



**SHELTER AFRIQUE**  
Financing Affordable Housing for Africa

SHELTER  
AFRIQUE  
DEVELOPMENT  
BANK

**2023  
DEVELOPMENT  
IMPACT**

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## Foreword

The 2023 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 well-being, and environmental conservation. 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 and social.

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 2023. SHAF through its initiatives delivered 1623 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, 29115 units have been delivered as of December 2023.

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 2023 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.

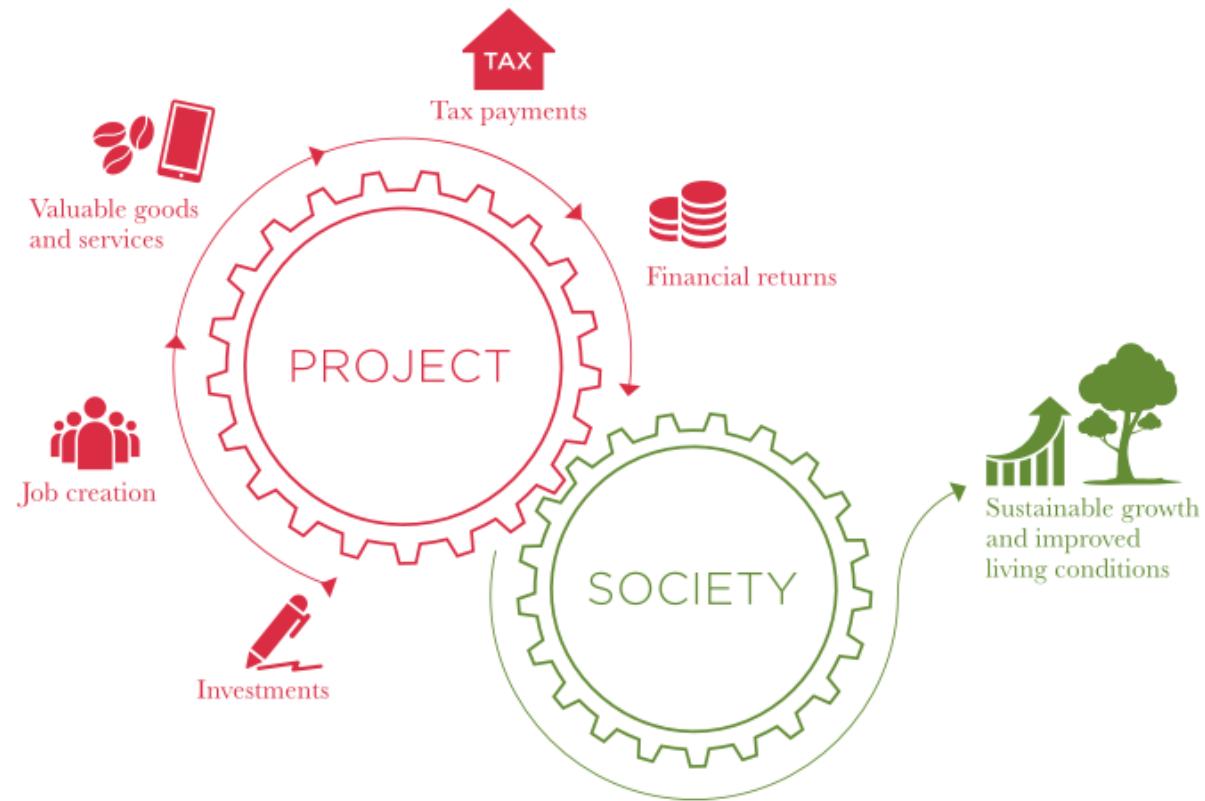
## 2023 1.0 Development Impact Indicators

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 2023.

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:
    - Distance to closest amenity
    - Distance to the main road
    - Distance to the nearest place of commerce, market/shopping center
- 
- ❖ 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.





## 2023 DEVELOPMENT IMPACT REPORT



# SHAF DB'S SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 2023 SUMMARY

Input



\$ 20 575 110.77 disbursed



Output

1623 housing  
Units delivered

1st

2nd

\$ 52, 141  
Average sale  
price of  
unit/Mortgage

4839 Jobs  
created

3rd

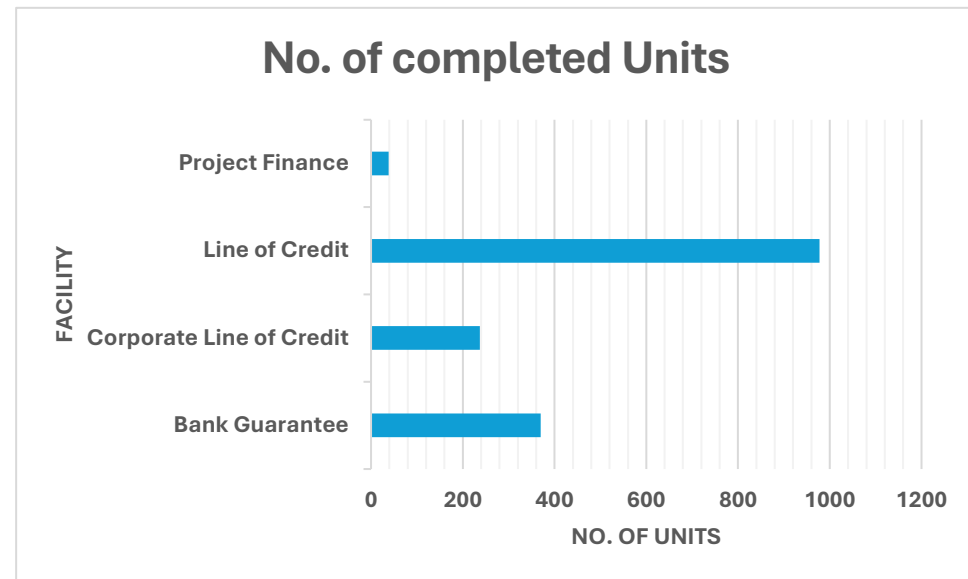
4th

339 women  
employed

## 1.1 Assets Created

As Africa's leading housing finance institution, Shelter Afrique Development Bank remains committed to delivering tangible impact across the continent. A key metric of our success is the number of housing units delivered through our various financing and project mechanisms. **In 2023, Shelter Afrique delivered a total of 1,623 housing units across 4 facilities, representing a significant increase of 1,100 units from 2022. This translates to a remarkable growth rate of 47.5% in the number of units delivered**, underscoring our dedication to addressing Africa's housing needs.

