

Green Affordable Housing Finance (GAHF) in Kenya: Gender Analysis and Financial Product Design Consultancy

Terms of Reference

January 2024

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Executive Summary

Green Affordable Housing Finance (GAHF) is a financial instrument, developed to foster and support sustainable construction and mortgage lending to developers and low-income earners for green affordable homes, utilising green building certifications and alternative credit assessment technologies.

To support the creation of robust, self-sustaining local housing finance ecosystems that provide accessible routes to homeownership for low-income households and women, GAHF will coordinate the deployment of commercial risk guarantees to local financial institutions, alongside targeted support (pipeline development and technical assistance). By incentivising and evidencing successful lending track records the instrument will leverage significant private capital for increased sustainability and gender transformative outcomes in the built environment. Reall is now developing and strengthening the instrument's gender component, with the support of the SDG Impact Finance Initiative, and seeks to procure a consultant/consulting group that will conduct research for the purpose of developing gender-focussed de-risking products that can be deployed as part of GAHFs pilot implementation in Kenya.

Reall seeks to procure a Kenya-based consultant/consultancy group with significant research experience, expert knowledge of the Kenyan housing finance sector, financial inclusion, gender expertise, and proven financial product capability and experience engaging with banks and other financial institutions.

The consultancy objective is in two key parts. Part one is to conduct gender analysis and target market scoping research to better understand end-user housing finance for women in the Kenyan context, that can lay the groundwork for subsequent innovative financial solutions. This will entail identifying key challenges, market opportunities and impediments to scale. The consultancy will assess the target market segment for women borrowers, engage with end user groups and local financial institutions. Part two will build on the findings of part 1 to inform and develop gender-targeted de-risking products that can be deployed through GAHF to incentivise lending by local financial institutions to women borrowers.

Work is expected to be contracted in early March 2024, with deliverables over the following 6 months.

1. Introduction

Reall is an innovator and investor in climate-smart affordable housing in urban Africa and Asia. By spearheading a green affordable housing movement, we aim to accelerate the transition to net-zero while improving the life chances of 100 million people in Africa and Asia by 2030.

At least 1.2 billion people worldwide currently live in substandard housing and with urban populations in Africa and Asia increasing rapidly, that figure could reach 3 billion by 2030.¹ The International Finance Corporation (IFC) estimates close to a USD \$2 trillion investment opportunity for green residential construction in Sub-Saharan Africa and South Asia (IFC 2019). Reall seeks to demonstrate this in practice, showcasing credible, innovative solutions and crowding in the public and private sectors to take these models to scale. Through local partnerships, open access data, disruptive technologies, and strategic influencing, we broker changes in policy, regulation and finance to leverage green investment and enable low-income families to access affordable housing in our target markets. Headquartered in the UK and with over 30 years' experience in the sector, Reall's has a priority focus in Kenya, Uganda, Nigeria, India, and Pakistan, with a wider footprint that includes Ghana, Mozambique, Nepal and the Philippines.²

In 2022, Reall collaborated with a global group of housing and climate finance experts³ to design and develop an innovative financial instrument: Green Affordable Housing Finance (GAHF), as the zero-carbon buildings proponent of the Global Innovation Lab for Climate Finance. GAHF is being set up and implemented by Reall and encompasses an Enabling Environment Facility (EEF) and Guarantee Facility which together will provide coordinated support and blended finance to leverage private finance for the delivery and offtake of green affordable homes for low-income families. Reall is piloting the instrument over an initial 5 years in Kenya, before expanding into additional geographies in Africa and Asia. Recently Reall secured grant funding through the SDG Impact Finance Initiative, to further develop out the instrument. These activities will have a particular focus on increasing financial inclusion and economic empowerment for women, through the housing supply and offtake that will be unlocked by the GAHF pilot in Kenya.

