Introduction

There have been numerous publications focusing on the evolution of development Banks and Housing finance system. These are challenges for developing activities relating to infrastructure and housing in emerging economies. We wanted to share with you the experience and practices of housing and financial services in the emerging markets. The data have been collected over lengthy period of time with an objective to produce a document that can fill some of the knowledge gap in this important area of development that is urgently needed to satisfy the need of millions of people who need these facilities the most.

This report "role of Development banks in the economy" with data compiled by Mrs. Sabah Almoayyed, General Manager and Board Member of Eskan bank, and Mr.Thomas Desouza, Head of Projects and Quality, is a contribution to put together the successful development and Housing experiences to assist decision makers and researchers by looking at them.

Central to the success of such entities at the time of their creation is typically the preferential regulatory treatment they receive and their lower capital procurement Costs.

Development Banks:

Development banks are state backed financial institutions usually established to provide a source of long-term financing to industries deemed important to economic development but which might not otherwise be funded by the private sector. They may also serve to finance other projects consistent with state policies

Development banks serve as instruments of public policy. In contrast to private banks licensed under a general banking law, development banks are typically established through separate legislation with the mandate to prioritize the financing of projects that yield substantial economic, social and environmental benefits but which might otherwise not be undertaken by the private sector. Such banks are thought to generate a multiplier effect in early stages of the development process, financing projects that yield substantial public benefits. Central to the success of such entities at the time of their creation is typically the preferential regulatory treatment they receive and their lower capital procurement costs. Development Banks besides providing direct loans also extend economic assistance by way of underwriting and direct contribution and by issuing guarantees.

History of Development Banks:

The rapid industrialization of Continental Europe in the 19th century was accompanied by the emergence of large financial institutions that are concerned with the provision of long term loans. The existing commercial banks were unable to provide industry with long-term finance for two main reasons. Firstly, they were unwilling to bear the inevitable risks associated with the financing of new enterprises. Secondly, they lacked the specialized skills required to deal with the higher risk related to long-term investments. Hence, given the scarcity of private provision of long-term finance, many of these new large financial institutions were sponsored by national governments.

As well, after the World War I, the need for reconstruction stimulated the development of state-backed financial institutions. The involvement of banking systems in the industrialization of Europe during the previous century spread to other European countries such as Belgium, Poland, Finland, Italy and Hungary. Aware of the fact those financial institutions can play a proactive role in financing development; these banks also successfully functioned as catalysts for industrialization. As the reconstruction proceeded, the institutions were assigned with the role of providing long-term finance to relatively new industrial sectors, such as iron, steel and shipbuilding as required for rapid development. All the cost of the projects was shouldered by the state itself. State support took the form of share capital provision, cheap loans, and the provision of state-guarantees to bond issues of these institutions, or a combination of the three. The notion of development banking structure was also adopted by Latin Americans during the Great Depression years of the 1930s.

The demands for reconstruction after the World War II triggered another wave of state-sponsored financial institutions. The German Kredintaltanlt fur Wei-darufban (KfW) and the Japan Development Bank (JDB) are the two major examples. Although they originally intended to channel external funds for reconstruction, these institutions later evolved to long-term financial institutions.

After the World War II, many less developed countries also adopted the development bank scheme to administer and channel World Bank loans and to provide long term finance to newly created industrial enterprises. Unlike their predecessors, the majority of the post-World War II institutions were entirely state-owned and in this period, state acted as a catalyst and a coordinator and directed many economic activities via development banks. These

The loans provied by these developement banks were small in quantity but its importance vis-à-vis qualitative contributions were praiseworthy.

banks played a crucial role in the dissemination of financial expertise in the new industries in periods of scarcity of capital and skill. The loans provided by these development banks were small in quantity but its importance vis-à-vis qualitative contributions were praiseworthy. Their distinctive feature that separates them from other banks was their strategic decision-making in when and whom to support.

Currently, there are over 550 development banks worldwide. Development banking activities have remained crucial in many countries, yet, their functionality has developed under different forms since the 1980s. Nowadays, development banks have been seeking opportunities to diversify their resources and in parallel they are actively tapping capital markets to use international capital. They are mainly funding small to-medium enterprises (SMEs) ,and Housing Infrastructure in developed countries, but their traditional role of bolstering heavy industries still goes on in developing/emerging countries. Besides their funding operations, they concentrate on consulting services like feasibility reports, technological consultancy etc.

Why Development Banks?

In sum, development banks did not only provide financial support to the newly industrialized society, but also contributed to the well shaped distribution of capital in the societies by channeling their funds to the underdeveloped parts of the countries where commercial banks and other financial institutions were not eager to work. Their main objective by acting so was to promote productive investment in needy areas through technical assistance.

The activities of development banks target those that have difficulty in gaining access to private financial markets, namely SMEs, agricultural sector, environmental projects and activities related to technological innovation. That is because they have higher intermediation costs and less diversified risks than those of large corporations. Within this streamline, development banks have been influential in balanced distribution of capital and have provided technical support to the less developed parts of the countries.

So the effectiveness of development banks is also an indicator of the balanced distribution of capital and poverty reduction endeavor in that country. Although the 1980s and 1990s witnessed financial liberalization in many parts of the world, the structure of development banking has not lost its vividness. In the post-1980 period, the decline in preferential credits to prioritized sectors coupled with the backwardness in capital markets particularly in developing countries exacerbated the need for financial intermediation of long-term financing. As will be discussed below, development banking as a notion has evolved in diversified directions in different countries but never lost its dynamism.

The Objectives of Development Banks:

The main objectives of the Development Banks may be:

- **Appraising** the economic and social development impacts of projects looking for financing;
- **Accompanying** investors over the long run through long-term loans;
- **Attracting** investors by playing a role of catalyst for financing operations;
- **Assisting** sectors that are essential to growth through technical assistance;

Technical assistance is an increasingly important part of activities of development banks to support the productive sector and foster export industries.

- **Alleviating** the negative impact of financial crises through counter-cyclical financing by offering loans even during downturns and by pooling efforts with regional financing institutions.