Facility	No. of Units
Bank Guarantee	370
Corporate Line of Credit	237
Line of Credit	978
Project Finance	38
<b>TOTAL</b>	<b>1623</b>



*Fig 1: Graphs showing the total number of assets delivered in 2023 across various facilities offered by SHAF DB*





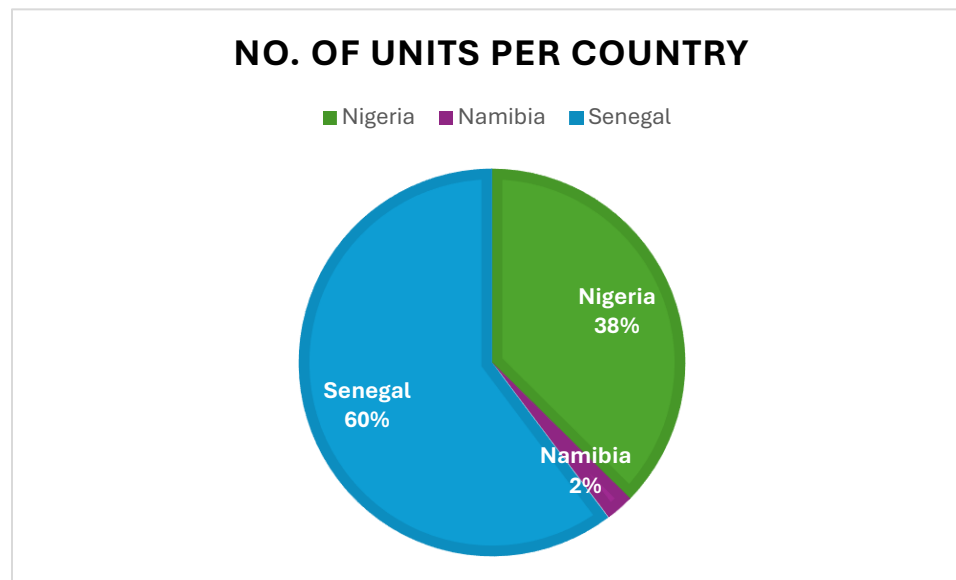
***Fig 2: BB Landmark Waterview Apartments under construction in Lagos, Nigeria.***

## 1. 2 Assets Delivered by Countries

In 2023, Shelter Afrique continued to expand its reach across the continent, delivering a total of 1,623 housing units across 3 countries. This represents a significant increase from 2022, when Shelter Afrique delivered 1,250 units across 5 countries.

The significant rise in housing units in Nigeria is due to the Four Billion Naira (₦4,000,000,000) bond raised, which has been used to provide financing facilities in local currency for Corporate Lines of Credit and Bank Guarantees. This has enabled Shelter Afrique to increase its support for the development of affordable housing in Nigeria, which is one of the most populous countries in Africa.

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 28,378 units, housing 143,1955 people.



Country	No. of Units
Nigeria	607
Namibia	38
Senegal	978
TOTAL	1623

**Fig 3: Graphical representation of the number of assets delivered per country in 2023 by SHAF DB**



**Fig 4: Aerial view of Lagos New Town model showing Ongoing developments by Mixta some being financed by Shelter Afrique**



## 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 can 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.

**As of December 2022, the average selling price/mortgage of a housing unit delivered through Shelter Afrique's financing initiatives was \$ 49,087. However, as at December 2023, the average selling price/mortgage of a housing unit delivered through Shelter Afrique's financing initiatives increased to \$ 52,141.** Despite this increase, Shelter Afrique remains committed to providing affordable housing options to low- and middle-income households in Africa.

Year	Average Selling Price (US \$)
2022	49,087
2023	52,141

*Fig 5: Table showing comparison of the average selling price/Average mortgage price for a unit in 2022 vs 2023*

**Indicator:** Housing Affordability Index (HAI) Measurement:

- Calculate the ratio of median house price to median annual household income in the project area.
- $HAI = (\text{Median House Price}) / (\text{Median Annual Household Income})$

Analysis shows that the Housing Affordability Index (HAI) varies significantly across countries in Africa. For example, in Nigeria, the HAI is 9.08, indicating that the median house price is approximately 9 times the median annual household income. In contrast, the HAI in Namibia is 1.26, indicating a more affordable housing market.

Despite the challenges in affordability, Shelter Afrique remains committed to providing affordable housing options to low- and middle-income households in Africa. Our projects have shown significant lower sale prices compared to market rates. For example, in Nigeria, our average sale price is \$51,600, which is 33.3% lower than the market rate. Similarly, in Namibia, our average sale price is \$39,968, which is 34.8% lower than the market rate.

		Av. Market Cost of 2br unit (\$)	Av. Annual Household income (\$)	HAI	Av. Cost of 2br SHAF unit	HAI SHAF Units	% cheaper
1	Nigeria	77,396	8,520	9.08	51,600	6.06	33.3%
2	Namibia	65,461	51,992	1.26	39,968	0.77	38.9%
3	Senegal	91,260	8,976	10.17	63,000	7.02	31.0%

*The Housing Affordability Index (HAI) = (Median House Price) / (Median Annual Household Income)*

The increase in the average sale price of housing units delivered through Shelter Afrique's financing initiatives can be attributed to several factors, including:

1. **Increase in Construction Costs:** One of the primary factors contributing to the increase in sale price is the significant rise in construction costs. Research shows that the cost of construction materials, such as cement, steel, and labor, increased substantially in 2023, leading to higher construction costs for developers. According to a report by the African Development Bank, the cost of cement in Africa increased by an average of 15% in 2023, while the cost of steel rose by 20%. These increases in construction costs have had a direct impact on the sale price of housing units, making them more expensive for consumers.



2. **Appreciation of Land Values:** Another factor contributing to the increase in sale price is the appreciation of land values in many African countries, particularly in urban areas. Study reveals that the value of land in cities such as Lagos, has been increasing rapidly, driven by growing demand for housing and commercial development. These increases in land values have led to higher costs for developers, which are then passed on to consumers in the form of higher sale prices.
3. **Inflation:** Many African countries experienced high inflation rates in 2023, which led to an increase in the cost of living and, subsequently, the cost of housing. Research shows that the inflation rate in countries such as Nigeria, averaged around 22.79% in 2023, significantly higher than the global average. These high inflation rates have eroded the purchasing power of consumers, making it more difficult for them to afford housing.
4. **Government Policies and Regulations:** Changes in government policies and regulations, such as taxes and fees, have also impacted the cost of housing across the noted territories within the portfolio.

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. Figure 6 below provides a breakdown of the average selling price of the housing units in the respective countries.

