

Housing Finance

World Bank Group Support for Housing Finance



An IEG Housing Finance Report
Maria-Elena Pinglo, November 30, 2016





Rahees Housing Dream Became True

But housing finance solutions remain **limited**,
poorly targeted and **underfunded** in
developing countries

In Africa for example

- On average, interest rate is **15%** for a housing loan
- Only **3%** of the population has income level to qualify for mortgage.
- What happens to the other **97%** consisting of people with very different income levels. (Middle, Low and Economically weak population)?



Inadequate Conditions

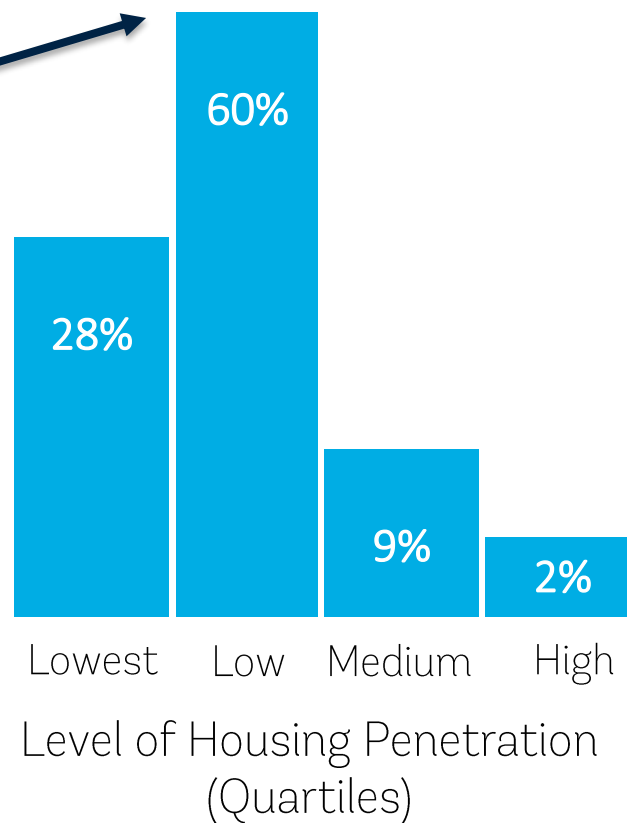
Growing Demand



What IEG learned.....

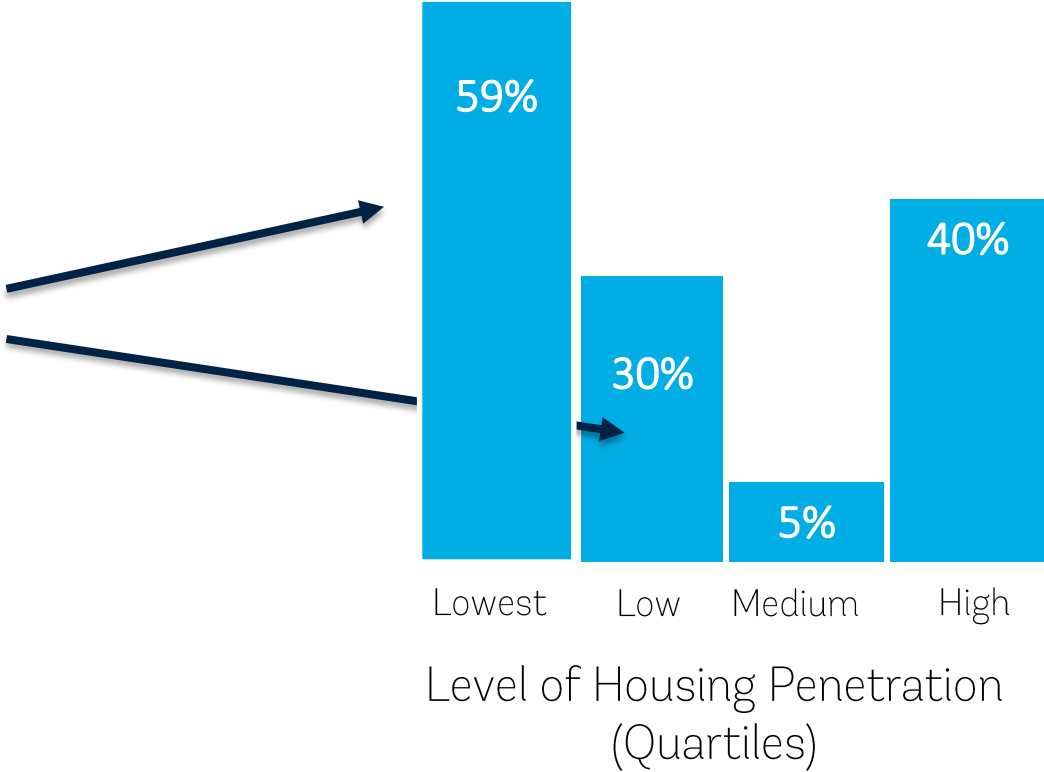
WBG is focusing on countries with most need

