



REALL COMMUNICATION ON ENGAGEMENT 2022-2023



CO - FUNDED BY



CHIEF EXECUTIVE'S STATEMENT OF CONTINUED SUPPORT

Communication on Engagement with the United Nations Global Compact

I am pleased to confirm that Reall reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication of Engagement with the United Global Compact.

In this annual Communication on Engagement, we disclose our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly in the Sustainable Development Goals.



IAN SHAPIRO
Chief Executive of Reall

Focus for the year

The year started with six key objectives:

- 1** Sida contract delivery of targets on build/WASH, broker commitments up to 2023
- 2** Corporate and country strategies refreshed, increasing climate focus, assessing targets and high-level financial planning framework.
- 3** Commercial debt agreement, for delivery at scale of green affordable homes with a credible pipeline of projects.
- 4** Global innovation lab for climate finance with the product endorsed and initial pilot launched in Kenya.
- 5** Commercial credit control and loan book management with respectful closure on partnerships in Transitions enabling financial restructuring and recycling of recoveries.
- 6** Fundraising with a focus on small number of targeted funding opportunities.

The implications of a new Swedish government and the war in Ukraine leading to Sida's changed approach has meant refocusing our own objectives in the short term, working to secure fresh funding from donors, lenders and other sources, recognising the macroeconomic conditions. A reduction in overall running costs, difficult decisions over build/WASH and broker activities with substantial areas paused or cancelled, colleagues redeployed where we think they will be most effective on a short-term basis and a refocus plan in play targeting three of the original six key objectives: fundraising, environmental and commercial building and loan book management. Partners have been frustrated, supportive and understanding, especially in circumstances where they are not going to receive anticipated funds on schedule.

Achievements

During the year, our profile and positioning was consolidated and enhanced by numerous contributions to international events (such as the World Urban Forum, Africities, COP, African Union for Housing Finance and Cities Alliance Assembly). In Cairo, at the African Union for Housing Finance conference, Reall's work was showcased session after session as an example of what was possible (by governments, international finance institutions and developers). All reinforcing the positive communications the team has been delivering.

From the endorsement at New York Climate Week by the funders of the Global Innovation Lab for Climate Finance to the team pulling together a bid to respond to the Government of Kenya's tender for specialist expertise: ultimately, this is what we are here for.

To ensure a 100 million green affordable homes are built by 2030, contributing and catalysing a green affordable homes revolution. There is limited value in being an organisation that only builds a few thousand homes. It is life-changing for the individual households, but we need to aspire to much greater ambition and maximise how we use those built homes to genuinely change markets to benefit people on low incomes.

Green credentials: Pleased that two more investments (one with AMC/Pakistan and one with MFF/Nigeria) have received the internationally recognised IFC Edge qualification. The team has also done a brilliant job bringing the Centre for Affordable Housing Finance (CAHF) and Janaagraha into our Partnership network, really enhancing the knowledge and exchange potential.

Looking ahead

We are proceeding to the next phase as a high impact Green Affordable Homes organisation delivering market transformation through evidence, innovation and commercial build. Reall has been establishing a more business-focused (less subsidy and grant-orientated) green house building model for some time. This change provides an opportunity to accelerate that transition towards our next high-impact phase, including the crucial evidence and market transformation dimension. The appetite for green affordable homes has never been higher, our credibility is strong and, together with the partners, we are part of an impressive and compelling network of innovators and thought leaders in the green affordable housing sector.

As ever, I am thankful to a dedicated team of colleagues for their constructive energy and drive, the strategic guidance from our Board, the quality range of international partnerships and the long-standing support from Sida.

