

Media News Coverage

Policy Research Institution (PRI) and The International Finance Corporation (IFC) organized

Title: Final Roundtable on Affordable Housing Sector — Roadmap Development

July 27, 2022

FE The Financial Express

Affordable housing: IFC for forming committee on enabling environment

FE REPORT | Published: July 28, 2022 09:22:18



Planning Minister MA Mannan speaks as the chief guest at a roundtable on 'Affordable Housing Sector: Roadmap Development' arranged by International Finance Corporation (IFC) in collaboration with Policy Research Institute of Bangladesh (PRI) at a hotel in the capital on Wednesday — FE photo

The International Finance Corporation (IFC) on Wednesday proposed forming a 13-member working committee, comprising Prime Minister's Office (PMO) and all other stakeholders, to create an enabling environment for affordable housing.

In the last meeting of a series of meetings on affordable housing, IFC with support of Policy Research Institute (PRI) unveiled a roadmap with a number of proposals in this regard including setting up Bangladesh Mortgage Refinance Company (BMRC).

A feasible proposition will have to be developed either for setting up a new entity or transformation of existing entity- Bangladesh House Building Finance Corporation - for ensuring credit inflow to housing for the low and middle -income groups of the country, suggests IFC at the event at a city hotel.

Before the day's meeting, IFC and PRI had organised five roundtable discussions on affordable housing since October 2021 to deliberate on the key challenges and opportunities in the urban affordable housing sector in Bangladesh and subsequently identify the crucial interventions or initiatives where the World Bank Group (WBG) can jointly work with the relevant public and private stakeholders to put together the building blocks for the development of this sector.

At the sixth and final housing roundtables of the series on July 27, 2022, IFC shared the Affordable Housing Sector Development Roadmap, recommending concrete next steps to support the development of an efficient housing market in the country.

The roadmap suggested formulation of the vision under the working committee for green and resilient affordable housing.

It recommended regulations and incentives for banks, financial institutions, house builders or developers, and home-buyers with additional incentives for green affordable housing.

The roadmap also advocated designing and implementing a PPP Demonstration Affordable Housing Project on land parcels identified by RAJUK.

It also urged the government to set up a shelter fund to support private sector developers.

Speaking at the function, Planning Minister Abdul Mannan said the government, especially his ministry, is ready to extend any support to move ahead with the roadmap.

IFC Country Manager for Bangladesh, Bhutan and Nepal Martin Holtmann said IFC is supporting the project to help middle class of the country as the class comprises the ones that stabilise a country.

PRI Executive Director Ahsan H Mansur moderated the discussion.

As part of this support to the sector, IFC subscribed to Bangladesh's first-ever privately-placed housing bond by BRAC Bank Limited, investing up to \$50 million to help BRAC Bank expand its affordable housing programme.

The IFC-BRAC Bank partnership in this programme will enable thousands of low and middle-income urban families in the country to avail affordable housing loans.

Brac Bank CEO Selim RF Hussain said they are in the project not for profit but to build capability of the sector nationwide.

bdsmile@gmail.com

<https://thefinancialexpress.com.bd/national/affordable-housing-ifc-for-forming-committee-on-enabling-environment-1658978538>

The Daily Star

Bangladesh should set vision for green housing: IFC

Star Business Report

Wed Jul 27, 2022 05:57 PM Last update on: Wed Jul 27, 2022 06:26 PM



The International Finance Corporation (IFC) organised a roundtable on "Affordable Housing--Roadmap Development" at Renaissance Dhaka Gulshan Hotel on Wednesday. Photo: Star

The International Finance Corporation (IFC) today recommended that Bangladesh need to set vision for green, resilient and affordable housing.

It also stressed the need for regulations and incentives for banks, financial institutions, house builders or developers, and home-buyers with additional incentives for green affordable housing.

The IFC made the recommendations at a roundtable on "Affordable Housing— Roadmap Development" organised by the global financial institution, with the support of the Policy Research Institute (PRI) at Renaissance Dhaka Gulshan Hotel.

It also urged the authorities concerned to set up the Bangladesh Mortgage Refinance Company.

Planning Minister MA Mannan and PRI Executive Director Ahsan H Mansur were among others who attended the programme.

<https://www.thedailystar.net/business/news/bangladesh-should-set-vision-green-housing-ifc-3080966>

Published on 12:00 AM, July 28, 2022

Set a vision for green affordable housing: IFC



With the current housing prices being far above the reach of general people, the International Finance Corporation has suggested a number of measures that may help lower-and-middle-income segments afford their dream home. PHOTO: STAR/ FILE

Star Business Report

The International Finance Corporation (IFC) has recommended that Bangladesh formulate a vision for providing green affordable housing.