Action	Target	Mechanism
Appraise	Projects	A unique characteristic of Development Banks (DB) is that they consider the financing opportunity of projects not only by taking into account financial returns, but also economic and social development impact.
Accompany	Investors	By providing long-term financing, national development banks are a key elements in the providing of capital resources for projects on long time spans, up to 20 or 30 years, required for infrastructure projects.
Attract	Capital	By acting as catalysts, DBs can help attracting foreign investors, guarantors and counter-guarantors, regional and multilateral financing institutions.
Assist	Productive Sector	Technical assistance is an increasingly important part of activities of development banks to support the productive sector and foster export industries.
Alleviate	Financial Crises	DBs can offer countercyclical financing by providing the credit and capital markets with resources in the times of crisis, and by pooling with regional development banks

Role of Development Banks:

Providing Long-term Financing

In the past, sources of long-term financing to governments tended mainly to come from fiscal resources and aid. Yet today, countries are increasingly getting funding outside of the government budget, from private sources. This move is being accomplished in part by the increasing use of bond financing. But it is also partly being done through the banking sector and Development Banks have a crucial role to play in that regard.

Creating a long-term market is needed only if this market is deemed important for development and if, indeed, long-term capital is insufficiently provided. The use of long-term financing is mainly considered in the context of infrastructure financing that require very long tenor.

Infrastructure financing

Long-term financing mostly needed for infrastructure projects is considered key to economic and social development of the country. The importance of investments in basic infrastructure is recognized as "investments in basic economic and social infrastructure are vital for enabling people, especially people living in poverty, to better adapt to and benefit from changing economic conditions and opportunities."

Securitization can be a key instrument in developing medium to long-term debt markets, by offering credit-enhanced securities to investors.

Infrastructure financing is provided through the pooling of mid-term and long-term government and private financial resources. This usually constitutes most of Development Banks lending besides financing to the social sector like Housing, export promotion activities or the development of financial intermediation;

Securitization and structured finance

Securitization can be a key instrument in developing medium to long-term debt markets, by offering credit-enhanced securities to investors. It consists of issuing debt against income generating assets. It is a way to access capital markets, improve liquidity of the bank and lend more money, and to better manage risk. In particular it can be a way to finance infrastructure projects and PPPs: a Development Bank (or, more often, a Special Purpose Vehicle) can sell securities backed by its assets to private investors, and then use the proceeds to finance the PPP (Public-Private Partnership).

Syndication

Syndicated loans are credits granted by a group of banks to a borrower. They are "hybrid instruments combining features of relationship lending and publicly traded debt". They enable the distribution among institutions of bank loans and securities, in order to share risk and future returns.

In certain international and regional development institutions, syndication now accounts for significant amounts of financial commitments. Syndication also accounts for a growing share of the activity of Development Banks. With the support of private commercial banks, they leverage important resources for domestic projects.

Equity and quasi-equity financing

Equity financing includes long-term subordinated securities with stock options and/or warrants. Once profits have paid back the return on investment, the financial institution can sell its share of the business. Quasi-equity includes convertible debt and subordinated loan investments, with a fixed repayment schedule, and preferred stock requiring less rigid repayments.

Development banks instead of lending money for a development projects, they can become a business partner. They will provide money in return for a share of the project's profits. More specifically, Development Banks can provide funds for capital or operations in exchange for capital stock, stock purchase warrants or options – without guaranteed return but with shared profits.

Building Inclusive Financial Sectors

An "Inclusive Financial Sector" means that the vast majority of the population is offered sustainable access to a range of financial services suited to their needs. To ensure that the poor are included in the benefits of development, it may be necessary that they be given access to financial services that can translate into a key element of economic growth and poverty alleviation.

Access to credit for SMEs

Entrepreneurs looking for financing face credit constraints and high lending rates from commercial banks. Financing difficulties are usually the main obstacle to their development, which is why Development Banks

Countercyclical policies should thus be considered as a promising feature for certain large development banks.

can provide support to SMEs in gaining access to both domestic credit and financial markets. In particular this means supporting microfinance institutions and fostering local financing and promoting entrepreneurial talent for industrial development.

Reducing Volatility

Private bank lending tends to react pro-cyclically to recessions and to amplify business cycles. In developing countries, periods of capital inflows are associated with expansionary macroeconomic policies and periods of capital outflows with contractionary macroeconomic policies. In such countries, therefore, "when it rains, it does indeed pour"

These concerns call for improvements that include better prudential regulation accounting standards, to enhance both the financial system and macroeconomic stability. But other improvements can be adequately offered through an active role by Development Banks. First, they can contribute to improving availability of information in good and bad times. One of the most frequently advanced explanations to the pro-cyclicality of the financial system is indeed information asymmetries between borrowers and lenders. At times of crisis even borrowers with profitable projects find it difficult to obtain funding, while during good times a large number of firms of uneven quality are able to gain access to external finance and this adds to the economic stimulus. This implies a "financial accelerator" mechanism.

Second, by internalizing the benefits of increasing credit during recession, Development Banks may play a useful role in smoothing credit cycles. While the main mechanism for countercyclical policy is in the hands of the Central bank through interest rates variations, Development Banks can also influence cycles, in the sense that the credit extended by state-owned banks located in developing countries tends to be less pro-cyclical than private credit. Countercyclical policies should thus be considered as a promising feature for certain large development banks. More cooperation between Development Banks and commercial banks could also be envisaged, as short-term financing may be coordinated to provide credit in case of Balance of Payments difficulties, urgent debt restructurings, liquidity crises, and for other contingency financings. Efficient countercyclical policies require sufficient amounts of financial resources, through regional cooperation and the pooling of resources. It also requires the establishment of different kinds of contingent credits with domestic commercial banks and the development of a rapid borrowing capacity on international markets. In that regard, one should think about how national development banks can act to complement the banking system.

Acting as a Catalyst - Attracting private sources of financing

As indicated earlier, countries need the equivalent of 5% of GDP for investments in infrastructure. Low-income countries cannot find such financing alone and official flows as well as FDI are crucially needed. While a good fiscal discipline and sound macro-fundamentals are key to attracting FDI, this, in turn, can imply lower budgetary resources for Development Banks. Governments are thus in the uncomfortable position of having to respond to the demand for public expenditures on the one hand, and a limited budget on the other -which makes the need for private sector involvement more necessary.

PPPs are "arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government".

The need to mobilize private sources of funding should also be high on the agenda in the perspective of sharing risks with other partners. By holding a heavy infrastructure projects portfolio, a national development bank may fail to diversify risks and run into an unsustainable tradeoff between expanding its loan portfolio and asset quality. If this bank's balance sheet is small, it will be all the more vulnerable to deterioration in asset quality. Thus the catalytic role of Development Banks focusing strongly on infrastructure financing is certainly linked with the issue of sustainability, as attracting external investors and diversifying sources of financing can help reduce risks.