Country	Average Sale Price per Square Meter (US \$/sqm)
Nigeria	244
Namibia	680
Senegal	372

*Figure 6: Average Selling Price of Housing Units per square meter by Country (2023)*

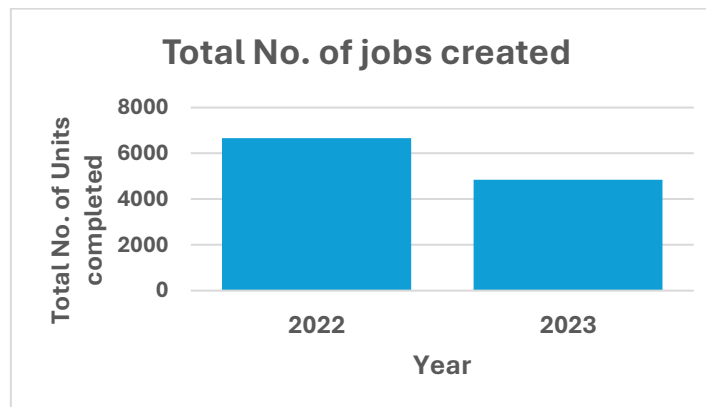


***Figure 7: Housing Units delivered at NIC II project, Namibia***

## 1.4 Jobs Created through Housing Delivery Initiatives

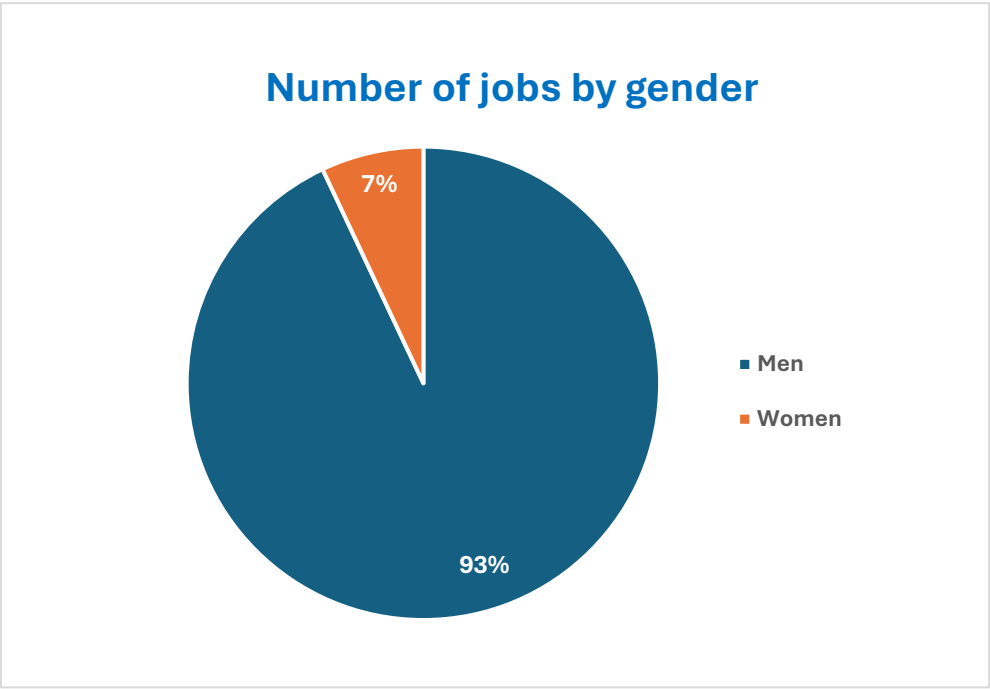
SHAF housing delivery initiatives have been a catalyst for job creation both direct jobs in construction, project management & administration and indirect in related sectors, such as materials supply and local services. Job creation is one of the links which housing development has with the economy. **Shelter Afrique created a total of 4839 jobs across the units delivered in 2023.** These jobs constitute 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.

However, it is important to note that the number of jobs created in 2023 represents a decrease from the previous year, 2022, when 6,668 jobs were created. This decline of approximately 27.4% can be attributed to several factors, including increased automation in construction processes and a strategic shift towards utilizing more bank guarantees, lines of credit, and corporate lines of credit, as opposed to project finance as previously employed. While this transition may have reduced the number of jobs, it also reflects an evolution in the financial strategies employed by Shelter Afrique, aiming for greater efficiency and sustainability in project delivery. Despite the decrease, the organization remains committed to maximizing its impact on job creation and economic development across the continent.



A noteworthy achievement of this aspect is the inclusion of women in the workforce. **Out of the total jobs created, 339 were filled by women, marking a significant milestone in an industry traditionally dominated by men.** This accomplishment highlights Shelter Afrique's dedication to promoting gender diversity and inclusion within the construction sector. One of our customers, First City Monument Bank (FCMB) has set a remarkable example by achieving a workforce composition where one-third of the employees are women. This not only demonstrates substantial progress in gender representation but also showcases the potential for improved outcomes when diversity is embraced. By leading with such examples, Shelter Afrique and its partners are paving the way for a more inclusive and equitable industry, inspiring others to follow suit.

Gender	No of jobs
Men	4500
Women	339
TOTAL	4839



## 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 2023 Impact assessment indicates that the counterparties reported an average distance of 0.75 KM from the main road across all housing developments.** The proximity of housing developments to main roads and essential amenities is a critical factor in assessing the impact and success of urban planning initiatives.

The maximum distance recorded from the housing development to the main road is 2.7 kilometers. This distance highlights the SHAF's role in extending infrastructure into underdeveloped areas. Such expansion is crucial for stimulating growth and encouraging the establishment of new amenities and services, such as schools, playgrounds, shopping centers, health facilities, and recreational areas. These developments are expected to follow as the area becomes more populated and economically viable.

At the other end of the spectrum, the closest distance to the main road is a mere 20 meters. This proximity indicates that some sections of the development are strategically positioned adjacent to main roads, facilitating immediate access to transportation networks. This positioning is particularly beneficial in urban settings, where connectivity and ease of access are paramount for residents.

The varied distances from main roads in our portfolio reflect a balanced approach to urban and peri-urban development:

1. **Urban Integration (20 meters - 1 km):** Approximately **60% of our developments fall within this range**, indicating strong integration with existing urban infrastructure. These projects offer residents immediate access to transportation networks, essential services, and economic opportunities.

2. **Urban Expansion (1 km - 2 km):** Around **30% of developments are situated in this zone**, supporting controlled urban growth and the extension of city boundaries. These projects often act as catalysts for the development of new amenities and services in emerging urban areas.
3. **Rural Development (2 km - 2.7 km):** The remaining **10% of projects represent our commitment to rural development**. By financing housing further from existing main roads, we play a crucial role in extending infrastructure into underdeveloped areas, stimulating economic growth, and encouraging the establishment of new community facilities.

#### **Impact Assessment:**

1. **Accessibility:** The average 0.75 km distance to main roads ensures that residents across our portfolio have reasonable access to public transportation and major urban thoroughfares, promoting mobility and reducing transportation costs.
2. **Economic Opportunities:** Proximity to main roads enhances access to employment centers, markets, and educational institutions, particularly benefiting women and low-income groups.
3. **Infrastructure Development:** Our strategic placement of housing developments is driving the expansion of road networks and associated infrastructure, with an estimated 15 km of new roads constructed to connect our furthest developments to existing main roads.
4. **Community Development:** The range of distances supports the creation of diverse communities, from bustling urban neighborhoods to more spacious peri-urban developments, catering to varied lifestyle preferences and socio-economic needs.