IAN SHAPIRO
Chief Executive of Reall

GLOBAL OPERATIONS HIGHLIGHTS



HOMES

273 affordable homes built



ENERGY

14 climate-smart partners



WASH

273 people with access to water and sanitation



GENDER

20.8% title deeds in women's names



JOBS

1,365 jobs created



FUNDS

£0.3million recycled funds reinvested into affordable homes



13 COUNTRIES

Burkina Faso	Nigeria
Ghana	Pakistan
India	Philippines
Kenya	Tanzania
Malawi	Uganda
Mozambique	Zimbabwe
Nepal	



4 NEW PARTNERSHIPS

Ubuntu Living Limited
Janaagraha
Sa-Dahn
Centre for Affordable Housing Finance



8 NEW RESEARCH AND POLICY BRIEFS

- Pakistan MSI Brief
- Gender and Affordable Housing
- Understanding the urban bottom 40
- Affordability Calculator
- Rapid Urbanisation and the Circular Economy (*with Cities Alliance*).
- Global Status Report for Buildings and Construction (*with Global ABC*).
- Climate-Smart, Affordable housing in Pakistan (*with Karandaaz*).
- Needing no less than a revolution – building for a sustainable future climate (*with BuildX*).

1. PARTNER IMPLEMENTATION PROGRESS

1.1

Organisational

In the year, Reall signed new Partnership agreements with: Ubuntu Living Limited, a build partner based in Kenya, part of the Fusion Group; Janaagraha and Sa-Dhan, two research, policy and advocacy partners based in India, who will continue the excellent work completed on the Market Shaping Indicators Programme as well as undertaking further research, knowledge sharing, unlocking advocacy opportunities, and in turn leveraging to influence key public and private sector actors, alongside improved data quality and accessibility; Centre for Affordable Housing Finance in Africa (CAHF) an independent thinktank based in South Africa, working to promote investment in affordable housing and housing finance across Africa, who were also previously engaged in the Market Shaping Indicators Programme and will be an integral part of the highly ambitious Open Access Initiative, in collaboration with Reall and FSD Kenya.

Reall signed a new loan agreement with The Affordable Housing Company (TAHC), a new partner based in Nigeria, to construct the first 102 homes in a potential 5,000 homes programme in Abuja that has been developed by TAHC in partnership with the Cooperative Society of the Nigeria Security and Civil Defence Corps (NSCDC). New loan agreements for build projects were also in progress for Smart Havens Africa (SHA) based in Uganda for a second site, Wololo, where the initial funding was provided via a grant from The Ezrah Charitable Trust, and Ubuntu Living Limited (ULL) based in Kenya, both on hold subject to availability of funds. Reall's Investment Committee has recently approved project proposals for a trial project of Syntellect's alternative credit assessment tool RightProfile in the Kenyan marketplace. This tool is a central component of Reall's Green Affordable Housing Finance (GAHF). Market Shaping Indicator work has continued in India with Janaagraha. Research study on improving access to affordable housing under the Indian PMAY (Urban) Scheme continues with Sa-Dhan. Agreements are in process and funding will be released subject to Reall's organisational cash flow availability. In the Philippines, the funds for cancelled projects will be allocated to a 20-unit housing project, URVHAI.

To ensure repatriation of future repayments, all funding agreements now contain conditions and milestones referring to the correct registration process depending upon the laws and regulations in the country of the receiving partner, for example obtaining Certificates of Capital Importation (CCI) in Nigeria, Certificates of External Commercial Borrowing (ECB) in India, and registration of loan agreements with banks in Pakistan. However, this does not necessarily guarantee timely repatriation as is currently being experienced with repayments due from our partner in Pakistan for example, where the current economic turmoil has led to the Government and State Bank preventing the flow of currency out of the country for the past 18 months. Such delays are increasingly likely considering the nature of the economies, markets, and countries in which we and our partners operate and impact our ability to recycle funds and implement new programmes and projects, requiring new strategies and approaches to both fundraising and funding such as our GAHF platform, Guarantee Funding, and GCHI.

Reall has begun to build a network of potential end-user financiers in Nigeria with positive meetings held with First Generation Mortgage Homes Ltd (FGMB) and Letshego Microfinance Bank Limited to discuss solutions and their willingness to partner with Reall.