The banks' catalytic role can take the form of diverse facilitation processes for making business:

- **Increasing linkages**: successful infrastructure projects are made possible when they are not conceived as stand alone projects but are part of development plans. To do that, it is necessary to look at sectoral linkages and to develop the potential for synergies, for optimum economic and social returns;

- **Facilitating investment**: local investors need to be in relationship with foreign sources of capital and technologies, and foreign private investors require credit, political and foreign exchange risks to be addressed before they join in the projects.

- **Guarantee mechanisms**: to enhance credit by fostering electronic factoring, guarantee funds and venture capital. Guarantee programs in particular can encourage the participation of private and public lenders in financing infrastructure projects by providing partial repayment protection against loans' commercial risks

- **Advanced financing mechanisms**: Conventional securities based on loans, debentures, debt, and equity may be unattractive, unavailable or too expensive. In that case Development Banks with strong financing capabilities can foster structured finance deals. The mechanisms range from portfolio securitization (using cash flows from specific assets as collateral to borrow money), to collateralized debt, convertible bonds etc.

Public-private partnerships

PPPs are "arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government". They are a form of agreement between public and private parties that contributes to achieving international and national development goals for health, basic education, water and sanitation, housing, etc. Private companies can invest through concession agreements, in which financial commitments are shared and financial risks are transferred to private investors. Other PPPs involve private sector delivery of public services, under specific construction, management or service contracts, often defined as private sector participation (PSP) rather than PPP.

Development banks can make good use of PPPs to transfer risks and encourage large scale financing operations in developing countries. Development banks can act as facilitators, promoters or even investors. New funding packages are put forward to support PPPs, including equity financing, loan assistance, technical assistance and project debt finance.

Examples of Development Banks and their activities

Examples of Development Banks and their activities:

Bank Name	Business Development Bank of Canada
Established	1944
Entity	Wholly owned by Royal Bank of Canada
Main Products / Services	• Long term Turnkey financing • Subordinate financing as hybrid debt and equity financing for Management buyouts, Merger & Acquisitions etc. • Venture Capital – financing at every stage of the company's development cycle, from seed through expansion, with a focus on technology-based businesses • Consulting services to Plan, manage, develop and innovate
Performance Highlights (year 2009)	• Total Assets : CAD 12.09 Billion • Total Liabilities : CAD 9.90 Billion • Equity : CAD 2.19 Billion • Net Income : CAD 90.5 Million

Examples of Development Banks and their activities

Bank Name	Bank Pembangunan Berhad (BPMB) - Malaysian Development Bank
Established	1974
Entity	Government of Malaysia
Main Products / Services	• Infrastructure Financing both conventional & Islamic mainly for Utility, Transport, Area Development, Tourism, Road etc. • Maritime financing for Shipping and Shipyard • High Technology financing for Bio-technology, Information & Communication Technology
Performance Highlights (year 2008)	• Total Assets : RM 23.56 Billion • Total Liabilities : RM 18.09 Billion • Equity : RM 5.75 Billion • Net Income : RM 576 Million

Bank Name	Korea Development Bank B.S.C.
Established	1954
Entity	Government of Korea
Main Products / Services	• Universal Bank providing all banking services under one roof including • Corporate Banking • Investment Banking • International Banking • Corporate Restructuring & Consultancy
Performance Highlights (year 2008)	• Total Assets : KRW 157613 Billion • Total Liabilities : KRW137531 Billion • Equity : KRW 15716 Billion • Net Income : KRW 350 Billion
Ratings	Moody's – A2, S&P – A, Fitch – A+

Examples of Development Banks and their activities

Bank Name	Oman Development Bank
Established	1976
Entity	Government of Sultanate of Oman
Main Products / Services	• Industrial projects • Professional loans • Education loans • Health care • Tourism • Education • Fisheries
Performance Highlights (year 2009)	• Total Assets : RO 65.576 Million • Total Liabilities : RO 60.501 Million • Equity : RO 5.674 Million • Net Income : RO 0.578 Million

Bank Name	Eskan Bank B.S.C.
Established	1979
Entity	Government of the Kingdom of Bahrain
Main Products / Services	• Provide social loans to citizens • Mortgage loans, Islamic financing • Property Development & Management • Investment activities • Treasury services
Performance Highlights (year 2009)	• Total Assets : BD 423.5 Million • Total Liabilities : BD 238.4 Million • Equity : BD 118.0 Million • Net Income : BD 5.4 Million

The challenges of new economic and financial order threaten the functionality of development banks.

New opportunities for development banks in the wake of financial crisis

Financial crises in the latter 1990s presented new opportunities for development banks to demonstrate their continued public utility. In the wake of crisis, these banks were called on to stabilize domestic financial markets, fill credit vacuums caused by sharp reductions in lending by private banks, advance the corporate restructuring necessary to get rid of the sources of bad debt, and take the lead in financial innovation as the private sector became increasingly risk averse.

Within the course of economic development, deregulation and deepening of financial markets and the emergence of private markets for long term debt may undermine the need for development banks. Yet, the processes of dismantlement and/or privatization have not been the sole reactions to development banking around the world in the post-1980 period. Indeed, the prominent role of development banks continues to exist in many countries as these banks have gained new functions to fulfill.

While the challenges of new economic and financial order threaten the functionality of development banks, they seek out a new rationale for their existence in order to serve equality and development within local borders. Financial crises present new opportunities for development banks in many countries to demonstrate their continued public utility.

The recent financial crisis, despite having originated in developed countries, has affected the whole world economy. The initial impact stemmed from the direct exposure of the emerging market financial institutions to sub-prime related securities. Such impact was relatively small compared to developed countries and emerging countries appeared resilient to this direct effect. However, some secondary effects have hit the emerging markets severely.

The squeeze in international liquidity along with capital outflows and shrinking world trade have sharply affected the emerging market economies. During this process, many countries have been developing diversified policies to alleviate the repercussions of the crisis and to support the real sector. Besides the global effects, domestic credit crunch have led governments to intervene in financial markets. Against this backdrop, many countries in the first hand utilized development banks in many ways.

In the process of an unfolding financial crisis, these banks have been called on for many reasons: to stabilize domestic financial markets; to eliminate credit shortages caused by sharp reductions in private lending; to restructure corporates' debts; and to attract capital inflows by creating new financial instruments. Development banks have engaged with the stabilization of domestic financial markets during financial crises by restoring adequate market liquidity via credit allocation. The Korea Development Bank (KDB) played an important role in stabilizing Korean financial markets during the 1997 financial crisis by restoring adequate market liquidity.

