



The World Bank

Housing Finance Development Program (P131973)

REPORT NO.: RES27780

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
HOUSING FINANCE DEVELOPMENT PROGRAM
APPROVED ON SEPTEMBER 26, 2013
TO

FEDERAL MINISTRY OF FINANCE OF NIGERIA, NIGERIA MORTGAGE REFINANCE COMPANY

FINANCE, COMPETITIVENESS AND INNOVATION

AFRICA

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ABBREVIATIONS AND ACRONYMS

CBN	Central Bank of Nigeria
DLI	Disbursement Linked Indicator
FGSHLB	Federal Government Staff Home Loans Board
IDA	International Development Association
MFB	Microfinance Bank
MOFI	Ministry of Finance Incorporated
MTR	Mid Term Review
NMRC	Nigeria Mortgage Refinance Company
OFISD	Other Financial Institutions Supervision Department
PAT	Project Administration Team
PDO	Project Development Objective
SDR	Special Drawing Rights



BASIC DATA

Product Information

Project ID P131973	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 26-Sep-2013	Current Closing Date 31-Dec-2018

Organizations

Borrower Federal Ministry of Finance of Nigeria,Nigeria Mortgage Refinance Company	Responsible Agency Central Bank of Nigeria
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Project Development Objective (PDO)

Original PDO

The project development objective is to increase access to housing finance by deepening primary and secondary mortgage markets in the Federal Republic of Nigeria.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-52920	26-Sep-2013	18-Dec-2013	05-Mar-2014	31-Dec-2018	300.00	130.13	152.23

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

Project status

1. The project is funded by International Development Association (IDA) Credit in an amount equivalent to 199,500,000 special drawing rights (SDR199,500,000); for illustrative purposes the component amounts are estimated and discussed in US dollars at the time of project approval, while the actual amounts disbursed in dollars will depend on the SDR conversion rates at the time of disbursement. The project has four components:

- i. Establishment of the Mortgage Refinance Company (SDR166,300,000 or estimated US\$250 million);
- ii. Establishment of a Mortgage Guarantee Product, Targeted at Lower Income Borrowers (SDR16,600,000 or estimated US\$25 million);
- iii. Housing Microfinance (SDR10,000,000 or estimated US\$15 million)
- iv. Technical Assistance and Capacity Building (SDR6,600,000 or estimated US\$10 million).

2. The first component, Establishment of Mortgage Refinance Company (estimated US\$250 million), is to be disbursed through six Disbursement Linked Indicators (DLIs), reflecting the performance of the Nigeria Mortgage Refinance Company (NMRC). Overall, the Project is administered by the Central Bank of Nigeria (CBN) through a Project Administration Team (PAT) within the Other Financial Institutions Supervision Department (OFISD), in charge of the supervision of non-bank financial institutions, including the Nigeria Mortgage Refinance Company (NMRC) and microfinance banks. The Project was approved in September 2013 and it became effective in March 2014. The closing date of the project is December 2018. The disbursement rate is 45.68 percent. The details about disbursements by category are included below:

Currency of Loan Commitment: XDR		Show amounts in XDR		
Category	Category Description	Allocated	Disbursed	Undisbursed
Totals		199,500,000.00	91,130,565.93	108,369,434.07
<u>1</u>	Line of Credit. Eligi Investmt Pt1	166,300,000.00	84,036,258.05	82,263,741.95
<u>2</u>	Line of Morgage Guar Prod Pt2	16,600,000.00	0.00	16,600,000.00
<u>3</u>	HMF Loans Part 3	10,000,000.00	5,339,256.35	4,660,743.65
<u>4</u>	Gds, Non CS, CS, OC Trg Pt 4	6,600,000.00	454,043.90	6,145,956.10
DA-A	Designated Account	0.00	1,301,007.63	-1,301,007.63

Component 1: Establishment of the Mortgage Refinance Company (SDR166,300,000 or estimated US\$250 million)

3. NMRC is a private sector driven company with the public purpose of developing the primary and secondary mortgage markets by raising long-term funds from the capital market and thereby providing access to affordable housing finance in Nigeria. NMRC was incorporated on 24th June 2013 and obtained its final license to operate as a non-deposit taking financial institution from the CBN on 18th February 2015. The institution is regulated by the CBN under the Regulatory and Supervisory Framework for the operations of a Mortgage Refinance Company.



