



Kenya Affordable Housing Finance Project (P165034)

AFRICA EAST | Kenya | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2019 | Seq No: 5 | ARCHIVED on 18-Aug-2021 | ISR47853 |

Implementing Agencies: Kenya Mortgage Refinance Company, Kenya National Treasury and Planning, Republic of Kenya, Kenya Ministry of Lands and Physical Planning

Key Dates**Key Project Dates**

Bank Approval Date: 30-Apr-2019

Effectiveness Date: 02-Jun-2020

Planned Mid Term Review Date: 28-Apr-2022

Actual Mid-Term Review Date:

Original Closing Date: 30-Jun-2024

Revised Closing Date: 30-Jun-2024

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objective is to expand access to affordable housing finance to targeted beneficiaries

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name
Support to the Kenya Mortgage Refinance Company:(Cost \$252.00 M)
Technical Assistance:(Cost \$10.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Risk Rating	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate

Implementation Status and Key Decisions

KMRC is now operating with full staff and strong management. All the SACCOs* have received a license from the Sacco Societies Regulatory Authority (SASRA) to issue mortgage loans that can be refinanced by KMRC. All the primary mortgage lenders (PMLs) have been trained on environmental and social -E&S- risk management to undertake the mortgage business. KMRC is unique in the world as it includes the SACCOs in its ownership, which reflects an inclusive approach to reach households with modest incomes.

The next big step for KMRC is to issue a bond by the end of 2021, to ensure sustainability in its funding source. The bond preparation are underway. It will be also important for KMRC to continue building the pipeline of affordable mortgage loans that can be refinanced.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	□ Substantial	□ Substantial	□ Substantial
Macroeconomic	□ Substantial	□ High	□ High
Sector Strategies and Policies	□ Substantial	□ Substantial	□ Substantial
Technical Design of Project or Program	□ Moderate	□ Moderate	□ Moderate
Institutional Capacity for Implementation and Sustainability	□ Substantial	□ Moderate	□ Moderate
Fiduciary	□ Substantial	□ Moderate	□ Moderate
Environment and Social	□ Moderate	□ Moderate	□ Moderate
Stakeholders	□ Moderate	□ Moderate	□ Moderate
Other	--	□ Moderate	□ Moderate
Overall	□ Substantial	□ Moderate	□ Moderate

Results

PDO Indicators by Objectives / Outcomes

Support to the Kenya Mortgage Refinance Company				
▶ Volume of bonds issued by KMRC (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	150,000,000.00
Date	20-Feb-2019	15-Feb-2021	15-Feb-2021	20-Feb-2024
Comments:	Volume of bonds issued by KMRC (amount in local currency translated in US\$). The correct indicator would be 15 billion KES.			
▶ Number of affordable mortgage / housing loans refinanced by KMRC (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,393.00	293.00	30,000.00
Date	02-Jan-2019	15-Feb-2021	06-Aug-2021	21-Feb-2024
Comments:	This indicator monitors the number of affordable housing/mortgage loans refinanced by KMRC (i.e. of an amount below KES 3 million, or KES 4 million in Nairobi Metropolitan). Further disaggregated data will be collected as needed.			



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Intermediate Results Indicators by Components

Support to the Kenya Mortgage Refinance Company				
► Percentage mortgage / housing loans refinanced by KMRC extended to women (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	46.00	44.00	40.00
Date	20-Feb-2019	15-Feb-2021	06-Aug-2021	30-Apr-2024
Comments:	Proportion of housing/mortgage loans submitted as collateral to KMRC that are extended to women or joint ownership			
► Average maturity of new mortgage loans refinanced by KMRC in the year (Years, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	20-Feb-2019	15-Feb-2021	15-Feb-2021	30-Apr-2024
Comments:	This indicator tracks the average maturity of new mortgage loans submitted to KMRC as collateral in a specific year. It is an indicator of flow, not stock. It will provide an indication of how successful KMRC is in lengthening mortgage loan tenors.			
► Percentage of Project beneficiaries who feel project activities reflected their needs (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	22-Feb-2019	15-Feb-2021	15-Feb-2021	30-Apr-2024
Comments:	Percentage of project beneficiaries surveyed by KMRC and primary mortgage lenders who feels that project's activities reflected their needs			
► Volume of mortgage lending (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2,230,000,000.00	2,175,502,000.00	2,190,000,000.00	3,160,000,000.00
Date	31-Dec-2017	31-Dec-2019	31-Dec-2020	30-Apr-2024
Comments:	Volume of mortgage lending in the Kenyan market. End target assumes a growth of 6% every year, above inflation but moderate due to the interest rate cap. In 2017, growth was 1.5 percent (2017 was the year when the cap was in force for a full year). the actual amount is the KES amount from the CBK report translated at the USD rate as of December 2020.			



► Percentage of Non-Performing Loans in the residential mortgage sector (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12.20	13.00	12.00	6.00
Date	31-Dec-2017	31-Dec-2019	31-Dec-2020	30-Apr-2024
Comments:	NPLs to gross mortgage loans in the residential mortgage sector (overall sector)			
► Volume of affordable housing and mortgage loans refinanced by KMRC (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	25,000,000.00	5,000,000.00	225,000,000.00
Date	02-Jan-2019	15-Feb-2021	15-Feb-2021	22-Feb-2024
Comments:	Volume of affordable housing and mortgage loans in KES translated in USD, cumulative. Indicator in KES in final year would be KES 23 billion. this is the actual amount, a greater amount has been verified but the security is still being perfected.			

