



SHELTER AFRIQUE

Financing Affordable Housing for Africa

**20
22**

**DEVELOPMENT
IMPACT REPORT**

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Foreword

The 2022 Shelter Afrique Development Impact Report is a mandate of the organization towards reporting the impact of its operations, projects, and programmes (OPP) in line with its strategic goals, specifically Strategic Goal 1 which seeks to enhance Housing Development Impact & Shareholders' Value.

Environmental, Social, and Governance (ESG) considerations have gained paramount significance in the housing industry, transforming the way stakeholders approach real estate development and management. Shelter Afrique emphasizes sustainable practices such as energy-efficient construction, eco-friendly materials, and green infrastructure have become integral to reducing the industry's ecological footprint. Socially responsible initiatives address the broader community impact, emphasizing affordable housing, inclusivity, and community development. This not only fosters social equity but also enhances the industry's reputation and resilience. Governance principles in the housing sector ensure transparent, ethical, and accountable decision-making, crucial for maintaining trust among investors, residents, and regulatory bodies. ESG in the housing industry not only aligns with global sustainability goals but also has become a key driver of innovation, resilience, and long-term value creation, ensuring a harmonious balance between economic prosperity, social well-being, and environmental conservation.

As a responsive Development Finance Institution, the report seeks to ensure the continuous improvement in the organization's activities through feedback from clients on their projects as well as identifying and addressing the knowledge gaps and most importantly, learning lessons from successful and unsuccessful initiatives. This is towards contributing to delivering impactful projects that will enable Africa to achieve its set development goals.

Executive Summary

Shelter Afrique (SHAF) is the only Pan-African finance institution that exclusively supports the development of the housing and real estate sector in Africa. The commitment to the people of Africa is embodied in the belief that as we build houses, we build families and nations.

This report covers the period from January to December 2022. SHAF through its initiatives delivered 1,250 housing units. During the period, there was continuous monitoring and reporting of ongoing projects' progress to assess the impact created by the developments.

We also provide financial solutions and related services to support the supply side and demand side of the affordable housing value chain. Our finance is coupled with practical advice and technical guidance to ensure the development of sustainable and affordable residential housing and commercial real estate in Africa, aimed at building up Africa's middle class.

Since the establishment of SHAF, 26,755 units have been delivered as at December 2022.

With Agenda 2030, the Sustainable Development Goals, and the New Urban Agenda, we must constantly assess our strategy as Africa's premier pan-African housing institution in order to ensure we are meeting our targets and also that these targets are in line with the continent's development goals. Given the large housing deficit which our dear continent is faced with, understanding, and measuring impact is key towards enabling SHAF deliver on its mandate of providing solutions to the affordable and urban development challenges in Africa.



Justification for Impact Evaluation

The 2022 Shelter Afrique (SHAF) Development Impact Report evaluates, and records impact created in surrounding communities and environment due to SHAF products and services to counterparties. It typically includes variety of analyses, such as demographic and economic assessments, transportation and infrastructure evaluations, and environmental impact assessments.

The report underscores the importance of monitoring and reporting development impact. It is essential for understanding the success of policies, identifying areas of need, assessing social and economic impacts, and promoting transparency and accountability. Some of the justification for impact evaluation include:

a) Assessing the success of housing policies: Housing development is often supported by government policies and funding. Monitoring and reporting on the impact of housing development can help policymakers and stakeholders assess the success of these policies and make informed decisions about future investments.

b) Identifying areas of need: Monitoring and reporting on the impact can help identify areas of need for affordable and accessible housing. This information can then be used to inform policy decisions and target investments to areas where they are needed the most.

c) Understanding the social and economic impact: This can have significant social and economic impacts on communities, including changes in population demographics, employment, and local businesses. Monitoring and reporting on these impacts can help policymakers and stakeholders understand the full range of consequences associated with housing development.

d) Promoting transparency and accountability: This promotes transparency and accountability among developers, policymakers, and stakeholders. This can help ensure that investments are being used effectively and efficiently, and that the public is informed about the impact of these investments.

2022 1.0 Development Impact Indicators

The development Impact assessment was conducted to determine the impact of Shelter Afrique's operations, projects, and programmes (OPP) as of the reporting date of December 2022.

The Shelter Afrique Impact Report uses the following indicators to assess the organization's impact and business strategy:

- Number of housing units built, this metric is related to the core mandate and vision of SHAF
- Number of families housed, this metric will measure and demonstrate how SHAF is adding value by improving the quality of life.
- Number of Jobs created from development, this metric will also demonstrate the economic value of SHAF
- Sustainability, this metric will measure the impact the project has on the community based on the following parameters:
 - o Distance to closest amenity
 - o Distance to the main road
 - o Distance to the nearest place of commerce, market/shopping centre
- Consideration for preventing violation of human rights, involuntary resettlement/expropriation of indigenous people or other vulnerable groups
- Consideration for social and environmental concerns/factors in financing construction or acquisition of mortgage
- Consideration for approved environmental and social impact policy
- Consideration for the sensitization of staff and key partners on environmental and social impact requirement
- Consideration for the creation of green spaces and the promotion of biodiversity
- Consideration for managing the degradation of natural habitat or legally protected areas
- Consideration for managing the release of pollutants to the environment
- Consideration for managing the generation of waste that cannot be recovered, reused, or disposed of in an environmentally or socially responsible manner
- Consideration for managing the release of significant greenhouse gas emission
- Consideration for managing the vulnerability of the community/area to earthquakes, landslides, soil erosion, flooding, or extreme climatic conditions.

1.1 Assets Created

A total of 1,250 housing units were delivered in 2022.

As Africa's foremost housing finance institution, Shelter Afrique continually strives to deliver impact. This is foremost through the number of units delivered across various African countries. In 2022, Shelter Afrique, through its various financing and project mechanisms, delivered a total of 1,250 units across 5 countries.

