



CENTRAL BANK OF NIGERIA

# Nigeria Housing Finance Programme: Strategies, Policies and Processes for Financing Affordable Housing

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- The Nigeria Housing Finance Program (NHFP) is a catalytic PPP market-driven intervention designed to re-invigorate the Nigeria Housing Market.
- The goal of the program is to expand access to affordable home ownership.
- The program aligns with the Federal Government's FSS2020 strategy, identifying with the vision of achieving home ownership for any qualified Nigerian that so desires, and is qualified.



- The NHFP has four components:
  - The NMRC
  - Mortgage Guarantee Insurance
  - Housing Microfinance
  - Technical Assistance
- The project was capacitated with a \$300 million loan, and has been running for just over two years.
- To increase accessibility to long term funding through the capital market at such rate would deliver affordable mortgage and housing Microfinance products to end users.



- The NHFP is daily implemented by a Project Administration Team (PAT), domiciled in Other Financial Institutions Supervision department (OFISD), Central Bank of Nigeria.
- The team is tasked with ensuring that this program is implemented with vigor, creativity and dedication.
- As a result, the team has been able to tackle multiple parallel issues, and achieve ongoing progress for the benefit of the Nigerian Housing market, and the citizens of Nigeria.



## Strategies

- Our strategies are developed in congruence with the philosophy of the program, as well as the continued assessment and adjustment of ongoing programs seen as critical for the success of the program.
- We employ expertise on a global platform, ensuring that we incorporate international standards in our programs and processes, while passionately ensuring the entrenchment of Nigeria's unique DNA in every such program.



## Strategies

- Collaboration on national housing related data in the form of a platform for planning, measure progress and for investors.
- Collaboration to de risk the sector by addressing age long constraints and challenges.
- Strengthen and deepen the market through provision mortgage guarantee for those with inadequate equity to meeting underlying Mortgage underwriting guidelines.



## Strategies...2

- The most important strategy we employ, is the adherence of program features to market features and forces, to ensure sustainability.
- The NHFP, CBN is a Support Partner to the program, and the private sector is expected to implement it on a day-to-day basis.
- We partner with the Mortgage Bankers' Association of Nigeria, as well as the Microfinance Association, to capacitate and support sector initiatives for the success of the program.



## Policies

- The NHFP partners with the industry in the development of policies designed to achieve the standardization of processes, enabling easier access to funding, and faster resolution of matters relating to Housing in the system.
- The policy focus is **demand driven ownership** through provision of sustainable framework.
- Some of the critical policies passed in the market are to ensure an end-to-end funding flow for the market to access, in their creation of mortgages and other housing finance programs.





## Processes

- We are very focused on utilizing processes designed to achieve maximum impact on the market, in the shortest time possible.
- It was quickly realized that addressing the following issues would have the quickest, safest and highest positive impact on the market:
- Liquidity: As a liquidity facilitator, the NMRC was established to provide secondary market funds to member PFIs in the industry. As of today, the NMRC has also assumed the role of industry advocate, leading to the issuance of Uniform Underwriting Standards



## Processes...2

- Uniform underwriting standards for the formal sector have already been adopted, and are being used by the larger section of the industry.
- Uniform underwriting standards for the informal sector and for the non-interest sector are already in draft form, and going through the process of validation.
- As more of the sector imbibes these standards, it is expected that access to liquidity will be eased, and mortgage creation will increase exponentially.



## Mortgage Guarantee Insurance Program

- We are currently working on the creation and introduction of an appropriate MGIP for the benefit of those intending homebuyers with limited equity contribution capacity.
- The program will offer assurance to the lending partners, and incentivize them to accept equity contributions as low as 5%, instead of the 20% and more currently required.
- We expect this program to bring a bulk of young citizens, and current renters into home ownership.



## Housing Microfinance

- The idea of incremental home construction is culturally comfortable to our Nigerian citizens.
- Micro-finance is currently going through a Pilot program, with Nine approved MFBs receiving Technical Assistance through the NHFP Technical Assistance project.
- The NHFP intends to provide such MFIs with funding, to enable them offer such incremental funding, especially to borrowers who do not qualify for mortgages.



## Mortgage Finance Warehouse Limited (MFWL)

- The MFWL is designed to be a solution to the lack of pre-funding facilities in the Nigeria Housing Market.
- It offers PFIs the opportunity to request for pre-finance funds for up to 270 days, which they can then use to finance mortgages, then re-finance with NMRC to recycle market funds for the creation of mortgages.



# Mortgage Finance Warehouse Limited (MFWL)

MWFL (PRE-FINANCE)



LENDER (FINANCE)



BORROWER (HOME OWNERSHIP)



NMRC (REFINANCE)



## Achievements so far:

1. NMRC – Market driver and liquidity provider.
2. Micro-finance – Pilot program well underway with 9 Micro-finance Banks.
3. Mortgage Guaranty Program – Work has progressed and is ongoing, with technical consultants.
4. Underwriting Standards – Formal and informal already completed, non-interest in final stages.
5. Judiciary sensitization: Judicial workshop completed and follow-ups ongoing.
6. State intervention – engagement ongoing with National Governors' Forum.
7. Mass Literacy Campaign: “My Own Home Scheme” campaign ongoing.



# THANK YOU

# Questions?