

## June\_18\_Main\_Studio\_003

So welcome everyone to this session 250, wow that's lots of sessions, on mobilizing private capital for housing resilience. So I hope you're all here for that session otherwise this is the moment to switch to the other rooms.

This is the mobilizing private capital for housing resilience. Welcome everyone and welcome to our panelists today. We have a packed session we're starting a little bit of late but we have 50 minutes but hopefully we'll get this through.

I want to start by setting a little bit the stage as we probably the ones that are here sitting and we all know housing is the perhaps the single most important asset that most families will ever have in their lifetime.

It's the place where most of the not only the shelter happens but most of the capital accumulation and the investment is happening. Unfortunately when a disaster happens this is it's in many cases very unprotected.

So families find themselves having invested significant of time in either self -production or self -building significant amount of savings and significant amount of leverage destroyed in a very quickly.

And one of the things at the World Bank that we are trying to do is support our clients to improve the situation or to make it less painful. And realizing that that is not something that governments can do on their own and households cannot also not do on their own.

We put together this session to try to think with you and brainstorm and give some examples of how we can improve the situation in our client countries. We have four panelists today that will address several or different building blocks of this issue and I am

going to introduce them as they will talk so that then we'll have some questions that I will post to each of them.

Hopefully we'll finish and we'll have some opportunity for Q &A from the audience as well. I'm going to start with Mr. Hadyanto Rasid and I will please ask for your apologies for my pronunciation of your name.

It's the mayor of Palusiti in Indonesia. It's a city of around 300 ,000 people I understand. And he will focus on sharing with us some innovative building technology called Risha that has been used successfully and extensively in Indonesia for the reconstruction of post -disaster affected houses.

I believe you don't have slides today but if you can speak briefly then I'll post some questions for you.

Please, go ahead. Thank you. First of all, I wanna say thanks again to the World Bank, especially to welcoming me here to attend in this forum to share about how the project that run by the World Bank in central policy.

As I already mentioned before in early meeting in the other rooms that I'm saying, rehabilitation and reconstruction that are running in central policy as one of the staff of the World Bank say this is the best design and house among the project that are undertaken by the World Bank.

I'm not saying this because I'm happy with it because I wanna say happy. How can I say I'm happy? While my people already have been hit by big disaster such as earthquake, tsunami and liquid fiction and make my people is hard to build, rebuild again their houses.

But so that's I agree with the principle with the concept of a World Bank that put in a reconstruction in Palo. They say build better before, they build better before. So I wanna share you about simply construction house that build in Palo that we call it RISA.

RISA is a construction that very, very simple because it's already need about a month amount to build a house and this is a needed probably only three, four, five person to build it, to build it. And after made of disaster, after made of the disaster we, the, the impact of the disaster, the impact of the disaster affected about almost 6 ,000 houses, 6 ,000 houses in, in, in Palo.

And, and when the, when the World Bank, I mean, when the Central Association have a reputation in construction are running to build the houses, it's only needed about three months, three months, to three months to, to build those houses.

So this is very, very simple. But the, but the challenges is now how to, you know, the government cannot stand alone by itself to, to solve everything. So we need, we need from the outside to help us to, to push this thing can be very, very effective in the future and not just for, not just for build house after the disaster, but how to, to make this, this concept as a prevention, as a prevention,

as a prevention to make everything's more better and better before something happened. So this is a, this is a good time. This is a great time for me to share this and hope that we are here can give the way how to support this, this project can be, can be more effectively built in the, in the future, especially, especially in my city.

Thank you.

Thank you, it's impressive the speed of the reconstruction which is something that is always a challenge. Any thoughts on how we can scale up this system that has worked in your city to replicate it more and more, for example?

Yeah, as an example, this RISA, not just we use it for building the houses, but not just houses, but we use it for building a school and healthcare center, such like that. So yeah, probably with collaboration, with someone more expert with this thing, probably this RISA can develop more, more better.

