Early Warning System

ADB-51348-001

Mortgage Market Sector Development Program

Early Warning System

Mortgage Market Sector Development Program

ADB-51348-001

Quick Facts

Countries	Uzbekistan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2019-11-28
Borrower	Government of Uzbekistan
Sectors	Finance, Law and Government
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 200.95 million
Loan Amount (USD)	$ 200.00 million
Grant Amount (USD)	$ 0.95 million

Project Description

According to bank documents, the proposed Mortgage Market Sector Development Program aims to establish a new institutional infrastructure and financing mechanism to promote market-based mortgage finance in Uzbekistan and expand residential mortgage product availability to broader segments of the population. These measures will allow to provide long-term funding to banks, promote competition, and remove inefficient and market-distorting elements in the housing finance environment. The program will also support the Government of Uzbekistan in reforming some of the parameters of the existing government housing subsidy programs, so as to ensure the efficient use of public resources, strengthen fiscal sustainability, and improve the housing policy and subsidy framework.

The proposed sector development program (SDP) aims to develop a market-based residential mortgage market by (i) designing and implementing a new housing policy, reforming housing subsidies, and reviewing the legal and regulatory framework; (ii) strengthening the institutional framework to administer housing policy and subsidies by establishing a Housing Assistance Unit (HAU) in the Ministry of Finance (MOF); and (iii) making long-term fixed-rate local currency funds available to banks to enable them to expand their range of residential mortgage loan products through the establishment of the Uzbekistan Mortgage Refinancing Company (UMRC).

Early Warning System Project Analysis

The ADB categorized the project E&S risks as 'FI-C'.

Investment Description

- Asian Development Bank (ADB)

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.

- Mortgage Refinancing Company of Uzbekistan (UzMRC) (Financial Intermediary)

Private Actors Description

As stated on the company's website, Mortgage Refinancing Company of Uzbekistan is a refinancing credit institution in the form of a joint stock company. JSC "Mortgage Refinancing Company of Uzbekistan" (UzMRC) was established by the Ministry of Finance in November 14, 2019 in accordance with Presidential Decree No. UP-5715 dated May 13, 2018, as a mechanism to ensure mortgage liquidity to solve the problem of long-term financing in the banking sector. The Company's charter capital is 100 billion soums.

Contact Information

Executing Agency: Ministry of Finance
5 Mustaqiliik Square
Tashkent 100008, Republic of Uzbekistan

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Initial Poverty and Social Analysis
- Mortgage Market Sector Development Program: Concept Paper
- Project Disclosure PDF [Original Source]

Other Related Projects

- ADB-51348-002 Mortgage Market Development Program
- ADB-51348-003 Support to the Operationalization of the Uzbekistan Mortgage Refinancing Company (UMRC)
- ADB-51348-005 Mortgage Market Sector Development Program (Additional Financing)