The Affordable Housing Company (TAHC) in Nigeria saw its first project in Kuje breaking ground with 69 units (of 102) underway and the first four show units to be completed soon. Sales are already in hand, with deposits secured from members of cooperative offtake partner NSCDC. Another visit is planned from 23–28 April for project completion and investment valuation. End-user finance for this project is in hand, subscribed for by the Nigeria Security and Civil Defence Corps (NSCDC). TAHC has been approached by the local government to densify part of the site, and to take on additional land in the vicinity. Negotiations are ongoing.



The Millard Fuller Foundation's (MFF) Grand Luvu 3B Project is now complete delivering 248 units of which 184 have EDGE Advanced certification. The Luvu Road is currently under construction. We anticipate that the new road, due to be completed by January 2024, will improve access to the development and will have a positive impact on sales. MFF are currently evaluating a new build project in the Gudu area of Abuja. Gudu is a neighbourhood with modern amenities, good infrastructure, and a high standard of living.

Reall signed an MOU with Shelter Afrique, and Alitheia (a female-led private equity fundraiser with a focus on impact and gender). Reall is also building relations with end-user finance organisations, Letshego microfinance, AG Mortgage Bank and First Generation Mortgage Bank.

In Kenya, BuildX made good progress on the construction work on Block C of their Zima Homes project, with some offplan sales already in hand. Collaborations between Reall, BuildX, KKL and Solarisk are strengthening BuildX's supply chain, with KKL supplying prefabricated panels for the interior walls, and a set of solar collectors funded by Reall for hot water supplied by SolarisKit. KKL plans to expand its manufacturing facility to Kisumu and is currently testing market viability following interest from potential customers. Fusion and Ubuntu Homes are collaborating on negotiating a piece of land in Nairobi for the provision of an affordable rental product. Syntellect has answered calls for proposals from the Government of Kenya's State Department of Housing and Urban Development who is seeking integration of new FinTech into their affordable housing programme via the Boma Yangu platform.

Collaborations in the wider region include the Wololo project mobilised in Uganda, through Ezrah Charitable Trust funds; and in Mozambique, Casa Real continue with their success in sale of units on a rent-to-buy scheme, refinanced by innovative crypto platform Empowa. The Casa Real CEO is working directly with the Mayor of Beira on urban masterplanning and has also been approached by the Mayor of Chimoio with a possible opportunity of land for affordable housing in the city, while also in negotiations with local government to take on additional land in the Beira area. Loan repayments are being rescheduled to enable continuity of the construction project.

In the Asia region, March 2022 saw most Covid-19 restrictions lifted, but partner countries are suffering substantial inflationary pressures, especially in the construction sector. As interest rates have risen in most economies, purchase power across all income segments has decreased, meaning sales have slowed even as people are returning to work. This has meant that many of our partners – but particularly those with maturing projects – have been struggling to keep client repayments on track and therefore loan repayments have suffered. Pakistan and Philippines have felt this acutely, with several delayed loan repayments resulting.



Despite this, network building in the research and policy space has been positive. New partnerships with Janaagraha and Sa-Dhan in India have added two new flavours to our diverse network in the country and have brought energy to the initiative to generate a knowledge-sharing network. Likewise in Pakistan, partners have organised among themselves to collaborate on projects.

Unfortunately, the planned future activities supporting the construction environment in the Asia region, such as expansion of the MSIs initiative, have had to be put on hold, but will be resumed once we have funding capacity to support research and policy.

A short pipeline of potential new partners and investees has been developed over the year, to facilitate the needs of the emerging GCHI initiative and other delivery propositions. We will be working to confirm these in the coming months.

A complete reorganisation of Reall staffing for Asia Partnerships in early 2022, including a new hire, has been successful, with a co-supporting and knowledgeable team emerging.

Travelling in the year included visits to Pakistan in July 2022 and February 2023, during which the team visited the first project of Entertainment Pakistan Limited (EPL), Roshan Homes in Lahore – estimated to deliver 108 homes. The project is still in phase one, with the remaining 50% of Reall funding delayed due to a combination of a lengthy securitisation process and Reall's cashflow constraints. EPL are currently exploring options for raising funds for the last disbursement from commercial banks, the financial market and Reall facilitating the funding through its financial partner Trellis.