A large share of WBG projects target countries with lowest and low housing Finance penetration rates

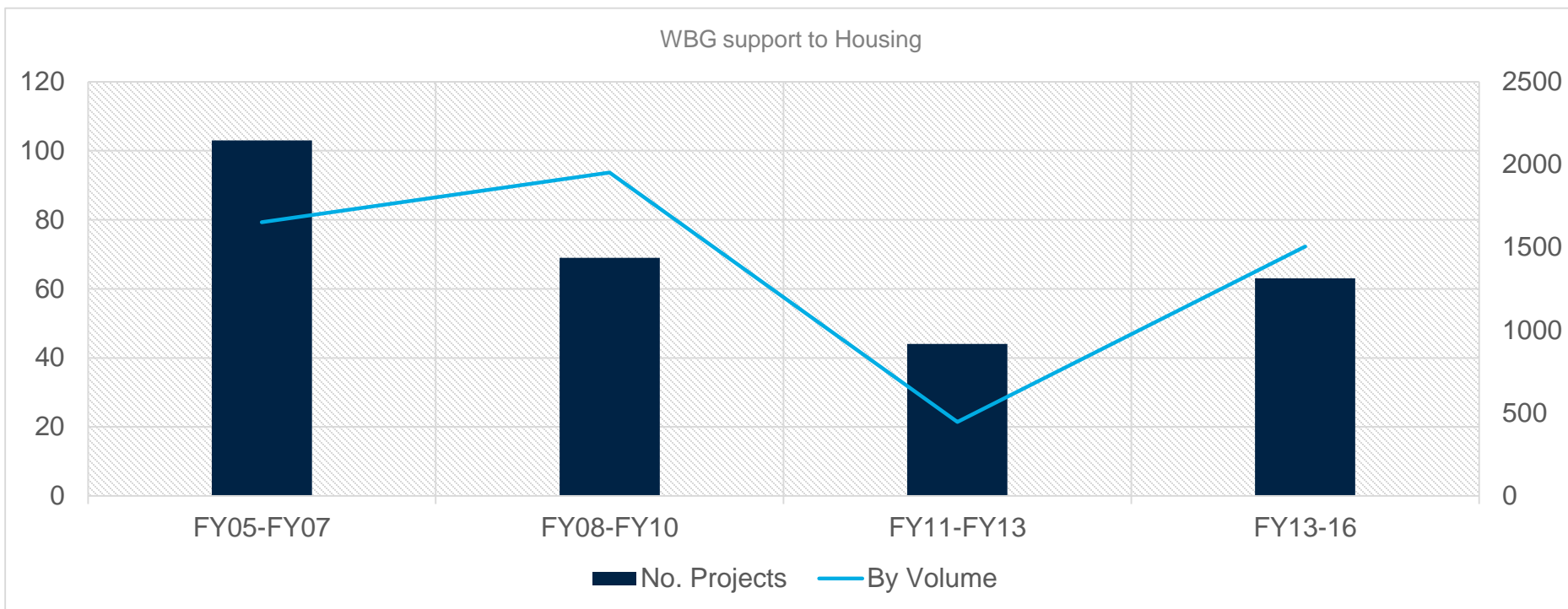


Still, gap is wide

A large share of countries do not have WBG support



But WBG is devoting limited resources..



- Resources below pre-crisis levels
- A portfolio of \$5.2 billion vs. housing gap between \$9-11 trillion



This means that the World Bank Group has to apply resources strategically and be catalytic to make a real impact in the sector.