It also recommended forming regulations and incentives for banks, financial institutions, house builders and developers, and home-buyers with additional incentives for green affordable housing.

These suggestions came at a roundtable on "Affordable Housing – Roadmap Development", organised by IFC with the support of Policy Research Institute (PRI) at Renaissance Dhaka Gulshan Hotel.

The recommendations were included in the IFC's "Affordable Housing Sector Development Roadmap", based on the main takeaways from five roundtables organised by the international financial institution.

The roadmap suggested setting up the Bangladesh Mortgage Refinance Company.

It also stressed on the importance of designing and implementing a "PPP Demonstration Affordable Housing Project" on land parcels identified by RAJUK.

Setting up of a "Shelter Fund" to support private sector developers, and improving public land management to improve access to land for affordable housing are necessary for affordable housing, the roadmap says.

Ahsan H Mansur, executive director of the PRI, said the housing sector in Bangladesh has enormous potential to become the country's number one sector as this trend exists in most developed countries.

"To tap this potential, there should be a combined effort from stakeholders, including banks, developers, land owners and customers," he added.

Besides, many other related industries, such as cement, rod and ceramics manufacturing, would be created if the sector takes off.

"Most importantly, a large number of jobs would be created and boost the country's economy."

Earlier, IFC organised five roundtables on the key challenges and opportunities in the urban affordable housing sector of Bangladesh to identify crucial interventions or initiatives where the World Bank Group can jointly work with relevant public and private stakeholders to put together the building blocks for developing the industry.

Mansur said if the government and regulatory authorities provide adequate policy support for the sector, then millions of limited income people can get their dream home with the assistance of IFC and World Bank.

Planning Minister MA Mannan said the government is ready to facilitate the policy support for ensuring affordable homes for lower-income and lower-middle income people.

In its roadmap, IFC suggested forming a working committee with members from different stakeholder departments and organisations of the government and private sector so that the next steps as per the roadmap concurred during the sixth roundtable can be followed for actionable projects.

As a part of this support for the sector, IFC has also subscribed to Bangladesh's first-ever privately placed housing bond by BRAC Bank Limited, investing up to \$50 million equivalent in Bangladeshi taka to help the lender expand its affordable housing programme.

<https://www.thedailystar.net/business/economy/news/set-vision-green-affordable-housing-ifc-3081446?amp>

TBS Report

27 July, 2022, 09:50 pm

Last modified: 27 July, 2022, 09:52 pm

Bangladesh lags behind in ensuring affordable housing for all: Stakeholders

Currently, there is a demand of 60 lakh units of houses against an annual supply of only 31,500 units



A top shot of Dhaka city. The photo was taken from the Gulshan area in the capital. Photo: TBS

Bankers, economists and housing sector experts at a programme said that the government is lagging in housing policy compared to many countries that can ensure affordable housing for all.

"There is a need for strong government policy for housing, land price, transparency, non-digitised records and housing finance. There is also a need for a special Bangladesh Bank window to support affordable housing," they said at a roundtable discussion organised by the Policy Research Institute (PRI) of Bangladesh and International Finance Corporation (IFC) titled 'Final

Roundtable on Affordable Housing Sector- Roadmap Development' at a city hotel on Wednesday.

According to 2022 IFC data, currently, there is a demand of 60 lakh units of houses against an annual supply of only 31,500 units, of which 17,000 units are provided by the private sector. The demand will rise to 10.5 million by 2030.

To meet the increasing demand, the per annum requirement of houses is 2,49,000 units, the IFC data stated.

The data also stated that currently there is a financing requirement for 35 lakh (3.5 million) houses for which there is a potential for Tk4.9 trillion for affordable housing in Bangladesh.

The speakers urged the government to develop a policy prioritising the housing sector to ensure housing for all. They also called upon the Bangladesh Bank to take initiatives to provide long-term home loans at easy terms and conditions. Besides, the Khas lands of the government should be utilised for low-cost housing projects for the lower income group in which the private sector should come forward with investments.

In the keynote paper, Thierno Habib Hann, Global Housing Finance and Capital Markets-Asia Pacific Lead and Ayesha Baig, Senior Operations Officer, Financial Institutions Group (Upstream), International Finance Corporation, said that the government should consider subsidies for incentivising the building and financing of green affordable housing. Mortgage refinance companies (MRC) have to follow the Indian National House Building Bank's model and Bangladeshi housing finance companies can be regulated by the Bangladesh Bank under a separate regulation for housing loans.