4. As at Dec 31, 2017 NMRC has N11.7 billion Tier I Capital which is above the minimum capital requirement of N5 billion) as stipulated by the CBN. NMRC has an Authorized Share Capital of N8.5 billion. NMRC currently has 27 investors with the Ministry of Finance Incorporated (MoFI) and the Nigerian Sovereign Investment Authority (NSIA) owning 15.68 percent and 20.91 percent respectively. Four (4) Commercial Banks (9.8 percent), one (1) Non-Bank Financial Institution (1.3 percent and sixteen (20) Primary Mortgage Banks (PMBs) represent 52.3 percent of the total shares of NMRC.

5. The Company's Tier 2 Capital consists of a Subordinated Loan of estimated US\$250 million (estimated equivalent of up to SDR166,300,000) which is an IDA credit to the Federal Republic of Nigeria for funding of the Housing Finance Project. The role of the IDA credit is to: (i) strengthen NMRC's balance sheet and (ii) ensure sustainability of the model as it will provide confidence in the credit standing of NMRC as a bond issuing entity. The facility is available to NMRC in 6 instalments upon attaining DLIs.

6. In July 2015, NMRC successfully issued a 15-year 8 billion Series 1 Bond with a coupon rate of 14.9 percent under its N140 billion Medium Term Note Programme, making NMRC the first mortgage refinance facility in Africa to issue bonds to finance its refinancing operations. The bond, which was unconditionally and irrevocably guaranteed by the Federal Government of Nigeria and thus ascribed an "AAA" rating by Global Credit Rating Co., was 105.5 percent oversubscribed by domestic investors with the pension fund administrators representing over 75 percent of the noteholders which indicates their appetite for new long-tenured asset classes.

7. The bond issue proceeds have been channeled to refinance 434 qualifying legacy mortgage loans with a total pool size of N8.2 billion originated by eight (8) participating member-mortgage lending institutions at 65 basis points above the bond coupon rate. NMRC was cautious in conducting prudent and adequate due diligence before refinancing loans from this legacy group and granted a grace period of up to 18 months to participating mortgage lending institutions from the date of refinancing regarding certain deferral of conditions of the Uniform Underwriting Standards on their mortgage portfolio.

8. On 30th September 2015, FMDQ OTC Plc. (FMDQ) formally admitted the NMRC Series 1 Bonds to listing on its official list and trading by its dealing members. The successful listing of NMRC bonds on FMDQ will create the much-needed liquidity for the instruments, price formation for the issuance of new bonds, price discovery for investors in these securities and foster market transparency.

9. *Progress towards achievement of DLIs.* NMRC has drawn US\$120 million (SDR84,036,260), which represents the first two DLIs following compliance with the effectiveness conditions of the Project and successful completion of the review of legacy loans to be refinanced by NMRC.

Component 2: Establishment of a Mortgage Guarantee Product, targeted at lower income borrowers (SDR16,600,000 or estimated US\$25 million)

10. The initial focus of the Project has been on the establishment and operationalization of NMRC and the work on this component has been revived only recently with the engagement of new consultants to undertake the needed feasibility assessment. The consultants have completed their first mission and seem positive regarding the feasibility of designing and rolling out the guarantee product, subject to adoption a certain legal and regulatory amendments, which would be detailed in the Inception Report expected in May-June 2018. However, it does



not seem realistic to have all the required enabling environment changes in place by the current project closing date of December 2018. It is expected that the consultants could complete the detailed recommendations on the substance of the required amendments as well as provide a stylized mortgage insurer business plan and institutional arrangements. While the guarantee products/facility may not be operational before the closing date it appears that prior technical work could be completed and this could be subsequently pursued by NMRC or another suitable institution independently from the project. At this stage, it does not seem realistic to expect that this component will fully disburse towards the establishment of a mortgage guarantee product.

Component 3: Housing Microfinance (SDR10,000,000 or estimated US\$15 million)

11. Technical assistance on housing microfinance to 8 microfinance banks (MFB) is underway ahead of PAT's deployment of the housing microfinance line of credit to eligible MFBs. It was assessed that 9th MFB could access the housing microfinance line of credit without technical assistance considering the past assistance it has received on housing microfinance and its strong capacity. The PAT is currently reviewing the readiness of participating MFBs and it is expected that initial disbursements of up to \$2.5 million toward product piloting will commence in April 2018, following verification of MFBs' ongoing compliance with project eligibility criteria. One of the MFBs that receiving TA has experienced other operational difficulties and will no longer be able to borrow under the project. Following the pilot, eligible MFBs will be offered access the rest of the available amount of up to estimated US\$15 million for utilization before the project closing date. The project success will largely be determined with the outcomes of the pilot, as opposed to whether the entire credit allocation is utilized by the project closing date. The World Bank disbursed US\$7.5 million to the Central Bank of Nigeria (CBN) under this component in October 2017 ahead of the roll out of the lending pilot.

