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## Low Cost Housing

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# Program

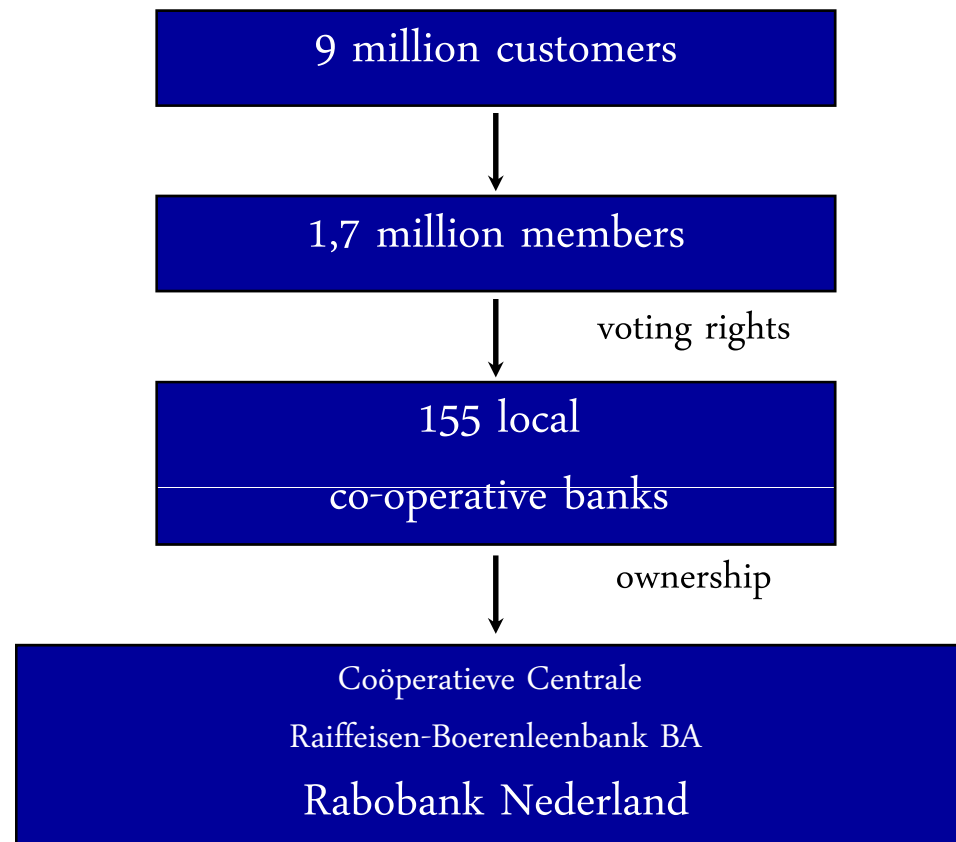


- Introduction
- Rabobank
- Low Cost Housing
- New Issue for Rabobank?