Okay, thank you, thank you very much. And we can later also have another sort of round on discussions on what are the roles of the public sector and the private sector can play in this scaling up, which is something we're all ambitious.

I'm going to move now to another next panelist, which is Astrid Manroth. Astrid is the head of the global infrastructure facility. I just didn't want to downgrade your title. Astrid, if you can share a little bit with us what gives involvement in this sector?

What has been your experience? And then I have a couple of questions as well.

Yeah, good morning. Thank you very much. This is on.

doesn't seem to be on.

Good morning. Thank you very much for inviting the global infrastructure facility to this important debate. And just by way of very brief introduction to those of you who don't know the GIF, as we call it, we are a global public-private collaboration platform anchored in the multilateral system with a task to advise governments in emerging markets and developing economies in preparing infrastructure projects for private investment.

So that's basically what we do. We provide a transaction advisory service, project preparation services, and then we're really connecting the work that PPIF and others are doing on the upstream enabling environment to downstream finance from the private sector.

And the GIF's infrastructure mandate is broad, so it includes social infrastructure as well. In that context, we have actually supported three social housing projects as part of our overall global portfolio, which includes 170 projects in 68 countries across infrastructure sectors more broadly.

And before I zoom into that, just to say project preparation is really very good business because every \$1 that we have provided in project preparation support has attracted over \$100 in private investment, purely private investment at financial close.

And with that, let's maybe briefly zoom in why we want to attract private capital into social infrastructure. I mean, we all know that we're not on track to meet the SDGs, so that alone in infrastructure is requiring two to four trillion per year in order to close the gap by 2030, but within that also, the data shows that over 100,000 homes would have to be built per day by 2030 in order to close the housing gap,

which is a daunting number. So it's very clear that from public sources alone, this cannot be met, so we need to together mobilize the private sector to come to the table. And of course, in that context, and I guess that's why we're talking today, making those investments climate proof and climate hazard proof is key because it's good business to invest today in climate adaptation because otherwise you risk the,

yeah, you run the risk basically that you are building assets that may not be climate proof, that you may have standard assets or that would have to be rebuilt at very high cost. So we basically in the projects that we have supported have done that through a number of approaches and let me give you an example.

When we look at applications, for example, that come in, we really make sure that we ask the project developers and also then our technical partners who support the project development whether they have analyzed all the climate risks and hazards that are related to the project.

And if that has not been the case, then we really provide the support to do the studies required. So whether it's the physical risk assessment or a flood risk assessment or other considerations that have to be taken.

And then after the risk assessment has taken place, of course, the findings have to be built into the project design to make it resilient. So the technical feasibility study, the environmental and social feasibility study and also the financial model to take account of those factors.

So those kinds of analysis we can support. And then finally, the objective is really to make sure that once projects go for tendering for a private investor, that we have also the right KPIs and the tender documents to make sure that the design will be implemented and the essence will be climate proof.

So maybe briefly, let me touch upon an example where we have done this in Timor Lester. You may be a little bit familiar. Timor Lester is really a country with rapidly growing population. And the majority of them, I think, over 60% is concentrated on migrating to the capital in Delhi in search of employment opportunities.

And as a consequence, you have a large rapidly growing unregulated housing market and informal settlements. And they are, of course, particularly at risk to climate impact and other risks as well. So the global infrastructure facility has supported, with its technical partner, IFC, a project to really create an affordable housing market in Timor Lester through our transaction advisory services.

And in this case, the objective is to provide around 2 ,000 affordable homes in a site near the capital. And Timor Lester, as you may appreciate, is also exposed to a number of climate -related risks, actually, including severe weather, flooding, earthquakes.

So in order to ensure resilience of the project at the project level, we supported the analysis of flooding risks, of analysis of the hydrology risk, climate rainfall, et cetera, and then ensured that in the technical design, according mitigation measures were built in.

For example, through drainage and other requirements, but also in the building standards themselves, making sure that the project will adhere to the edge standard, which is both green, but also based in adaptation considerations.

So let me maybe stop there, and I'm sure we'll touch on some of those other points during the discussion. Thank you.