2. Green Affordable Housing Finance (GAHF)

Green Affordable Housing Finance is designed to both increase the supply and effective demand of affordable climate-smart homes through a two-pronged approach. GAHF's Enabling Environment Facility will provide technical assistance to support local developers in embedding green construction methods and pipeline development, while assisting in the adoption of innovative, artificial intelligence-backed credit assessment tools that can enable

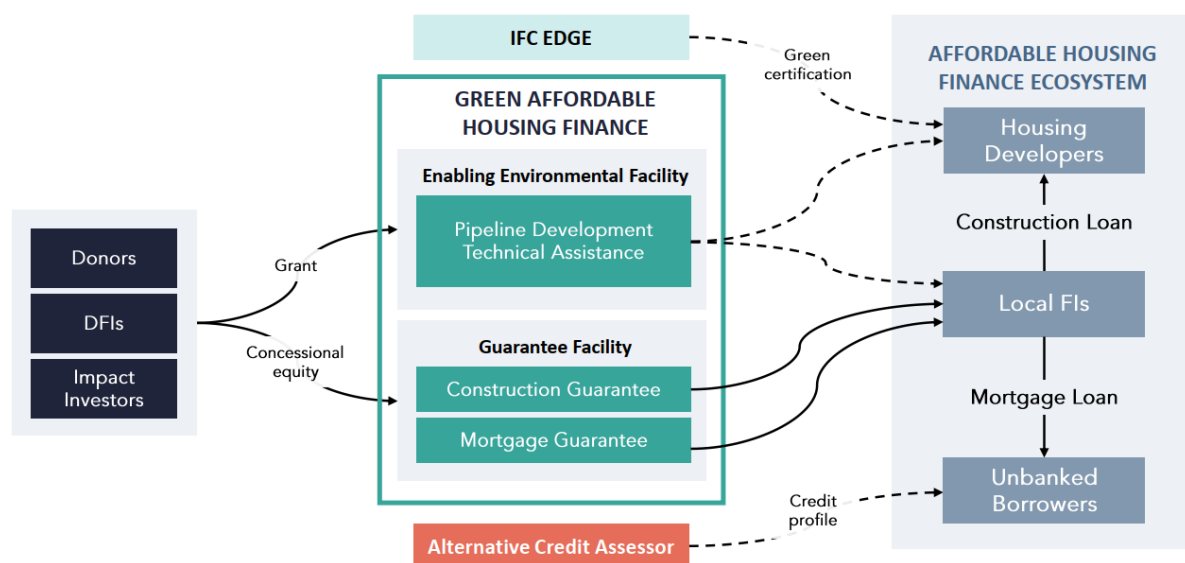
¹ IFC (2019). Green Buildings: A Finance and Policy Blueprint for Emerging Markets. Available at : https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Climate+Business/Resources/Green+Buildings+Report

² For more information about our history and work please visit: <https://reall.net/data-dashboard/global/>

³ Development of GAHF was conducted with the support, feedback, and technical expertise from the Lab Working Group, additional bilateral partnerships, and Lab Secretariat (Climate Policy Initiative). The Working Group included representation from the International Finance Corporation (IFC), the Private Infrastructure Investment Group (PIDG), the Department for Business, Energy & Industrial Strategy (BEIS), Global Finance Advisors (GFA Climate & Infrastructure), Climate Strategy & Partners, Financial Sector Deepening Kenya, the Kenya Mortgage Refinance Company, Stanbic Bank Kenya, Syntellect, the UK Foreign Commonwealth and Development Office (FCDO) and the German Development Agency (GIZ).

local financial institutions (LFIs) to accurately underwrite low/informal income borrowers. GAHF's Guarantee Facility will, in parallel, de-risk construction and mortgage loans issued by LFIs to incentivise and enable increased loan volumes while limiting lenders' balance sheet exposure in the event of default. In deploying technical assistance and guarantees, GAHF will provide a value chain approach that can accelerate the development of a self-sustaining housing finance ecosystem, with the instrument ultimately phased out over time.⁴

GAHF Instrument Mechanics



With Green Affordable Housing Finance now in its initial stages of implementation, Reall is looking to undertake a gender analysis and target market scoping exercise that will develop gender-specific de-risking products to be integrated into the 5-year pilot in Kenya. It is imperative that GAHF should directly address SDG 5 (Gender Equality) by prioritising housing delivery that is accessible to and improves the quality of life for women and girls.