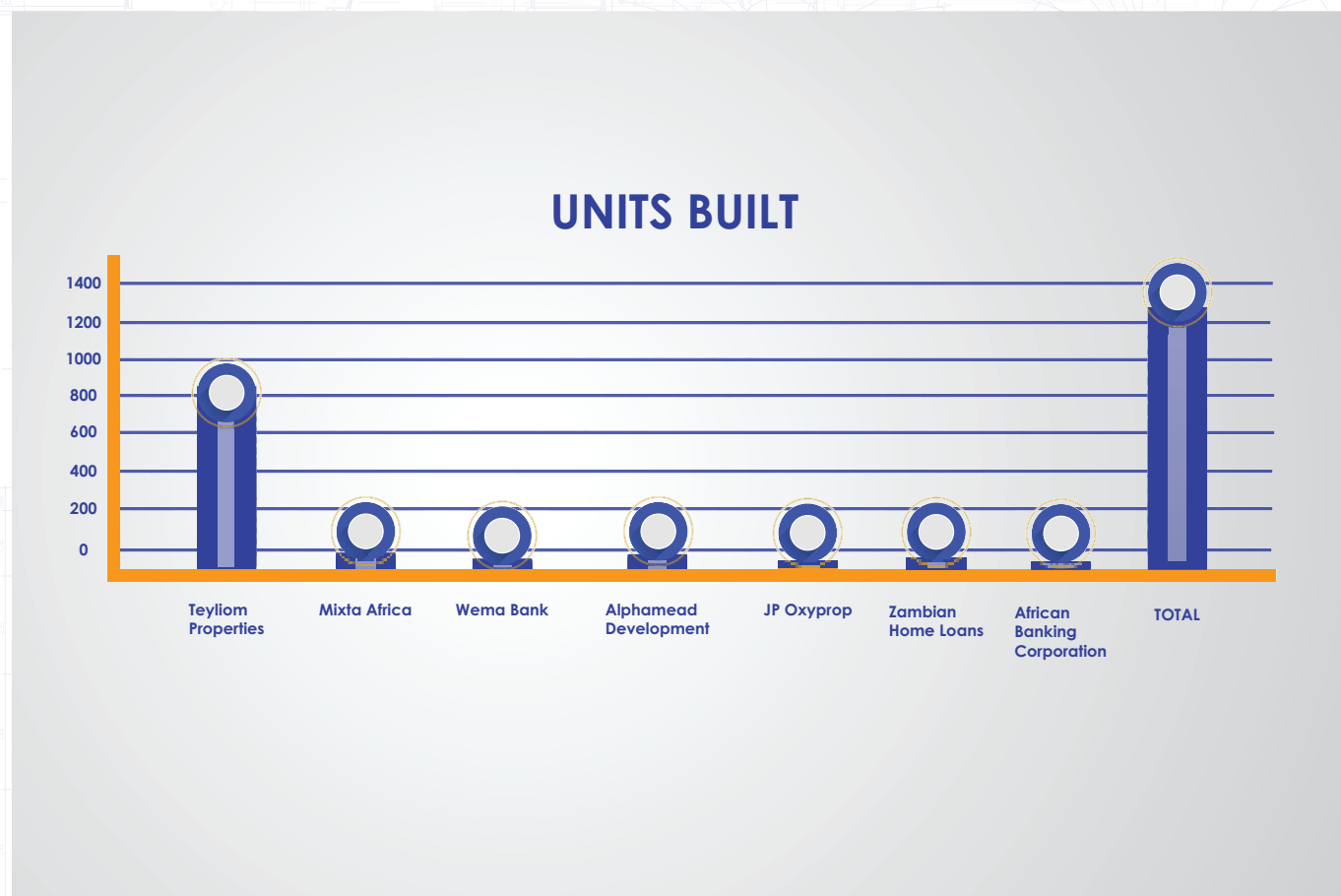


Figure 1: Graphic representation of total houses created in 2022.

1.2 Assets Delivered by Countries

Shelter Afrique delivered a total of 1,250 units across 5 countries in 2022 as shown in Figure 2 below. The spread of Shelter Afrique's projects is in line with its Pan-African spread and well aligned with the current strategic goals of the organization. Cumulatively since inception, Shelter Afrique has delivered 26,755 units, housing 133,755 people.

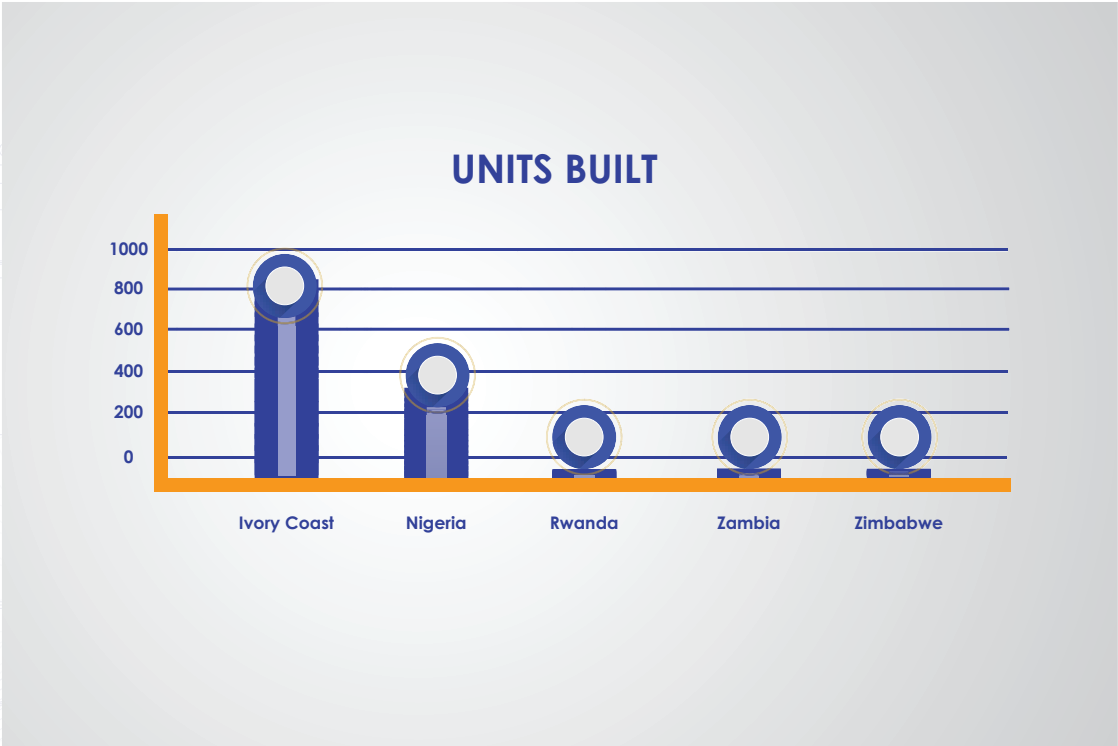


Figure 2: Graphic representation of units delivered by countries in 2022.