Yes, but before we move, I think it's very interesting to briefly mention what in your having the experience of doing these projects already and in the housing sector, what are the key requirements for bankable projects in the housing sector?

It's not a simple answer, I'm sure, but in your experience and with the projects that you finance in housing.

Sure, so I mean, as you say, it's very project -specific, but in general, bankability really, first of all, depends on the overall enabling environment, so again, you know, some of our partner institutions work on that, but then at the project level, ultimately, infrastructure project finance is all about risk allocation, right?

So we have to allocate risk to the parties who are able to bear it best, and there's a whole range of project -level risks. We have, you know, the political and the macro risk, but then at the project level, we have the market and the demand risk, the technical risk, financial, environmental, social, etc.

And of course, climate risks are important in this context as well, and they have a number of implications, because they do impact revenue generation, for example, so they can impact financial viability of the project as well.

So we really need to think through how we structure this from the beginning, and with regards to bankability, for example, you know, one of the risks is force majeure, which is, well, that disaster or climate basically hits, that can be insured, for example, so that's something that we can do at the structuring level.

With regards to the revenue risk, there are mechanisms to address that, particularly in the setting of low -income households, so by ability gap payments, for example, that the government can provide.

And this we are supporting in another social housing project that we are developing together with the World Bank in India, the Tamil Nadu Shelter Fund, and that is actually a financing mechanism that provides core subsidisation to the developer, reallocating

from highly profitable households to lower -income households in terms of covering the viability gap there.

And then, of course, another important risk is also the allocation of the land availability risk and mitigating that. So, ideally, you know, the government makes sure that the private developer has all the permits, licenses, et cetera, that is required, or alternatively the government can also provide the land itself, as it is doing in Timor -Lester in the project that we are supporting.

And other important factors like building standards and law also come into play when we're discussing social housing.

Yeah, and I think that applies both to the, just the housing and the reconstruction as well. No, these are things, building blocks that we need to take care of both in the normal housing and the reconstruction.

So I think from the two presenters, we see the different roles that the public sector can play and also institutions or funds like GIF, facilitating catalyzing this type of projects. We are going to move ahead with our next panelist, which is Mr.

Jitend Balani, Director of Global Financial Inclusion and Capital Markets at Habitat for Humanity. I believe this is your presentation. So I will, you can tell me or I can manipulate.

I'll tell you when to move, yeah. This is okay. Okay. Hi everyone, so I'm Jitain, I'm from Habitat for Humanity. Habitat for Humanity is an international NGO which works in the affordable housing sector.

No.

Now, what has been our traditional model? We raise grants from corporate foundations, for individual grants from the high net worth individuals, and build houses for the poor



people. Now, what is the biggest constraint in this model is that it is always grant dependent, right?

With the grants, how many houses you can develop? 50k, 100k houses in a year at max. So around 14 years ago, we had a very pivotal moment in our organization strategy. And there was a question asked by our international board of directors, what it would take to meaningfully impact the housing deficit, right?

So, and that is where, you know, there was an ambition to involve the private sector. Just like my fellow speaker mentioned, private sector is very critical in meeting the affordable housing deficit.

So at that time, there was also a microfinance moment going on, right? Mohammed Yunus, the Grammy lending model was very predominant. And some of our national offices, which are registered as NGOs, they went into direct lending and provided housing finance to the low income families.

Now, as an NGO, you cannot get into the lending activity because in many markets, there is a restriction, right? So that is where we had our own learning curve and we realized we need to work with the industry.

And microfinance industry was a predominant distribution channel. Now, the target segment which we have in the affordable housing sector is predominantly a low income family which earns somewhere around 300 to \$500 income.

Now, in the developing world, in all the emerging markets, people construct their houses incrementally. So over a period of 15 to 20 years, they achieve a fully functioning housing unit. Unlike you and me with God's grace, we can go into a commercial bank and we can get a new purchase.