Moreover, the government has to take initiative to ensure housing loans by SMEs and other non-banking finance institutes. Public-private partnership (PPP) model for affordable housing should be explored along with the affordable housing fund as per the experience of the Tamil Nadu shelter fund. PPP experience from other countries should be leveraged upon, they added.

<https://www.tbsnews.net/bangladesh/bangladesh-lags-behind-ensuring-affordable-housing-all-stakeholders-466390>

IFC: 50% of the population will move to urban areas by 2030

But where are they going to live? Currently, Bangladesh needs Tk490,000 crore for 3.5 million houses to be financed



Mahmud Hossain Opu/Dhaka Tribune
Meraj Mavis

July 27, 2022 8:25 PM

Due to climate change, education and employment opportunities, the population is rising in urban areas. IFC believes that this number could reach 50% of the country's total population by 2030, which is currently at 39.4%.

Of this huge population, 37% will be in the middle-income segment. But this middle-income group does not have enough opportunity to own a home in urban areas.

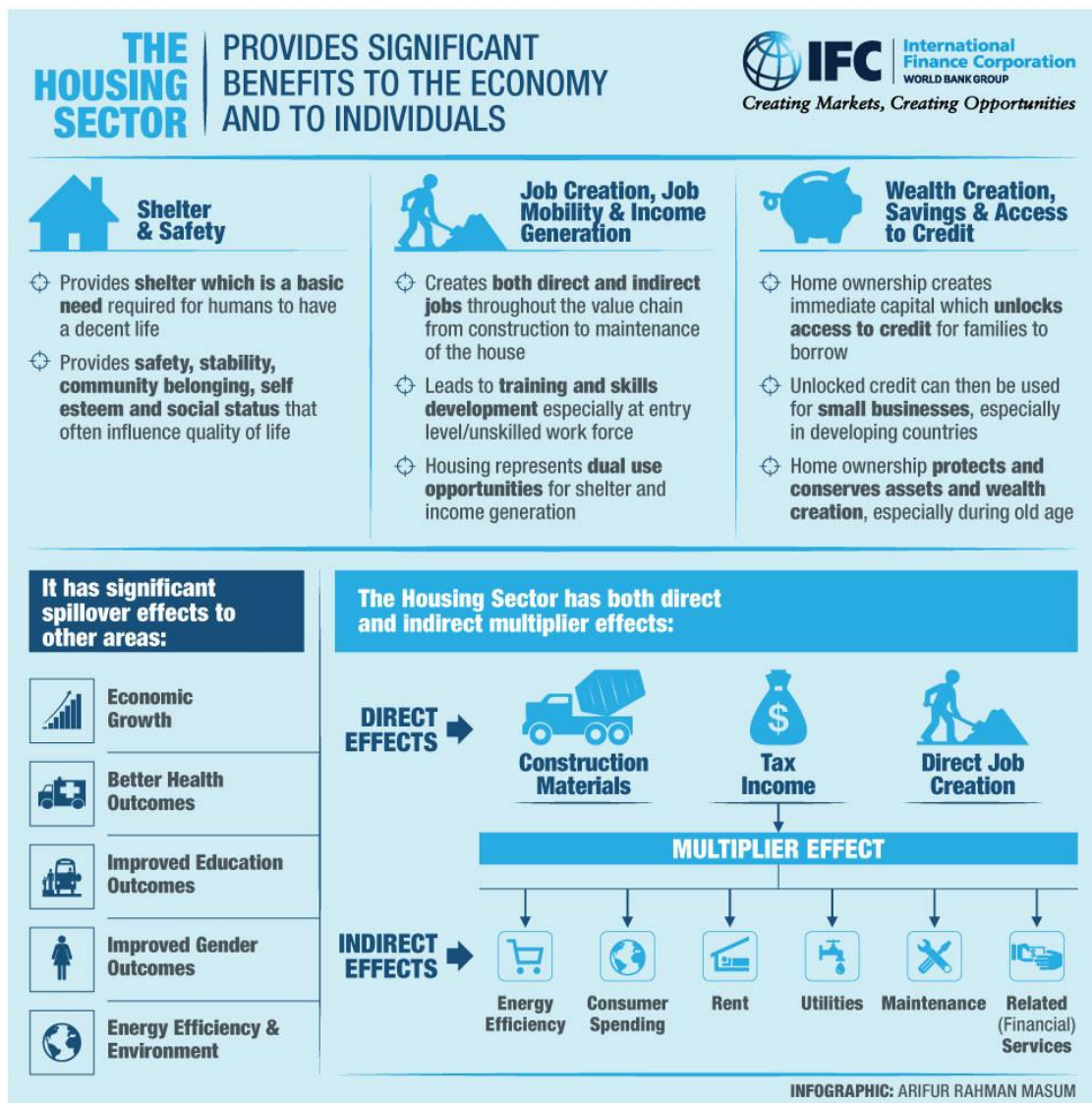
How do we solve this housing crisis? To figure this out, member of the World Bank Group International Finance Corporation (IFC), with the support of the Policy Research Institute (PRI), has organized five roundtable discussions on affordable housing since October 2021 to deliberate on the key challenges and opportunities in the urban affordable housing sector in Bangladesh and subsequently identify the crucial interventions/initiatives where the World Bank Group (WBG) can jointly work with the relevant public and private stakeholders to put together the building blocks for the development of this sector.