Component 4: Technical Assistance and Capacity Building (SDR6,600,000 or estimated US\$10 million)

12. The focus under this component has been to support the implementation of the Mortgage Guarantee component (with the feasibility study underway) and the Housing Microfinance component (with technical assistance to MFBs underway). This component is also supporting the strengthening of the PAT within CBN (with procurement, Environmental & Social, Legal, Housing Microfinance and Mortgage consultants). So far, approximately US\$0.7 million was disbursed under this component. Given the rapidly approaching closing date there will not be sufficient time to fully deploy technical assistance resources and the focus will largely remain on completing the ongoing assignments with a consideration given to a few new technical tasks.

13. Finally, as can be noted in the results framework the most recent results update for project development objective level indicators dates to end-December 2016, due to PAT/CBN challenges to collect and report this data. The PAT/CBN are currently working on the update.

Rationale for restructuring

14. The Mid-Term Review (MTR) for the project was undertaken in December 2016. A key recommendation of the MTR was to revise the DLI targets considering the devaluation of the Naira since project approval (US\$1 = 157.75 in June 2013 and US\$1 = N305.7 official rate and approximately N360 in the convertible Investors and Exporters Forex (IEFX) window which is at about 20 percent premium over the official rate).



15. The next DLIs refer to the volume of new bonds issued to refinance the same volume of mortgages. As such, the following is required for the third DLI: *“Evidence that since Tranche II disbursement, NMRC has (a) issued new bonds to fund the refinance or prefinancing of eligible mortgages with a minimum volume of bonds outstanding equivalent to US\$120 million and (b) new refinancing or prefinancing of eligible mortgage loans at a minimum volume of US\$120 million equivalent”*. The table below highlights the impact of the Naira devaluation on the DLI targets, using the official exchange rate of US\$1 = 305 Naira.

Table 1: Impact of Naira devaluation on DLI targets

		Historical exchange rate =	Current (official) exchange rate =
	(June 2013)	157.75	305
DLI	Refinancing volume (\$ m.)	Naira m. @ historical rate	Naira m. @ current rate
III	120	18,930	36,600
IV	100	15,775	30,500
V	50	7,888	15,250
VI	50	7,888	15,250

16. It is therefore proposed to undertake a Level II project restructuring to express the targets of the DLIs in Naira (instead of US\$), using the historical exchange rate (at the time of project approval) ensuring objective adjustment of targets to reflect the market conditions resulting from exogenous factors beyond the control of the project.

17. In addition, it is proposed to adjust the amount of the DLIs for tranches III, IV and V. There was a concern that NMRC would receive an amount higher than originally planned: US\$70 million at the current official exchange rate (305) is higher than US\$70 million at the historical exchange rate (157).

Table 2: Proposed revised DLI amounts and targets

Tranche	Maximum amount allocated (US\$ equivalent m.)	DLI target: value of new bonds and refinanced mortgages (Naira m.)
III	50 [instead of 70]	18,930
IV	30 [instead of 20]	15,775
V	30 [instead of 20]	7,888
VI	20	7,888

18. Finally, as the original credit was committed in SDR, the restructuring will make this correction as well, by transforming the maximum amount allocated to SDR. The DLI conversion were guided by the authorities' request provided in US dollars as per the above table, though it is important to note that the actual amount disbursed in dollars will depend on the SDR conversion rate at the time of disbursement, not to exceed a total SDR allocation of SDR166,300,000 of which SDR12,952,950 and SDR71,083,310 have already been disbursed when DLIs I and II were met. The DLIs III-VI have been recalculated as of April 05, 2018 and expressed in SDR are as follows:

Table 3: Proposed revised DLI amounts in SDR and targets



Tranche	Maximum amount allocated SDR	DLI target: value of new bonds and refinanced mortgages (Naira m.)
III	34,500,000	18,930
IV	20,800,000	15,775
V	20,800,000	7,888
VI	6,163,740	7,888

Note: As a result of fluctuation of SDR conversion rate and so as to accommodate authorities' request presented in US dollars, recalculation of DLIs III-V were based on the US Dollar targets from the request for restructuring, while the DLI VI represents residual amount of up to SDR166,300,000 which is the maximum allocated for this component.