We can get a mortgage for a new purchase house, right? On an instant. But for many people, housing is a process. And what are the three major challenges which these families face? Of course, affordable housing finance is a major big constraint.

And then access to quality materials, durable materials is also a second big constraint. And many times, there is an information of symmetry. These people are not aware about the building practices, the resilient practices.

Can we go to the next slide? So there was, we launched our first ever blended housing finance facility, which is Micro Build First Fund. It's a \$100 million fund which works with the microfinance institutions.

So we provide wholesale lendings to them. And in turn, they are able to give loans to the low income families. And on the top of it, we also provide them the technical assistance and the advisory support so that they can launch well -designed products for the low income people segment.

Now, technical assistance was very critical. It was not just about capital, but also the capacity building aspect because microfinance industry was used to providing loans for income generation. They were getting into housing for the first time.

So it was a behavior change exercise for them. And that is where we had to blend the capital access with the advisory support. Next slide. So in a period of 12 years, we have disbursed around 230 million USD.

Now many of you would ask, it's a \$100 million fund. How can we lend 230 million? Because our fund is of 12 years. And within 12 years, we were able to recycle the loans twice. And we have been able to work with 62 institutions.

And we have directly impacted around 235K families, which is around 1 .2 million individuals. Now what has happened is that many times these microfinance institutions have gone into other commercial investors, other local banks.

And they have told us that we have piloted a new product on housing finance with the help of Micro Build Fund. And now we already have a prototype. Can you give us more financing so that we can scale the product?

And they have been able to leverage our investment to at least six times. So as you can see, there is a figure of 1 .09 billion. So with a lending of 230 million, we have been able to catalyze the private sector market by almost five times of our initial investment.

Yeah, so this is a family which got impacted with the help of the Micro Build Fund. They were able to secure a loan from Comida, which is an institution in Indonesia. Well - known microfinance institution.

And this family was building the house for almost seven years. But when they had a loan, they were able to construct a fully functioning housing unit within the next three months' time. And it's a pure disaster resilient house.

next slide please. So now we are moving into the second phase of our journey within this space. So we are launching our second fund which will be five times of the initial fund size. Now when we launched this fund we were the first ever affordable housing finance focused fund and this remains even in today's environment that is the reality.

Unfortunately or fortunately nobody has stepped into with a dedicated focus on affordable housing finance. So for us the gap is huge it's a 13 trillion dollar market in the affordable housing finances space and if you narrow down to the financial inclusion community which is microfinance institution it's around a gap of 45 billion USD.

So whatever we are doing it's just it's still a drop in the ocean even with the second fund. Next slide. Now that is a key difference I just want to highlight the key difference between the first fund and the second fund.

Now with the first fund we have already proven the commercial viability and impact viability of affordable housing finance. It's a commercial solution and yet highly impactful

right. But with the second fund we want other investors to mainstream this affordable housing finance into their balance sheet into their portfolio.

So we want to really catalyze the private market and they should come on board and they should invest in this segment because then only we'll be able to close the capital gap which exists in the market.

The other aspect which is different from the first fund is that we are also focused on the supply side in the second fund. So many times the low -income family the photos that you saw in the previous slide they go to a nearby store to purchase building materials and often these stores are called micro and small enterprises.

They also have access to finance issue right. And often these institutions these enterprises are served by the same microfinance institution. So in the second fund we are focused on both the demand side and the supply side ecosystem.

How are we embedding resiliency into our work? Of course we don't just want to give the loans right. We also want to make sure that the families are building disaster resilient housing. So often technical assistance involves training the direct communities the masons the foreman on the safe building practices.

It also involves behavior change elements and we are also working with the partnership models. We are a material provider and a financing institution coming together and providing a bundled solution so that we are ensure of the loan utilization.

There are few customers who are eligible for micro mode gauges. So over there we are making sure that there is a technical and legal appraisal of the property before before lending. And the fourth is financing certified green and affordable housing like the edge certification which you highlighted.

That's it, that's the last one? Yeah. Yeah, okay. Thank you. This is actually very interesting. I think gradually we get a little bit of picture of the complexity of the building blocks of the housing sector.

