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The Ministry for Development Cooperation

**Portefeuille Wonen,
Wijken en Integratie**

Directie Aandachtsgroepen,
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Betreft Letter of support for DIGH/HFH MFS-II Grant Proposal

Kenmerk
DGWWI/ABC/2009062300

TO WHOM IT MAY CONCERN

Under the Dutch Housing Act, Dutch housing corporations may not invest in projects abroad. In 2005, however, the Ministry of Housing, Spatial Planning and the Environment approved a legal regulation which enables Dutch housing corporations to provide housing assistance to developing countries and countries in transition via financial guarantees. Only 'A-rating' Dutch housing corporations may guarantee loan interest and principal payments on an annual basis. The amount they allocate as guarantee may not exceed 0.03% of their balance sheet total.

Financial guarantees to housing institutions in such countries are provided through DIGH (Dutch International Guarantees for Housing) which is closely affiliated to the Dutch sector of housing corporations. DIGH operates as an intermediary on behalf of individual housing corporations willing to provide such guarantees to foreign counterparts.

This type of financing must always take place in consultation with the governments involved and often takes place within the framework of existing development projects and declarations of intent established by Dutch ministries. The purpose of these investments is always related to affordable housing projects for lower and middle income people.

The legal framework allowing Dutch housing corporations to operate internationally to a specified and limited extent has been developed through intensive collaboration between the Ministry of Housing, Spatial Planning and the Environment and DIGH since 2005. The Ministry values DIGH as an important partner in the implementation of the international ambitions of the Dutch social housing sector.

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Yours sincerely,

Mr. M. van Giessen