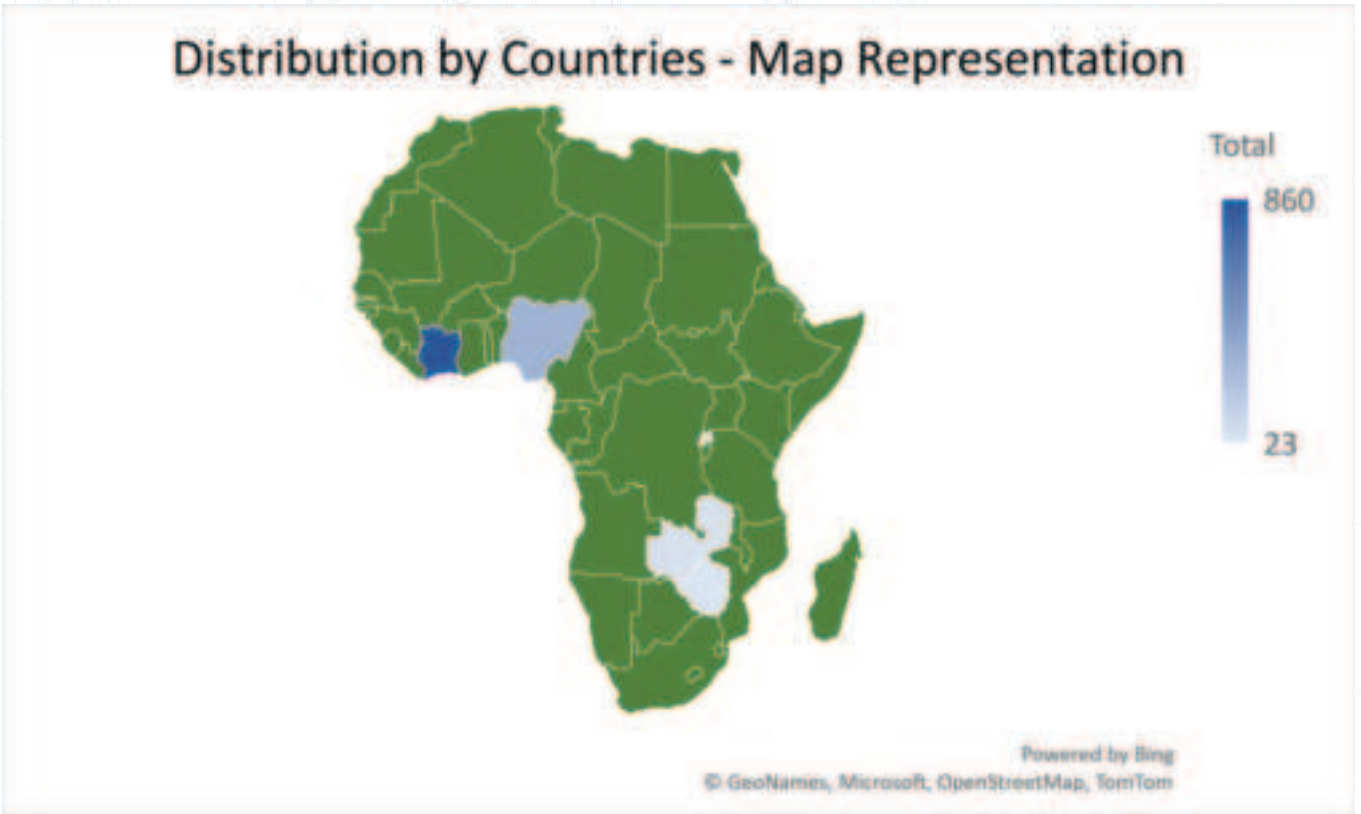


Figure 3: Map representation of units delivered by countries.

1.3 Affordability of Projects Delivered

Affordability is a significant factor in enhancing access to decent and quality housing across Africa. Addressing problems around affordability is key to ensuring lower- and middle-income groups are able to participate actively in Africa's housing markets. Affordability is a key consideration in housing development because it directly impacts the ability of residents to access and maintain housing. The average selling price of a housing unit is a good indicator of the cost of purchasing or renting a unit in the development, which can help to determine whether the houses are affordable to potential residents.

Given the varying nature of policies, laws, cost of land and construction materials across countries in Africa, it is often difficult to adequately assess issues relating to housing affordability. In this context, Shelter Afrique aims to continuously contribute towards attending to the increasing need for affordable housing in Africa. As at December 2022, the average selling price/mortgage of a housing unit delivered through Shelter Afrique's financing initiatives was US \$ 49,087. Figure 4 below provides a breakdown of the average selling price of the housing units in the respective countries.

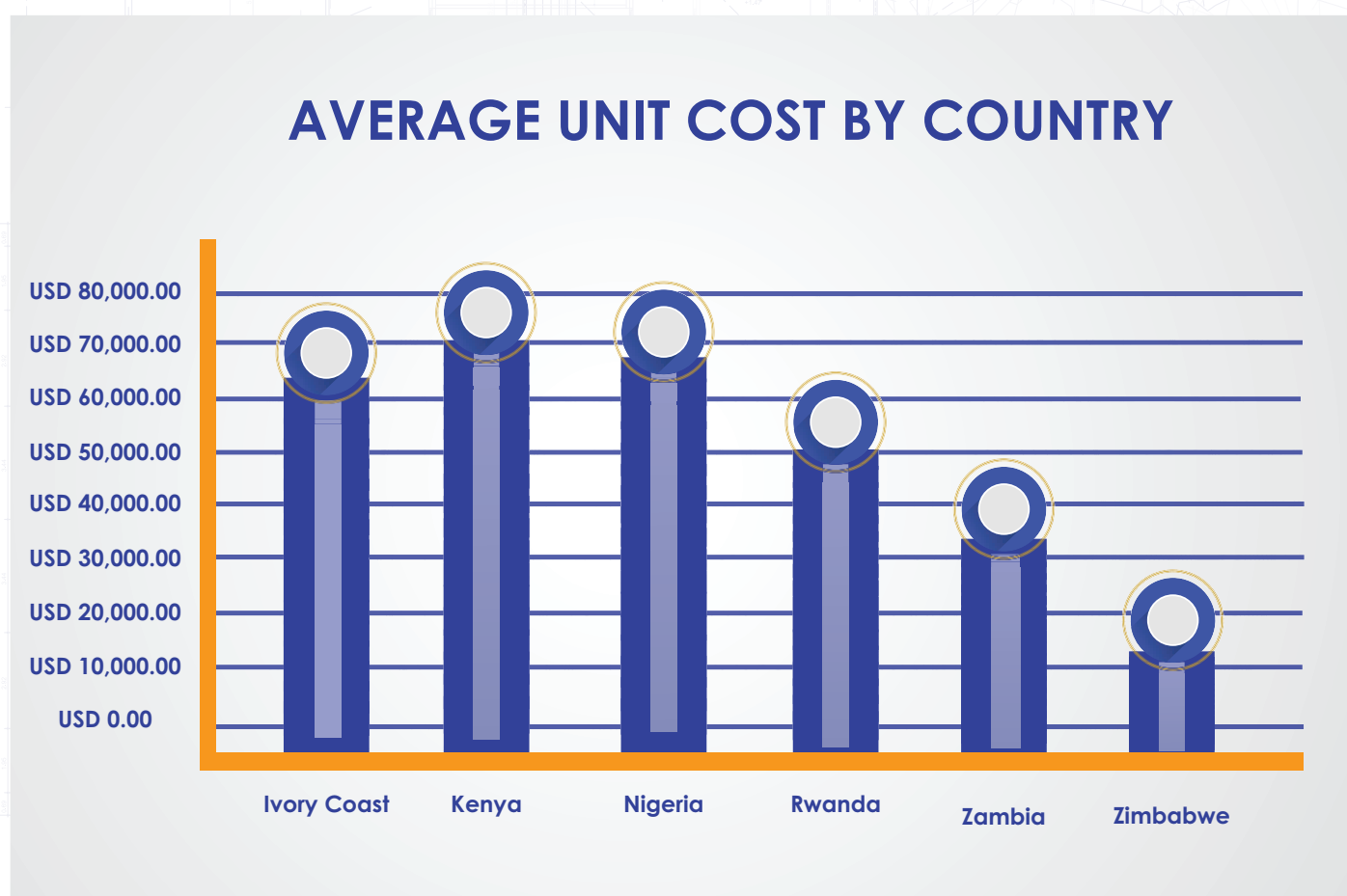


Figure 4: Graphic representation of housing cost by country.

1.4 Jobs Created through Housing Delivery Initiatives

Job creation is one of the linkages which housing development has with the economy. Shelter Afrique created a total of 6,668 jobs across the units delivered in 2022. Out of the 6,668 jobs created, 3,637 were direct jobs and 3,031 were indirect jobs.

This breakdown is shown in Figure 5. These jobs constitute of employment resulting from construction activities as well as jobs created as a result of final project delivery. This is part of the organization's commitment to supporting Africa's social and economic development.

