



The Tanzania - Housing Finance Project (P117242)

AFRICA | Tanzania | Finance, Competitiveness and Innovation Global Practice |
IBRD/IDA | Investment Project Financing | FY 2010 | Seq No: 18 | ARCHIVED on 27-Jun-2019 | ISR37878 |

Implementing Agencies: BANK OF TANZANIA, United Republic of Tanzania

Key Dates

Key Project Dates

Bank Approval Date: 09-Mar-2010	Effectiveness Date: 21-Jan-2011
Planned Mid Term Review Date: 18-Mar-2013	Actual Mid-Term Review Date: 18-Mar-2014
Original Closing Date: 31-Dec-2015	Revised Closing Date: 28-Jun-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to develop the housing mortgage finance market through the provision of medium and long-term liquidity to mortgage lenders.

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

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

The revised PDO is as follows: To facilitate the development of the housing finance market through the provision of medium and long-term liquidity to lenders.

Components

Name

Development of the Mortgage Market:(Cost \$73.80 M)
Development of Housing Microfinance:(Cost \$20.50 M)
Expansion of Affordable Housing Supply:(Cost \$4.30 M)
Project Management:(Cost \$1.40 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Substantial	● Substantial

Implementation Status and Key Decisions



The Additional Financing (AF) was approved in February 2015, with a closing date of June 28, 2019. Project performance during the AF period has been steady and robust in a changing economic environment, as reflected in the strong financial performance achieved by TMRC despite slowed growth in the mortgage market.

Overall performance has been good, though there has been greater progress in Component 1 than Components 2 and 3. The disbursement performance of Component 1 has been boosted during the last six months with four transactions completed for a total amount of TZS 15.5 billion (equivalent to US\$6.74million) and currently three applications in the amount of TZS 21.5 billion (equivalent to US\$9.3million) are ready for the transaction by BOT, which results in TZS 37 billion (US\$16.28 million) of transaction during the last six months. This could absorb all available credit for the component 1 including the US\$10 million conditioned to TMRC bond issuance described below. In addition, this will also absorb unused remaining balance of the project from other components.

From the funding allocated to Component 1 (TMRC), an amount equivalent to US\$10 million (category 1(b)) is accessible only on condition of TMRC bond issuance of equal value. In addition to the previously issued bond in the amount of TZS 16 billion (equivalent to \$7.3 million), TMRC has successfully issued the 2nd bond in the amount of TZS9,283,600,000 (equivalent to US \$4 million) successfully, 16% oversubscribed than the originally planned amount of TZS 8 billion. This is a significant achievement and the project team including LEG has reviewed and confirmed as satisfactory evidence for disbursement. The TTL has informed the clients to be ready to submit the withdrawal application before the closing date as soon as the notification is received to be ready for the pipelines waiting for the unlocked amount and to meet the financing demands for the credits from PMLs through TMRC.

The project has pioneered and supported the development of the mortgage market in Tanzania. Since the beginning of the project, the number of the PMLs offering the mortgage loans has increased from 1 to 32, the interest rates charged by PML has decreased significantly from above 20% to between 13.5% - 19% in 2019, making mortgages more affordable even while market-based pricing is used. Number of PMLs offering the mortgage loans with using the TMRC is now 15, while other 17 PMLs started to enter the mortgage loans business using their own financial resources.

Component 2 (Development of Housing Microfinance Market): Although the progress has been slower in terms of disbursement of HMFF (Housing Microfinance Fund), the initial stage of developing the market has taken off, and the impact on the ground is significant. At the beginning of the project, such a product and market segment were non-existent. Now 6 microfinance banks offer the housing microfinance loans using the HMFF facility. One pipeline in the amount of TZS 12 billion (equivalent to US\$ 5.22 million) is currently ready for the transaction before closing date, which will soon result in the total disbursement of TZS 29.87 billion (equivalent to US\$12.96 million), close to the project end target. The authorities have been advised to sustain efforts to build the HMFF market segment building off the project's foundational work and how this can be scaled up to support the low-income segments who benefit from such a product. With the conventional mortgage market now having picked up momentum, the project's HMFF component provides a good basis for the authorities in Tanzania to expand the foray into this segment further. There have been the discussions between BOT and MoFP on the future of HMFF beyond the project closing and a long-term plan of continuing the HMFF beyond the closing date is under consideration but needs to be carried forward and concluded.

