

CN/000192- Housing Finance Facility (HFF)

1. Organizations and Contacts

1.1 Organizations

Organizations	Type	Project Ref. No.
Clinton Bush Haiti Fund	Foundation	

1.2 Contacts

Name	Organization	Title	E-mail	Phone
Charles Ries	Clinton Bush Haiti Fund	Executive Vice Preside	charles.ries@clintonbushhaitifund.org	1-202-457-7612

Contact(s) that has received IHRC correspondence as well as system notifications

Charles Ries (Clinton Bush Haiti Fund)

2. Project Details

2.1 Title

Housing Finance Facility (HFF)

2.2 Description

- Need to be addressed

The HFF will address the need for financial products for home and business repairs, notably for economically active poor Haitians affected by the January 2010 earthquake. While many of the families affected will need direct grant and subsidy assistance to rebuild their homes permanently, the country's financial sector has an important role to play in supporting Haitians (both in the formal and informal sectors) in their reconstruction efforts. Unfortunately, the country's already limited ability to deliver commercial housing credit has been severely diminished in the aftermath of the earthquake, and will need an important boost (both in terms of capital and capacity) during the next few years to meet the expected surge in demand from qualified households and businesses.

- Desired outcomes and objectives

The desired outcome of the HFF team is to play a vital role in long-term reconstruction efforts by providing a systemic solution to finance the construction and repair of homes. Estimated Impact over 10 years: At minimum, an estimated 40,000 people would have access to permanent housing solutions over a ten year period.

The objectives of the ten-year Housing Finance Facility are three-fold: (1) Provide Haiti's financial sector with the liquidity, guarantees and incentives needed to address the housing and small and medium enterprise (SME) repair needs of disaster-stricken populations; (2) Enable Haitian partner financial institutions (banks, MFIs and SME lenders) to design, market and launch new and affordable financial products focused on housing and SME repair; (3) Ensure the successful management of the facility over a seven to ten-year period.

- Main activities

The main activities consist in working with key Haitian financial institutions (banks, MFIs and SME lenders) by: (1) Infusing them with liquidity, guarantees and incentives for lending. (2) Providing technical assistance, on Housing microfinance loans (which will range from \$1,000 to \$5,000), Micro-mortgage loans (which will range from \$5,000 to \$25,000), and Small and Medium Enterprise (SME) repair loans (which will range from \$3,000 to \$15,000). (3) Put in place the management structure, systems and timeline needed to manage the Housing Finance Facility within the seven to ten year time-frame within budget.

- Consistency with the Haiti Action Plan for National Recovery and Development.

The HFF is aligned with the Haiti Action Plan for National Recovery and Development, which states that the absolute priority (...) is to respond to the needs of disaster-stricken populations (Section 4.3 page 32). This program directly responds to the needs of said populations by providing a systemic solution to finance the construction and repair of homes and businesses.

2.3 Project URL

<http://www.developinnovations.com/housing-finance-facility.aspx>

2.4 Schedule

Start Date	End Date	Duration

01-Dec-2010

30-Dec-2020

120 months 29 days

3. Pillars and geographic locations

3.1 Primary Pillars

Pillar	Sub-sector	%
Economic Rebuilding	Finance and investment	100.00
Unallocated		0.00

3.2 Linkages (Secondary Pillars)

Pillar	Sub-sector
Territorial Rebuilding	Other(Housing)

3.3 Geographic Locations

Department	Arrondissement	Commune	%
Ouest (Port-au-Prince)	Port-au-Prince Arrondissement		100.00
Unallocated			0.00

4. Project Components and Outputs

4.1 Project Components

No.	Component
1	Loan capital (including first loss) \$40 million
2	Management and technical assistance over 10 years \$7 million

4.2 Project Outputs

Key Output	Location	Year 1	Year 2	Year 3	Year 4	Year 5	Target
Number of houses built	Ouest (Port-au-Prince) Port-au-Prince Arrondissement	1,000	1,500	2,000	2,500	1,000	8,000
Number of loans provided to small business (loan IDR 5-50 million)	Ouest (Port-au-Prince) Port-au-Prince Arrondissement	250	375	500	625	250	2,000
Number of Microfinance institutions supported/established.	Ouest (Port-au-Prince) Port-au-Prince Arrondissement	2	2	3	3	3	13
Number of monitoring arrangements developed to ensure compliance with relevant standards and guidelines	Ouest (Port-au-Prince) Port-au-Prince Arrondissement	3	5	6	6	7	27
Number of organization (CSO/CBO/NGO) received	Ouest (Port-au-Prince) Port-au-	5	10	10	3	3	31

capacity building	Prince Arrondissement							
Number of people served	Ouest (Port-au-Prince) Port-au-Prince Arrondissement	5,000	7,500	10,000	12,500	5,000	40,000	

4.3 Results and Success Indicators

Success Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
1000 Micro-mortgage loans disbursed	125	188	250	312	125
2000 Small and Medium sized enterprise repair loans disbursed	125	375	500	625	250
31 Institutions (banks and MFIs) receiving technical assistance	5	10	10	3	3
5000 Housing Microfinance loans disbursed	625	938	1,250	1,562	625
8000 homes built or repaired	1,000	1,500	2,000	2,500	1,000

4.4 Data methods to verify success indicators

The main data sources to verify the success indicators are:

- Randomized household and business surveys
- Onsite inspections and reports from trainers
- Loan guarantee documentation endorsed by finance facility

5. Financial Information

5.1 Please advise whether this is an on-budget or off-budget project

Is this project included in the Government of Haiti's budget? - No

Is this project funded by Government of Haiti? - No

5.2 Will this project be seeking funding from the Haiti Reconstruction Fund? (more information on the HRF can be found on the IHRC website)

Yes World Bank

5.3 Project Cost

Note that the years are automatically generated based on the start and end dates specified in section 2.4.