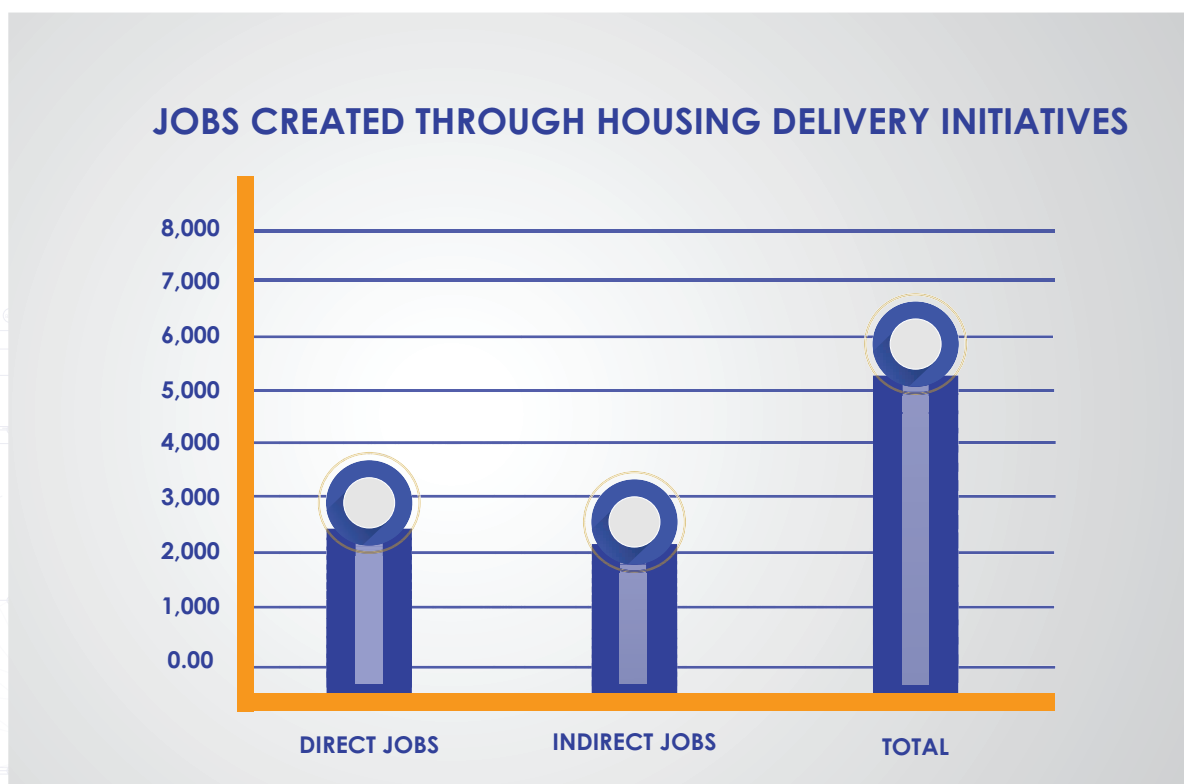


Figure 5: Graphic representation of direct and indirect jobs created in 2022.

1.5 Distance of the Housing Development to the Main Road

The location of housing relative to the main road has a direct implication for transport and mobility, and hence accessibility for disadvantaged groups as well as enhancing access to opportunities for women, low-income groups. In ensuring housing developments take these factors into account, Shelter Afrique being a socially and economically responsible development finance institution seeks to enhance access to opportunities through its financing activities as such, ensures it reports on the distance of housing developments to the main road.

The 2022 Impact assessment indicates that the counterparties reported an average distance of 1.6 KM from the main road across all housing developments.



1.6 Violation of Human rights, Involuntary Resettlement/Expropriation of Indigenous People or Other Vulnerable Groups

Involuntary resettlement is the “permanent or temporary removal of individuals, families and/or communities from the homes and/or land which they occupy, against their will, and without the provision of, and access to, appropriate forms of legal or other protection.” The obligation of projects to refrain from, and protect against, forced evictions from home(s) and land arises from several international legal instruments that protect the human right to adequate housing and other related human rights such as the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights (art. 11, para. 1).

The 2022 Impact assessment indicates that the counterparties have no record of the violation of human rights through the involuntary resettlement/expropriation of indigenous people or other vulnerable groups.

Shelter Afrique considers housing delivery as an integral component of achieving socio-economic development in Africa and thus, only finances projects which align with its mandate and incorporate ethical, sustainable, social, and environmental considerations into their financing and/ or development practices.

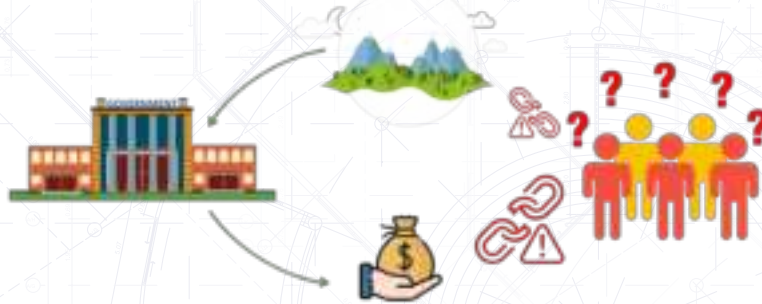


Figure 6: Graphic representation of involuntary resettlement.

1.7 Integration of Social and Environmental Concerns into Construction Financing and Mortgage Acquisition Activities

The rise of Environment, Social and Governance (ESG) frameworks – to ensure that organisations factor in certain considerations in their business activities.

The 2022 Impact assessment indicates all counterparties have factored in social and environmental considerations into their construction financing and mortgage acquisition activities:



These considerations are factored in across various stages in both construction activities and mortgage financing. Considered at the analysis and approval stage of the loan application.

- Conducting Environmental Impact Assessments prior to construction activities
- Implementation of Health, Safety & Environmental (HSE) policies.
- Appointing Environmental, Social, Occupational Health and Safety Consultants and property managers to monitor policy implementation and adherence
- Adhering to National Environmental Agency policies and guidelines

1.8 Sensitization of Staff and Key Partners on Environmental and Social Impact Requirements

Promoting awareness of environmental and social impact requirements is an important aspect of driving sustainability. Similarly, ensuring compliance with these laws is of equal importance. Given the level of waste and emissions which accompany building development, there is a significant need for sensitisation, awareness, and capacity building programmes to support policy implementation within the construction sectors across Africa. The ownership of these awareness programs is not restricted to organisations in housing and the built environment sectors, but must include project and site developers, planners, designers to enhance the entire housing value chain. The 2022 Impact assessment indicates that all counterparties have put in place measures to sensitize staff and key partners of environmental and social impact requirements.

These measures include:

- Training and awareness sessions for staff and site workers on the ecological impacts of construction activities
- Integration of environmental and social impact considerations into corporate HSE policies.
- Engaging customers periodically during the construction phase to encourage them to use environmentally friendly fixtures.



Figure 7: Graphic representation of Sensitization of Environment, Social & Governance Management

1.9 Guidelines and Policies on Environmental and Social Impact Requirements

Implementing policies and guidelines on environmental and social impact enables organisations align their projects with sustainability principles and guide them on best practice and to limit environmental impacts. The objectives outlined in these policies can further be achieved by ensuring compliance with the set rules and regulations that promote green practices and social responsibility.