The sixth and final housing roundtable of the series was held on July 27 titled: “Affordable Housing Sector – Bangladesh, Roadmap Development”

Subsequently, IFC suggested forming a working committee with members from different stakeholder departments/organizations from the government and private sector, so that the next steps as per the roadmap concurred during the sixth roundtable can be followed up for actionable projects leading to investments.

As part of this support to the sector, IFC has also subscribed to Bangladesh’s first-ever privately placed housing bond by Brac Bank Limited, investing up to \$50 million equivalent in Bangladeshi Taka (BDT) to help Brac Bank expand its affordable housing program.

The IFC-Brac Bank partnership in this program will enable thousands of low and middle-income urban families in the country to avail affordable housing loans. This represents a great milestone to develop the affordable housing market and to also improve the long-term bond market in the country.



Global Housing Finance and Capital Markets-Asia Pacific Lead Thierno Habib Hann and Ayesha Baig, senior operations officer, Financial Institutions Group (Upstream) International Finance Corporation presented the keynote jointly.

They shared the affordable housing sector development roadmap, based on the main takeaways from the earlier roundtables, which recommends concrete next steps to support the development of an efficient housing market in the country.

In the presentation, they said: “50% of the Bangladesh population is estimated to live in urban areas by 2030, which now comprises almost 39.4% of the total population in urban areas. The middle-income population is expected to be 37% of the total urban population in the next five years.”

“Currently, there are around 3.5 million Type A households that require a 600 sq. ft. housing unit. The minimum cost of each housing unit is calculated to be Tk20.4 lakh (\$24,480). At Loan-to-Value ratio (LTV) of 70%, financing worth Tk14 lakh (\$16,800) is required per housing unit,” it also said.

Planning Minister MA Mannan said: “Ensuring housing for every citizen of Bangladesh is also a right outlined in the constitution. It is one of our basic needs. For this, our government is working very hard to provide shelter to everyone. One such project is the Shelter project.

“The kind of projects we are undertaking to ensure housing is insignificant compared to its rising demand. So we need to work together,” he added.

To clarify affordable housing Dandan Chen, operations manager, World Bank said: “Many here are wondering what we really mean by saying affordable houses. Let me be clear, we are not talking about affordable or comfortable accommodation here, we are talking about ownership. Where a person can afford to own a habitable house within his income.”

Ahsan H Mansur, executive director at Policy Research Institute (PRI) said: “Most of the land in urban areas is for the rich people. There is no land for the poor. Even for middle-income people, it is almost impossible to secure affordable housing in urban areas.”

“Therefore, my request would be to allocate 60-70% of the private land still available to the government in urban areas,” he said.

Selim RF Hussain, managing director and CEO of Brac Bank Limited focused on the bank financing of affordable housing. He said: “The kind of financing that is being done here from the banking sector is totally inadequate. Also, the interest rate on that loan here is very low. In most cases, this spread is calculated to be not more than 0.8%. So overall, I think, for the improvement of the housing sector, Bangladesh Bank and other sectors need more policy support.”

<https://www.dhakatribune.com/business/2022/07/27/ifc-50-of-the-population-will-move-to-urban-areas-by-2050>

BD should set vision for green housing: IFC

28 July 2022

Business Desk :

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<https://thedailynewnation.com/news/329485/BD-should-set-vision-for-green-housing:-IFC>

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<http://www.banginews.com/web-news?id=a4e4e54f52f5b992a431578633d9987120d3baeb>