Ansaar Management Company (AMC) presented four of their live projects: Multan, Faisalabad, Sue-Asal, and Edgerton Road Girls Hostel. Pending the State Bank of Pakistan easing restrictions on the transfer of funds offshore, there are discussions around change requests for the projects and on sale-of-debt buyout. The team had meetings with FCDO, Ministry of Trade and Commerce, and Reall's lawyers in Pakistan in respect of repatriation and exploring alternative solutions for retaining funds in-country for recycling. Reall opening a non-resident bank account in Pakistan is still under consideration.

Meetings with partner Trellis Housing Finance Limited (Trellis) was held to discuss bridging the finance gap in end-user finance and bulk offtake of our current projects, and future investment opportunities. Trellis shared their marketing and financial plans for utilisation of several mortgage packages to unlock the end-user finance solution, where the main challenge remains the interest rate compared to what the end-user can access from the government.

A meeting with MKG consulting firm was held to discuss potential mortgage providers to ease the end-user finance solution for existing and future projects and how to mitigate risks of repatriation.

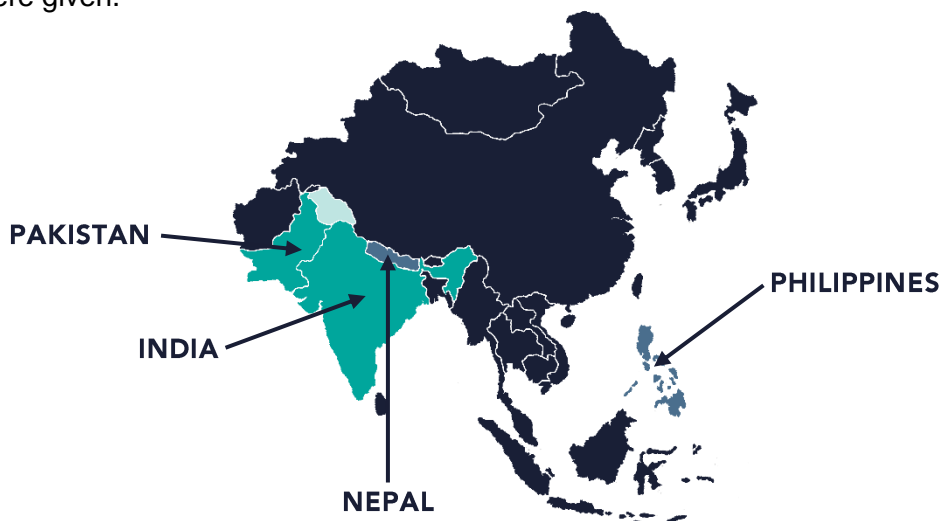
During the Philippines visit, the team travelled to sites with completed projects in Los Amigos, DepEd and Bago Gallera.

During visits to India and Nepal in April and November, the team met all partners and visited all ongoing projects and some of our completed projects. The visits were in line with donor commitments where the team checked and verified the progress of all projects. Findings from the visit to India led to some key decisions, such as closing down Pune2 Project. The team saw the overall success rate of the project, but with fewer than 10 units remaining, also saw the limitations on SSNS's ability to complete the project due to new changes in the policy, so it has been mutually agreed to close the project. 98% of the Bodhan project has been delivered, with the remaining works awaiting contribution of funds from the local governments. The team has verified the facts during the visits and also checked any issues pertaining to the quality of construction. Reall's technical team provided advice to prevent such issues and explained the importance of quality control.

The team visited the Sanand projects and identified a few issues related to reinforced cement concrete, for example lack of curing, formation of honeycombs and lack of machinery. Reall has informed management and has made suggestions to help address these issues. The issues were later added to the PDP calls and our consultant confirmed these points were actioned.

The team also visited new initiatives undertaken by our new partner Sa-Dhan on housing development schemes for lower income groups. The visits highlighted Reall's interest in working with policymakers on stressing the need for inclusion. Our future visits will be more oriented towards meeting various thinktanks, and groundwork has begun, which will be pursued once funding allows. The team took advantage of the trip to check in on the CLIFF 2 project in Bhubaneswar – an opportunity to interact with the beneficiaries and take stock of status post project completion.