The 2022 Impact assessment indicates a significant number of counterparties have environmental and social impact policies in place to guide their developments. The following measures have been put in place to guide policy implementation and compliance:

- Appointing program and property managers to monitor policy implementation and compliance and render regular reports.
- Adhering to guidelines of local and national environmental agencies
- Obtaining necessary certification on environmental and social impact management



1.10 Promoting Biodiversity & the Creation of Green Spaces Near Homes

Growth in urban populations is often accompanied with increased environmental hazards such as congestion, air and noise pollution as well as unsustainable development practices to attend to the need for houses and other forms of infrastructure. Ensuring that housing developments integrate green spaces and other nature-based solutions which promote biodiversity is key to increasing the quality of life in urban settings and an important factor in enhancing resilience to climate impacts.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties in or near their developments to increase the creation of green spaces and biodiversity:

- Integrating green spaces and recreational areas/parks into developments
- Preserving existing green spaces
- Following guidelines on environmental conservation according to the Environmental Impact Assessments conducted
- Implementing monitoring frameworks to track delivery of green spaces.

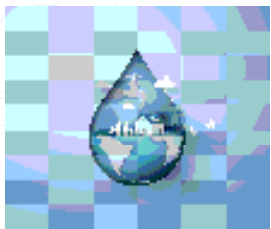


Figure 8: A photographic representation of a green neighbourhood

1.12 Approach to Managing Soil Degradation and/or Extraction, Diversion or Containment of Surface or Ground Water

Sustainable housing delivery must factor in crucial aspects such as land management to ensure issues such as soil degradation and/ extraction, erosion, and containment of ground water as well as practices to manage their occurrence. Integrating these factors into construction activities further ensures that impact on soil quality can be minimised and as such, instances of soil erosion, managed.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties in their housing developments to address soil degradation and/ or extraction, diversion or containment of surface or ground water:



- Complying with local and national environmental guidelines on environmental conservation
- Development of adequate drainage systems to capture storm water, channel water flows, and prevent soil erosion
- Creation of retention areas for surface and ground water during construction phase

1.13 Managing the Release of Pollutants into the Environment

Limiting or managing the release of pollutants in housing delivery can take the form of ensuring proper waste collection mechanisms, prohibiting activities such as littering, burning, and encouraging residents to limit use of fossil fuels where possible. Implementing practices to manage the release of pollutants into the environment also ensures that the area is livable and significantly improves the standard of living.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties in their housing developments to manage the release of pollutants to the environment:

- Implementation of policies regarding irresponsible waste disposal such as burning
- Regular collection of waste by local authorities and implementation of proper waste management disposal and collection systems in the absence of alternative means of waste disposal
- Creation of water treatment plants
- Regular reporting and data collection on waste disposal within the development



1.14 Managing the Release of Significant Greenhouse Gas Emissions

Globally, the building sector contributes significantly to CO₂ emissions. Thus, ensuring building projects integrate climate considerations across all phases of planning and delivery is key to ensuring that these developments aim to reduce greenhouse gas emissions. The 2020 Global Status Report for Buildings and Construction indicates that the building sector accounts for 38% of all energy-related CO₂ emissions globally.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties in their developments to manage the release of significant greenhouse gas emissions:

- Incorporation of sustainable building principles and practices into projects to reduce environmental impacts
- Using alternative building technologies such as sun dried/cured bricks in projects with the aim of limiting negative environmental impacts.



1.15 Responsible Management of Waste Generation

Responsible waste management is crucial for protecting the health of local communities. Ensuring that waste which cannot be recovered or reused is disposed of in an environmentally & socially just manner further enhances the standard of living in those communities and protects the environment from degradation. These objectives can be achieved by installing drainage systems, dry utilities, facilities for solid waste collection, wastewater collection and treatment.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties to ensure the effective management of wastes:

- Ensuring appropriate waste collected methods are provided in developments including skip bins, solid waste management systems
- Ensuring waste is disposed of responsibly either through waste disposal contractors or local authorities
- Sensitizing clients of the methods to reuse materials and reduce waste generation which cannot be recovered
- Donating extra site materials to local communities to reduce waste generation



1.16 Managing the Vulnerability of the Area to Environmental and Climate Impacts

Integrating environment and climate change considerations into building projects is crucial for enhancing the resilience of communities to landslides, soil erosion, flooding, earthquakes. This is particularly crucial given the growing vulnerability of communities across Africa to the effects of climate change.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties in their developments to manage the vulnerability of the community/ area to environmental and climate impacts:

- Carrying out relevant assessments prior to project development through regulated agencies – considering seismic zones, extreme conditions to a reasonable or required level, as well as soil erosion and flooding issues.
- Aligning their projects with local and national environmental authority guidelines
- Implementing environment impact assessments and building inspections to target and measure the effectiveness of these measures.



1.17 Use of Responsibly Sourced Materials for Building Development

The method in which products are sourced forms a crucial aspect of the housing value chain. A responsible and sustainable approach to the procurement of materials for building development ensures that the company is aware of the origins of the materials used in delivering their projects. It also means that the production of these materials, right from the procurement of the raw materials in no way negatively impact humans or the environment. Re-orientating our methods of building development – right from the sourcing of materials - towards more ethical and sustainable development methods is crucial to ensure sustainability considerations including waste reduction, reducing carbon emissions are integrated into the housing value chain.

The 2022 Impact assessment indicates the following measures have been put in place by the counterparties to enhance the use of responsibly sourced materials for building works:

- Sourcing and utilizing local building materials and technologies.
- Ensuring their materials are sourced from legally registered organisations.
- Using sustainable and alternative building technologies such as sun dried/cured bricks with the aim of limiting environmental impacts of construction activity.
- Complying with in-house supplier policies.



Figure 9: Graphic representation of responsible sourcing of building materials

2.0 IMPACT CASE STUDIES

2.1 Impact of Shelter Afrique's Equity Investments in Mortgage Refinance Companies

Mortgage Refinance Companies (MRC's) specializes in lending to other financial institutions, for onward lending in form of mortgages. MRC's buys good mortgages from other lenders to make more money available to banks for onward lending to eligible homeowners.

Shelter Afrique (SHAF) has Equity Investments in key Mortgage Refinance Companies across Africa, namely:

- Kenya Mortgage Refinancing Company (KMRC)
- Tanzania Mortgage Refinancing Company (TMRC)
- Caisse Regionale de Refinancement Hypothecaire de l'UEMOA (CRRH – UEMOA: for Francophone West African market)

As at December 2022, these Equity Investments have summarily resulted in the following impact indicators:

1. Estimated number of refinanced mortgages stands at 5,176
2. Ability to refinance mortgages at single-digit interest rates to end users
3. Effective policies have been underscored to be instrumental in the mortgage refinancing industry
4. There has been a considerable uptake for mortgage refinancing by women end users
5. Continuous development and capacity building programs have been key components of the operations of the Mortgage Refinancing companies
6. Macroeconomic factors have been key determinants on the uptake of mortgage refinancing products

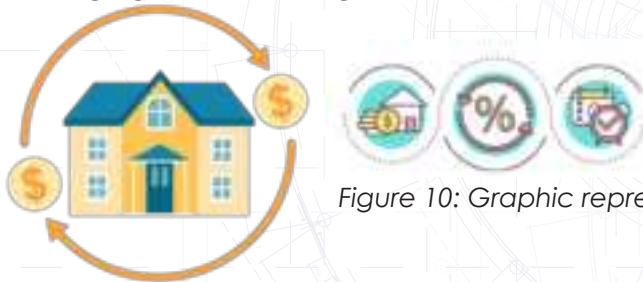


Figure 10: Graphic representation of mortgage refinancing

2.1.1 Case Study from Kenya Mortgage Refinancing Company (KMRC)

By design, Kenya Mortgage Refinancing Company (KMRC) creates a catalytic effect that unlocks and brings a revolution in the housing finance space in Kenya.