Technical Assistance				
► Four strategies/studies/roadmaps completed and adopted by MLPP (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	4.00
Date	20-Feb-2019	15-Feb-2021	15-Feb-2021	23-Feb-2024
Comments:	Four studies and advice designed to improve the quality of the foundations of the MLPP's computerization of property registration are completed and adopted by MLPP. Indicative timeframe: Year 1: Land Information Management System (LIMS) and Roadmap. Year 2: Land sector strategic assessment. Year 3: Business Process mapping. Year 4: Public information and sensitization program on land laws.			

Performance-Based Conditions

► PBC 1 The Project Implementing Entity is legally established, has the required regulatory capital and approvals to start operations (Amount(USD), Process, 10,000,000.00, 100.00%)				
	Baseline	Actual (Previous)	Actual (Current)	February 2022
Value	0.00	10,000,000.00	10,000,000.00	--
Date	--	15-Feb-2021	15-Feb-2021	--
Comments:	The capital was paid in January 2019. The approval for KMRC to start operating is still pending.			



► PBC 2 The Borrower has provided Tier 2 Capital to the Project Implementing Entity (Amount(USD), Output, 10,000,000.00, 100.00%)

	Baseline	Actual (Previous)	Actual (Current)	February 2022
Value	0.00	10,000,000.00	10,000,000.00	--
Date	--	15-Feb-2021	15-Feb-2021	--

► PBC 3 The Borrower has provided additional Tier 2 Capital to the Project Implementing Entity (Amount(USD), Outcome, 30,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	February 2022
Value	0.00	0.00	0.00	--
Date	--	15-Feb-2021	15-Feb-2021	--

Data on Financial Performance

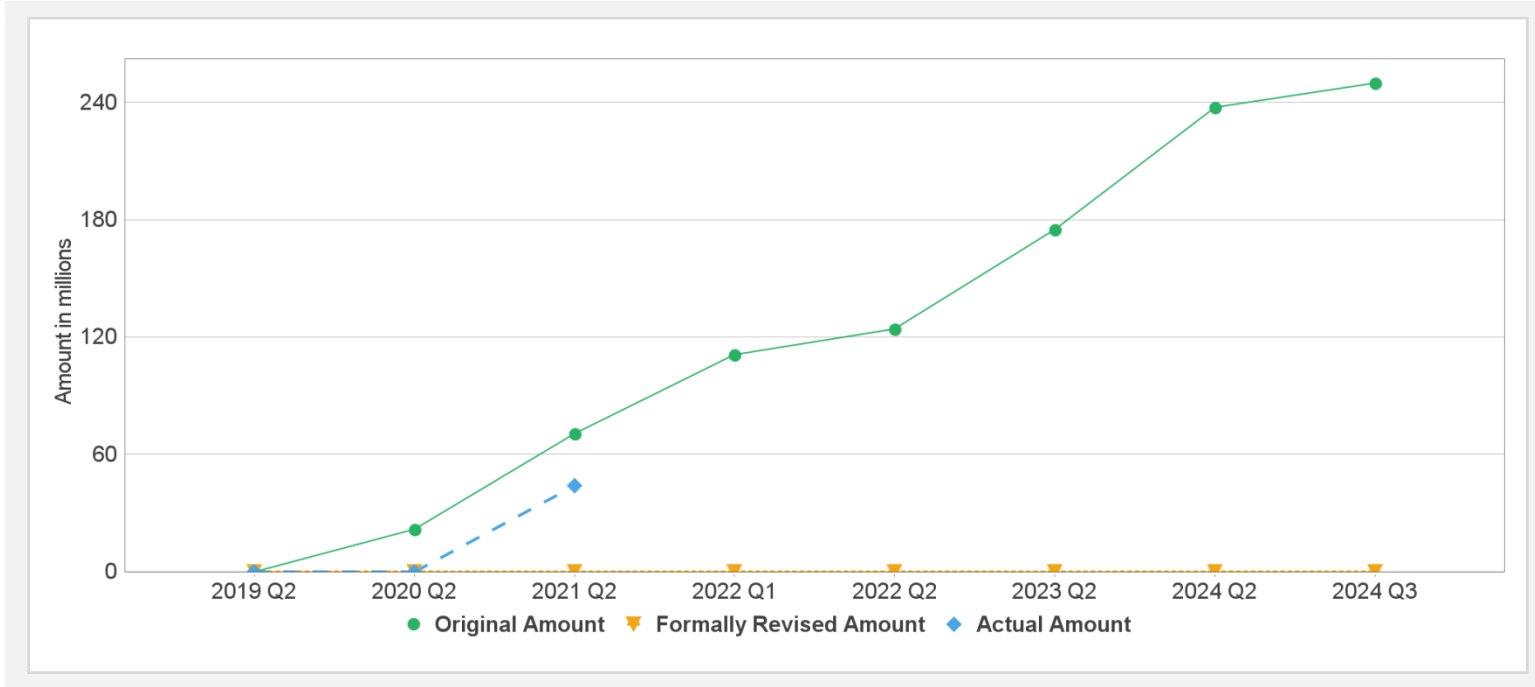
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P165034	IBRD-89580	Effective	USD	250.00	250.00	0.00	48.95	202.51	19%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P165034	IBRD-89580	Effective	30-Apr-2019	05-Dec-2019	02-Jun-2020	30-Jun-2024	30-Jun-2024

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC

Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.