 at Bangkok, Thailand</strong></td>
<td>Discuss the formation of a regional network on pro-poor housing finance and launch of Special edition Government Housing Bank (GHB) Journal on pro-poor housing finance.</td>
</tr>
<tr>
<td>6</td>
<td><strong>Additional Meeting held in Bangkok on March 25, 2010</strong></td>
<td>To further discuss the modalities of the network. The first draft of the concept note was presented and discussed at this meeting.</td>
</tr>
<tr>
<td>7</td>
<td><strong>Regional Symposium on Pro-Poor Housing Finance on April 19-20 at New Delhi, India</strong></td>
<td>Discuss challenges and highlight innovative approaches towards pro-poor housing finance in different countries of the region. Discuss the creation of a Regional Network on Pro-Poor housing finance.</td>
</tr>
</tbody>
</table>
CONCEPT NOTE

The Regional Network on Pro-Poor Housing Finance

1. Introduction

The participants of the Regional Policy Dialogue on Pro-poor Housing Finance, held at New Delhi, India from 30 to 31 January 2008 decided to establish a regional network on pro-poor housing finance. Meetings held within the framework of the NHB-ESCAP-UN-HABITAT project, including the meetings in Chiang Mai and Bangkok in 2009 further emphasized the need for such a network. Discussions on the nature and shape of the network were also discussed immediately following the SAHF meeting in New Delhi in 2010. During this meeting it was agreed that one network would be established and SAHF and the ESCAP/UN HABITAT/NHB initiative on pro-poor housing finance would be merged together. Subsequent to that meeting an additional meeting was held in Bangkok on 25 March to further discuss the modalities of the network. The first draft of the concept note was presented and discussed at that meeting. This concept note incorporates the outcomes of those discussions and is prepared to discuss the institutional and operational modalities of the network.

Past experience has shown that success of regional networks depends on the ability of the networks to clearly articulate the needs of its members and to secure the necessary resources to respond to those needs. Both in turn are to a great extent determined by the strength of members’ commitment to the running of the network. Success also depends on keeping overhead costs of running such networks to a minimum and developing modalities which allow members to interact with each other with relative ease and the capacity of the network to produce relevant activities or updated information that will attract members.

All networks require a core group of committed members, or a leading person/institution that will ensure that the network remains active. Successful regional networks are often characterized by strong leadership, which clearly articulates policies and programmes and an efficient secretariat, which not only facilitates communication with members, but also implements the programmes and policies articulated by the leadership.

2. Geographic Scope

The geographic scope of the network would include countries of Central Asia, South Asia, South East Asia, East Asia and the Pacific.
3. Name

The network’s name should indicate who its members are and what the network is about. Therefore it is proposed that the network be named the Asia-Pacific Union for Housing Finance.

4. Vision, mission, objectives and output

To ensure focused work and to allow for effective leadership and an efficient secretariat it is imperative that the vision, mission and objectives of the Network are spelled out clearly.

4.1 Vision

The vision of the network should state what we hope to achieve through this network. It is proposed that the vision of the network be:

“Affordable housing finance is available to all income groups”.

4.2 Mission

The mission of the network should state how that vision would be achieved. It is proposed that the network’s mission be:

“To develop pro-poor housing finance systems and mechanisms so that affordable housing finance is available to all.”

4.3 Objectives

Objectives need to be more specific and state how and through what means we will achieve our vision and mission. To achieve the above vision and mission the following two objectives are proposed:

1. To promote the establishment of and to strengthen institutional and technical capacities of formal, MFI and community-based housing finance.

2. To promote co-operation among and between formal, MFI and community-based housing finance institutions.

3. To advocate policy changes that would promote pro-poor housing finance

4. To promote the development of appropriate and contextual legal frameworks and regulatory systems and policies in the Asia-Pacific region

4.4 Activities

To achieve the above two objectives the following types of activities are proposed for the network:

1. Facilitate advisory services, study and exchange visits, exchange of staff and joint ventures between members.
2. Conduct research and organize, training programmes, workshops and seminars on current or emerging issues.

3. Prepare, compile and disseminate information through websites, electronic newsletters, journals etc.

4. Undertake other activities that a majority of members decide in keeping with the vision, mission and objectives of the network.

5. To promote the development of appropriate and contextual legal frameworks and regulatory systems and policies for pro-poor housing in the Asia-Pacific region

6. To mobilize resources to assist members to promote pro-poor housing initiatives

5. Networking structure and modalities

A formal, fee-based network is proposed where membership fees provide resources for the network. The network would be run by a secretariat hosted by one of the members.

6. Membership

Members of the network would be institutional and would include formal public or private sector based housing finance institutions, formal sector MFIs, cooperatives, community-based or CSO-based housing finance institutions and MFIs. The network could also consider including academic institutions and other governmental and non-governmental organizations working on housing or financial issues as non-voting associate members. Membership of associate members would be restricted to one-third of the total membership.