The benefits that have since accrued to the economy with the establishment of KMRC include increased long term funding at attractive rates that support banks and savings and credit cooperative societies (SACCOs) in lengthening tenors and offering appropriate rates, blended deposit resources with KMRC funding to increase overall mortgage lending volumes, and Improved liquidity management for banks and SACCOs as they gain the ability to cover unexpected short term deposit outflows, thereby avoiding potentially costly short-term borrowing or asset liquidation among other benefits.

2.1.1.1 KMRC Gave me an Affordable Pathway to Actualize my Home Ownership Dream - Phylis Wanjiru

When Phylis Wanjiru embarked on fulfilling her plan to construct a house in 2020, she was concerned about the possibility of accessing the most affordable financing solution. She wanted to immediately get started on the project so she started saving money, while still looking for affordable construction financing, with which she would top up her savings and have manageable monthly repayments.

Despite being employed within Kenya's formal sector, and after a long and grueling search for a solution that fit her needs, Phylis realized that what she would have deemed affordable was out of her reach. She wanted a solution that would somehow match her monthly rent payments, but couldn't find any, primarily due to the mortgage's short repayment periods and exorbitant, variable interest rates at the time.

"It has always been my desire to have my own home and stop paying rent. I realized that home ownership was not easy, because if you don't have the required cash, it is impossible to build a house. In addition, saving religiously is a little tricky, especially with the current tough times where everything is super expensive and meeting my family's basic needs required me to utilize almost every coin that I'd make," she says.

Phylis kept researching and eventually learned of affordable mortgage through her savings and credit cooperative society, courtesy of the KMRC. This exciting information would have her make enquiries at two different participating institutions, eventually settling on Stima Sacco, which she says checked most of her home loan requirements. She expresses that she was looking for a reliable lender that would guide her through the whole process and help educate her on what building a home really entails.

Phylis took a KMRC backed home loan through Stima Sacco at 9.0% and a repayment period of 15 years. With this facility, she says she considers herself significantly fortunate, especially in view of the prevailing market conditions, where loan rates have continued to ascend and inflation keeps surging, making life very costly.

"Because of KMRC's loan features, which include fixed and low interest rate that is below 10% and a long repayment period, I can service my home loan very affordably, comfortably and without much hassle. I am actually spending almost the same amount of money that I used to pay rent, but at the end of the day, the asset is mine, which feels so nice. I am also able to modify my home whichever way I want, grow vegetables in my compound and run a poultry business without any restrictions. These are some of the benefits that I would not have got in a rented house," she says.

Figure 11: Phylis Wanjiru posing for a photo Infront of her house



2.1.1.2 Stima SACCO - KMRC Partnership Sparks Increase in Home Loan Uptake Amongst Members

Stima Deposit-Taking Savings and Credit Cooperative (SACCO) Limited launched its KMRC supported Affordable Housing Mortgage Scheme in August 2021, with the core objective of providing its members with affordable home loans and increasing home ownership. The affordable home loan came with unique features and bespoke terms that were aimed at making home ownership a lot easier and affordable for low to middle income borrowers.

Stima Sacco's affordable mortgage is an initiative that was mapped as a focus area in its Strategic Plan 2024-2019, upon realization of a huge financing gap occasioned by the mismatch between short term deposits and the longer-term mortgage loans, generally affecting the financial sector players. Stima would then have conversations with development partners about the possibility of establishing a mortgage facility, eventually settling for KMRC, as a participating Primary Mortgage Lender (PML).

Prior to joining KMRC, Stima Sacco relied mostly on micro mortgage loans to its members to facilitate incremental house construction. Through this facility, christened Makaazi Poa, Stima Sacco was the first Sacco to issue a flagship twelve-year product, at 14%, and borrowers could get up to KES 15 million. Since the launch of its KMRC backed home loan, Stima Sacco has been able to increase the rate of members' home ownership and continues to empower more, especially through financial literacy initiatives, to affordably become homeowners.

Established in 1974, Stima is undoubtedly one of the biggest Saccos in the country, boasting a nationwide footprint, with more than 180,000 members. Through innovative products and service offering, Stima continues to experience massive success and members' trust, evidenced by its Kes 42 billion worth of a loan book, out of which Kes 5 billion accounts for home loans. Through its partnership with KMRC, Stima has disbursed KES 257 million, with about KES 216 million in the pipeline. Stima's plan is to continue running sustained financial literacy initiatives and therefore, increase the number of qualifying borrowers, and ultimately disburse Kes 1 billion by the end of the year, increasing its loan portfolio to 20% from the current 12%.

"Only 20% of our members had homes, 80% did not. The key thing is, for us, we said the best way we could add value to this discussion was to look back at our membership and increase the percentage of members who are getting access to this mortgage facility; majority of them were unable to do it," said Dr. Gamaliel Hassan, the MD/CEO of Stima Sacco.

With KMRC's concessional funding, Stima Sacco has been able to expand the scope of its lending, especially with the inclusion of low- and middle-income borrowers. Ordinarily, these borrowers would not be able to afford a mortgage due to its expensive nature, with features such as high, variable interest rates and short repayment tenors.

“This is where KMRC steps in; by ensuring that the pricing is very affordable- we do give a single digit. Number two is the availability and accessibility of the money, which with KMRC, is always there, and the members can get these funds. We’d never have done this if we never had the financing that is coming through KMRC,” says Dr. Hassan.

According to the Central Bank of Kenya's Banking Supervision Report (2022), Kenya currently has 27,786 mortgages, which represents only about 2% of the entire population. This was one of the main reasons that informed the introduction of KMRC, which then partnered with 20 Banks and Saccos to provide concessional funds so as to increase home ownership (especially amongst the low- and middle-income segment of the population) and turn these statistics around. Since commencement of lending, the momentum has been impressive. KMRC has disbursed Kes 8.1 billion to 10 of the 20 participating institutions (comprising 4 Saccos and 6 Banks).

“We have a social responsibility to our members, we believe there’s more impact in giving a loan to that person right at the base of the pyramid who is actually struggling to get affordable housing; our key measure is around that,” adds Dr. Hassan.

Dr. Hassan listed a few challenges that the Sacco has experienced over the course of its affordable housing financing journey, pointing out that all these challenges have provided learning opportunities for the institution. They include Stima's capacity to optimally issue affordable home loans, commending KMRC for its assistance in implementing pertinent pre-requisites such as an Environmental and Social Impact Policy.