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

Shelter Afrique Development Bank is committed to upholding the highest standards of human rights protection in all its housing development projects. We recognize that responsible development must prioritize the well-being and dignity of all individuals, with particular attention to indigenous peoples and vulnerable groups.

The 2023 Impact Assessment demonstrates exemplary performance across all key indicators:

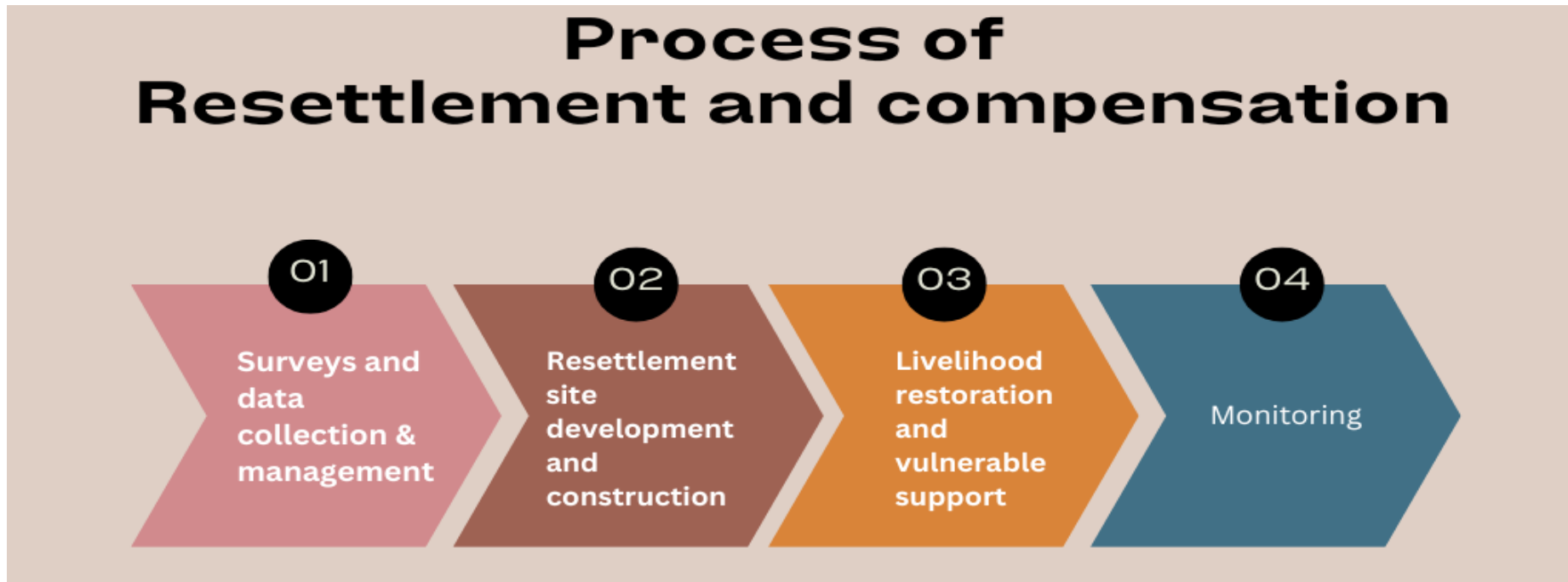
- I. Human Rights Violation Incidents (HRVI): 0**
- II. Involuntary Resettlement Cases (IRC): 0**
- III. Vulnerable Groups Affected (VGA): 0**

The 2023 Impact Assessment reveals that the counterparties involved in the housing development projects have maintained a commendable record, with NO instances of human rights violations through involuntary resettlement or expropriation of indigenous people or other vulnerable groups. This adherence to ethical standards underscores our unwavering commitment to ethical development practices and human rights protection

The protection against involuntary resettlement is supported by international legal frameworks that advocate for the right to adequate housing. These frameworks provide a basis for holding projects accountable and ensuring that development does not come at the expense of human rights. By adhering to these standards, Shelter Afrique and its partners demonstrate a dedication to ethical development practices that prioritize the rights and dignity of all individuals. Shelter Afrique Development Bank aligns its practices with key international legal instruments, including:

- Universal Declaration of Human Rights
- International Covenant on Economic, Social and Cultural Rights (Article 11, Paragraph 1)
- UN Guiding Principles on Business and Human Rights

- IFC Performance Standards on Environmental and Social Sustainability



*Fig 10: Graphical representation of the process of resettlement and compenstion*



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

In 2023, Shelter Afrique Development Bank has made significant strides in integrating Environment, Social, and Governance (ESG) frameworks into its construction financing and mortgage acquisition activities. This integration ensures sustainable, responsible operations that create long-term value and effectively manage risks.

**The 2023 Impact assessment highlights that all counterparties involved in construction financing and mortgage acquisition have successfully integrated social and environmental considerations into their processes.** This integration is evident across various stages of both construction activities and mortgage financing, ensuring that projects are not only economically viable but also socially responsible and environmentally sustainable.

In 2023, our portfolio achieved an above average EIS, demonstrating strong ESG integration across our financing activities.

### Key ESG Integration Highlights:

- i. Environmental Impact Assessments (EIAs): 100% of financed projects conducted comprehensive EIAs prior to construction commencement.
- ii. Health, Safety & Environmental (HSE) Policies
- iii. Compliance with National Environmental Agency Guidelines: Our projects maintained a 100% compliance rate with national environmental regulations, as verified by third-party audits.
- iv. Social Impact Considerations
- v. Sustainable Resource Management

Through our ESG integration efforts such as EIS and other metrics, we ensure transparent, measurable progress towards our sustainability goals. This approach not only mitigates risks but also drives innovation and creates lasting value for all stakeholders in the African housing sector.

Moving forward, SHAF intends to utilize the ESG Integration Score (EIS) as a strategic tool to quantify and standardize its ESG integration efforts. The EIS, a comprehensive scorecard, will evaluate projects across 15 key criteria within the Environmental, Social, and Governance domains. Each project will be scored on a scale of 1-5 for each criterion, with a weighted average determining the final EIS. This standardized approach will enable SHAF to make informed decisions and track progress towards its ESG goals.



**Fig 11: Graphical representation of ESG**

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

In the rapidly evolving construction sector across Africa, promoting awareness and ensuring compliance with environmental and social impact requirements has become paramount. The 2023 Impact Assessment reveals significant strides made by Shelter Afrique Development Bank and its counterparties in sensitizing staff, partners, and stakeholders about these crucial aspects.