Can you share a little bit another example of in other places where this has been sort of applied?

Sure. So we are present in 33 countries through this fund. So in addition to Indonesia, I just want to take an example, and let's talk about Kenya. So we are working again with one of the largest institutions.

And this institution was doing a water and sanitation hygiene financing. It's a very traditional micro loan, which is around \$200 to \$300 for installing a toilet or a bathroom in the house. Now, this institution, when they were lending to the community, community mentioned that they have huge housing aspirations, because housing is a process where families have various aspirations, and they wanted some larger loan sizes and a longer -tenor solution.

Unlike a microfinance typical loan, which is around 12 months to 24 months, housing is a long -term solution. So you have to have at least three to five -year loan product for the family. And so we started with this institution, went through the entire journey of technical assistance, did the market diagnostics, and launched a product with them.

And over a period of time, they have now impacted almost 20 ,000 families with a dedicated housing microfinance solution. And they have also gone with other local commercial banks. Commercial banks have also given more money so that they can scale their housing microfinance portfolio.

Very interesting. Yes, microfinance is always the issue of the length of the product, no? That this is constraining. We'll get, I think, back to some of your questions to this. But before, let's move to our fourth panelist, Mr.

Rogelio Castro Vasquez, the Secretary General of Infornavit, which is one of the largest mortgage lenders in Latin America, based in Mexico. He will be presenting in Spanish some slides that I have to put here.

Control F? Control L? Got it. OK. Per favor, si buena commensar.

But me buenas tardes amigas amigos es un gusto estar aqua estamos representando hasta institution que particularmente esta formado por recursos de los trabajadores formales, ode los que se conocen del mercado formal.

Estos trabajadores aportan el cinco por ciento de su salario. Y se va creando un fondo, un fondo mucho a lista por que todos los que participan a yudan a que se financien los creditos que se dan en este caso creditos y pote caros.

En el caso de la infonavir a el ser, su naturaleza principalmente de esto recursos tieno un gobierno dividido entres fuerces que son el sector governmental por supuesto el sector empresarial y el sector de los trabajadores.

Cada uno con cinco diferentes sigas que

Sorry, pretty much.

It's the kind of one who can see yes in el consejo de administration yo como secretario general Tengo que a corder con los consejeros He said on Por supuesto attendi no los temas de la administración Look, this is the sinko por sientos tambien hablando the uno punto un mi jones de Impressarios or the impresses dos ventidos punto ocho mi jones de trabajadores Y solo en dos mille venticuatro tenemos una recudación de tres punto en ciete bi jones de dolares En cuanto los cretos que se ban recuperando por que ya y abamos una estitucion y a desin cuenta años existencia Emos otorgado casi dos emigones un poco más de cretos y potecarios Más otros cretos que se otorgan que a contiñaciones voy air mostrando pero La principal fortaleza de la infonavít No soles financieras y no también que contribuye a la seguridad social de los trabajadores es decir a más de generar este fondo que también ba las pensiones or forma parte de las pensiones también otorga un credito para vivienda.

Yo siempre lo digual donde voy Si no existere el infonavít Muchos trabajadores en mexico noten drean una casa. Asi de se nivel lo que tenemos en el infonavít. Y son tres

punto seis millones de créditos que yo están digamos pagando se y tres punto ocho millones en intereses por ingresos en el dos milveinticuatro. También tenemos un fondo de inversiones que se creo aproximadamente en el de lanyo dos mil catorce más o menos con la idea de ir generando por su puesto Activos que permitan financiar también las pensiones.