3. The Challenge

The traditional mortgage market in Kenya has seen limited growth in recent decades, with only approximately 30,000 mortgages currently outstanding for a country with a population of approximately 54 million people. Within this, a fraction represents women borrowers. In its place, there is increasing reliance on Savings and Credit Cooperative Societies (SACCOs) which offer smaller unsecured loans. However, with a growing deficit of at least 22 million homes, Kenya would need to build one million homes per year over the next 20 years to meet demand, a figure that cannot be supported without increased engagement by commercial and formal financial institutions.⁵

⁴ For further information regarding the instrument mechanics and structure please visit our Instrument Analysis Report, available at: <https://reall.net/wp-content/uploads/2022/09/Green%C2%AD-Affordable-Housing-Finance-Report.pdf>

⁵ Centre for Affordable Housing Finance Africa, 2023. Overview of Tenant Purchase Schemes in Kenya. Available at: <https://housingfinanceafrica.org/documents/>

Currently, most new housing construction focuses on high income end users and there is an urgent need to test and promote instruments in the market that could be used to raise and deploy finance into the housing sector for those on low and middle incomes. As women experience significant barriers when accessing initial finance to purchase affordable housing, even through subsidised national schemes, these instruments must also consider gender within their design and application. An IFC report on housing finance for women, released in 2020, found that there is a high demand for housing finance products among women in Kenya.⁶ 33% of female-headed households and 66% of joint-decision-making households were found to be intending to purchase housing in the next five years, however the majority of women were unable to access commercial or formal finance loans. More than 50% percent of women perceive a gender-specific difference in accessing finance, with reasons including land titles commonly held in the name of the man as per tradition, reducing women's ability to use the title as collateral for a loan, and that borrowers approved for loans are often long-term clients which disadvantages women who are more likely to be previously unbanked.

Despite generally holding the perception that women clients are better payers, interviews with commercial banks revealed that no gender-specific products and services for the women's segment are offered, in part because LFIs are wary of being perceived as a "woman's bank". The main barrier indicated for women accessing housing finance however is insufficient money (reported by 64% of women compared to 45% of men). Women are more likely to be self-employed or employed in the informal sector, and thus have both lower incomes and a documentation required to secure a loan.

Green Affordable Housing Finance aims to address the challenges women face in accessing housing finance by (1) supporting the rollout of alternative credit assessment technologies that enable LFIs to underwrite households on informal incomes and (2) providing guarantee coverage against the perceived risk.⁷ In this case there is an opportunity to provide gender specific guarantee products to support LFIs in their lending, for example offering subsidised guarantee fees for women/joint headed households to fast-track the rollout of housing finance loans to women and thus enabling the necessary track record to be built at pace.

To ensure an effective approach and potential development of these tailored de-risking products, a detailed gender analysis and subsequent application of findings is required to effectively understand the needs and requirements of women that could be supported through the *Green Affordable Housing Finance* instrument pilot. This analysis, findings and resultant products will be used for continuing development and implementation of the GAHF model and strategy.

4. Objectives and Scope of Work

The objectives of this work are to:

- i. Complete a gender analysis and target market scoping, to:
 - a. Identify and analyse the needs and experiences of accessing and providing housing finance for women borrowers that sit within the income bracket

⁶ Kolb, H., Hoffmann, N.I., Gwinner, W.B., Schnabel, J.A., Ganuza, M., Roy, F., Etchegoyen, J.F., Lolila, Z.M., Tejero, C., Joseph, R.M. and Romero, J., 2020. Her Home: Housing Finance for Women. *Disclosure*.

⁷ Portfolio guarantees have shown to be highly effective in reaching women and marginalised groups, but they require proactive stakeholder engagement which proved difficult during the covid pandemic and has resulted in their decreasing as a proportion of global portfolios. (Convergence, 2022)

targeted by Green Affordable Housing Finance (GAHF). To include desk research (including review and collation of existing literature and research findings) and primary data collection to understand key enablers and barriers encountered by end users and financial institutions.

- b. Undertake a literature / desk-based review of previously deployed portfolio guarantee products that target women and housing finance, to assess and evaluate options regarding gender specific products that could be implemented through the Green Affordable Housing Finance (GAHF) instrument.
 - c. Engage with housing finance institutions to explore and discuss de-risking products that would support or incentivise housing finance lending specifically for women borrowers.
- ii. Apply the findings of the above research to Reall's current design and financial model for Green Affordable Housing Finance (GAHF) to develop gender-specific de-risking products that can be employed to support housing finance lending for women. An example of such a product could be subsidised fees for guarantees provided to local banks extending loans to women. The proposed gendered specific products should be designed to incentivise local bank lending to women and co-headed households as part of the wider GAHF instrument. The strengths, weaknesses and financials for each proposed product should be outlined, alongside a proposed headline strategy for implementation and pitch deck targeted to local finance institutions.

