



## Project Data Sheet

Project 41914-014

Project Name	MLD: EQUITY INVESTMENT AND LOAN TO THE HOUSING DEVELOPMENT FINANCE CORPORATION				
Project Number	41914-014				
Borrower / Company	HOUSING DEVELOPMENT FINANCE CORPORATION PLC				
Country / Economy	Maldives				
Location					
Type or Modality of Assistance	2418	Loan	Ordinary capital resources	USD 7.50 million	Closed
	7274	Equity	Ordinary capital resources	USD 4.50 million	Committed
Strategic Agendas	Inclusive economic growth				
Drivers of Change					
Sector / Subsector	<b>Finance</b> / Housing finance				
Gender					
Responsible ADB Department	Private Sector Operations Department				
Responsible ADB Division	Portfolio Management Division, PSOD				
Responsible ADB Officer	Gunawardhena, Manohari				
Project Sponsor(s)					
Description	<p>The project consists of a loan of up to \$7.5 million to, and an equity investment of up to \$4.5 million in the Housing Development Finance Corporation (HDFC) located in the Maldives. HDFC is a specialized finance institution that was established to mobilize long-term financing for the provision of mortgage financing for affordable homes.</p>				
Objectives and Scope	<p>The loan will enable HDFC to further expand its activities by providing access to long-term funding that is necessary for providing long-term mortgages. The equity investment will support the government's privatization plan for HDFC and will lead to a more efficient mortgage finance company.</p>				
Status of Development Objectives	<p>The privatization helped transform HDFC into a commercially viable, private sector-led company that could compete, grow, and develop effective ways to meet the mortgage financing needs of the people of the Maldives. The project contributed measurably to (i) meeting an urgent need for housing in the Maldives (ii) increasing the availability of mortgage lending and strengthening the financial sector, and (iii) generating jobs and additional revenue.</p>				

Status of Operation/Construction	HDFC remains as a key player in the housing finance area in Maldives. As of December 2018, HDFC has \$114 million in assets (MVR1.7 billion) compared to \$23 million in 2008 (CAGR 17.9%) when ADB invested in the Company.
Linkage to Country/Regional Strategy	The Project addresses some of the key concerns highlighted by the CPS (2007-2011). First, it increases private sector participation in the economy through the privatization of HDFC. Second, it will help alleviate some of the Government's fiscal burden, as the Government can no longer provide funding for HDFC. Third, the financial sector will be strengthened through the expansion of HDFC operations. Fourth, the TA will strengthen HDFC's institutional capacity. Finally, and most importantly, the Project will address the chronic shortage of housing.

### **Safeguard Categories**

Environment	FI
Involuntary Resettlement	C
Indigenous Peoples	C

### **Summary of Environmental and Social Aspects**

Environmental Aspects	<p>The loan is assigned a classification of FI for environment and category C for indigenous people and resettlement. As per ADB's Environment Policy (2002), HDFC will be required to establish an environmental management system and resettlement framework, within a time frame to be specified and setting out detailed screening and assessment mechanisms. ADB will review and approve the developed environmental management system. Further, HDFC will build capacity for implementing the system in accordance with its specific business needs and with ADB assistance, and will send at least one HDFC officer to ADB-sponsored environmental management training.</p> <p>With respect to the poverty analysis impact of the project, the project has been assigned a classification of GI. The Project will indirectly contribute to poverty reduction by supporting private sector growth and promoting mortgage financing in the Maldives. The social impact of the Project is high. The provision of mortgage lending will enable a broad spectrum of Maldivian society access to housing. Moreover, mortgage lending enables a country to generate multiple sources of employment in the construction and real estate industries</p>
Involuntary Resettlement	The loan is assigned a classification of category C for resettlement.
Indigenous Peoples	The loan is assigned a classification of category C for indigenous people.
Stakeholder Communication, Participation, and Consultation	

### **Timetable for assistance design, processing and implementation**

Concept Clearance	18 Apr 2007
Credit Committee Meeting	11 Mar 2008
Approval	09 Apr 2008

PDS Creation Date	25 Oct 2007
Last PDS Update	23 Jul 2019

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