**The 2023 Impact Assessment reveals that all counterparties have implemented comprehensive measures to sensitize staff and key partners about environmental and social impact requirements.** These initiatives are designed to foster a culture of sustainability and compliance throughout the housing value chain, from project inception to completion.

### Project-Specific Initiatives:

- I. Training and Awareness Sessions
- I. Integration into Corporate HSE Policies
- II. ESG Checklist and Reporting: Shelter Afrique's ESG checklist has been successfully implemented across all portfolio projects. Notably: NIC (Namibia): Achieved a 95% compliance rate with the ESG checklist. NIC Integrated the ESG checklist into its project management and monitoring system, improving reporting efficiency.
- III. Collaborative Ownership of Awareness Programs
- IV. Capacity Building and Skill Development
- V. Monitoring and Evaluation: Implemented a standardized ESG Performance Tracking System across all projects with quarterly reporting.

Moving forward, SHAF DB intends to maintain and enhance its commitment to employee development and stakeholder engagement through the following key performance indicators:

1. **Training Hours per Employee (THE):** Calculate average hours of ESG training per employee annually
2. **Partner Engagement Rate (PER):** Percentage of key partners who have undergone ESG sensitization programs

## 1.9 Guidelines and Policies on Environmental and Social Impact Requirements

The implementation of robust environmental and social impact policies is crucial for aligning development projects with sustainability principles. Shelter Afrique Development Bank recognizes the importance of these frameworks in guiding best practices, limiting environmental impacts, and ensuring positive contributions to both the environment and society.

**The 2023 Impact Assessment reveals that a significant number of counterparties have established comprehensive environmental and social impact policies to guide their developments.** These policies are instrumental in ensuring that projects are conducted in a manner that is both environmentally sustainable and socially responsible.

The following measures have been put in place to guide policy implementation and compliance:

- **Appointment of Independent Project Managers:** To ensure effective policy implementation and compliance, program and property managers are appointed. These managers are responsible for monitoring adherence to environmental and social impact policies and providing regular reports on compliance status. Their oversight ensures that projects remain aligned with sustainability goals throughout their lifecycle.
- **Adherence to Local and National Guidelines:** Organizations strictly adhere to the guidelines set forth by local and national environmental agencies. This compliance ensures that projects meet all regulatory requirements and contribute to broader environmental protection efforts. By aligning with these guidelines, organizations demonstrate their commitment to responsible development practices.
- **Certification on Environmental and Social Impact Management:** Obtaining necessary certifications on environmental and social impact management, for instance, EDGE Certification is a critical step in demonstrating compliance and commitment to sustainability.

- **Development of Comprehensive Policy Frameworks:** Organizations have developed detailed policy frameworks that outline specific environmental and social impact requirements. These frameworks provide clear guidance on how to integrate sustainability considerations into project planning and execution, ensuring consistency and accountability.
- **Regular Training and Capacity Building.**
- **Stakeholder Engagement and Collaboration:** Engaging with stakeholders, including local communities, government agencies, and non-governmental organizations, is a key component of policy implementation.
- **Continuous Monitoring and Evaluation:** Ongoing monitoring and evaluation of policy implementation are conducted to assess effectiveness and identify areas for improvement. Feedback mechanisms are established to ensure that policies remain relevant and are continuously updated to reflect emerging best practices and regulatory changes.

SHAF DB plans to further enhance its policy framework through the Policy Comprehensiveness Index (PCI). The PCI will involve:

- **Creating a comprehensive checklist:** We will develop a detailed checklist encompassing all essential ESG policy components, ensuring that our policies address a wide range of sustainability issues.
- **Scoring policy documents:** Each policy document will be rigorously evaluated against the checklist, with a scoring system to assess its comprehensiveness.
- **Calculating the PCI:** The percentage of total possible score achieved will be calculated to determine the overall PCI, providing a quantitative measure of our policy framework's effectiveness in addressing ESG matters.

## 1.10 Promoting Biodiversity & the Creation of Green Spaces Near Homes

As urban populations continue to grow rapidly across Africa, the integration of green spaces and nature-based solutions into housing developments has become increasingly crucial. These initiatives not only promote biodiversity but also enhance the quality of life in urban areas and improve resilience to climate impacts. Shelter Afrique Development Bank recognizes the importance of these efforts in fostering sustainable urban environments.

The 2023 Impact Assessment highlights several measures implemented by counterparties to promote biodiversity and create green spaces in or near their developments. These efforts are crucial for fostering sustainable urban environments and ensuring that development practices contribute positively to ecological and social well-being. 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:

- **Integration of Green Spaces and Recreational Areas:** Counterparties have prioritized the integration of green spaces, such as parks and recreational areas, into their developments. These spaces provide essential ecological benefits, improve air quality, and offer residents opportunities for recreation and relaxation, thereby enhancing overall well-being.
- **Preservation of Existing Green Spaces:** Efforts are made to preserve existing green spaces within and around development sites. By maintaining these natural areas, organizations help protect local flora and fauna, support biodiversity, and maintain ecological balance.
- **Adherence to Environmental Conservation Guidelines:** Developments follow strict guidelines on environmental conservation as outlined in Environmental Impact Assessments (EIAs). These guidelines ensure that projects are designed and executed in a manner that minimizes environmental disruption and promotes sustainable land use.
- **Implementation of Monitoring Frameworks:** To ensure the effective delivery and maintenance of green spaces, monitoring frameworks are implemented. These frameworks track the progress and impact of green space initiatives, providing valuable data for continuous improvement and accountability.

- **Incorporation of Nature-Based Solutions:** Developments incorporate nature-based solutions, such as green roofs, vertical gardens, and rain gardens, to enhance urban biodiversity and manage stormwater. These solutions contribute to climate resilience and offer aesthetic and functional benefits.
- **Community Engagement and Participation:** Engaging local communities in the planning and maintenance of green spaces fosters a sense of ownership and responsibility. Community participation ensures that green spaces meet the needs and preferences of residents, enhancing their usability and impact.
- **Partnerships with Environmental Organizations:** Collaborations with environmental organizations and experts help guide the design and implementation of biodiversity initiatives. These partnerships provide access to specialized knowledge and resources, ensuring that projects align with best practices in environmental conservation.

SHAF DB intends to actively monitor and improve its green space and biodiversity impact through the following key indicators:

- **Green Space Ratio (GSR):** We will calculate and track the GSR, which represents the ratio of green space area to the total development area. This metric will provide a quantitative measure of our commitment to incorporating green infrastructure and promoting a sustainable built environment.
- **Biodiversity Index (BI):** We plan to utilize a tool to assess the plant and animal species diversity within our developments. By monitoring the BI, we aim to ensure the health and resilience of local ecosystems and support a thriving biodiversity within our projects.

