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Presentation

HOUSING AND REMITTANCES: A MECHANISM OF POVERTY REDUCTION?

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Housing and Remittances A Mechanism of Poverty Reduction?

By:

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The ADB's Overarching Goal: Poverty Alleviation

Urban Poverty Reduction – the forgotten majority

Urbanization in Asia – the imperative for wealth creation, achievement of the MDGs, and rural advancement

Sector Trends and Conditions

KEY GLOBAL URBANIZATION INDICATORS – (UN, 2001)

✉ Half of world will be urban in 2007

- 1950 – 30%
- 2.9 billion in 2000 – 50%
- 5 billion by 2030 – 60%

✉ An unstoppable phenomenon

✉ Rapid urban growth in developing world

- 0.5% in developed world; 3.0% in developing world
- 75% urban in developed world in 2000; 84% in 2030

✉ Growing urban poverty in the developing world

- Nearly 30% live below official poverty lines
- Many in crowded, unserviced slums





Remittances in Selected Countries

No	Country	Remittances (UD\$ billion)
		2003
1	India	17.4
2	Mexico	14.6
3	Philippines	7.9
4	China	4.6
5	Pakistan	4.0
6	Morocco	3.6
7	Bangladesh	3.2
8	Indonesia	1.5
9	Thailand	

Amount of Housing Investment

	Country	Remittances 2003 \$billion	Percent housing investment	Total Investment \$ billion
1	India	17.4	30%	5.22
2	Mexico	14.6		
3	Philippines	7.9	15%	1.185
4	China	4.6		
5	Pakistan	4.0		
6	Morocco	3.6		
7	Bangladesh	3.2	42%	1.344
8	Indonesia	1.5	16%	0.24
9	Thailand		34%	

Indian Financial Institutions and Housing

Well integrated on websites

- international banks (HSBC)
- state banks (State Bank of India)
- private banks (Bank of Punjab)

Low transactions cost

Well educated diaspora

Range of Products/ opportunities

Philippine Financial Institutions and Housing

Mainly informal or government introduced by Overseas Workers Welfare Administration and others

Major programs

Pag-IBIG Overseas Program (POP)

= \$12 million

Social Security Service Direct Housing Loan Facility

Philippine National Bank Own a Philippine Home Loan Program

Higher transaction costs (in some countries)

Range of skill levels (range of investment capacities and needs)

Housing and Remittances – Broader Issues

Economic Efficiency

- ‘overinvestment’

Multiplier effects (1.3 for housing)

Mechanisms

- Accessibility
- Lack of infrastructure
- Distortion of Real Estate Markets
- Alternative Investments
- Legal Framework



The End