



Pakistan Housing Finance Project (P162095)

SOUTH ASIA | Pakistan | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 5 | ARCHIVED on 10-Nov-2020 | ISR43120 |

Implementing Agencies: Islamic Republic of Pakistan, PMRC, Ministry of Planning, Development & Reform, Naya Pakistan Housing & Development Authority

Key Dates**Key Project Dates**

Bank Approval Date: 29-Mar-2018

Effectiveness Date: 25-Jun-2018

Planned Mid Term Review Date: 01-Apr-2021

Actual Mid-Term Review Date:

Original Closing Date: 30-Jun-2023

Revised Closing Date: 30-Jun-2023

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective is to increase access to housing finance for households, and support capital market development in Pakistan.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name
Support to PMRC in Strengthening its Capital Base:(Cost \$60.00 M)
Supporting Expansion of Mortgage Loans:(Cost \$80.00 M)
Capacity Building for Housing Policy and Analytics:(Cost \$5.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

The Project has been progressing well and has been fully disbursed.

The development objective of this Project was to increase access to housing finance for households, and support capital market development in Pakistan. This was achieved by filling a key gap in the long-term finance market through the establishment of PMRC. The Project provided subordinated debt (USD 60 million) to operationalize the PMRC by building up its minimum capital requirements and providing lines of credit (USD 70 million) to encourage mortgage lending to low- and middle-income households. The SBP gave PMRC five years to meet its minimum capital requirements; but through the design of this Project and PMRC's effective business model, it has been able to meet its minimum capital requirements (PKR 6 billion) within two years and has also built sufficient reserves to ensure on-going sustainability. The World Bank Group has taken a holistic approach in developing Pakistan's housing finance ecosystem, including efforts to crowd-in private investment, as such, the International Finance Corporation (IFC) which has also committed to make an equity investment in PMRC whereby it will hold a 12 percent stake in the company. The lines of credit have been passed onto eleven banks (including two Islamic banks), two micro-finance banks and one micro-



finance institution. PMRC undertook its first capital market transaction in March 2020, and its second bond issuance (which will be a sukuk), will take place before the close of this year. As such, PMRC is also successfully leveraging the capital markets to raise funds for housing, which will become increasingly important as the commercial banks scale up their mortgage portfolios to meet the housing finance targets recently announced by SBP (5 percent of total private sector credit for all banks by December 2021). The team is also exploring opportunities to assist the GoP in meeting the demand side needs of the Naya Pakistan Housing Program (NPHP). For this, the team is working with the Government to develop a potential program of support that provides market-based solutions to increase access to affordable housing finance, particularly for the beneficiaries of NPHP. Any further assistance on housing finance will be market based and will aim to limit the fiscal exposure of the Government. While the World Bank and the GoP are still in an exploratory phase, such a program could potentially include de-risking instruments to increase the access to finance for low- and informal-income groups (through a scale up of the RSF) and additional lines of credit to bring down the end-user rates of mortgages (this will not only increase affordability but will also help to alleviate the fiscal risks of the interest rate subsidy program). In addition to this, the World Bank can support the Government to develop further subsidy instruments to increase the affordability of NPHP housing units for the most economically fragile and can also develop tools to bring down the end user rates of micro-finance banks (who remain the most viable lenders to the lower and informal income groups). All these options are under discussion with GoP.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	☐ Substantial	☐ Substantial	☐ Substantial
Macroeconomic	☐ Moderate	☐ Moderate	☐ Moderate
Sector Strategies and Policies	☐ Substantial	☐ Moderate	☐ Moderate
Technical Design of Project or Program	☐ Moderate	☐ Moderate	☐ Moderate
Institutional Capacity for Implementation and Sustainability	☐ Substantial	☐ Moderate	☐ Moderate
Fiduciary	☐ Moderate	☐ Moderate	☐ Moderate
Environment and Social	☐ Moderate	☐ Moderate	☐ Moderate
Stakeholders	☐ Substantial	☐ Moderate	☐ Moderate
Other	--	☐ Moderate	☐ Moderate
Overall	☐ Substantial	☐ Substantial	☐ Substantial

Results

PDO Indicators by Objectives / Outcomes

To increase access to housing finance for households and Capital market development in Pakistan

► Number of Total Mortgage Loans Refinanced by PMRC (Number, Custom)

Baseline

Actual (Previous)

Actual (Current)

End Target



Value	0.00	636.00	4,160.00	15,400.00
Date	30-Dec-2016	31-Oct-2019	15-Oct-2020	30-Jun-2023
► Number of Total Outstanding Mortgage Borrowers (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	60,000.00	59,423.00	58,620.00	150,000.00
Date	30-Dec-2016	31-Oct-2019	30-Jan-2020	30-Jun-2023
Comments:	State Bank Quarterly Housing data, this is the most data it has published.			
► Percentage of Outstanding Women Mortgage Borrowers Refinanced by PMRC (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.21	19.00	10.00
Date	30-Dec-2016	31-Oct-2019	15-Oct-2020	30-Jun-2023
Comments:	Based on PMRC June 2020 data which indicate 4160 loans were refinanced. Out these loans 803 for women mortgage borrowers.			
► PMRC bond issuance volume (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	5,900,000.00	261,000,000.00
Date	15-Jun-2018	31-Oct-2019	15-Oct-2020	30-Jun-2023

Intermediate Results Indicators by Components

Support to PMRC in Strengthening its Capital Base				
► Amount of PMRC-Refinanced Mortgage Loans (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	20,267,000.00	70,500,000.00	400,000,000.00
Date	30-Dec-2016	31-Oct-2019	15-Oct-2020	30-Jun-2023
Comments:	From PMRC June 2020 reporting. It indicated total refinanced loan value is PKR 11.8 billion. Applying an exchange rate of PKR 168/USD the value is USD 70.5 million.			