In Nepal, the team restarted a long pending project on rental housing by Lumanti, which was pending since 2012. The construction is progressing and is expected to complete in Q3 of FY 23/24. The team explained and demonstrated the importance of value engineering in finishes. The team also visited completed projects of SEWA and Lumanti. The team gave ideas and explained the importance of green and sustainable elements in construction. Some of the flaws within construction were identified and recommendations were given.



1.2 Project Delivery

1.2.1 Physical Targets and Output Delivery

As the contract enters a no-cost extension phase, the focus will be on achieving the balance outputs to meet the contractual deliverables. The table below is a summary of the physical targets and achievements to date with the balance remaining.

	Target	19-20	20-21	21-22	22-23	Balance
Homes completed (Output 1.2)	2,400	470	983	143	273	531
Households receiving improved water and/or sanitation services. (Output 1.3)	4,100	826	983	143	273	1,875
Jobs created. (Output 2.1)	12,000	2,350	4,915	715	1,365	2,655
Recycled funds (Output 3.2)	£5m	0.2m	1.2m	2.7m	0.3m	0.6m
Proportion of title deeds in women's name or joint names. (Output 2.2)	25%	2019-2023 Weighted Average 40%				
Minimum of 25% additional funding into CLIFF partners and projects from public and private investors.	25%	2019–2023 Average 33% excl. Janaadhar 2019–2023 Average 89.2% incl. Janaadhar				

Below is a summary overview for each output based on performance against sub-indicators.

Output 1:

2,400 homes and housing solutions with basic services delivered along with future pipeline of additional homes targeting the bottom 10–40% of the income pyramid.

This output is measured under two performance indicators: completed affordable homes and households receiving improved water and/or sanitation services. Both these areas have fallen short in reaching the projected targets, because of various factors, for example: a reduction in funding has delayed completion of units in Uganda; units by SSNS in India have been delayed awaiting the commission of the infrastructure works by the local municipality; common land disputes and SBCP approval have delayed both the build and WASH projects in Pakistan. Targets have been rolled over to September 2023.

Output 2:

Urban poor, including women, girls and people with disabilities with improved access to secure homes in safe, sustainable communities, and increased employment opportunities.

Performance measures are split under five sub indicators. Job creation has a direct link to the indicators in output 1 and consequently has fallen short of achieving target. This will be rolled over to September 2023. The four other indicators measured under this output are: proportion of title deeds in women's name, ensuring fully accessible house designs available and marketed; community design plans explicitly incorporate safety and security, and all housing developments have a community sustainability plan which outlines the arrangements for solid waste management; maintenance of communal facilities and strategies for securing future additional facilities/services in the neighbourhood. These sub-outputs have been a standard pre-requisite ensuring they are factored into the designs as part of the process of due diligence and projects approval.

Output 3:

Credibility of CLIFF partners in developing sustainable and investable projects leading to additional funding into the CLIFF portfolio.

There are four sub performance indicators under this output: partners with a proven track record of delivering affordable homes projects on a full cost recovery basis; recycled funds reinvested into affordable homes; percentage of additional funding received from public and private investors; and examples of CLIFF collaborations with urban government on affordable homes delivery. For clarity, performance has been measured covering the entire contractual period and, where appropriate, has been reported on an average basis. Two of these indicators have fallen short of target, with an average of six partners having a proven track record of delivering economically viable projects against a target of eight, and £4.4m recycled funds against a target of £5m. An average of 32.9% of third-party investments were received against a target of 25%, and successful government and/or municipal collaborations continue in countries including India, Pakistan, Philippines, Uganda, Nigeria and Kenya.