Many development banks are active in facilitating corporate restructuring via various methods like debt-equity swaps, debt re-adjustments etc.

In 2003, the bank again provided important capital support to credit card companies to deal with a crisis in that industry, and a recent amendment of the KDB Act allows for capital infusions into the Bank without prior parliamentary approval, thereby bolstering its capacity for response to any liquidity problems

The governments have boosted credit facilities to the real estate sector via development banks in order to tackle the indirect effects of financial crisis. Corporate lending by development banks also helped to eliminate credit shortages led by private banks amid their efforts to clean up non-performing loans and strengthen their capital ratios during crises. The emerging countries that have excessive reserves, such as Brazil, South Korea etc., are the countries whose development banks have taken the broadest actions.

More over, the countries that have limited financial resources also spurred lending activity via development banks. The role played by Development Bank of Japan has been also very crucial during and after the Asian crisis. The co-financing activity for corporate lending between larger Japanese banks and regional banks halted during the Asian crisis. Today, Development Bank of Japan has shouldered this task. Also, most of the borrowers of Development Bank of Japan today are the medium-scale companies who are deprived of long term finance

Moreover, many development banks are active in facilitating corporate restructuring via various methods like debt-equity swaps, debt re-adjustments etc. The following shows the examples of the utilization of development banks during the recent crisis.

State Actions on Development Banking During the Recent Crisis

Bulgaria	The cabinet has announced increases in the capital of the Bulgarian Development Bank twice since the collapse of Lehman Brothers
Canada	Capital injection to Business Development Bank of Canada (BDC) in order to support asset-backed-securities market under Canadian Secured Credit Facility BDC had extended CAD13 billion to businesses. BDC will provide additional loans and credit support to businesses with viable business models
South Korea	To purchase 100% stake, including management control, of Dongbu Metal whose value has diminished considerably after the global recession Corporate restructuring fund that has been set up by Korea Asset Management Corp and Korea Development Bank would be used up to buy office buildings that are put on sale The government has set up Recapitalization Fund that will be pooled by the Central Bank, the development banks and private investors to be used for buying banks' preferred shares and subordinated debt Credit line to automakers worth USD2 billion

Bahrain has a very investor friendly business environment coupled with well developed banking and financial centre.

Brazil	Brazil eased rules on reserves banks which they must keep at the Central bank in a bid to increase funding for the country's development lender (BNDES) by as much as USD2.6 billion The government may use USD6 billion from its sovereign wealth fund to finance the investments of SMEs BNDES plans to boost lending by as much as 41% • BNDES will lend as much as USD2.56 billion in working capital for companies facing difficulties because of the credit crunch • Credit line to the biggest food maker company Sadia • The government will spend USD15.1 billion on anti-crisis Housing Plan. The fund will be allocated from the budged, BNDES and insurance fund • BNDES, will boost loans to small companies by as much as 50% to about USD6 billion, also will help farmers to refinance debt • Brazil's national development bank (BNDES) plans to lend as much as 500 million reais (USD200 million) to farmers
Slovenia	The government will inject USD205 million to the state-owned Export and Development Bank The government will guarantee up to USD1.65 billion of loans to the economy to ease the credit squeeze and spur banks' lending. The funds will be available via the Export and Development Bank
Mexico	State-owned development bank, Nacional Financiera will offer credit lines worth about USD197 million to auto lenders
Hungaria	SBI Holdings Inc, a Japanese venture capital company, has set up its first eastern European fund with Hungarian state-owned development bank

Enhanced Role of Development Banks in Bahrain:

The Kingdom of Bahrain is considered as the Financial Hub of the Middle East. Bahrain has a very investor friendly business environment coupled with well developed banking and financial centre. Most of the major financial institutions are having their presence in the Kingdom along with local and regional grown financial institutions. Even though the Kingdom is having a robust financial market and stable economic conditions, slowly feeling the effects of global financial crisis and is having the impact on the overall growth of the economy.

The Bahrain Economic Development Board (EDB) is a dynamic public agency with an overall responsibility for formulating and overseeing the economic development strategy of Bahrain

Role of Economic Development Board of Bahrain:

The Bahrain Economic Development Board (EDB) is a dynamic public agency with an overall responsibility for formulating and overseeing the economic development strategy of Bahrain, and for creating the right climate to attract direct investment into the Kingdom.

The role of the Bahrain EDB is to provide leadership by uniting all of the Kingdom's shareholders through a unified vision, and to develop key strategies for growth. The Bahrain EDB also acts as a facilitator, helping all of Bahrain's stakeholders to understand and adopt the changes necessary for progress. In addition, the Bahrain EDB provides sound project management to ensure that all agreed reform initiatives are implemented in an effective and timely manner.

The Bahrain EDB has played a leading role in a number of important recent initiatives. These include Bahrain's hosting of the Middle East's first ever Formula 1 Grand Prix; becoming the first country in the Arab world to fully liberalize its telecoms industry; bringing about the privatization law; and establishing a Free Trade Agreement with the United States.

The Bahrain EDB is also responsible for attracting inward investment into Bahrain, and is focusing on several economic sectors in which the Kingdom offers significant strengths, and in line with the local culture.

Several economic sectors capitalize on Bahrain's competitive advantages and provide significant investment opportunities. The Bahrain EDB works to enhance the capabilities, infrastructure and policies that are tied to the economic sectors and to the overall business environment, with the ultimate aim of attracting investment in these areas and thereby contributing to the Kingdom's economic growth.

The Economic Development Board is having a clear strategy about where the country has to reach in the coming 20 years and accordingly VISION 2030 has been formulated. The Economic Vision 2030 for Bahrain outlines the future path for the development of the economy. The Bahraini government has developed detailed strategic and operational plans for the Economic Vision 2030 to be translated into a tangible and coordinated National Strategy across all stake holders.

In order to implement the strategy and to achieve the goals of VISION2030 a concerted effort by all the stake holders is required besides huge investment especially in the areas of mass housing, infrastructure development, settling of large industries, employment generation, shipping and tourism etc. To achieve the vision a large capital is required and the commercial banks may not be able to meet the requirements. So there is a need for the specialized development bank in the line of other development banks existing in other parts of the world as mentioned above.

The current business of the bank is classified into three distinct streams; social loans under the aegis of the Government, mortgage loan to Low/ Middle Income sector & property development.