Other challenges include the high cost of housing (land, construction material, incidental costs, etc.), lengthy securitization processes and lack of a Sharia compliant housing financing solutions. He says, ***“Stima is the first conventional Sharia compliant Sacco in Kenya, running a Sharia window. Without Sharia compliant housing financing in Kenya, there’s a big component of the country’s population that has been left out of the conversations around affordable housing. It would be good for players like the Government and KMRC to start thinking about ventures like Sukuk bonds.”***



Figure 12: Staff of Stima SACCO outside their Parklands branch

2.2 Shelter Afrique's Commitment to Sustainability and Climate Action in Africa - Shelter Afrique & IFC EDGE Partnership

Shelter Afrique and IFC have partnered to enhance the delivery of EDGE Compliant Green Affordable Housing in Africa

EDGE is a green building standard as well as a certification system for more than 150 countries and empowers building professionals to efficiently determine the most cost-effective ways to build green based on occupant behavior, building type, and the local climate.

As an EDGE Champion, Shelter Afrique is committed to championing the delivery of Green Affordable Housing Delivery in Africa.

Shelter Afrique & IFC EDGE have delivered joint EDGE training workshops in order to enhance the capacities of developers and to support the adoption of the EDGE platform for delivering affordable housing.



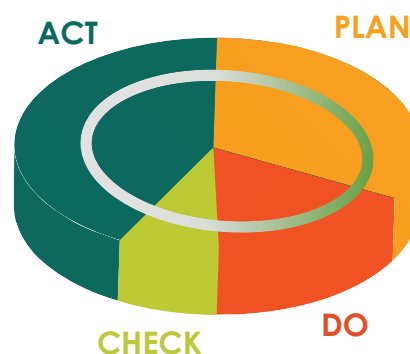
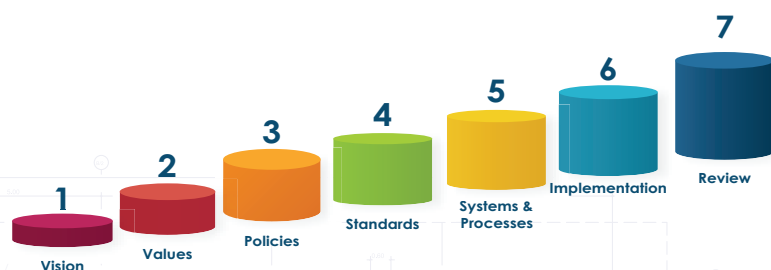
2.2.1 Alpha Mead Development Company – Journey to EDGE Certification

Alpha Mead Development Company (AMDC) – Nigeria's first Real Estate Development Company certified to international standards (ISO 9001:2015) – is the Real Estate Development, Asset Management and Advisory arm of Total Real Estate Solutions Company, Alpha Mead Group. Established in 2013, AMDC is positioned to address the growing housing deficit of the middle-income class.

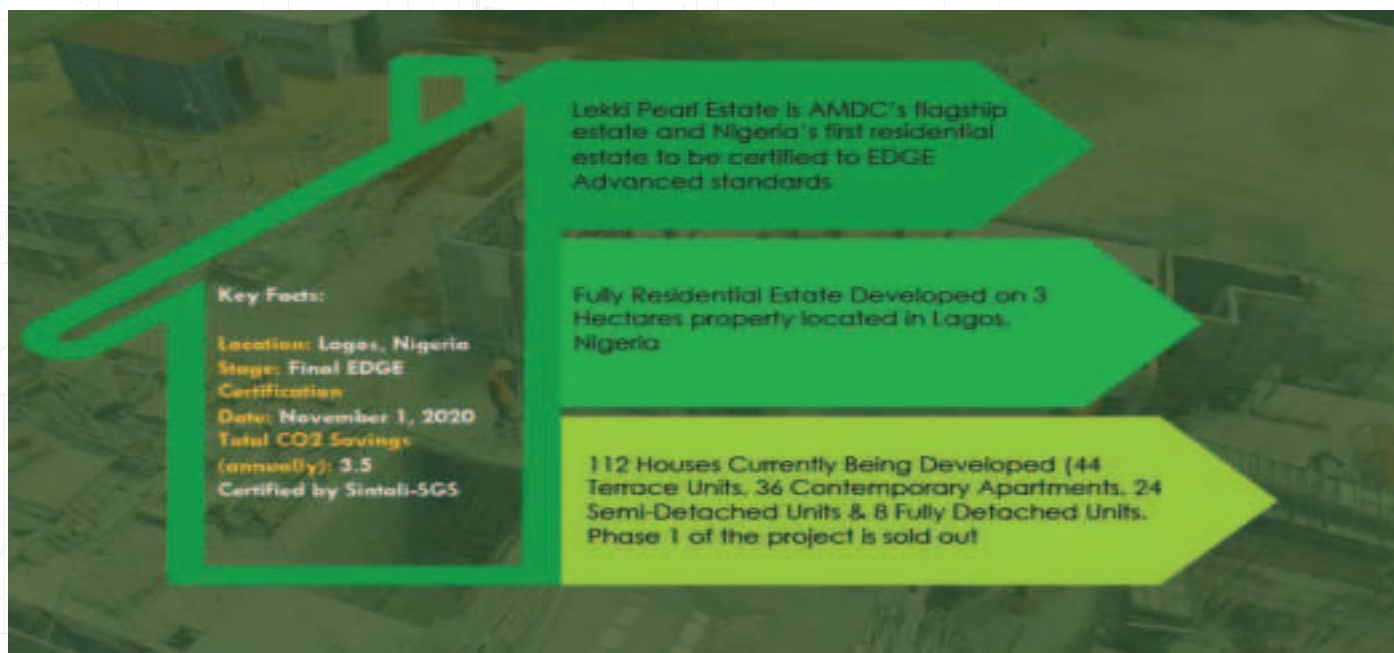
AMDC Corporate Objectives:

- **Innovate:** To offer innovative and unique real estate solutions to its clients in Nigeria and other African countries.
- **Quality Delivery:** To develop and build capacity for sustainable and quality service delivery in Nigeria and other African countries where the company operates.
- **Wealth Creation:** To create wealth and offer other unique values according to the specific needs of various stakeholders.
- **Sustainable Growth:** To develop and implement a robust business model that meets international standards and guarantees long-term growth and development of the company.

JOURNEY TO EDGE CERTIFICATION



2.2.2 Lekki Pearl Estate – Key facts on EDGE Certification



Impact of EDGE Solutions



2.2.3 MIXTA Africa Marula Park – Journey Towards EDGE Certification

Marula Park is a green development project for the affordable housing market in Lagos, Nigeria.

The project comprises of 984 residential units distributed among 29 ground-plus-three-story blocks of flats, to be executed in phases on a -12.5hectare parcel of land. Upon completion, the community will house over 4,000 inhabitants.

The journey towards aligning our projects with international green standards began in 2021 with extensive research on globally accepted practices, cost-effective design solutions, as well as global and national sustainability goals, initiated by the institution's top management.

The standard, established by International Finance Corporation IFC EDGE to promote sustainability practices in the built environment for emerging and established markets, was adopted for our pilot green project after further research on its processes and case studies of similar certified projects in Africa. We chose the EDGE Certification Standard because of its holistic scope, user-friendly software, and affordable path towards obtaining a globally accredited sustainable building certification.