Prospects of NRMRC reaching the revised DLIs

19. The World Bank received the request for restructuring from the Federal Ministry of Finance in May 2017 (Annex 1). Following the December 2016 MTR, it was expected that NMRC would be able to meet the third DLI by June 2017, assuming that the project restructuring would have been completed.

20. It became clear in May 2017 that NMRC would not be able to meet the restructured third DLI at that time. The reasons for the lack of progress related in part to the difficult macro-economic environment with high interest rates and the economy still in recession with a contraction for 5 consecutive quarters. Policy interest rates remained high as the Central Bank of Nigeria fights inflation which means that cost of a bond issuance for NMRC also remained high.

21. Albeit still high, the headline inflation has been on a slight downward trend. Most recently, as of February 2018 the headline inflation marginally decreased to 14.33 percent (year-on-year), from 15.4 percent in December 2017. This was the thirteenth consecutive month of a slow-down in the rate of inflation after fifteen consecutive months of acceleration between November 2015 and January 2017. While the benchmark interest rate (Monetary Policy Rate) remains at 14 percent following the November 2017 meeting of the Monetary Policy Committee, other key rates have been gradually declining. As an example, the yield on a 10-year Federal Government Bond has decreased from over 16 percent in July 2017 to around 14 percent as of February 2018. While still higher than at the time of initial NMRC issuance, the conditions have become more favorable. Also, the CBN has informed the World Bank of its decision to remove the interest rate cap on mortgages (introduced in 2017) which is a positive development.

22. As NMRC has already provided refinancing for an amount of N8 billion, it now needs to provide prefinancing or refinancing of around N10.93 billion to reach the third DLI target as per the proposed restructuring. As a side note, it is important to acknowledge that NMRC has also refinanced N830 million to-date from retained earnings and plans to refinance about N100m from the same source shortly; however, these refinancing operations will not count towards the third DLI as they were not linked to bond issuance. NMRC management indicated that they were confident about meeting the revised third DLI by end April 2018 with the activities towards issuance of a bond in the amount of N11 billion against the following pipeline are well under way.

Table 4: Project Pipeline for Series II Bond Issuance Covered under the third DLI:

SN	Loan Type	Amount	Number of Houses
1a	Access Bank - staff Mortgages	79 units	N2.4 Billion



1b	Access Bank - Individual Mortgages	24 units	N500 Million
1c	Access Bank - corporates	479 units	N3.6 Billion
2	Stanbic IBTC Bank	101 units	N2.1 Billion
2	Homebase Mortgage Bank	11 units	N350 Million
3	TrustBond Mortgage Bank	15 units	N500 Million
4	Omoluabi Mortgage Bank	12 units	N300 Million
5	Sterling Bank	69 units	N900 Million
6	Infinity Trust Mortgage Bank	15 units	N350 Million
Total		805 Units	N11 Billion

23. In addition, the NMRC has identified additional projected pipeline expected until the project closing date (December 2018). This primarily includes mortgages to be funded with conventional bond issuance and piloting of the first private sukuk bond in Nigeria, as per the tables below.

Table 5: Additional Projected Pipeline for Series III Bond Issuance (on-going) in support of future DLIs

SN	Bank Name	Count	Amount
1	Infinity Trust Mortgage Bank	24 units	N600,000,000.00
2	Homebase Mortgage Bank	20 units	N500,000,000.00
3	Jubilee-Life Mortgage Bank	12 units	N300,000,000.00
4	LBIC	120 units	N300,000,000.00
5	Access Bank	120 units	N3,000,000,000.00
6	Sterling Bank	20 units	N3,000,000,000.00
6	TrustBond Mortgage Bank	12 units	N500,000,000.00
7	FHA	15 units	N300,000,000.00
8	Gateway Mortgage Bank	15 units	N250,000,000.00
9	FGSHLB (As at October 2016)	650 units	N13,000,000,000.00
10	OPIC	180 units	N3,024,000,000.00
11	Echo Stone	250 units	N1,800,000,000.00
12	Brains & Hammers	132 units	N1,978,000,000.00
Total		1,570 Units	N28,552,000,000.00



Note: The pipeline relating to OPIC, Echo Stone and Brains and Hammers (items 10-12 in the table above) which are not banks will be allocated to various member banks that have expressed interests.