Component 3 (Expansion of Affordable Housing Supply): Although a small component, an important study was conducted to establish the national information center. Ministry of Lands, Housing and Human Settlements Development (MLHSD) has secured its own funding to cover the operational costs of running the center from the next FY, which shows the strong commitment of MLHSD. However, three procurements planned to include the one to purchase the software and hardware equipment for the center were not materialized and cancelled later due to insufficient time to complete the procurement prior to the closing date as the bidding process resulted in vendors not meeting the requirements.

Project Management: In line with the BOT's re-organization in November 2018, HF PMU was also re-organized, and a project management arrangement instituted, led by a Technical Committee for HFP under the Directorate of Economic and Policy Research. Overall, HF Project management has generally been strong, the mission feels reassured in the management team's ability to accelerate project implementation and disbursement in the remaining period. The mission was also informed that the BOT plans to initiate its own Implementation Completion Report (ICR) as mandated by the requirements of IDA financing in parallel with executing its responsibility for oversight and implementation of the project.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● Substantial	● Substantial
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Moderate



Fiduciary	--	● Low	● Low
Environment and Social	--	● Substantial	● Substantial
Stakeholders	--	● Moderate	● Moderate
Other	--	--	--
Overall	--	● Substantial	● Substantial

Results

PDO Indicators by Objectives / Outcomes

Facilitate the development of housing finance market through provision of medium and long-term liqui				
▶ Outstanding volume of eligible housing loans financed by TMRC (TZS billions) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	96.10	107.10	95.90
Date	31-Mar-2010	01-Oct-2018	28-Feb-2019	28-Jun-2019
▶ Number of financial institutions offering mortgage product (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	31.00	32.00	31.00
Date	31-Mar-2010	30-Sep-2018	25-Mar-2019	28-Jun-2019
▶ Outstanding volume of TMRC bond issuance (TZS billion) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	16.52	25.80	39.50
Date	31-Mar-2010	30-Sep-2018	25-Jun-2019	28-Jun-2019
▶ Outstanding volume of microfinance loans financed by project (TZS billions) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	17.87	17.87	30.00
Date	31-Mar-2010	30-Sep-2018	29-Mar-2019	28-Jun-2019

Intermediate Results Indicators by Components

Development of the Mortgage Market



▶1a - Number of financial institutions refinanced by TMRC (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	14.00	15.00	7.00
Date	31-Mar-2010	30-Sep-2018	29-Mar-2019	28-Jun-2019
▶1b # Outstanding volume of loans refinanced by the TMRC (TZS billions) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	58.33	58.61	67.84
Date	31-Mar-2010	30-Sep-2018	29-Mar-2019	28-Jun-2019
▶Outstanding volume of Eligible housing loans pre-financed by TMRC (TZS billion) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	37.77	16.88	50.88
Date	31-Mar-2010	01-Oct-2018	29-Mar-2019	28-Jun-2019
▶Outstanding volume of loans pre-financed by the TMRC (TZS billion) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	37.77	50.09	73.2 billion
Date	31-Mar-2010	01-Oct-2018	29-Mar-2019	28-Jun-2019

Development of Housing Microfinance

▶2a - Number of credit institutions supported by the project providing housing microfinance loans (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	6.00	6.00	8.00
Date	30-Sep-2014	30-Sep-2018	29-Mar-2019	28-Jun-2019
▶Outstanding volume of funds provided to financial institutions for the purpose of originating housing microfinance loans (TZS billions) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	17.87	17.87	30.10
Date	09-Mar-2010	30-Sep-2018	29-Mar-2019	28-Jun-2019