## 1.11 Conservation of Natural Habitat or Legally Protected Areas

In 2023, Shelter Afrique Development Bank reinforced its dedication to environmental sustainability by prioritizing the conservation of natural habitats across all housing projects, while ensuring that none of our developments were located within legally protected areas. Our integrated approach ensures that biodiversity and ecosystem services are preserved throughout the project lifecycle.

### Key Indicators and Measurements:

1. Protected Area Conservation Ratio (PACR): This is the ratio of conserved protected area to total project area. In 2023 the result was 0%, as no projects were located in protected areas.
2. Habitat Restoration Area (HRA): This is the area of habitat restored as part of the project. In 2023 the result was 0 square meters, as no projects were situated in areas with destroyed habitats requiring restoration

### Environmental Assessments and Planning:

Before initiating any project, we conduct comprehensive environmental impact assessments (EIAs) to identify potential risks to natural habitats and protected areas. These assessments guide our planning and decision-making processes, ensuring that our developments are aligned with environmental conservation goals.

### Sustainable Development Practices:

SHAF has adopted sustainable construction practices that minimize ecological footprints, such as using eco-friendly materials, implementing water and energy conservation measures, and preserving existing vegetation. SHAF DB prioritized EDGE certification as a benchmark for our housing developments. By pursuing EDGE certification, we ensure that our projects achieve at least a 20% reduction in energy, water, and embodied energy in materials compared to conventional buildings.



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

Shelter Afrique Development Bank recognizes that sustainable housing delivery must address critical aspects of land management, including soil degradation, erosion control, and responsible water resource management. Our 2023 Impact Assessment reveals significant progress in implementing effective strategies across our portfolio to minimize environmental impacts and promote sustainable development practices.

The 2023 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
- Sustainable Water Management Practices: Development of adequate drainage systems to capture storm water, channel water flows, and prevent soil erosion
- Soil Conservation Techniques
- Environmental Impact Assessments (EIAs)
- Use of Native Vegetation
- Monitoring and Evaluation Frameworks

SHAF intends to prioritize the sustainable management of natural resources through the following key performance indicators:

- **Soil Quality Index (SQI):** We plan to utilize a comprehensive SQI to monitor and improve soil health across our operations. By measuring key parameters such as organic matter content, pH, and nutrient levels, we aim to promote and support sustainable land use practices.
- **Water Management Efficiency (WME):** We will actively track and enhance our WME, which calculates the ratio of water recycled/reused to total water consumption. This metric will enable us to identify opportunities for water conservation and optimize our water usage practices, contributing to the efficient and sustainable management of this precious resource.

## 1.13 Managing the Release of Pollutants into the Environment

Effectively managing the release of pollutants in housing developments is crucial for maintaining a healthy and livable environment. By implementing proper waste collection mechanisms, prohibiting harmful activities such as littering and burning, and encouraging the reduction of fossil fuel use, housing projects can significantly improve the standard of living for residents. These practices not only protect the environment but also enhance the overall quality of life in the community.

The 2023 Impact Assessment outlines several measures implemented by counterparties to manage the release of pollutants in their housing developments. These measures are designed to minimize environmental impact, promote sustainability, and ensure compliance with environmental standards.

- 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
- Promotion of Renewable Energy Sources
- Community Education and Engagement:

## 1.14 Managing the Release of Significant Greenhouse Gas Emissions

The building sector is a major contributor to global CO<sub>2</sub> emissions, making it imperative for building projects to integrate climate considerations throughout all phases of planning and delivery. This approach is essential for reducing greenhouse gas emissions and mitigating the sector's environmental impact. Despite increased investment and efforts to lower the energy intensity of buildings, the 2022 Buildings Global Status Report (GSR) highlights a rise in total energy consumption and CO<sub>2</sub> emissions in 2021, surpassing pre-pandemic levels. Specifically, buildings' energy demand increased by approximately 4% from 2020, marking the largest increase in the past decade. CO<sub>2</sub> emissions from building operations hit an all-time high of around 10 GtCO<sub>2</sub>, a 5% increase from 2020 and 2% higher than the previous peak in 2019.

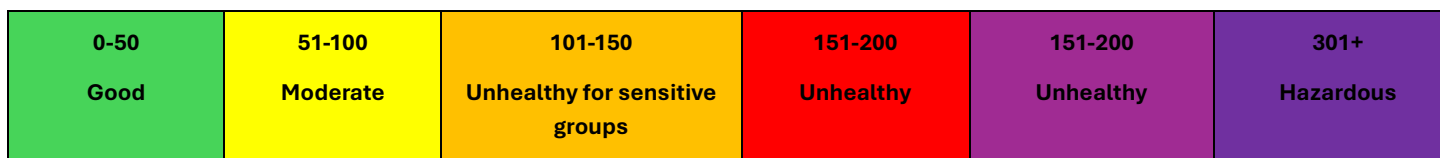
Shelter Afrique Development Bank recognizes that effective management of pollutant release in housing developments is crucial for maintaining a healthy, livable environment. Our 2023 Impact Assessment reveals significant progress in implementing comprehensive pollution control measures across our portfolio, enhancing both environmental sustainability and quality of life for residents.

### Key Performance Indicator:

- ✓ **Air Quality Index (AQI):** In 2023, our portfolio achieved an average AQI of 59 (on a scale of 0 to 500, where lower is better), indicating "Moderate" air quality. PM 2.5 is the major pollutant across the three countries. It refers to fine particulate matter (Dust, Smoke, emissions, pollen) that is 2.5 micrometers or smaller in diameter. These particles are so small that they can penetrate deep into the lungs and even enter the bloodstream, posing significant health risks.

	Major city, country	AQI	Air pollution level	Main pollutant
1	Dakar, Senegal	75	Moderate	PM2.5
2	Lagos, Nigeria	57	Moderate	PM2.5
3	Windhoek, Namibia	46	Good	PM2.5