Lessons from Experience



Know the Market

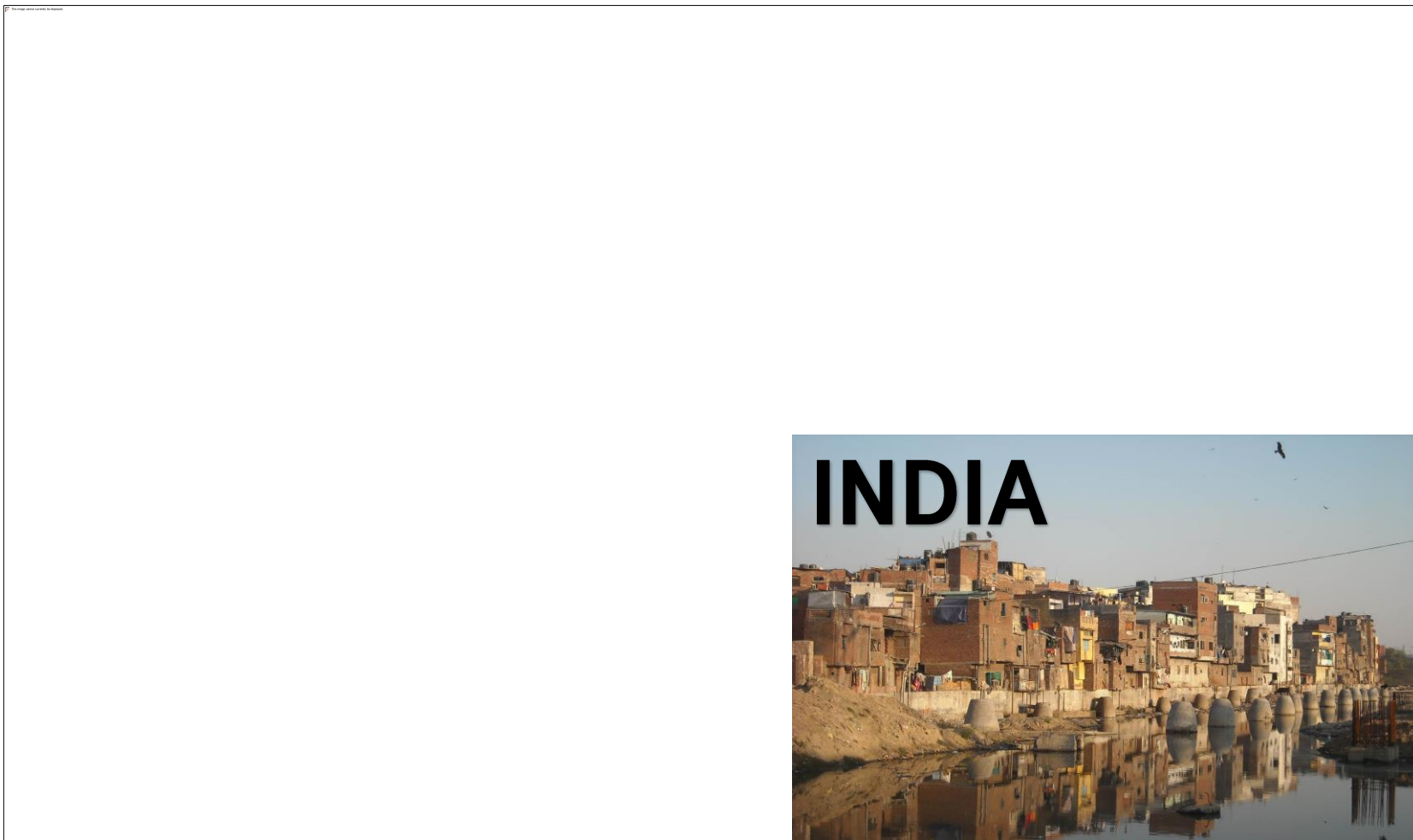


Some preconditions must be in place



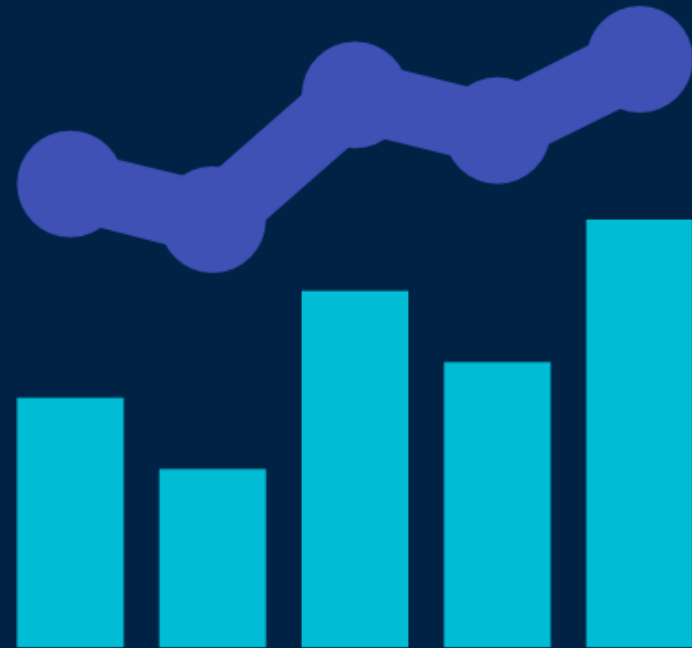
**WEST BANK
& GAZA**

Timing and Sequencing are key



Work with committed partners





Key Findings

Primary Market Interventions

- Support Non-Banking financial institutions only when banks are unable (India) or unwilling (Mexico) to lend.
- NBFIs have advantages
- But, they are vulnerable and need to diversify or convert into a bank in order to survive. (Mexico vs. India).



Affordable Housing Interventions

- Develop Solutions (Target) According to Income Level is crucial (West Bank and Gaza)
- Build sustainable communities with spatial considerations -well connected to jobs, access to services (Mexico)





Going forward

Going forward - Challenges ahead

If nothing is done
the housing
landscape will get
worse



Inadequate housing will
worsen



The access to housing for all
will unlikely
be achieved by 2030.



Housing gap will widen.

What Works



- Know the market, target appropriately
- Binding preconditions go first
- Understand compensating factors, timing, sequencing, matters
- Work with partners, find champions





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LEARNING PRODUCT

World Bank Group Support for Housing Finance



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**WHAT
WORKS**

Thank you!



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