Implementation Years	Currency	Rate to 1 USD	Cost	Cost(USD)
Total	USD	1.0000	47,000,000	47,000,000
2010			40,700,000	40,700,000
2011			700,000	700,000
2012			700,000	700,000
2013			700,000	700,000
2014			700,000	700,000
2015			700,000	700,000
2016			700,000	700,000
2017			700,000	700,000
2018			700,000	700,000

2019			700,000	700,000
2020				
Unplanned			0	

5.4 Commitments and Disbursements

Funding Source Funding Agency	1st Level Implementer	Type	Commitment (USD)	Disbursement (USD)
<input checked="" type="checkbox"/> Other Clinton Bush Haiti Fund	Clinton Bush Haiti Fund			3,000,000
TOTAL			3,000,000	

6. Impact Assessment

6.1 Contribution to Haiti's social and economic development

a) Number of local workers that will be employed in this project and progress made to date:

	Number of local workers	Percentage of local workers
Planned	150,000	99

b) How will the project use Haitian sourced goods and services and progress made to date? How will the project create additional capacity for the Haitian economy and progress made to date?

As borrowers access the Housing Finance Facility and begin rebuilding their homes and places of business, the demand for Haitian-sourced goods and services will increase. The multiplier effect of the economy will be large, most evidently in the form of job creation: for individuals and businesses in the construction arena (we project, conservatively, 15 workers per loan made), as well as those employed by the thousands of small and medium size businesses that will have a chance to rebuild and re-open. Additional capacity will be built mostly in Haiti's financial sector. Banks will benefit from technical assistance to invest in micro-mortgages and in other asset-backed housing finance services. MFI's and SME lenders will also be trained. DIG's housing micro-finance experts, who have been teaching courses in the subject and training bank staff for decades on all phases of new product development will ensure that the capacity building work yields tangible results for the country's working poor.

6.2 Contribution to equality

a) Does this project target vulnerable groups (e.g. people living in poverty, people with disabilities etc.)

<input checked="" type="checkbox"/> Yes	No	Describe the target group	
		Describe how the target group participated or will participate in the project consultations	The project targets, as its main beneficiaries, families that have been displaced or whose housing has been severely affected by the earthquake, including notably families living in the ad hoc camps.
		Describe how the target group will benefit from the project results	The design of the housing instruments will be undertaken in consultation with target group representatives. The economically active poor will have new opportunities to finance rebuilding or purchase of residential housing.

b) Does this project take measures to promote gender equity?

<input checked="" type="checkbox"/> Yes	No	Describe how gender equity was considered or will be considered in the project consultations	
			The project recognizes that heads of households need to be the primary target for the underwriting of housing loans. Many targeted household are headed by working mothers. All efforts will be undertaken to ensure that housing microfinance, micro-mortgages and SME business repair loans adequately identify heads of households when they happen to be women, and design the products in such a way that they encourage and enable women to apply and, if credit-worthy, secure the needed housing finance service.

Describe how the project will ensure gender equity in the results and progress made to date

c) Has a gender analysis been conducted?

Yes No Describe how the project design was changed to take into account the results of the analysis

d) Does this project take into account specific needs of children and young people?

Yes No Describe the group of children and young people that will benefit from the project results Households in the affected areas (and in Haiti in general) are multi-generational. The project, by focus on providing solutions for the household unit, ensures that these two groups become primary beneficiaries of future housing loans.

Describe how children and young people or their carers participated or will participate in the project consultations As per 6.2(a).

Describe how children and young people will benefit from the project results As per 6.2(a).

6.3 Sustainability Assessment

This project will be financially sustained by ensuring that all components are implemented on a financially viable and fiscally responsible basis. We will seek to make funding available to local financial partners at a rate of around 5%, allowing these institutions in turn to offer the products to clients at extremely competitive rates. The facility manager will not receive any fee beyond the basic TA and management costs unless funds are actually accessed by partner institutions, incentivizing the manager to ensure an efficient utilization of the funds in the facility. Technical assistance will be needed to help Haitian partner banks design and market these new financial products, and manage the facility. As envisioned, these costs could be shared between CBHF and IHRC (\$2 million from CBHF and \$5 million from IHRC).

6.4 Environmental Assessment

Please describe the measures taken to ensure that the project has a positive impact on the environment. If relevant, please specify how the project might negatively impact the environment, how you plan to measure and mitigate this impact and progress made to date.

