Early Warning System

IFC-41368

JV Housing Indo

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Quick Facts

Countries	Indonesia
Specific Location	National-wide
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-09-28
Borrower	JV INDOSURYA HOUSING FINANCE INDONESIA
Sectors	Finance, Infrastructure
Investment Type(s)	Equity
Investment Amount (USD)	$ 3.00 million
Project Cost (USD)	$ 3.00 million

Project Description

The investment from IFC aims to support and found a specialized mortgage finance company (“company”) in Indonesia as a joint venture with PT Indosurya Inti Finance, Surya Effendy, Henry Surya (collectively referred to as “Indosurya”), IFC and the other international investor(s).

PT Indosurya Inti Finance, is a multi-finance company based in Indonesia, 100% owned by the Surya Family. Set up in 2011, it provides collateral based SME financing with an asset base of US$280 million as of March 31, 2018, serving close to 2,000 clients. The proposed shareholders of the housing Company are: Indosurya – 65%, IFC -20%, others – 15%

The Company shall provide mortgage financing primarily to low to middle-income borrowers including self-employed individuals who typically lack adequate access to housing finance in Indonesia. The Company will encourage the green housing market in Indonesia through its lending and advisory activities.

People Affected By This Project

Stakeholder Impact: -
IFC anticipates the project to improve access to affordable housing finance for individual homebuyers in the low to middle income segment. Individual homebuyers are likely to benefit from increased affordability and better terms. The Project is also expected to create/facilitate jobs - housing investment has a strong multiplier effect across the economy given the number of linked sectors, such as production of building material, construction sector, or financial services. For every housing unit built, leads to the creation of between 5 and 8 jobs (International Housing Solutions, By Francois Viruly and Aly Karam, (2011)). It also stimulates demand for ancillary industries such as steel, cement and building materials.
- Market Impact Assessment:
- Competitiveness: IFC anticipates the Project will demonstrate the viability of affordable housing finance to the non-salaried low-middle income segment as well as pushing green housing standards. If the business model is replicated successfully by other local FIs and NBFIs, the supply of affordable housing finance is expected to grow and increase market competition as well as private sector participation.
- Inclusiveness: IFC expects the Project to improve inclusiveness by attracting other FIs to affordable housing finance by building market capacity, fostering market-wide access to affordable housing solutions, promoting business model and product innovation, while benefitting socio-economically disadvantaged groups and having a transformational impact in the nascent market, where mortgage penetration rates are around 3.0%

Investment Description

- International Finance Corporation (IFC)

The project sponsor is Indosurya. Mr. Surya Effendy and Mr. Henry Surya (referred to as “Surya Family”) collectively own several companies across the financial and property sectors, including in securities/brokerage, asset management, credit union, life insurance and capital market advisory.

Collectively the companies have an asset base of more than US$1bn and the first company was founded by Mr. Effendy in 1975.

IFC’s initial equity investment in the Company is expected to be of around US$3.0 million in IDR. Additional contributions to the equity of the Company would be considered in line with business situation.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- PT. Indosurya Inti Finance (Financial Intermediary)

Private Actors Description

PT. Indosurya Inti Finance provides financing solutions for businesses and individuals in Indonesia. It offers engine, inventory, construction, and heavy equipment financing, as well as loans for properties, such as home/commercial/apartment/office; micro credit solutions for personal or business use; and used car financing services.

Contact Information

1/ The Project Contact

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Indosurya Website

Corporate Documents

- PT Indosurya's official website