7. Financial and other resources of the network

While the network will be non-profit in nature, its finances could be generated through membership fees, donor funds, contributions from the host institution, voluntary contributions of members, through charges on activities for non-members and through advertisement and other revenues that a majority of the members may decide are appropriate in the future.

7.1 Membership fees

Different membership fees are proposed for different types of members. It is proposed that formal public or private sector housing finance institutions pay USD 2,500 – 5,000/- per year as membership fees. Formal sector MFIs and other governmental organizations pay USD 1,000 – 2,000 per year. Community-based or CSO-based housing finance institutions and associate members such as NGOs and academic institutions pay USD 200 – 500 per year.

7.2 Charges on activities

It is proposed that all network activities be free or at cost basis for members. Non members should be charged fees to subsidize CSO-based and community-based members that cannot afford to participate at their own costs.
7.3 Revenues from advertisements
The network may raise funds from advertisements on its web-portal, its journal and from organizing and renting out exhibition space at its larger meetings and conferences.

8. Decision making structure

It is proposed that the highest decision-making body be the General Council, which comprises all members. Day to day management of the network would be undertaken by the Secretariat, headed by a Secretary General. The Secretariat would be guided by an Executive Committee.

8.1 General Council
The General Council should meet at least once in a year and set network policies and programmes according to the network’s charter. One option could be to have an executive committee, president and vice presidents and a secretariat. The General Council would elect the president, vice president, the performance auditor and executive committee members for a period of two years. All elected offices will be held on an institutional basis.

The General Council would appoint the Secretary General on the recommendation of the Executive Committee for a period of two years. It would also select the host institution for the secretariat for four years. It is proposed that at present National Housing Bank (NHB), India being the Secretariat of the South Asia Housing Finance (SAHF) forum, the secretariat of the forum would continue to be with NHB. The General Council may appoint individuals or institutions as advisors as it deems appropriate.

8.2 President and vice president
The head of the institution elected to the presidency would serve as the president of the Network. The president would be elected for a term of two years and would chair the General Council and Executive Committee meetings. The President would be the head of the network and its “face.” The exact division of executive functions between the President and the Secretariat would be decided by the Executive Committee, but could include promotional activities, outreach, membership drives, etc. being implemented by the office of the President.

8.3 Performance auditor
The performance auditor would review the overall substantive, institutional and financial performance of the network based on key performance indicators identified by the Executive Committee and present an overall annual performance report of the network to the Executive Committee. Based on the approval of the Executive Committee, the performance reports would be presented to the General Council.

8.4 Executive Committee
The Executive Committee would comprise the President, Vice-President, Host institute (institute hosting the Secretariat), the performance auditor and five other members. The Secretary General would be a non-voting member of the Executive Committee. At least two
members of the Executive Committee would be CSO or community-based organizations. The Executive Committee would meet at least twice a year and would decide policies in between General Councils. It will also vet new members and recommend their admission to the General Council.

8.5 Secretariat
Based on Guidance from the General Council and the Executive Committee the Secretariat would undertake the activities of the network outlined in Section 3.4. In addition to these programmatic activities the Secretariat will also undertake network development and maintenance activities such as promotional activities, collection of membership fees, accounting etc.

Some secretariat activities, such as the web portal, the publication of the network journal or organization of seminars or workshops may be delegated to other members who are more suited for such activities or maybe divided between the office of the President and the Secretariat as deemed appropriate.

8.6. Role of central/reserve banks and regulatory entities
Central/reserve banks and regulatory entities, such as ministries of finance or ministries in charge of cooperatives etc. play a major role in determining what activities formal and MFI/community-based housing finance institutions can carry out. It is proposed that an advisory board to the network be constituted, to which these institutions could belong. Participation in such an advisory board could be voluntary and not require any formal membership or fees. While the advisory board could provide advice to the network on programmatic or institutional matters, the Executive Committee would decide whether to present such advice to the General Council for its approval.

8.7 Programme of work
The programme of work would be decided by the members. At least in the beginning, before each General Council members would be requested to prepare proposals for activities. These proposals would be presented and voted upon at the General Council meetings. The proposals that get the most votes would form the work-programme of the network. The template for proposals is attached. The template would be sent to potential members together with the invitations for the April meeting. Participants for the April meeting would be requested to complete proposals for activities they think the network should undertake in 2010 and 2011.

8.8 Charter and legal status of the network
The network would have a formal charter and would be registered as a non-profit organization or association in one of the countries of its members. It would be governed by a charter. A group of five institutions would be selected in the meeting in April to draft the charter, which would be presented to members before the October IUHF meeting in Bangkok and adopted at a special meeting of Asia-Pacific housing finance institutions that would be held as a side-event of the IUHF meeting.
9. Relations with the International Union for Housing Finance

It is proposed that the Network acquire an affiliation with IUHF. The terms of such affiliation could be discussed between the network and IUHF.

10. Relationship with International Organizations

The Network will maintain cordial relationships with international organizations, including UN ESCAP, UN-HABITAT, the World Bank and the Asian Development Bank, that have a similar vision, mission and objective as the network. The Executive Secretary may recommend to the General Council to appoint such organizations as advisors to the