Environmental assessments will be conducted as part of a program entitled "Emergency Community Assistance and Planning" or ECAP, a USAID-funded program implemented by Habitat for Humanity International, and the Development Innovations Group. DIG will share risk mapping reports generated under the ECAP Program with the HFF investors, to ensure that HFF borrowers only built in safe areas.

7. Line Ministry and Government of Haiti Involvement

7.1 Required Approvals

CIAT: Gerald Jean-Baptiste and Rose May Guignard

7.2 Line Ministry Involvement

Which Ministries or other offices of the Government of Haiti are you in touch with?

CIAT, Office of the Prime Ministry

Please provide the names of your contacts within the Ministries or other offices of the Government of Haiti

CIAT: Gerald Jean-Baptiste and Rose May Guignard
Central Bank of Haiti: Charles Castel, Governor
Office of the Prime Minister: Leslie Voltaire, adviser

8. Local Community Support

8.1 Local Community Support

Involving communities in decision-making processes is key to CBHF and its partners. The housing micro-finance products will be developed and fine-tuned based on extensive surveying and focus groups with targeted populations (especially economically active poor Haitians).

9. Monitoring Process

9.1 Anti-corruption mechanism

Robust anti-corruption mechanisms will be put in place during the first month of the program, and will be implemented throughout the 10 year duration of the facility. On behalf of USAID and of the French Development Agency, DIG, the facility's manager, has conducted several anti-money laundering missions specifically focussing on microfinance programs and in places as diverse as the West bank, Kenya and Nigeria. This experience and best practices in that field will be applied to the Housing Finance Facility. Furthermore, the program will be audited on an annual basis and the findings from the audits will be available to the investors and to the IHRC. Finally strict internal control procedures, covering overall operations, credit operations, financial management, and procurement will be developed and strictly enforced throughout the 10 year period of performance of the facility.

9.2 Project monitoring process

Loan approval documents from banks and reports on training sessions conducted will enable the team to monitor progress.

10. Obstacles/Constraints

10.1 Obstacles

Bottleneck	Description	Organization/person that could address the bottleneck	Specific requests to IHRC in addressing the bottleneck
15. Other		<p>The main obstacle to success is the capability of financial sector institutions to develop appropriate services envisioned for the facility (housing microfinance and micromortgages in particular). Technical support in product design and operations management support will be critical in the first few years to mitigate this risk. Another obstacle is that demand peaks for the first three years and subsides in later years as families recover from the earthquake effects. The ability to manage liquidity and reflows in a manner that maximizes fund utilization will be a critical component of facility design. Finally, the specific use of micro-mortgage component of the facility will depend in great part on the the availability of</p>	

"mortgageable" properties in the \$10,000-\$25,000 range. Should these properties (as are being planned) fail to materialize in sufficient scale, more of the facility will have to be absorbed by housing microfinance and SME premises repair.

11. Notes and Attachments

11.1 Notes / Comments

Update
January 28, 2011:
In response to IHRC Comments and Criteria received, we add under "uploaded documents" a new document entitled "Addendum to CBHF Submission CN 00192." This document also includes the response to questions and comments raised by the World Bank.

As set out in the attached Concept Note, CBHF's commitment of \$1m for first loss and \$2 million for technical assistance and management expenses for this facility is complemented by a commitment of \$34 million loan capital from the U.S.

11.2 Uploaded Documents

[Housing Finance Facility for Post-...](#) (doc, 485KB)

uploaded by Charles Ries on 24-Sep-2010 14:19

[Addendum to CBHF Submission](#) (docx, 41KB)

Comments on how the mortgage finance facility addresses defined IHRC criteria, response to comments received Secretariat, and full text of responses to questions from the World Bank Group.

uploaded by Charles Ries on 28-Jan-2011 15:15

11.3 Uploaded Photos

Overseas
Private
Investment
Corporation.
Realization of
the facility,
and its rapid
roll-out to
scale,
depends on
the requested
matching
contribution of
\$10 million
from the
Haitian
Recovery
Fund, \$5
million for the
first loss
tranche and
\$5 million for
funding of
management
expenses and
technical
assistance for
the rest of the
anticipated 10
year of the
facility.

12. Project History

12.1 User Activity Log

	Name	Organization	Date/Time	Username
Modified	Charles Ries	Clinton Bush Haiti Fund	28-Jan-2011 15:20	charles.ries@clintonbushhaitifund.org
Modified	Charles Ries	Clinton Bush Haiti Fund	12-Oct-2010 06:12	charles.ries@clintonbushhaitifund.org
Created	Charles Ries	Clinton Bush Haiti Fund	24-Sep-2010 10:39	charles.ries@clintonbushhaitifund.org

12.2 Project State Log

State	Action	IHRC Comment	Organization	Action Date
Under Submission	Submit to Approval		Clinton Bush Haiti Fund	12-Oct-2010, 06:12
Under Review	Request for Resubmission	De-classified on Friday, January 28, 2011 per Sector Lead request.	IHRC Administrator	28-Jan-2011, 05:03
Request for resubmission	Submit to Approval		Clinton Bush Haiti Fund	28-Jan-2011, 15:20