Role of Bahrain Eskan Bank:

Eskan Bank was established by an Emiri Decree in 1979. The Bank currently operates as a public sector bank and acts as a facilitator of subsidized housing mortgage loans and Primary provider of affordable market segment for low and middle income people approved by the Ministry of Housing. The Bank has a wide mandate. Its Articles of Association (Articles) allow for an extensive range of business activities such as mortgage products, banking services, real estate development, contractor financing, trade finance, The financial position of Eskan reflects its reliance on the Government of Bahrain for funding. The Government is keen for the Bank to become financially independent but will keep its reliance on the Bank as the facilitator of the subsidized social housing sector. Eskan's land resources, mortgage portfolio and existing customer base, means that it is well placed to continue its transformation. In 2005, Eskan was also mandated by the Government to initiate a sustainable solution to social housing services along the lines of a Mortgage Guarantee System, and has invited private sector participants to fund the construction of social housing units. The Bank issues debt and securities to find its mortgage portfolio. The Bank is primary developer of all community projects that are part of the town houses constructed for low income group.

Eskan is regulated by The Central Bank of Bahrain (CBB) under a specialized license category and has the ability to seek private sector funding to support the government housing plans. Over the years, Eskan Bank has successfully disbursed more than BD 590 million in subsidized mortgages to Bahraini families, participated in construction projects, helped to build national homes and construct / refurbish family homes. The current business of the bank is classified into three distinct streams; social loans under the aegis of the Government, mortgage loan to Low/Middle Income sector & property development.

To solve housing issues, every country has formulated its own specific housing development program and developed its unique program operating mechanisms.

Housing Finance and Need for a Housing Development Bank

Housing is one of the fundamental demands for living. Access to acceptable housing is one of the elementary human needs as well as one of the keys to peace and happiness. In every country, resolving housing issues has political, social and economic significance. To solve housing issues, every country has formulated its own specific housing development program and developed its unique program operating mechanisms. Many countries have a especially drawn up the development program of public housing to assist low and middle-income groups solve their particular housing-related issues

The critical variables influencing housing policy institutions:

The national economy indicates the possibilities and limits for housing investment and housing policy:
General economic development coming from productivity growth in all sectors of the economy including the housing and building sector, is determining the capacity of the national economy. Within this national economic capacity the priorities made both by the individual household and by the public sector determine the allocation of resources for the individual sectors of the economy, including the housing and building sectors. The utilization of this potential building and housing resources represents a basic challenge for housing and building policy.

Numbers of Housing.

The annual number of housing starts has been the main target figure for housing policy in any country. The policy makers will set a target of number of housing units to be constructed during the planning and accordingly set aside the budget to fund the constructions of these new housing units.

Affordability and distribution of housing:

This has been an important aspects of housing policy in most countries. New housing has to be affordable to large groups of society, in particular young family households in order to be produced. Households with ordinary incomes should be able to buy-rent a decent house preferably a new house, new housing could not be built only to the demand of wealthy people. Averages are not sufficient for housing policy, rather the opposite; distribution must be scrutinized as an important part of housing policy. The housing situation may on average appear quite acceptable, but housing is a sector frequently characterized by wide differences, thus the distribution of housing in relation to household size and composition, overcrowding etc. is very important. There are always strong tendencies to inequality in the housing sector.

This has become an important aspect of housing development where and what kind of housing investment is sustainable in the long run?

Quality of housing.

The housing situation and its improvement can be characterized by a more or less detailed description of each house or dwelling, its features and qualities like age, type and size of house, technical installations for heating, water and sanitation. Accessibility, health aspects: humidity, light and air, polluting/toxic materials and construction. Fire safety. Technical isolation for noise and low temperatures, ventilation - load bearing safety. The quality of the housing stock is improved by investment in new houses or modernization of older housing.

Neighborhood and community

With increasing housing standards the demands on neighborhood and community have increased and now form part of any description of a housing situation and thus can be seen as part of an extended housing and local community policy. Common characteristics are traffic density, noise, pollution, general traffic danger, especially for children, criminal threats, public services; nurseries, schools, health, care centre buildings, sport and playing grounds, parks, public transport, private services; shops, dentists, banks, etc.

Sustainability has become a main perspective also in housing.

It can be interpreted as long run development and change in the housing sector in accordance with general principles of sustainable development. The idea of an optimal rate of change of habitation can be useful related to economic change and urbanization This has become an important aspect of housing development, where and what kind of housing investment is sustainable in the long run? Factors like housing location, density, types, sizes, their qualities have to be reconsidered all the time.

Housing policy and its institutions and instruments.

Housing policy can be defined in a wide functional sense or a more narrow and formal sense. The wide sense includes policy measures that are aiming at broader aspects than just housing, but still have large impacts on housing development. Main examples are credit policies, industrial and regional policies and land and planning policies. From a housing condition analysis point of view, this broad view has to be applied in order to understand housing development.

The more narrow formal definition restricts housing policy to public institutions and instruments, economic and legal that is mainly and formally aiming at housing issues only.

This is what in common language is labeled housing policy. The political- administrative organization of national housing delivery systems has been a central part of discussions and approaches in most countries.

An interesting and important approach is to try to evaluate what kind of institutional system seems to have proved efficient in providing good housing for the majority, not to say all inhabitants. Thus the political choice of

Central banks provide liquidity and deposit insurance, reducing the concern over liquidity.

housing policy system, its centralization and decentralization of responsibilities and tasks seems to be relevant for discussing the impact on the overall development of the housing situation, in particular the mobilization, channeling and utilization of building resources.

For national housing policy institutions their efficiency could be measured in how to overcome or create bottlenecks and obstacles to construction of new housing. This seen in relation to the overall situation and development of the national economy, the economic policy and the macroeconomic priority of housing and the mobilization of building resources.

The role of an efficient housing finance system - institutions- that are professional in relation to the relevant challenges and possibilities in the country in question should be critically analyzed. This requires knowledge and experience of the economic culture and institutions in the individual country.

A characteristic feature of a housing investment is its relative size and long investment horizon, requiring large amounts of long-term finance. The aim of a housing finance system is to provide these funds to the producers and purchasers of housing. This simple description has spawned a broad array of institutional arrangements, ranging from specializing in mortgage finance; to the issuance, sale, and trading of mortgage bonds and securities. All of these arrangements have been created with the same purpose in mind, to mobilize and channel funds from savers to borrowers in an effective way.