Marula Park was enrolled for EDGE certification in June 2022 through their partners, Sintali - SGS Ghana office, they provided support throughout the certification process.

Key EDGE design parameters adopted include but are not limited to the following:

- Reduction in the number of windows per unit/block
- Incorporating a 50mm Rock Wool Roof Insulation
- Incorporating energy-efficient lighting for internal and external spaces,
- Lighting sensor and control for common areas
- Installation of solar Street lighting
- Installation of solar-powered assisted water supply and treatment plants
- Installation of smart energy meters,
- Low-flow water fixtures for sanitary wares
- Dual flush WCs
- Smart water meters
- Under 20kg/m³ of steel in reinforced concrete slab. Compared to 35kg/m³ for base case
- Biodigester for sewage treatment

After its completion, Marula Park, along with other communities being developed and operated by Mixta Africa, is poised to accomplish more than just an EDGE Advanced Certification but will also serve as a trailblazer for achieving a Zero Carbon community, ensuring sustainability and resilience in the housing and built environment industry.



2.3 Sovereign Lending Training to Shelter Afrique Staff

Shelter Afrique recently reviewed its corporate strategic plan with the aim of aligning itself to its members' priorities and position the company for better performance and enhanced development impact.

In line with these, the institution is developing a Sovereign Lending product to serve its member states, in addition to the organization's traditional products that do attend to both the demand and supply sides of the housing value chain. To materialize these new developments, Shelter Afrique through the Strategy, Policy, Research and Partnerships Unit liaised with the African Development Institute of the African Development Bank to deliver an in-house capacity building on Sovereign Lending. The training was delivered in a hybrid format by the Bank's Experts between the 17th and 19th October 2022 at the Shelter Afrique Centre in Nairobi, Kenya.

The objective of the training was for Shelter Afrique staff to expand their capacities and better drive impact and provide a much-needed area for funds absorption from the anticipated new business development and funds mobilization activities through developing the Sovereign Lending product.

The workshop participants included Shelter Afrique's Directors, Executive Committee Members, and other staff members.



Figure 13: Images of the Sovereign Lending training to Shelter Afrique staff

2.4 Shelter Afrique's debut 46# billion bond issuance in Nigeria's capital market

Shelter Afrique has successfully completed its debut 46# billion (US110.7\$ million) Series 1 Fixed Rate Senior Unsecured Bond Issuance in Nigeria's capital market under its 200# billion (US481.3\$ million) bond issuance programme in April 2022.

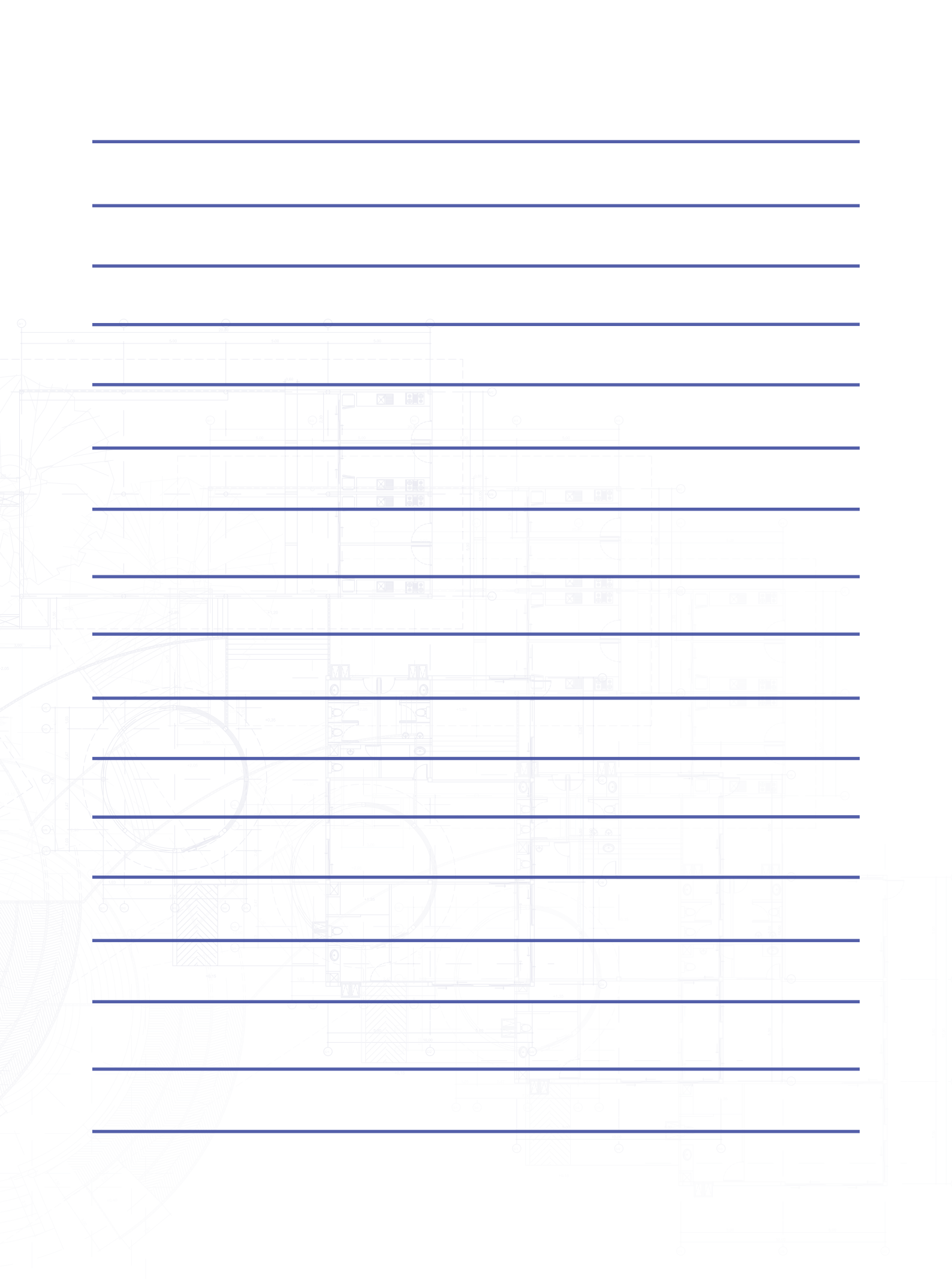
The dual tranche bond issuance was 60.7% oversubscribed with the order book peaking at 64.3# billion (US154.6\$ million), enabling Shelter Afrique to exercise the 'green shoe' option and raise an additional 6# billion (US14.4\$ million) more than the original 40# billion plan (US96.3\$ million).

The bond issuance attracted participation from a diverse range of institutional investors including pension funds, banks, and insurance companies, supported by an AA rating from GCR Ratings and an A+ rating from Augusto & Co. The high oversubscription demonstrates investors' confidence in Shelter Afrique's mandate to enable housing development in Africa, its strong management team, business strategy and credit profile.

The issuance of the Naira-denominated bonds reflects the organisation's desire to focus on tailor-made, long-term funding solutions for the provision of affordable and adequate housing in Nigeria and across Africa.



Figure 14: Shelter Afrique and counterparties of the Naira-denominated bond at the signing ceremony.





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Financing Affordable Housing for Africa

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