24. The key transaction in the projected pipeline is the refinancing of a portfolio of loans with the Federal Government Staff Home Loans Board (FGSHLB). The World Bank team has previously met with the management of the FGSHLB who confirmed that loans have been identified, and over 2,000 mortgage lien documents have already been transferred in favor of NMRC ahead of the refinance transaction. NMRC's credit team has reviewed the portfolio. The CBN has agreed a structure for the refinancing as FGSHLB is not a shareholder in NMRC, where Ministry of Finance's private holding vehicle MOFI would be the counterpart in the transaction. All of the loans benefit from direct salary deductions from Federal salaries making the portfolio extremely low risk. The initial transaction of N1 billion to the FGSHLB has not yet been completed because some of the conditions precedent to disbursement as given by the NMRC's Board Credit Committee and Board have not been met, including related to the assurances regarding enforcement of guarantees issues by the government, identifying financial Institutions that will take on the credit risk, and other operational requirements which are currently being pursued.

25. Among the remaining institutions listed in the above pipeline, several will be returning for a second transaction which facilitates process as the master loan agreement is already in place. The due diligence on the portfolios is already underway for several of the other lenders also.

Table 6: Projected Pipeline for Non-Interest Mortgages – Sukuk

SN	Bank Name	Amount
1	Sterling Bank - Sukuk	N2,000,000,000.00

26. The planned sukuk refinancing is promising and given that this would be the first non-government (private) sukuk in the country, and only the third Sukuk issued to date (previous two were issued by Osun State and subsequently the Federal Government). While this innovation therefore carries more uncertainty, it is progressing well at this stage with key regulatory permissions in place and a structure for issuance which segregates NMRC's interest bearing balance sheet. Given the challenges with Islamic Board's interpretation of certain procedural aspects, as well as confirming a financial institution that would assume the risk (Sterling Bank is on board for the above-mentioned transaction but has yet to complete the required paperwork), issuance of Sukuk bond may be delayed, though NMRC will continue to pursue this transaction which is expected to materialize in the coming months.

27. Based on the above information and the proposed restructuring, and depending on market conditions, it appears feasible for the NMRC to meet DLIs III-V by the end of the project closing date.

28. To verify achievement of this DLI towards disbursement the World Bank will consider the following documents verified by a third party (i.e. by the NMRC hired auditor): i) for bond issuance, the Security and Exchange Commission's approval of the Basis of Allotment and newspaper advert of the allotment; ii) for new refinancing or prefinancing of eligible mortgages duly executed copies of the individual contracts for refinancing or prefinancing between NMRC and participating banks; and iii) for the verification of the previously completed transactions following the prior bond issuance of NGN8 billion that counts towards the third DLI, the NMRC will submit the audited financial statements for the relevant year to confirm completion of those transactions. Going forward beyond this DLI verification of DLIs (4-6) will be confirmed in the above process and documents listed under items i) and ii) above.

29. In addition, the NMRC will continue to provide the World Bank with letters confirming receipt of loan proceeds from CBN, following the fulfillment of each DLI target and subsequent disbursement by the World Bank, as per the



provisions of the Subordinated Loan Agreement between the CBN and NMRC, as was the case for DLIs I and II when the Naira equivalent of US\$120 million was disbursed to NMRC.

30. These arrangements will be reflected in the Project Operations Manual following the completion of project restructuring.

II. DESCRIPTION OF PROPOSED CHANGES

31. As indicated above, it proposed to undertake a Level II project restructuring to express the targets of the DLIs in Naira (instead of US\$), using the historical exchange rate (at the time of project approval) and to adjust the DLI amounts for Tranches III, IV, V and IV. Also, opportunity will be used to introduce a correction to reflect the SDR as the currency.