Commercial Banks

Commercial banks historically did not have a major involvement in housing finance. Their traditional purposes of financing business and providing means of payment lead them to a commercial, not a consumer, orientation. Banks have concerns about the risks of providing long-term loans as well, if much of their funding comes from short-term deposits that can be withdrawn on demand. Financial liberalization in developed countries has changed the role of banks in the mortgage market.

Central banks provide liquidity and deposit insurance, reducing the concern over liquidity. In stable economies, a proportion of core deposits can be safely used for long term finance. Banks are turning to retail clients across the world in part because of a loss of their business lending to the capital markets. Long-term mortgage loans are attractive to banks that hope to cross-sell other services and develop long-term customer relationships. In most countries, banks have substantial brand, distribution, and funding advantages over other lenders, and have emerged as market leaders

Specialist Mortgage Banks

Specialized Mortgage or Housing Development banks act as an alternative to the Commercial Banks in lending to the Housing Sector. These specialized institutions (mortgage banks) originate and service portfolios of mortgage loans that are funded by securities they issue. The securities (mortgage, or covered, bonds) are general obligations of the mortgage bank and are typically purchased by institutions or and/or retails with long-term sources of funds (for example, pension funds and insurance companies).

The bonds considered very high quality as a result of conservative underwriting, strong regulations, priority rights of investors in the event of bankruptcy

The mortgage bank system dates back to the late 1700s and has been extensively used in continental Europe (particularly in Germany and Scandinavia). Mortgage banks offer both residential and commercial mortgages. A major feature of mortgage banking systems is the predominance of long-term, fixed-rate mortgages that are match-funded with corporate debt.

The bonds are considered very high quality as a result of conservative underwriting, strong regulation, priority rights of investors in the event of bankruptcy, and transparent operations. Mortgage banks are transparent, efficient producers of mortgage assets. The efficient funding mechanism of covered bonds has been extended to commercial banks in most countries (Chile, both Western and Eastern Europe, and the United States).

Secondary Mortgage Markets

Another approach that has gained popularity in developed and emerging markets is a secondary mortgage market. A secondary market involves the sale of mortgage loans or mortgage securities backed by specific pools of mortgages. As such, it involves the transfer of the risks and ownership of mortgage loans to a third party. The loans are originated by a variety of primary lenders, including banks and specialized mortgage companies.

Although portfolio lenders occasionally securitize pools of seasoned loans, a hallmark of secondary market-based systems is the widespread securitization of newly originated loans. They may be sold to specialized institutions called conduits or through special purpose vehicles (SPVs). These entities raise funds through issuance of securities backed (or collateralized) by the loans.

Successful Apex / Development Housing Banks and their contribution to the Housing Sector:

Norwegian State Housing Bank:

Norway was facing acute shortage of housing during the world war period. The capacity and priorities of private financing institutions were considered all too weak to manage the challenges in the housing sector; the need for a public housing finance institution was obvious. Accordingly the Norwegian State Housing Bank (Housing Bank) was established in 1946, with the main goal to finance building of new housing that was affordable for most people not least industrial workers.

The Housing Bank provided full mortgage financing to cover most of the building costs, but bridging loans were normally provided by the private credit institutions. The funding of the Housing Bank has been provided through the state budget. A strictly regulated credit policy was implemented, requiring private credit institutions to buy government bonds and setting targets for allocation of credit.

The main customers have been individual owner occupiers, housing co-operatives and contractors - developers building for sale to owner occupiers. Thus the bank has been consumer oriented and towards new family housing.

The NSHB will continue to act as a coordinator for projects to which it grants mortgages or grants.

Dominating financing of new housing, it has played a unique role in housing development in Norway for 60 years. It has been the national public institution for housing policy providing affordable housing finance, setting norms and standards for good housing and keeping control of building costs and housing expenditures. Thus it has also been a centre for competence in housing and application of housing and building research.

Housing Bank has played a major role in Norwegian housing policy and particularly in financing of new housing. Approximately 2/3 of all new dwellings - more than 1 million - built in Norway after WWII have been financed by mortgage loans from the Housing Bank. The Housing Bank has also managed the main government housing subsidies - mainly investment grants and housing allowance. The primary vision for Norwegian housing policy is adequate and secure housing for all. This will be achieved through the following overall goals and strategies:

1. Stimulation to achieve a well functioning housing market.
2. Provisin of housing for groups that are disadvantaged on the housing market.
3. Increase the number of environmentally friendly and universally designed dwellings and residential areas.

The definition of adequate, secure housing is determined by a number of specific characteristics of the dwelling and the area of residence, as well as by the individual preferences of the inhabitants. The Norwegian State Housing Bank is the main implementing agency for the Norwegian housing policy.

The Housing Bank will continue to be a supplement to private credit institutions in financing new dwellings and provision of loans and grants. These are connected to politically desirable public economic and social purposes that cannot easily be financed in the credit market.

The Norwegian State Housing Bank - an authoritative coordinator of the housing sectorís various players:

The Norwegian housing sector has always been dominated by the private sector. 95 per cent of the housing mass is privately owned. Cooperative housing has gradually become almost indistinguishable from private housing. House building is planned and undertaken by private sector players. The land market has also been more or less privatized. Central government, the NSHB and the local authorities acted as regulators and facilitators. The NSHB has acted as an authoritative, even at times authoritarian, coordinator - but with a clear consumer orientation. The NSHB will continue to act as a coordinator for projects to which it grants mortgages or grants. The NSHB, as a provider of both basic and top-up loans, is still Norway's largest mortgage provider for new homes. This role is important for the maintenance of the NSHBís competence and authority, not least in order to exercise an influence on accessibility and environmental quality issues.

The Housing Bank works closely with local authorities and the private sector to improve housing quality in the general housing market. The parties involved in the Housing sector:

Both legislators and public administrators have contributed to the gradual adjustment of the banking operations to meet socities changing needs.

The National Government: Sets goal, proposes housing laws and regulations, disseminates information and provides funds for loans, grants and housing allowances through the Norwegian State Housing Bank. The size of funds budgeted for loans through the Housing Bank have a great deal of influence on the number of homes built each year.

Municipal Authorities: plan the local housing structure as well as necessary infrastructure for housing construction and rehabilitation (housing lots, sewage, water, etc.). Municipal authorities are responsible for ensuring that disadvantaged groups are provided with adequate housing.

