Early Warning System

ADB-59467-001

Resilient and Expanded Access to Housing

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Quick Facts

Countries	Armenia
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	U
Borrower	Government of Armenia - National Mortgage Company
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million

Project Description

According to the Bank’s website, the project will provide a $40 million FIL (approximately AMD15.3 billion) to NMC that will assume the currency risk and pass through loan proceeds to participating financial institutions (PFIs) in local currency for partially financing mortgages (subloans) to refugees under the government's housing support program. PFI's will assume all credit risk and cofinance 50% of each subloan leveraging private sector resources and expanding access to affordable housing finance. Subloan mortgage terms and underwriting criteria are generally defined within the government program.

This project will help address the lack of long-term funding available in the banking sector by expanding the overall mortgage market. It supports the ability of NMC and banks to expand lending to underserved segments (refugees, women). This enables their better integration into the country and economy. It promotes market-based mechanisms requiring co-financing with participating commercial banks. By offering accessible home mortgage financing to large and disadvantaged groups of the population, the project will help enable citizens to make better economic decisions and provide for their improved financial well-being. It can reduce urbanization pressure and the onward impact on housing affordability by encouraging settlement across Armenia.

The project complements and backs the RBL program on housing reforms. It supports raising long-term finance to help address the sustainable housing needs of the refugees. It backs gender-responsive housing finance, promotes climate-resilient and energy-efficient housing through incentives aligned with Armenia's Sustainable Finance Taxonomy and ADB's Strategy 2030, and enhances opportunities for the refugees to improve their social and economic conditions, contributing to the broader social housing policy objectives of the government.

The NMC aims to consider the ADB loan as part of its capital base. This follows CBA Regulation 14, 'On the regulation of the activities of credit organizations, the prudential standards of activities of credit organizations, by which the NMC must comply to operate independently and on a commercial basis. The treatment of the ADB loan as part of NMC's capital will enable it to raise further debt funding and leverage further refinancing of mortgages in the country. The specific characterization of the ADB loan to NMC is under review in consultation with the ADB Office of the General Counsel and the Strategy, Policy, and Planning Department. The ensuing loan project envisions an attached TA (further sources are being sought) to support project implementation over a proposed 5-year period to support NMC and PFIs.

The project targets that 350 households will acquire housing that is energy-efficient, sustainable, climate-resilient, or in seismic-resilient buildings. This represents 5% of the housing acquisition anticipated (7,000) to be supported by the ADB loan. The initial estimate of climate finance will be up to $2 million.

Investment Description

- Asian Development Bank (ADB)

The financing amount is $40,000,000, which will be financed on a loan basis by ADB’s ordinary capital resources.

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.

- National Mortgage Company (NMC) (Financial Intermediary)

Private Actors Description

The *National Mortgage Company (NMC)* is a refinancing credit organization established in 2009, with the Central Bank of Armenia as its sole shareholder. Through strategic partnerships and initiatives, and by mobilizing resources from capital markets, NMC facilitates affordable mortgage solutions tailored to the needs of mid- and low-income families, aiming to improve their housing conditions.

Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

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.