O sea todo también generar más beneficios a los trabajadores porque los trabajadores que no usan su dinero que están a portando y que no usan el crédito para una casa. Ese dinero el finales elevánte a regresar en la pensión por lo tanto tiene que haber un estem. Pues a omen te le llaman en el mercado financiero. Pues de ver haber este algo additional que se le autorga al trabajador. Entonces también hablando de que en ese sentido cuatrocientos punto ochenta y cuatro millones en este fondo y esto es la tesorería en uno punto veintidós millones. También es importante decirles que enos a autorgado esta en este sexenio por que aquí si quisiera resultar lo infonavi es una institución de cincuenta años y ahora México a través por un Transformation de gobierno en donde de go esta un gobierno que ya puso de el centro la seguridad social y en esta caso Duran sesenta años en dado dos punto cinco millones de créditos a los trabajadores y sientes ententamir créditos en dos milveinticuatro. Esto esto representa tres punto ocho millones de dolores autorgados en beneficios a los trabajadores Y también aoramos para incrementar las pensiones estamos hablando de sientes.

Este punto tres millones de cuentas de trabajadores tanto que hoy están actiós como que no están actiós Y se espunto treinta y tres por ciento de rendimiento. Esto significa se espunto cinco de tres millones que fonon distribidos en tu hacer tres cuentas Y por su puesto en este sexenio también se puso en facismos a la verde es que tenía mos un gran problema de cartera vencida y muchos trabajadores estamos perdientes sus casas inclusive se les kitaba en la mala las bibienas a través de process hudiziales. Por que antes de este período a bien mucha corrupcion en el poder hudizial Y en ese,

en ese lápso, se cometieron muchas injusticias a los trabajadores. Todos trabajadores que tienen deudas los gramos reestructurar las deudas para que puedan pagarlas para que puedan ser creatos más accesibles. Estamos hablando de cinco punto un millones de trabajadores que fonon beneficiados con reestructuras en su crédito el infonavid representa el la ciento a quilibemos en el mercado el cinco en dayocho por ciento y con respecta la banca. Esta estamos hablando de por número de créditos,

no? Y también, esta hay cambián poco en razón de la distribución de o recurso habiente por que la vanca, presta más que no sotros, presta majores montos, sin embargos tambos casica y a la parte, que la vanca y estamos hablando de que estamos representando, casi, lo ciento y dos por ciento, del mercado total.

Las tasas de interres que hoy o fres el infonavit, la verdade es que son de las más bajas en el país, por que estamos hablando de que estamos atendiendo a trabajadores. Pobres, esto son algunos de los programas, el que más, attenio mucho exito, es por ejemplo el tercero que está quí que se llama unamos creditos, en donde dos trabajadores pueden un ir su credito para comparar una mejor casa.

Esto también forma parte de los nos creditos que su fesim, y también estamos atendiendo una parte muy importante que las mujeres, porque en mejico el mercado formal, la ventablemente esta reconstituido de más de se senta por ciento de hombres.

Y esto genera que los creditos precisamente, no se otorgena las mujeres. Por eso creamos el credito mujeres infonavit. La ciento. Muy hoy de vemente el construcción de la vivienda, depende de un de Saroyador.

No propiamente, linfonavit construy, sin embargo tene mosto de un processo de verification. Generamos algo que se llama un dictamen técnico, que el final es lo que permite financiar el credito. Sin no tiene se dictamen técnico que pasa por un processo de verificación, esté es pueden ver, tien un seguro de calidad, también en caso de un desazre cuenta con un seguro de danios, también esta perfectamente protegido el trabajador,

y en caso de que fajesiera también cuenta con un seguro de de funcio, que le permite liquidar el credito y entregarse al beneficiario familiar que en este caso herede la bibienda. Adicionalmente a esto processa verificación el infonabid cuenta también con unos polygonos estos algo nuevo que simos en este segseño, son polygonos que vamos de finiendo de cuertas siertas characteristics que tienen que ver primero porjemplo sieces polygonos cuentan cuentan con un centro de salud,



cuentan con un centro de abasto de alimentos cuentas con esta carreteras que le permitan transportar se asu trabajo, esta también que cuente con internet y esta una serie de atributos que forman parte de la vivienda de cuadas.