Reall will provide copies of relevant work undertaken to date by the GAHF team, including the financial model, full Lab report, stakeholder mapping, RightProfile background, and compiled external literature and research. Reall will also arrange connections to banks and other actors with which it has an existing relationship.

Target market: Green Affordable Housing Finance (GAHF) is seeking to support the delivery and offtake of homes that meet the Kenyan government's definitions of both Mortgage Gap Housing and the upper end of Low-Cost Housing (profiled by the State Department of Housing & Urban Development as having monthly incomes of KES 50,000-99,999 and KES 15,000-49,999 respectively⁸), with women as a key focus. The scope of the consultancy must therefore be tailored specifically to these two segments.

⁸ Centre for Affordable Housing Finance Africa, 2023. Overview of Tenant Purchase Schemes in Kenya. Available at: <https://housingfinanceafrica.org/documents/>

5. Deliverables

Scope	Deliverable	Estimated Timeframe (From Date of Contracting)
1.1	Inception Report (maximum 6 pages) that provides a review of relevant literature, identifies key target market groups, and articulates a methodology for research, data collection, and analysis for the whole consultancy.	Draft deliverable shared in 2 weeks, final report in 4 weeks after incorporating Reall feedback.
1.2	Full written report (maximum 25 pages, excluding appendices, and including a 2-page executive summary) that presents an assessment of the housing finance needs and requirements for women borrowers that will be targeted by GAHF as well as a quantitative and qualitative analysis of key challenges, barriers and opportunities encountered by end users and local finance institutions when lending to this segment.	Draft deliverable shared in 10 weeks, final report in 13 weeks.
2.1	Full written report (maximum 25 pages, excluding appendices, and including a 2-page executive summary) that presents analysis of comparable gender-specific products elsewhere and, drawing on the findings of the earlier stages of the consultancy, presents options for gender-specific guarantee products to be integrated into the GAHF model. To include an analysis of the applicability and acceptability by local finance institutions and end-users, as well as market opportunity for impact.	Draft deliverable shared in 20 weeks, final report in 24 weeks.
2.2	Financial models in Excel that accompany the gender-specific product options outlined in Deliverable 2.1 and can be integrated into the wider GAHF model for subsequent implementation.	Draft deliverable shared in 20 weeks, final report in 24 weeks.
2.3	Pitch Deck summarising Deliverable 2.1 and 2.2 and presenting the gender-specific de-risking products. Pitch Deck to be targeted at local finance institutions. Complementary headline strategy for implementation (within the context of the wider GAHF model and strategy).	Draft deliverable shared in 20 weeks, final report in 24 weeks.
2.4	Presentation of reports and models, to be made to Reall staff and select GAHF stakeholders.	26 weeks.

Throughout the consultancy period, the consultant / consulting team will be required to have regular check-ins with Reall, reporting back on findings and learnings as the work develops. To be agreed and detailed in the signed consultancy agreement.

From point of contracting, Reall expects this project to be concluded in 6 months. Dates agreed in the contract itself will supersede those in this Terms of Reference.

6. Consultancy Experience Requirements

The procured consultant/consultant group must have expert knowledge and proven track record of research and design/development work relevant to housing finance, financial inclusion in Kenya, gender, financial products, and experience engaging with financial institutions.

Specifically, the bid team should demonstrate the following in their submission:

Geographic Presence: Located (either entirely or as an in-country office) in Kenya and the right to work in Kenya. Significant experience of undertaking relevant work in Kenya.

Research: Experience in undertaking and communicating primary research for practical purposes, utilising secondary evidence and mixed methods approaches. Experience in conducting gender analyses and target market scoping.

Finance: Strong understanding of financial products and financial modelling. Experience of the Kenyan financial sector and financial inclusion, ideally focussed on gender. Experience of effective engagement with banks and financial institutions.

