



## CENTRAL BANK OF NIGERIA

### FRAMEWORK FOR THE IMPLEMENTATION OF FAMILY HOMES FINANCING INITIATIVE

#### 1.0 Introduction

Mass housing construction is among the key economic activities with potentials to create significant number of jobs rapidly. It is in the light of this that the Bank introduces this financing initiative to support the Federal Government's Economic Sustainability programme to fast track the deployment of 300,000 homes in the 36 states of the federation and the Federal Capital Territory and to create up to up to 1.5m jobs in 5 years.

This initiative is to be implemented in collaboration with Family Homes Fund Ltd as the lead developer.

#### 2.0 Objectives

**Create Jobs at Scale** – The programme will aim at creating rapidly, up to 1.5 million direct construction sector jobs (at the rate of 5 jobs/home) particularly young people on low income. In addition, the programme has potential to create a further 1m jobs through its supply chain.

**Boost Local Manufacturing** – The programme is designed to utilize at least 90% locally manufactured inputs and as a result conserve foreign exchange. In that regard the programme will deliberately aim to revitalize local manufacture of construction materials including doors and windows, ironmongery, sanitary fittings, concrete products, tiles, glass, electrical fittings/fixtures and bricks etc. For example, it is estimated that the programme will require up to 1.7m doors, 7m door hinges and locks etc.

**Quality of Life** – The programme will house up to 900,000 children and adults (at an average of 3 persons/home) on low income with direct impact on health, education and economic outcomes. Most of these would currently live in informal settlements with shared facilities in unsanitary environments. Towards targeting people on low income level across the country.

### **3.0 Purpose**

A construction finance Facility to enable FHFL implement the Federal Government's Social Housing programme as part of the Economic Sustainability Plan 2020.

### **4.0 Eligible Obligor:**

Family Homes Funds Limited (FHFL)

### **5.0 Technical Advisor**

CBN shall appoint a Technical Advisor to, among others, appraise the requests for funding by FHFL, recommend for the release of funds and monitor the delivery of the programme and utilization of funds including quality of the portfolio.

## **6.0 Funding**

Funds would be released to FHF on project basis subject to the cumulative maximum limit of ₦200 billion. A project is defined as cluster of homes in the same geographical location and covered with the same title documents and approvals.

## **7.0 Loan Type**

Term loan to enable FHF finance the construction of social housing units for people on low income.

## **8.0 Tenor**

Three (3) years from date of disbursement.

## **9.0 Interest Rate**

Interest rate under the intervention shall be at not more than 5.0% p.a. (all inclusive).

## **10.0 Transaction Dynamics for the Facility**

### **10.1 Approval Stage**

Formal written application by FHF to the CBN Governor to be accompanied with copies of the Federal Executive Council (FEC) approval, Guarantee document from the Federal Ministry of Finance, Comprehensive project plan.

### **10.2 Implementation Stage**

- i) FHF shall open a dedicated Project Account with a bank of its choice.
- ii) FHF submits funding request to the Technical Advisor in batches tied to specific projects as defined in s6.0.
- iii) Each batch must be in the same location and accompanied with:

- a) Written request for the release of funds
- b) Evidence of land availability from State Government, FCT, Government Agencies or Co-operatives
- c) Site Plan
- d) Building approval from the relevant authority
- e) Project delivery timeline
- f) Repayment Plan
- g) Other documents as may be required by CBN or TA.

The TA will receive and appraise the proposal and recommend to CBN.

Upon approval, the CBN shall release the approved sum to the dedicated account of the FHF.

### **11.0 Construction**

Work should begin at the site within 2 weeks of receipt of funds from CBN.

FHF shall implement the housing projects subject to:

- a) use labour intensive system to maximum the use of labour from the project catchment area;
- b) exclusively use local materials (unless where it is not available).
- c) Allow the TA or any other CBN representative(s) access to the project site and information as deemed necessary for monitoring.

### **12.0 Loan Repayment**

The facility related to any batch should be repaid in not more than 3 instalments within the tenor of the Facility.

### **13.0 Collateral Requirements**

Guarantee of the Federal Ministry of Finance.

## **14.0 Verification/Monitoring of Projects**

Periodic monitoring of projects financed under the initiative shall be conducted by the TA and CBN.

## **15.0 Management of the Facility**

The Development Finance Department of the Central Bank of Nigeria shall be responsible for the management of the intervention facility.

## **16.0 Responsibilities of Stakeholders:**

For the effective implementation of the intervention facility, the responsibilities of the stakeholders shall include:

### **16.1 Central Bank of Nigeria**

The Central Bank of Nigeria shall:

- i. Provide the funding for the initiative;
- ii. Appoint Technical Advisor with requisite skills in Housing Construction and Financing
- iii. Release funds to the FHF on the recommendation of the TA;
- iv. Carry out periodic verification and monitoring of projects financed;
- v. Review the framework as may be necessary from time to time

### **16.2 Family Homes Funds (FHF)**

FHF shall:

- i. Ensure prudent utilisation of facility for the purpose for which it was granted;
- ii. Adhere strictly to the terms and conditions of the Facility;
- iii. Keep up-to-date records of developments on each project site;
- iv. Allow access to the project and records by the CBN and TA;

- v. Repay the facility in accordance with the approved repayment schedule; and
- vi. Comply with the provisions of the Loan Agreement and the Framework.

### **16.3 Federal Ministry of Finance**

The Federal Ministry of finance shall:

- i) Issue guarantee to the FHF in respect of the facilities granted under the initiative
- ii) Partner the CBN and the TA in monitoring the project till full repayment;
- iii) Comply with the provisions of the Framework

### **17.0 Force Majeure**

As stipulated in the Agreement

### **18.0 Amendments**

The Framework shall be subject to review from time to time as may be deemed necessary by the CBN.

### **19.0 Enquiries and Returns**

All enquiries and returns should be addressed to:

The Director,  
Development Finance Department,  
Central Bank of Nigeria, Corporate Headquarters  
Central Business District, Abuja.

**September 2020**