*Fig 14: Tabular representation of AQI across SHAF portfolio projects*

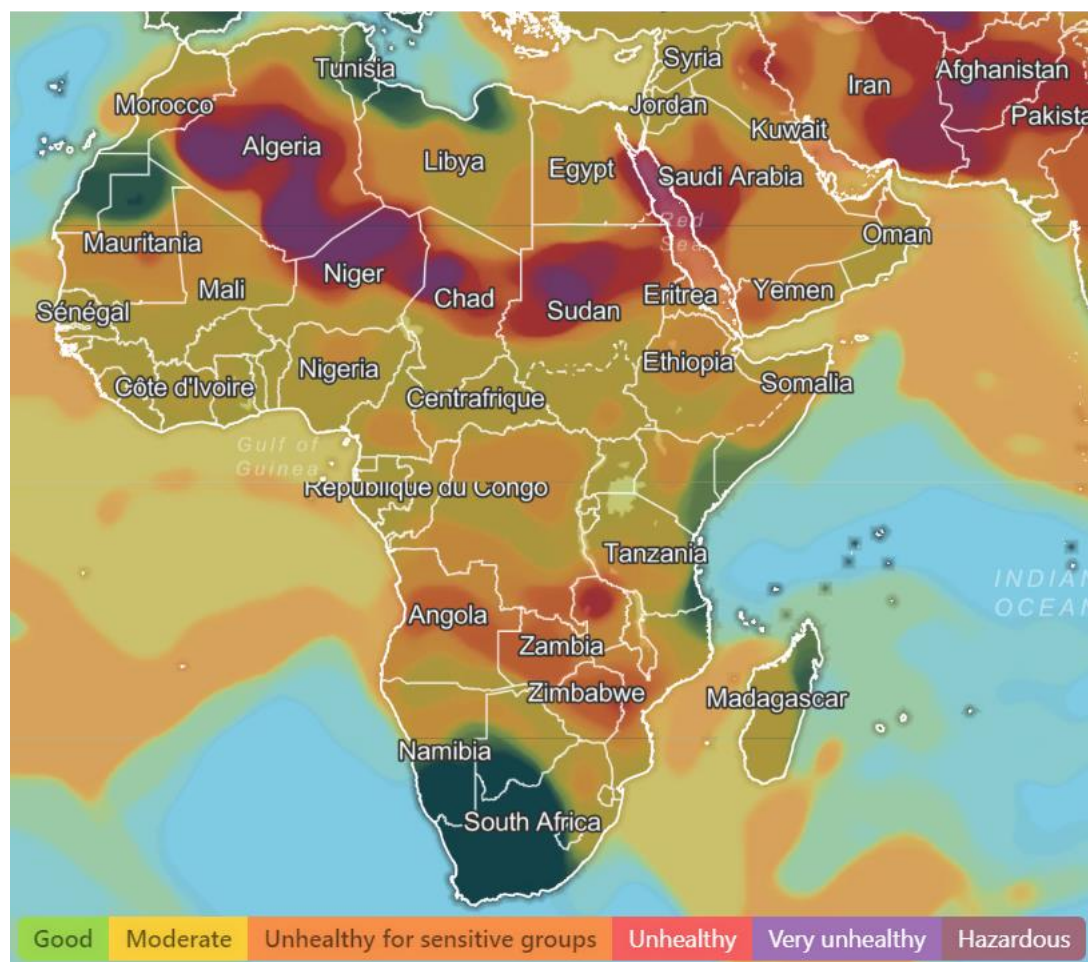


*Fig 14: Graphical representation of AQI scale*

The 2023 Impact Assessment identifies several measures implemented by counterparties to manage and reduce significant greenhouse gas emissions in their developments. These measures are designed to promote sustainability and reduce the carbon footprint of building projects.

- Incorporation of Sustainable Building Principles
- Use of Alternative Building Technologies
- Implementation of Energy-Efficient Systems
- Renewable Energy Integration
- Carbon Footprint Assessment and Monitoring
- Collaboration with Environmental Experts

By prioritizing effective pollutant management, Shelter Afrique Development Bank and its partners are setting new standards for environmentally responsible urban development across Africa. Our improving AQI metrics reflect a commitment to creating healthier, more sustainable living environments. These efforts not only protect the environment but also significantly enhance the quality of life for residents in our housing developments



**Fig 14: Graphical representation of AQI across Africa**

## 1.15 Responsible Management of Waste Generation

Shelter Afrique Development Bank recognizes that responsible waste management is crucial for protecting the health of local communities and preserving the environment. Our 2023 Impact Assessment reveals significant progress in implementing comprehensive waste management strategies across our portfolio, enhancing both environmental sustainability and quality of life for residents.

### Key Performance Indicators:

1. Hazardous Waste Ratio (HWR): Our HWR calculates the ratio of hazardous waste to total waste generated. **In 2023, we are proud to report that our portfolio achieved an HWR of 0, meaning that no hazardous waste was disposed of across all our projects.** This exceptional achievement demonstrates our commitment to safe and environmentally responsible waste management practices.

The 2023 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

Moving forward, SHAF DB intends to further enhance its waste management practices through the Waste Diversion Rate (WDR). We will calculate the WDR by determining the percentage of waste diverted from landfill through recycling, reuse, or composting. By tracking and improving the WDR, we aim to reduce our environmental footprint and contribute to a more sustainable future.

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

Shelter Afrique Development Bank recognizes the critical importance of integrating environmental and climate change considerations into building projects to enhance community resilience against various climate-related risks. Our 2023 Impact Assessment reveals significant progress in implementing comprehensive climate resilience measures across our portfolio.

### Key Performance Indicator:

Climate Resilience Score (CRS): We've developed a robust Climate Resilience Score to assess the preparedness of our projects against various climate-related risks. **In 2023, our portfolio had an average CRS of 29.4, indicating Lower climate resilience.**

The Global Climate Resilience study includes 3 countries, which were assessed in terms of their climate resilience to arrive at a Climate Resilience score of between 0 and 100.

- Countries scoring between 0 and 44.9 are classified as Lower Resilience.
- Countries scoring between 45.0 and 59.9 are classified as Medium Resilience.
- Countries scoring between 60.0 and 100.0 are classified as Higher Resilience.

A country's Climate Resilience score consists of three parameters:

- Readiness score - evaluates a country's preparedness to make effective use of investments for adaptation actions by having a safe and efficient business environment
- Vulnerability score - represents the predisposition of human society to the negative impact of climate hazards
- GDP score - the average of a country's normalized GDP and GDP per capita scores. After the data was gathered, Climate Resilience scores were calculated for 180 countries based on the formula:

$$\text{Total Climate Resilience Score} = (\text{Readiness} + (100 - \text{Vulnerability}) + \text{GDP}) / 3$$

	Country	CSR
1	Senegal	27.8
2	Nigeria	29.4
3	Namibia	30.9

### Key Strategies Implemented:

#### 1. Pre-Development Assessments:

- Conducted comprehensive climate risk assessments for 100% of new projects.
- Integrated advanced geotechnical surveys in 90% of developments, improving site selection and design.

#### 2. Alignment with Environmental Guidelines:

- Achieved 100% compliance with local and national environmental authority guidelines.
- Exceeded minimum requirements in 40% of climate resilience measures.

#### 3. Environmental Impact Assessments and Inspections:

- Implemented rigorous EIAs in all projects, with 100% achieving "low impact" status.

Shelter Afrique Development Bank and its partners are setting new standards for sustainable and adaptive urban development across Africa. Our improving CRS metrics reflect a commitment to creating safer, more resilient communities in the face of increasing climate challenges. These efforts not only protect investments and infrastructure but also significantly enhance the long-term sustainability and livability of our housing developments.



## 1.17 Use of Responsibly Sourced Materials for Building Development

Shelter Afrique Development Bank recognizes that responsible sourcing of materials is a crucial aspect of the housing value chain. Our commitment to sustainable and ethical procurement ensures that our projects not only deliver quality housing but also contribute positively to local economies and environmental conservation. The 2023 Impact Assessment reveals significant progress in implementing comprehensive responsible sourcing strategies across our portfolio.