# A customers' bank



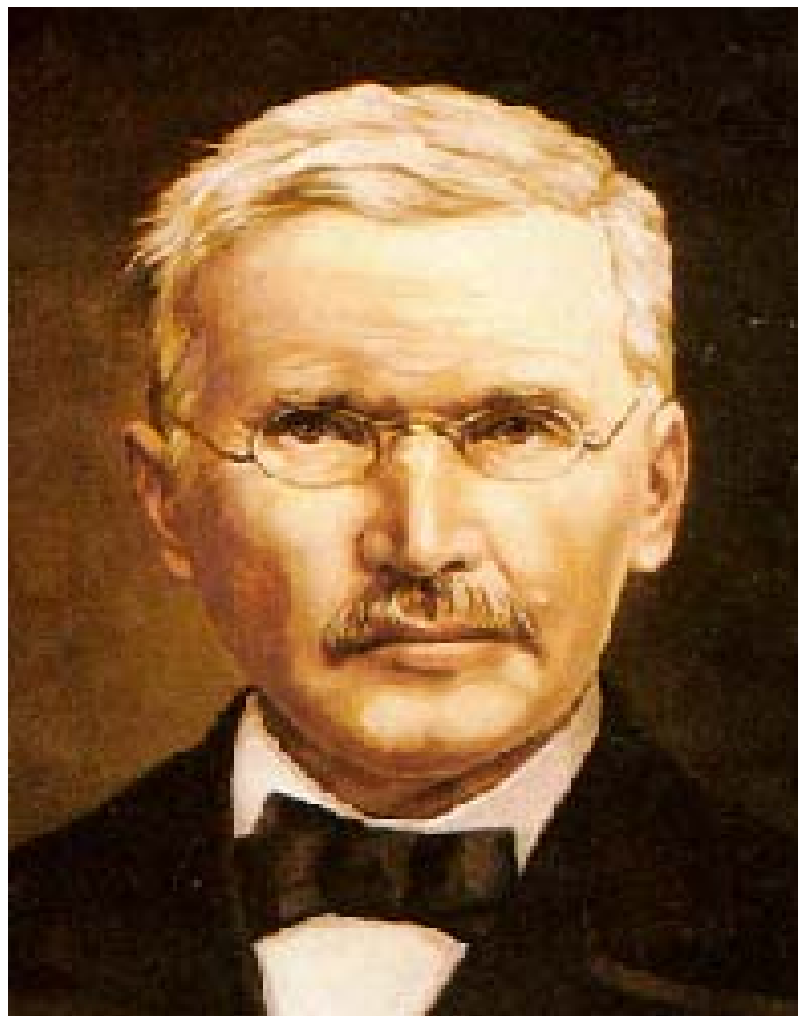
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# Co-operative Bank



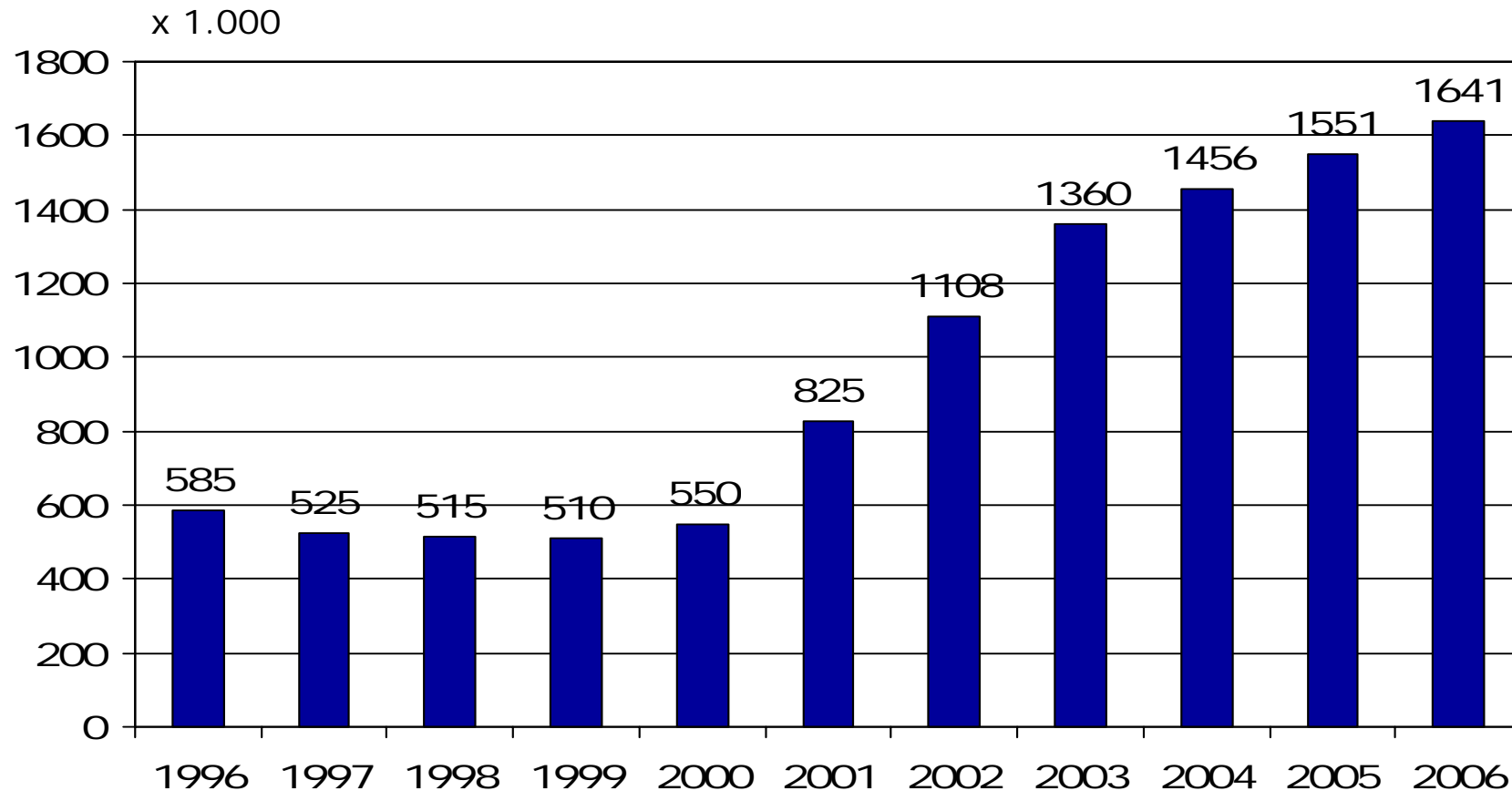
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9 mio clients/1.7 mio members  
25 % market share, Food and  
Agri bank in 45 countries , AAA