Data on Financial Performance



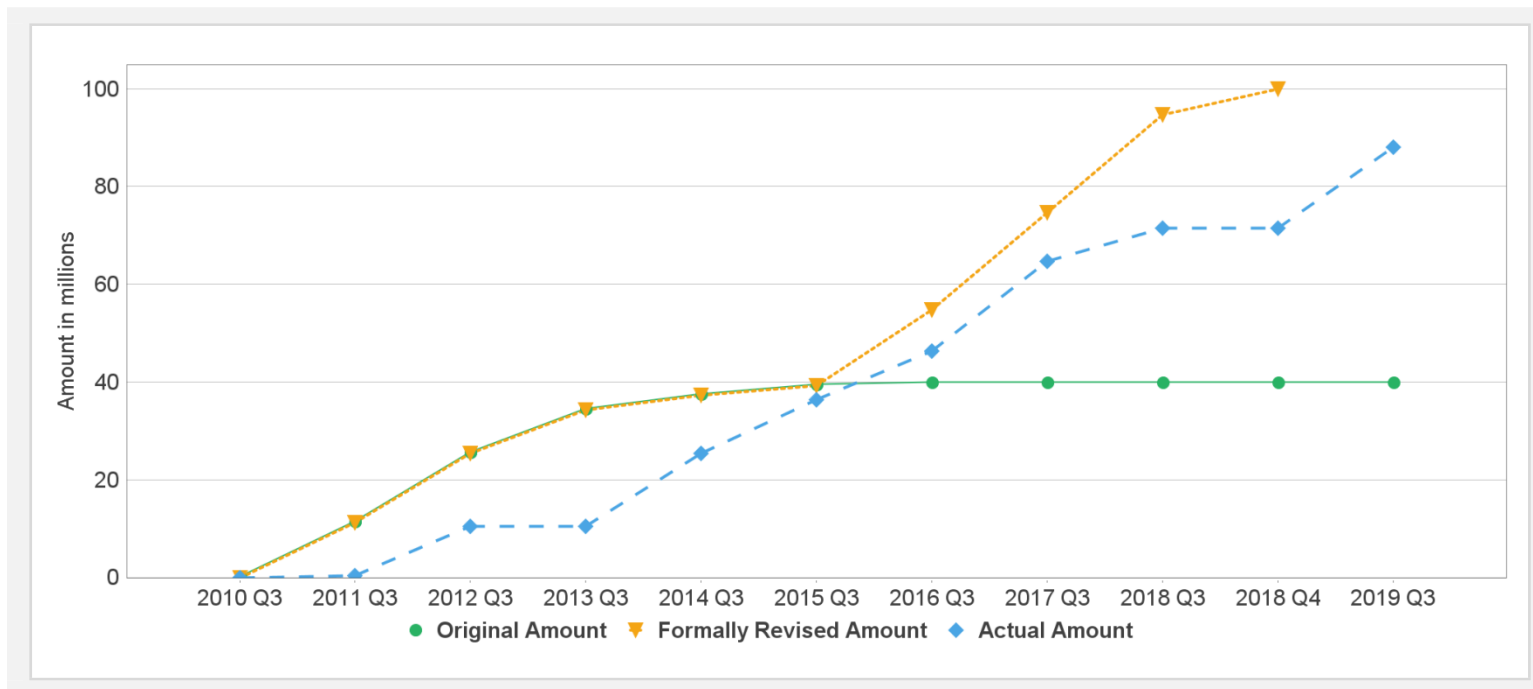
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P117242	IDA-47120	Closed	USD	40.00	39.26	0.74	37.89	0.00	100%
P117242	IDA-55900	Effective	USD	60.00	60.00	0.00	50.19	7.64	87%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P117242	IDA-47120	Closed	09-Mar-2010	31-Mar-2010	21-Jan-2011	31-Dec-2015	31-Mar-2017
P117242	IDA-55900	Effective	24-Feb-2015	12-Mar-2015	29-Jun-2015	31-Mar-2018	28-Jun-2019

Cumulative Disbursements



Restructuring History

Level Approved on 10-Feb-2013 ,Level 2 Approved on 28-Mar-2018

Related Project(s)



P151220-Housing Finance Project