Table 7: Original DLI amounts and targets

Tranche	Maximum amount allocated (US\$ equivalent m.)	DLI target: value of new bonds and refinanced mortgages (US\$ equivalent m.)
III	70	120
IV	20	100
V	20	50
VI	20	50

32. The proposed revised DLI amounts and targets, as requested by the authorities, are indicated in Table 8 below.

Table 8: Revised DLI amounts and targets

Tranche	Maximum amount allocated (US\$ equivalent m.)	DLI target: value of new bonds and refinanced mortgages (Naira m.)
III	50	18,930
IV	30	15,775
V	30	7,888
VI	20	7,888

33. The final proposal reflecting SDR as the currency, allocating remaining balance of SDR82,263,740 for DLIs III-VI (following previous disbursement of SDR12,952,950 and SDR71,083,310 for DLIs I and II) are indicated in Table 9 below.

Table 9: Revised DLI amounts and targets

Tranche	Maximum amount allocated	DLI target: value of new bonds and refinanced mortgages
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	SDR	(Naira m.)
I	12,952,950	Compliance with Conditions of Effectiveness under Section 5.01 of the Financing Agreement
II	71,083,310	Evidence that NMRC has carried out Due Diligence for refinancing or prefinancing transactions of mortgage loans of Participating Mortgage Lenders
III	34,500,000	18,930
IV	20,800,000	15,775
V	20,800,000	7,888
VI	6,163,740	7,888

Note: DLIs I and II have already been met and disbursed and the only change will include presenting the maximum amount allocated in SDR.

34. Finally, the project restructuring will also require slight amendment to the Disbursement Letter. Specifically, the changes related supporting documentation should be provided with each application for withdrawal for Category 1 expenditures (as per the Financing Agreement) as set out below:

- For reporting eligible expenditures: Interim Financial Report (IFRs) including DLIs reconciliation Form and the list of DLIs achieved and verified.
- For financing eligible expenditures the following evidence will be required:
 - For DLIs I and II: NMRC has received proceeds of the Financing in the form of Line of Credit to finance Eligible Investments;
 - For DLIs III to VI: (i) NMRC has received proceeds of the Financing in the form of Line of Credit to finance Eligible Investments., (ii) Eligible expenditures have been spent and verified in accordance with provisions of Section IV of Schedule 2 of the Amended Financing Agreement and that (iii) the relevant DLI(s) in the Schedule 4 of the Financing Agreement (Disbursement Linked Indicators and Results) have been achieve

III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Disbursements Arrangements	✓	



Change in Overall Risk Rating	✓	
Other Change(s)	✓	
Change in Implementing Agency		✓
Change in DDO Status		✓
Change in Project's Development Objectives		✓
Change in Results Framework		✓
Change in Components and Cost		✓
Change in Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursement Estimates		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

IV. DETAILED CHANGE(S)

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating at Approval	Current Rating
Political and Governance		● High
Macroeconomic		● High



The World Bank

Housing Finance Development Program (P131973)

Sector Strategies and Policies	● Substantial
Technical Design of Project or Program	● Moderate
Institutional Capacity for Implementation and Sustainability	● High
Fiduciary	● Moderate
Environment and Social	● Moderate
Stakeholders	● High
Other	
Overall	● High



Annex 1: Request for Project Restructuring from the Federal Ministry of Finance



FEDERAL MINISTRY OF FINANCE

**INTERNATIONAL ECONOMIC RELATIONS
DEPARTMENT**

Website: www.fmf.gov.ng

Telephone: _____

F11373/S.34/C.1589/I

Ref. No. _____

11TH May, 2017

Date: _____

The Country Director,
World Bank Country Office,
Plot 102 Yakubu Gowon Crescent,
Asokoro,
Abuja.



WORLD BANK ASSISTED NIGERIA HOUSING FINANCE PROJECT: REQUEST FOR RESTRUCTURING

I am directed to refer to the recent Aide Memoire on the Mid Term Review of the Nigeria Housing Finance Project (NHFP), November 28th – December 13, 2016 and to forward the concurrence of the Federal Ministry of Finance to the proposed Project restructuring to adjust the targets of the Disbursement Linked Indicators in Naira using the historical exchange rate at the time of Project approval.

2. The revised Disbursement Linked Indicator being proposed and endorsed by the Federal Ministry of Finance is as follows:

Tranche	Maximum Amount Allocated (USD equivalent m.)	DLI target: Value of new bonds and refinanced mortgages (Naira m.)
III	50	18,930
IV	30	15,775
V	30	7,888
VI	20	7,888



3. Please, accept the kind regards of the Honourable Minister of Finance.

A handwritten signature in black ink, appearing to read 'Aliyu Ahmed'.

Aliyu Ahmed

Director, International Economic Relations

For: Honourable Minister of Finance