This is a parte de esto, nosotros tenemos criterios para definir los poligonos en dónde eva construir una vivienda, estamos poniendo orden en ese centido en el desarrollo de vivienda en el país. Y bueno adicionalmente en la vivienda cuando a curido algun de sastre a un que nese centido en la vivienda en la vivienda, un fondo en particular, cuando currenes de citaciones sia bido por parte de el conservo del ministración,

muchas de resoluciones en donde demos atendido particularmente estos desastres que ano curido tanto sismos, jubias, curacanes, y una serie de cuestiones. Y finalmente el infonavit, ba pasar a una nueva tapa, bienen una nueva tapa en México estamos seguros por que vadvenir una continuidad de la siguiente pofo, vadvenir una continuidad de en este cóbierno y vamos a pasar algo adicional que l 'infonavit,

este segsenio quisano semfoco, el infonavit, cuando nació construi a vivienda, sin embargo, por mucho tiempo se corrómpió el sistema y las viviendas las construíán a unica mente siertas organizaciones, y por eso se dejós usar ese sistema de construcción de vivienda direct, pero abor hasta plantiando se una reforma constitucional que esperamos que se aprave en los proximos meses, en donde se reforma estar título para que l 'infonavit,

Crede un sistema de vivienda, no solamente construi a sino también crede las condiciones para poder hacer casas mas baratas, casas con mejorubicadas en los centros de trabajo y también por supuesto la planificación urubana que llevana cabo los estados y los monicipos y el propio go bernofera al también bengar ticulado al desaroyo de vivienda.

Es el lo que bienes para linfonavit en el futuro y estos son algunos de los puntos que quería exponerles la raz que quiero agarcerles la invitación y so retódo que linfonavit es una institution tan fuerte que hoy tiene por supuesto no sol una fortaleza financiera cino también amigones de trabajadores que hoy gozan de recho umano.

Muchas gracias.

Thank you very much. Muchas gracias. I am conscious of time. We have eight minutes, and I don't know if there's another session, so I have lots of questions, but I think it's more important if you have questions.

We use this time for you, and do you have any question for, please raise your hand. I think there are colleagues up there with some microphones that can help us. Yeah. Thank you. No, everything super clear No Okay, I did I have a I have a question then on for All of you that are financing housing no either microfinance or more mortgage finance or Looking at the upstream like gift is trying to to think of projects Hopefully for financing no And considering we have a mayor sitting here with us What in your opinion is the most important thing that the government needs to set on the table?

For you to be able to do your job as financiers properly

I can start and please feel free to contribute. So one of the things which is very critical, presence of the local capital markets, affordable housing, you have to invest long term. So your local markets should be developed in such a manner that there are plethora of financial instruments available where investors can come in, can go out quickly.

There should be a presence of the secondary market as well. Private sector companies should be able to raise money easily. So that is one of the very critical factors. And the second thing which I would say is that also on the risk management side.

So there were few markets where we could not land through the micro build fund because we are a dollar denominated fund. And we have our own threshold written which we want to meet. And every loan is fully hedged.

So if you go to Africa and some of the markets, the currency volatility is such that the lending rate will be around 20, 25% because banks are also lending at that rate, right? So it's not a commercial viable solution.

So leveraging donor capital, the blended finance in such a creative manner that you can even prove a viability in those markets. So we had a donor who supported us with a foreign exchange facility. So instead of buying a commercial foreign exchange solution, we were relying on the donor facility.

So we were able to manage that risk. They gave us 1 million. And the concept was that if our return falls below 6.5 percentage, we'll be able to tap into that facility. But it was based on the pooling of assets concept.

So losses in one currency will be offset by gains in another currency. So we were able to lend in 10 markets. We were able to multiply that capital by 10 times. And the facility is intact. So having creative solutions around the risk management to prove the viability is also critical.

Okay, yes, please. Yeah, I mean, it's hard to come after this, and these are very important aspects. So from a government perspective, I would just say, you know, really make sure that the entire chain and ecosystem works, right?

