

Cagamas expands housing mandate to cover green housing, female-headed households

KUCHING: Cagamas Bhd (Cagamas) is planning for issuance of green bond/sukuk to fund its stakeholders for the purpose of developing and financing green residential housing with a potential carved out for female-headed households.

With nearly 40 per cent of global carbon dioxide emissions coming from the real estate sector, Cagamas and the Asian Development Bank (ADB) inked a Technical Assistance agreement today to identify challenges for scaling up green residential mortgages in Malaysia, including for the affordable housing segment and housing in smaller towns.

Cagamas president/ chief executive officer Datuk Chung Chee Leong and ADB director, Private Sector Financial Institutions Division, Private Sector Operations Department Christine Engstrom sealed the agreement at the "Developing and Financing Green Housing in Asia" conference organised by Cagamas.

The signing ceremony was witnessed by the Finance Minister Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Cagamas chairman Datuk Bakarudin Ishak, ADB director, Regional Cooperation and Operations Coordination Division, Southeast Asia Department Alfredo Perdiguero, and Securities Commission Malaysia executive chairman Datuk Seri Dr Awang Adek Hussin.

"The transition and implementation of Green practices across all sectors of the economy will require the deployment of significant resources, both financial and non-financial," Tengku Zafrul said.

"While we have made significant inroads on our path to sustainability, more can and must be done.

"We urgently need to scale



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up support using innovative approaches, and this is where sustainable finance development in the financial sector will play a significant role.

"Cagamas and all industry players here to also play a key role in this space and become the catalyst to support not only the growth of green housing, but also the inclusivity agenda in Malaysia.

"The financial and investment ecosystem also have a key responsibility to help the government address certain structural issues and generate balanced growth opportunities across all sizes of businesses, and all segments of society."

Chung said that they want to ensure that affordable green housing is accessible to lower income home buyers, whilst reducing the overall environmental footprint of the housing sector.

"We aim to complete the study

within a period of one year. The findings will produce knowledge on how the green mortgage market could be expanded, including to the B40 and M40 and female headed household segments," he added.

"These can inform the issuance of a future Cagamas green bond/sukuk to support these market segments."

To date, Cagamas has issued cumulatively RM1.7 billion worth of sustainability-related bonds and sukuk.

Proceeds were allocated in accordance with its Sustainability Bond/Sukuk Framework, which is aligned with internationally recognised market principles, standards and best practices, to support the growth of Malaysia's social and green finance market.

"It is with much enthusiasm that we announce our partnership with Cagamas to explore the opportunities to create a sustainable and green

housing finance ecosystem in Malaysia," commented Engstrom.

"Supporting green residential housing supply through sustainable construction methods to ensuring proper standards and quality control, as well as ensuring adequate financing, are all of utmost importance in contributing to this outcome.

"Addressing climate change impacts and supporting our private sector clients with business solutions is a key priority for ADB.

"Our partnership with Cagamas is a significant step in addressing the impacts of climate change in housing, while also ensuring that low income segments, including women, are not left behind."

The conference has received in-kind support from the Asean Catalytic Green Finance Facility and the Asean+3 Asian Bond Markets Initiative (ABMI).