Private firms and Organizations: (including the housing cooperatives) are responsible for the actual building, rehabilitation and management of the housing stock. The Norwegian State Housing Bank normally finances 60-70% (maximum 80%) of the cost of a home. Private credit institutions often finance costs which exceed the Housing Bank's loan and the purchaser's available savings and are thereby responsible for determining the credit worthiness of a housing project and the debtor. Private credit institutions also finance homes that are larger and/or more luxurious than those which the Norwegian State Housing Bank finances.

Principles & Perspectives: The bankís main role in Norwegian housing policy was, for a long time, to finance the construction of new homes within an affordable framework. Around 85 per cent of today's residential property has been built since the end of the second world war. The Norwegian State Housing Bank (NSHB) has helped finance around 2/3 of this construction, or well over one million new homes - all built within clear limits for size, standard and cost.

The Norwegian State Housing Bank - a sustainable institution for good house building

The housing shortage at the end of the second world war was acute, particularly in the war-ravaged towns and areas. Reconstruction, as well as a general expansion of the housing base, was urgent. The NSHB was quickly established, going and was operative as early as 1946 Although the act itself has been amended, its main outline and basic principles, as well as the banking role remain unchanged. At the same time, both legislators and public administrators have contributed to the gradual adjustment of the banking operations to meet socities changing needs.

This has provided the opportunity to put together reasonable financing solutions for customers, based on a combination of loans, grants and, if applicable, housing benefits.

The Norwegian State Housing Bank - a package deal for both legislators and house builders

The Norwegian parliament and successive governments have made active use of the NSHB. It has been a policy tool that central government has always had at its disposal. The NSHB has administered the vast majority of the loan and grant schemes which the central government has introduced in the area of housing. This has provided the opportunity to put together reasonable financing solutions for customers, based on a combination of loans, grants and, if applicable, housing benefits. The main objective has been to ensure that households have a nice place to live, in a good residential environment, at a price that is reasonable in relation to their incomes.

The NSHB has never been an ordinary bank, operating for commercial profit. It has been a fully integrated part of the national budget, with all its schemes, expenses and revenues. Administratively, it built on the experience of private mortgage companies when it was established, and had the right to issue its own, admittedly state-guaranteed, bond loans. Its pre-eminence also derives from the fact that the private credit market has not created institutions which could play the same housing policy role. The NSHB's importance as a source of financing for new homes meant that there was no obvious room for the emergence of private credit companies specializing in affordable new homes for ordinary people. It should be noted that the objectives set for the NSHB's lending practice are linked to the purpose of the loans, to stimulate the rational and socially fair construction of new homes, and not to sell houses or engage in commercial mortgage lending.

National Housing Bank of India:

National Housing Bank was set up in 1988 to operate as an Apex Body to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions concerned with providing housing.

NHB is wholly owned by the Reserve Bank of India (RBI) & is chartered to function as a principal agency to promote housing finance and housing finance institutions.

NHB carries out its statutory functions of developing a healthy housing finance sector through refinance of housing loans, supervision of the sector and creation of a vibrant securitization market. NHB provides refinance to various Primary Lending Institutions (PLIs) in respect of the retail housing loans extended by them. The PLIs include Commercial banks, Cooperative banks, housing finance companies, apex co-operative housing finance societies and agriculture and rural development banks. Under its project financing window, NHB lends directly to Public Agencies such as State Level Housing Boards and Area Development Authorities for large scale integrated housing projects and slum redevelopment projects.

NHB's borrowings are a healthy mix of long and medium term borrowings. It has raised long term rupee loans from RBI, Government of India and Life Insurance Corporation. Its foreign currency loans also are of long term

Promote housing finance institutions to improve/strengthen the credit delivery network for housing finance in the country

nature with an average maturity period of 25 years. In recent years, with its refinance assistance shifting to shorter tenors, NHB has been raising short and medium term debt from the market. During FY06, NHB raised financial resources through a mix of Term loans, Commercial Paper and Capital Gains Bond

The main objectives of NHB are:

- To promote a sound, healthy, viable and cost effective housing finance to cater to all segments of the population
- To promote a network of dedicated housing finance institutions to adequately serve various regions and different income groups.
- To augment resources for the sector and channelize them for housing.
- To make housing credit more affordable.
- To encourage augmentation of supply of buildable land and also building materials for housing and to upgrade the housing stock in the country.
- To encourage public agencies to emerge as facilitators and suppliers of serviced land, for housing.

Main Functions of NHB:

The main functions of NHB are:

- Regulation - To formulate the policies and to give directions to the Housing Financing Institutions
- Financing - Extending refinance to different primary lenders, Project financing, Guaranteeing the repayment of principal and payment of interest on bonds issued by Housing Finance Companies, Acting as Special Purpose Vehicle for securitizing the housing loan receivables.
- Promotion - promote housing finance institutions to improve/strengthen the credit delivery network for housing finance in the country

Products of NHB:

- Mortgage Backed Securities by issuing RMBS bonds
- Reverse Mortgage Loan: Reverse mortgage is a financial product that enables senior citizens (60 +) who own a house to mortgage their property with a lender and convert part of the home equity into tax-free income without having to sell the house. Instead of borrower making monthly payments to a lender, as with a regular loan, the lender makes payments to the borrower. Multiple options are available for repayment of the loan in lump sum at the end of the loan term. Maximum period of loan is of twenty years.
- Housing Info: single-point source for complete and reliable information on housing and housing finance in India

HDFC showed that housing finance is profitable even in a market where foreclosure and repossession are nearly impossible.

Deposit Schemes of NHB:

- NHB SUNIDHI Term Deposit Scheme: It is a term deposit scheme for Individuals/ Partnerships/Societies & Trusts & Association of persons. The minimum deposit in the scheme is Rs. 50,000 with a maturity period ranging from 12 months to 60 months.
- NHB SUVRIDDHI (Tax Saving) Term Deposit Scheme: It is a tax saving deposit scheme for individuals. The minimum deposit in the scheme is Rs. 10,000 and thereafter in multiple of Rs. 10,000 with a fixed maturity of 60 months. Individuals can invest maximum Rs. 1, 00,000 in the scheme.
- Special Term Deposit Scheme for HFCs: The scheme is applicable only to the Housing Finance Companies accepting deposit from public. HFCs can make a minimum deposit of Rs. 25, 00,000 and thereafter in multiple of Rs. 5, 00,000 for a maturity ranging from 18 months to 60 months.