So we discussed on the upstream side to really government support to addressing key risks like the land risk, for example. That's often a key bottleneck to getting these projects off the ground. So that needs to be addressed, making sure that you have a solid risk allocation as part of project structuring, and then looking at the viability gap for private developers for sure.

But then also making sure on the downstream finance that you actually have access to mortgage finance and instruments that allow people to buy these homes. And if they don't exist, put, as our colleague said, blending solutions into place or kind of, you know, mitigation solutions that de-risk and can bring in the necessary maturities and also affordability in terms of interest rates.

So it's not one factor. I think it's a very complex sector, and it has to be, you know, fully in place upstream, midstream, downstream.

Please.

Okay, this form I said as the government. As the policy of the government, we have a program, renovation of houses for the pool especially, and we have a subsidized program to the pool, so probably this program can be joined by the financing, by the financing.

And if you're talking about Indonesia, Indonesia was a big market, was a big market, and if you are related to the prone area, Indonesia was number second of the prone country here in the world. So I don't wanna say this is a market, I don't wanna say this is a market, but it is, it is a big market, it is a big market.

So, and I believe, I believe the government in Indonesia, fully supported for everything that we, everything that will be needed by the investors, especially about the financing. so, yeah, I'm gonna say, welcome you to Indonesia, I asked you to join to come to my country, and I want to invest everything, and I believe our government will give you a big support for that.

Thank you.

Thank you, thank you. I think from the perspective of the World Bank in our projects, I think critical aspects are from the supply side with, as you mentioned, the land and the infrastructure, particularly for the resilience of housing because if we do that right, you sort of reduce a lot of the risk, at least the risk of what we started saying, the risk that the houses, which is the most important asset that any of us will probably invest in doesn't totally get destroyed in some of the events that are more and more happening with more recurrency and they're more powerful than ever,

no? I'm going to give another chance, if there are any questions, any other comments. Yes, please change.

Thank you. I just wanted to pick up on actually one of the points you had at the end there. The critical issue of the people who most need the affordable housing don't necessarily own the land that they live on and don't have the access to land.

How in each of your cases have you addressed that within the products that you offer? And it's sort of a role that the government plays, but also how have you as financial institutions and mortgage lenders, how do you address the issue of land ownership for your customers?

Okay. Let me say in my country, we have a program say that PETA -SL, PETA -SL was a distribution of land by the government. So we didn't fight the poor people that who doesn't have a land. So we support them by giving them a land that the lands is a belong to the, it's coming from the, from the nation, it's shared to the people.

There's one of the, I mean, once the best program that's Mr. Jokowi as a president at this time, gifted people through the, the distribution of land to the poor people. Yeah.

We are working in a state of Orissa in India, so just giving an example. So our local national office, they are working with the state government and procuring the lands for families. And simultaneously, the government is also giving a minor subsidy of around \$2 ,000 so that they can undertake a home construction process.

And now we are bringing a third element, which is the gap financing from a housing finance company. So combining land, parcel from the government, subsidy, and a private sector solution, we are providing a holistic solution to the families and around 350 families have been impacted already.

So just giving you an example of a prototype.

Estadienci le tradusco la pregunta? Si quieres tú puedo, se llevo. Roquedio, la pregunta a sí tienen algun programa para la gente que no tiene acceso asuelo. Que es uno de los problemas más comunes.

No gente que no tiene... No estan tú el creatos, sí no que no tiene en asuelo. Que sí existe algo en los provitos que esta es tienen.

The next question is from Terenos. Terenos, yes, Claro. We have a new credit for the reform of the Mille Benite, which we have in this section. We have a new credit for the big one, one that will be able to earn a new credit, and the other that will be compared to this one.

It is very important to us to have this idea that we have a new credit, which is for a new constructor or a new corridor, to pass the idea that this new corridor will be planned and constructed in a new way.

It is very progressive, which will be compared to this one. We have a new credit, which we have the credit for, which will be compared to this one, which will be compared to this one, which will be, in other words, a reform of the Mille Benite, which will be compared to this one, a reform of the Mille Benite, which will be compared to this one, which will be considered the case.