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Rabobank Foundation in 25 countries and Rabobank Development (participations in banks) in 10 countries.



# So .....Rabobank's origin... Learn from the past ?



- Late 19th century agricultural crisis in Europe
- Farmers and SME's in rural areas had no access to credit
- Local communities organised their own co-operative banks
- A central bank was founded by the local Rabobanks, which was the beginning of an efficient network organisation



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# Low Cost Housing

A bankers issue like it was ...



Only for bankers ?



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# Reasons to finance housing

- 1/6th world population: bad housing conditions
- Shelter creates safety and health
- Positive effect on labour force
- Housing is a personal investment (collateral)
- A house can be a workshop
- Building of houses creates local employment



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# Financial Issues

- Most houses informally financed (family, friends, loans from employer or credit union)
- Formal financing difficult (no land titles, no steady income, no formal information)
- Building for – and financing of - upper-class clients is commercially more attractive
- Mortgages means long-time commitment (in sometimes unstable countries)
- Local interest rates (20-30%) are unaffordable



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# Facts and figures

- Some 10 Dutch housing corporations are active abroad
- Formally not allowed by Dutch government
- 20% of new houses is for low-end users (partly paid by sale of property)
- Difficult to finance on commercial terms
- Most corporations are CSR-motivated
- Most other projects based on grants (e.g. Habitat for Humanity)
- Commercially acceptable projects only for “middle class” employed people (FMO)

# Example: Municipalities of Utrecht – Leon (Nicaragua)



- Dutch housing corporation supports loan to DIGH (Dutch International Guarantees for Housing)
- Local housing corporation builds (2100) houses (for 11350 persons), including sanitation and electricity
- Only fixed income earners
- Municipality of Utrecht for technical advice
  
- Local corporation : totally dependent on Dutch money and expertise ??
- What if people can't fulfill payment obligations?



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# Conclusions

- CSR important element, but:
- Housing can't be free
- Integrated approach (economic development, jobs, community building) required
- Other experts needed (land administration, building societies, etc)
- Some countries easier than others (South Africa)
- Improvement of existing houses priority?
- Affordable mortgages through soft loans from abroad

# Possible role of Rabobank

(leading position in Dutch mortgage market)



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- Expert advise to local government, banks and corporations (Rabo Bouwfonds, Rabobank Mortgages, etc)
- Rabobank could lend money to local corporations, under guarantee by Dutch corporations
- Stimulating economic development (SME expertise)
- Local Rabobanks and their clients may sponsor specific products or projects.
  
- Introduce new concepts in combination with existing projects ?

# In conclusion: Housing and Rabobank



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Safety, quality of life,  
better future