Supporting Expansion of Mortgage Loans



► Number of Mortgage Loans of PKR 3 million or less (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	583.00	3,959.00	5,000.00
Date	01-Jan-2018	31-Oct-2019	15-Oct-2020	30-Jun-2023
Comments:	From PMRC data reporting			
► Direct project beneficiaries that feel that project investments reflected their needs (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	30-Dec-2016	31-Oct-2019	31-Oct-2019	29-Dec-2023

Capacity Building for Housing Policy and Analytics				
► New low income strategy prepared and adopted (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Dec-2016	31-Oct-2019	31-Oct-2019	30-Jun-2023

Performance-Based Conditions

Data on Financial Performance

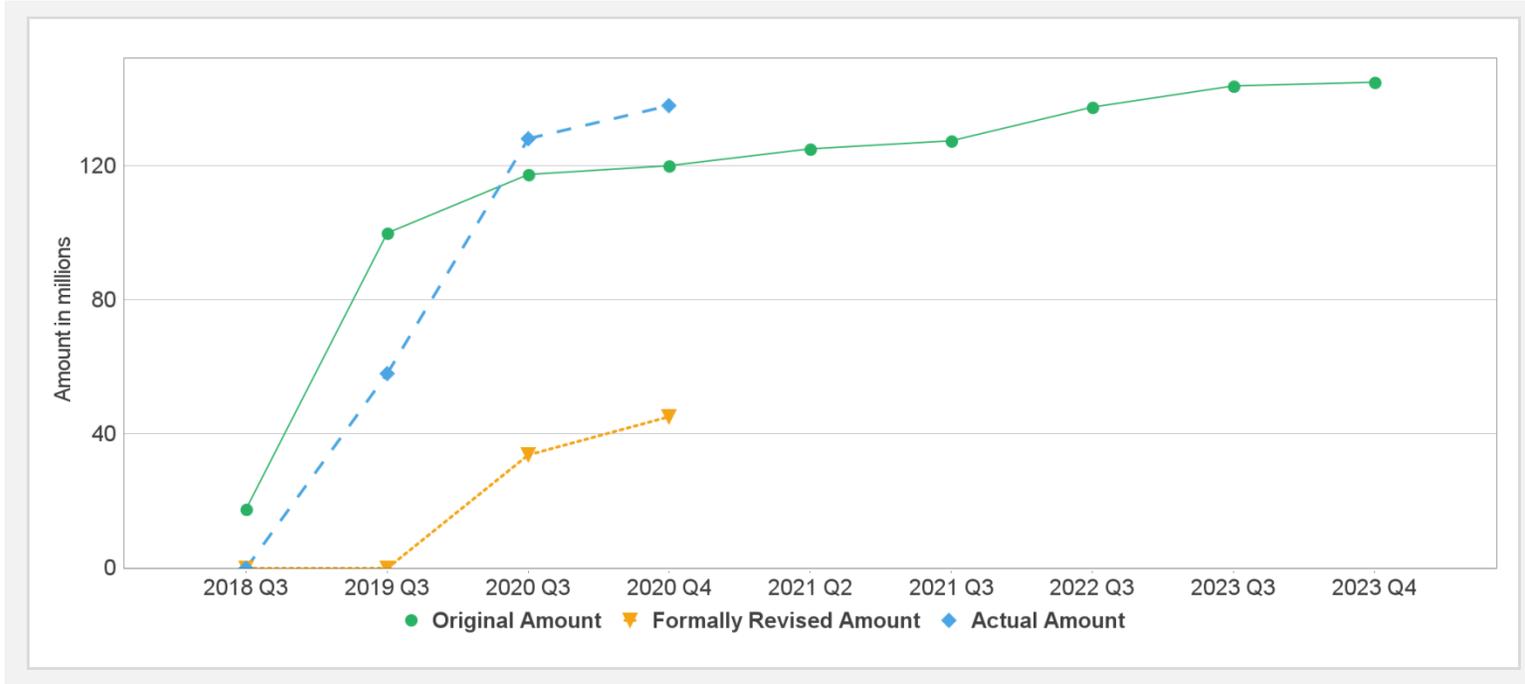
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P162095	IDA-62070	Effective	USD	145.00	145.00	0.00	138.04	0.58	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P162095	IDA-62070	Effective	29-Mar-2018	14-Jun-2018	25-Jun-2018	30-Jun-2023	30-Jun-2023

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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Restructuring History

There has been no restructuring to date.

Related Project(s)

P172581-Pakistan Housing Finance: Additional Financing