Housing Development & Finance Corporation:

Background: Until recently, the Housing Finance Companies (HFCs) were the major providers of housing finance in India. The Housing Development Finance Corporation (HDFC), a private-public partnership, was the first specialized housing lender in India. HDFC was incorporated in 1977 with the primary objective of meeting a social need - that of promoting home ownership by providing long-term finance to households for their housing needs.

HDFC was promoted with an initial share capital of Rs. 100 million. It initially received funding from its investors and through the issuance of bonds. HDFC was primarily funded wholesale in its first decade, with loans from international donors. HDFC launched a retail deposit program in 1991 and created a bank subsidiary in 1995. Subsequently, HDFC and other HFCs were funded by the National Housing Bank, which was created as a regulator and liquidity facility for the sector. HDFC showed that housing finance is profitable even in a market where foreclosure and repossession are nearly impossible. HDFC is having nearly 30% of the mortgage market share in India.

Business Objectives: The primary objective of HDFC is to enhance residential housing stock in the country through the provision of housing finance in a systematic and professional manner, and to promote home ownership. Another objective is to increase the flow of resources to the housing sector by integrating the housing finance sector with the overall domestic financial markets.

Organizational Goals: HDFC's main goals are to a) develop close relationships with individual households, b) maintain its position as the premier housing finance institution in the country, c) transform ideas into viable and creative solutions, d) provide consistently high returns to shareholders, and e) to grow through diversification by leveraging off the existing client base.

HDFC is a unique example of a housing finance company which has demonstrated the viability of market-oriented housing finance in a developing country. It is viewed as an innovative institution and a market leader in the housing

These deposit accounts served as an important source of fund mobilization, and allowed GHB to became a full-scale Bank offering both deposit and loan services.

finance sector in India. The World Bank considers HDFC a model private sector housing finance company in developing countries and a provider of technical assistance for new and existing institutions, in India and abroad. HDFC's executives have undertaken consultancy assignments related to housing finance and urban development on behalf of multilateral agencies all over the world.

HDFC has also served as consultant to international agencies such as World Bank, United States Agency for International Development (USAID), Asian Development Bank, United Nations Center for Human Settlements, Commonwealth Development Corporation (CDC) and United Nations Development Programme (UNDP). HDFC has also undertaken assignments for the United Nations Capital Development Fund in Ethiopia, for the UNCHS in Nairobi, for USAID in Russia and Bulgaria, and projects of the World Bank in Indonesia and Ghana.

HDFC has always been market-oriented and dynamic with respect to resource mobilization as well as its lending programme. This renders it more than capable to meet the new challenges that have emerged. Over the years, HDFC has developed a vast client base of borrowers, depositors, shareholders and agents, and it hopes to capitalize on this loyal and satisfied client base for future growth. HDFC has developed a network of institutions through partnerships with some of the best institutions in the world, for providing specialized financial services. Each institution is being fine-tuned for a specific market, while offering the entire HDFC customer base the highest standards of quality in product design, facilities and service.

Government Housing Bank

The Government Housing Bank was created by Government Housing Bank Act in 1953. The Bank, a special-purpose financial institution under the Finance Ministry's supervision opened for business with its mission being to help secure appropriate housing finance for the general public. GHB's mission is to provide a complete range of housing finance-related services in line with relevant government policies, benefiting society and improving everyone's quality of life.

During its first 20 years, GHB operated both as a housing finance provider and as a housing project developer. In 1973, the Government established the National Housing Authority to take over housing project development for the general public. All GHB assets, liabilities and rights associated with land and building rents were transferred to the new State Enterprise. GHB remained in the business of extending short and long-term loans to both housing project developers and long-term financing to the general public wishing to build, buy or secure their own homes.

GHB began offering various deposit account services similar to other commercial banks in 1974. These deposit accounts served as an important source of fund mobilization, and allowed GHB to became a full-scale Bank offering both deposit and loan services.

During the country's 1979-1981 economic crises, GHB restructured its operations by dividing its credit section into general credit and housing project credit. At the same time, credit extension procedures were revamped to be more

Innovative Housing Finance Programs & other Policy Initiatives Hire Purchase Programs:

flexible. A personnel training was initiated and tax-free special savings accounts with monthly withdrawal rights were launched. The Bank also established a credit center that reviewed housing project loan applications. The credit center was subsequently upgraded to the Project Finance Department that is now responsible for analyzing and recommending such loans.

As an institution with a significant role in providing housing-related services for the public, GHB was named by the United Nations at Human Habitat 1996 as a Financial Institution with Outstanding Operations.

After Thailand's 1997-1999 meltdowns, the Bank assumed an important role in reviving the housing and real-estate sectors, including providing 30-year fixed low-interest loans in cooperation with the Government Savings Bank. GHB also established a secondary mortgage market office, the K-ha Ruam Jai Project

In 2001, GHB in cooperation with the Government Provident Fund began extending loans at up to 100% of housing values to GPF-member government officials with progressive repayment terms. This scheme was subsequently expanded to include state-enterprise employees and tenured government workers.

In 2006, an amendment to the Government Housing Bank Act permitted the Bank to finance home furnishings and accessories. During the year, the Bank developed its 'Loans for home lovers' program with financing programs to help borrowers complete their Dream Homes. To stay ahead of the curve, GHB is always developing innovative new lower-cost financing sources and products to help low-and-middle income people achieve their Dream Homes.

Key Operating Elements

- Large client base - Excellent payment records and substantial real estate - based equity positions
- Close relationship with borrowers - Large percentage pay via automatic monthly withdrawals
- Constantly developing new programs - leveraging more than 52 years of relationships with customers

Innovative Housing Finance Programs & other Policy Initiatives Hire Purchase Programs:

- Allows low-income individuals with no prior credit records to purchase homes
- Initially occupy homes with hire-purchase contracts
- Payments for three-to-five years before title transferred
- After proving credit - become owners - obtain mortgages
- Baan Mankong - National Slum Upgrading Program
- Baan Eur-Artorn - Low Cost Housing Program

Developing Real Estate Brokers and Sales Agents Licensing Laws - Education

- Asset Capitalization Programs

Liability products offered:

- Savings account:
- Special Savings account
- Fixed Deposit
- Sin-K-Ha Fixed Deposit (24 months to deposit - gets slightly higher interest, after completion of 24 months, eligible for loan - 80 times of the monthly deposit installment)
- Promissory Note Deposit (Like call account)

Other activities of GHB:

- Credit Bureau
- Real Estate Information Center,
- Developing Real Estate Brokers and Sales Agents Licensing Laws - Education
- Second-hand resale home market
- Mortgage Insurance
- Securitization

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