Housing: Significant experience in and understanding of the Kenyan urban housing market. Strong knowledge of housing finance products.

7. Payments

The contract will be Payment by Results, based on the schedule of deliverables. Proposal budgets should not exceed USD40,000 (including VAT).

8. Submission Instructions

To be considered for this project, applicants are required to submit a proposal that incorporates the following:

- Legal identity, registration details and contact information. Evidence of insurance cover where relevant. Current tax clearance certificate as appropriate.
- A detailed response to the brief, that demonstrates clear understanding of the key issues and objectives. Summary methodology which will be utilised to complete the work and proposed project workplan. Budget including all relevant assumptions, consultant costs and time allocations.
- Evidence of credible track record and capacity to deliver, referring to the experience requirements listed in section six. To include reference to specific examples of relevant

past work, details which could be shared upon request (subject to disclosure parameters). CVs of all consultants to be involved.

- A signed copy of the 'Declarations and Principles of Working with Reall', located in the annex.

Please note that the requirements in this TOR could be subject to change as the project progresses. These changes would be agreed between the parties and budgeted for appropriately.

References will be requested and taken up on offer of contract.

Reall's policies on [Corruption](#), [Safeguarding](#) and [Modern Slavery](#) are linked for reference. All proposals shall be rejected and contracts terminated where the tenderer has been found to engage in corrupt, fraudulent, collusive, or coercive practices.

Pre-tender negotiations are not permitted, and tenders may be rejected if the information requested here is not given, in full, at the time of tendering.

Submissions should be made to lucy.livesley@reall.net (cc to ben.atkinson@reall.net) by 17:00 GMT on Thursday 15th February 2024 and should include "GAHF Gender and Financial Product Consultancy" in the subject header. Any questions can also be sent to the same e-mail addresses. We will answer questions from prospective consultants up to seven days before the due date of submission and will publish any relevant updates or further information to our website no later than seven days before submissions are due.

Declarations and Principles of Working with Reall

These principles set out the minimum standards that Reall requires of any company, consultant, or other organisation that seeks to contract with Reall, or work with Reall in any formal way.

Name of Tenderer and Company _____ declares that:

- We will always behave in a professional and courteous manner, that is respectful of all, and committed to non-discrimination.
- Our contract will represent good value for money.
- Our company has all the necessary and appropriate equipment / hardware / software needed to undertake the contract.
- We have a legal right to work and trade in the country for which these services or goods are to be provided to.
- We will abide by all relevant legislation, including health & safety, data protection, anti-fraud, anti-corruption, employment law. Any concerns must be communicated to concern@reall.net
- We accept responsibility for the security of our computer systems, and confirm that we adhere to the principles of cyber security.
- We take all appropriate measures to prevent sexual exploitation, or abuse of anyone by this company or by any of its employees, or any other persons who may be engaged by the company to perform any services under the contract. Any concerns must be communicated to safeguarding@reall.net
- We take all appropriate measures to prevent modern slavery by this company or by any of its employees, or any other persons who may be engaged by the company to perform any services under the contract. Any concerns must be communicated to safeguarding@reall.net
- We have not communicated to any other party the amount or approximate amount of the tender price other than in confidence and for the express purpose of obtaining insurances or a bond in connection with this tender.
- The tender price has not been fixed nor adjusted in collusion with any third party.
- The tender will remain valid until _____ and that we are not entitled to claim from Reall any costs or expenses incurred in preparing the tender or subsequent negotiations whether or not the tender is successful.
- We have given Reall a full and frank written, and signed, disclosure of any of the following:
 - any state of bankruptcy, insolvency, compulsory winding up, administration, receivership composition with creditors, or any analogous state of relevant proceedings.
 - any convictions for a criminal offence committed by the tenderer (or being a company, by its officers or any representative of the company).
 - any acts of grave misconduct committed by the tenderer (or being a company, by its officers or any representative of the company) in the course of their business or profession/the company's business.
 - any failure by the tenderer (or being a company, by its officers or any representative of the company) to fulfil their obligations relating to payment of Social Security contributions.
 - any failure by the tenderer (or being a company, by its officers or any representative of the company) to fulfil their obligations relating to payment of taxes.

Signed by the Tenderer: _____ Date: _____

Name & Company (printed): _____