The 2023 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 organizations.
- 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.

Moving forward, SHAF intends to prioritize the sustainable procurement of materials through the following key performance indicators:

- **Sustainable Material Usage Ratio (SMUR):** We will implement a comprehensive tool to measure the SMUR, which calculates the percentage of materials (by cost) that meet sustainability criteria, including recycled content, certified sustainable sources, and low environmental impact. By tracking and increasing the SMUR, we aim to reduce our environmental footprint and support responsible sourcing practices.
- **Local Sourcing Percentage (LSP):** We will actively calculate the LSP, which determines the percentage of materials (by cost) sourced within a 300km radius of each project site. By prioritizing local sourcing, we aim to strengthen local economies, reduce transportation emissions, and support regional development.

## 2.0 IMPACT CASE STUDIES

### Case Study 1: NIC II Project

#### Project Overview

The NIC II Project, located in Otjomuise, Namibia, is a pivotal affordable housing initiative led by Namibia International Capital (NIC) and financed by Shelter Afrique. The project aims to construct 950 affordable housing units in the rapidly expanding suburb of Otjomuise, Windhoek. This development is part of a broader effort to address the housing deficit in Namibia, particularly for low to middle-income families.



*Fig 18: Pictures of before & after of a unit delivered*

The primary objective of the NIC II Project is to provide affordable housing solutions to meet the growing demand in Namibia's urban areas. The project seeks to enhance living conditions by offering quality housing at competitive prices, thereby contributing to the socio-economic development of the region. Additionally, the project aims to support sustainable urbanization in line with Namibia's national housing policies and international sustainable development goals.

The project is financed through a combination of equity, debt, and sales proceeds. Shelter Afrique has provided a revolving project loan facility of USD 3,102,000 to NIC Otjomuise Investments (Pty) Ltd, a subsidiary of NIC.

The implementation of the NIC II Project is managed by NIC's internal team, supported by Steenkamp Quantity Surveyors as the Independent Project Manager. The project is divided into multiple sub-phases, with a detailed project implementation plan outlining construction timelines and cash flow requirements. The construction process involves closely supervised contractors and a lean internal management team to ensure efficiency and cost-effectiveness.

The NIC II Project is anticipated to have a substantial impact on the local housing market by increasing the availability of affordable housing units. **In 2023, the project has already created approximately 200 direct and indirect jobs, contributing to local economic growth.** By providing quality housing at affordable prices, the project supports the economic empowerment of low to middle-income families and aligns with national and international housing goals. **As of 2023, 38 housing units have been completed, marking a significant milestone in the project's timeline.**

**Situated just 10 kilometers from Windhoek's Central Business District, Otjomuise is rapidly evolving into a vibrant peri-urban area.** The NIC II Project has been a catalyst for this transformation, turning previously underdeveloped land into a dynamic community hub. This development is part of a larger trend of urban expansion, where the outskirts of major cities are becoming increasingly attractive for residential and commercial activities. The project's influence extends beyond housing, as it plays a pivotal role in shaping the urban landscape and encouraging sustainable growth in the region.



*Fig 19: A completed unit with all amenities including solar water heater installed*

A significant aspect of the NIC II Project's impact is the enhancement of infrastructure and services in Otjomuise. **The project has spurred local authorities to equip the area with essential services such as access roads, electricity, potable water supply, and wastewater disposal systems.** These infrastructural improvements have dramatically improved the living conditions for families, ensuring that residents have access to basic amenities that are crucial for daily life. The availability of these services not only elevates the standard of living but also makes the area more attractive for future development and investment.



***Fig 20: Pictures showing infrastructure services: sewer line put up on site & access road to a completed section of the project***

The economic impact of the NIC II Project is evident in the growth of local businesses and job creation. The introduction of essential services has drawn businesses to the area, anticipating the influx of new residents and the subsequent rise in economic activity. This surge in business opportunities not only benefits individuals and families but also strengthens the community's economic resilience. By fostering a conducive environment for business and employment, the NIC II Project supports the economic empowerment of the region, aligning with broader national and international development goals.





***Fig 21: Showing a recently completed underground water storage tank and firefighting infrastructure***

## Case Study 2: Mixta, Nigeria

### Project Overview

Shelter Afrique has strategically extended a Corporate Line of Credit amounting to NGN 8 billion to Mixta Real Estate PLC, aimed at co-financing the development of 1,171 housing units and associated infrastructure in Lakowe, Nigeria. This initiative is designed for outright sale to the public, contributing significantly to the housing sector in Nigeria. The development is strategically divided into two projects: Beechwood Park, which will accommodate 187 houses on 4.1 hectares, and Marula Park, which will host 984 houses on 11.9 hectares. This allocation of land underscores a comprehensive approach to urban development, catering to diverse housing needs.

The facility was meticulously structured for dual purposes. NGN 4 billion was allocated to refinance a commercial paper on behalf of Mixta Real Estate, ensuring financial stability and liquidity. The remaining NGN 4 billion was disbursed into a project escrow account, dedicated to financing the construction of the housing units. This financial arrangement highlights Shelter Afrique's commitment to supporting sustainable urban development through innovative financial solutions.

### Development Impact

The impact of this corporate line of credit is already evident, with **237 housing units completed in 2023**. These units are available at an **average sale price of \$36,042**, making them accessible to a broad segment of the population. The housing units are designed to cater to varying family sizes, offering 1, 2, and 3-bedroom options with sizes of 43, 72, and 96 square meters, respectively. This variety ensures that the development meets the diverse needs of potential homeowners, promoting inclusivity and accessibility in housing.



The project has also been a catalyst for job creation, with **456 jobs generated both directly and indirectly**. This includes employment opportunities in construction, project management, and related sectors such as materials supply and local services. **Notably, the project has employed 52 women**, marking a significant step towards gender inclusivity in an industry traditionally dominated by men. This achievement reflects Mixta Real Estate's commitment to promoting diversity and empowering women within the workforce.

Located **2.7 kilometers from the main road**, the development is poised to stimulate growth in peri-urban areas. This proximity to major transport routes enhances connectivity and accessibility, making the area more attractive for residential and commercial activities. The development is expected to spur economic growth in the region, attracting businesses and fostering community development.

The Corporate Line of Credit extended to Mixta Real Estate PLC by Shelter Afrique is a testament to the organization's dedication to fostering sustainable urban development. By facilitating the construction of affordable housing and creating employment opportunities, the initiative not only addresses the housing deficit but also contributes to the socio-economic development of the region. This case study exemplifies the potential of strategic financial interventions in driving impactful development outcomes.



**Fig22: Completed housing units at Beechwood, Nigeeria**





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