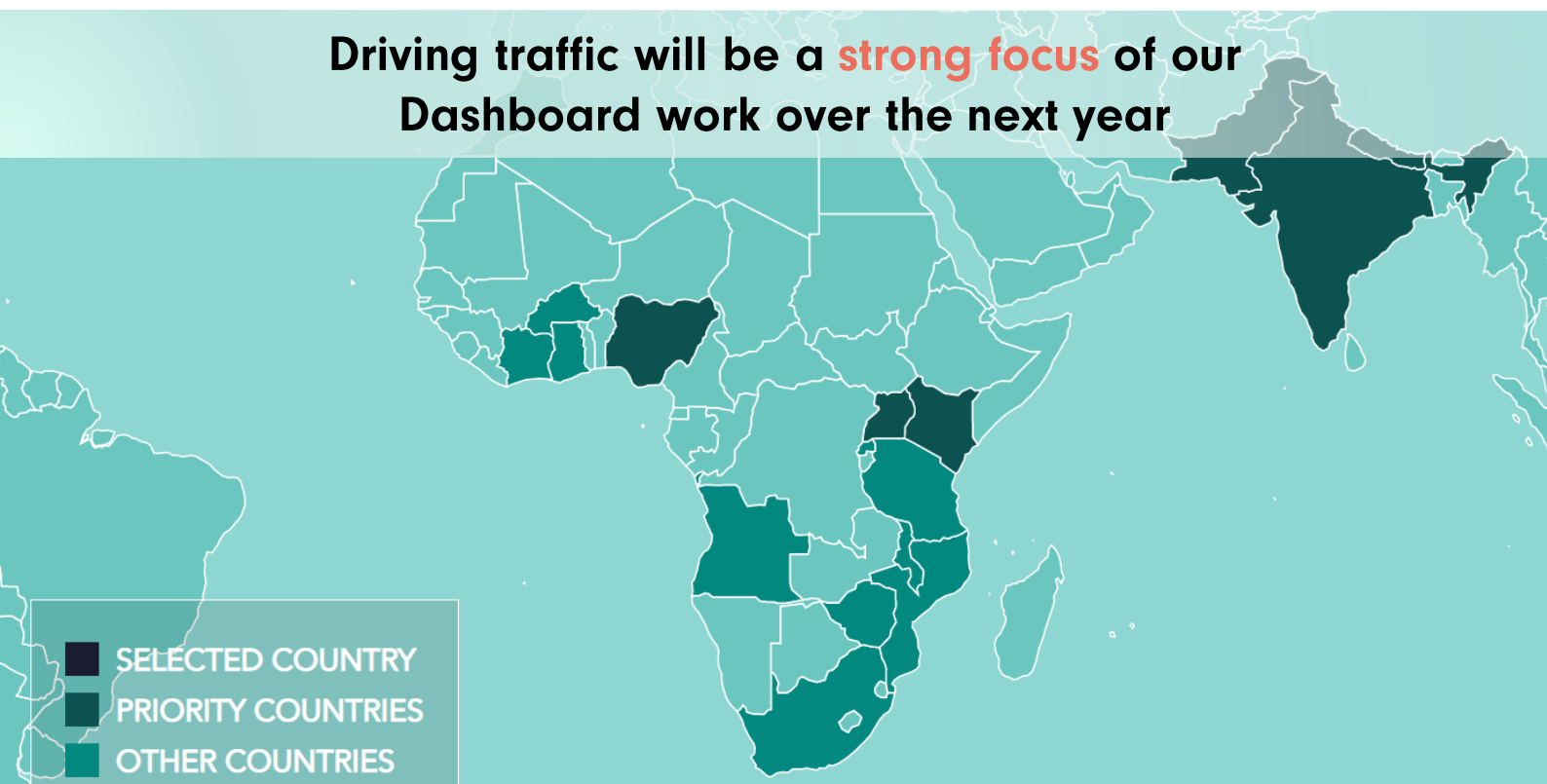
Output 4:

Advocacy, evidence and knowledge exchange to influence policies and practices in sustainable urban development and affordable homes.

Performance measures under this output, of which there are four indicators, include: publicly available dashboard with increased content and usage; policy priorities identified with advocacy strategies targeting the design and implementation in key locations; examples of strategies, innovations including environmentally sound and climate-smart approaches tested and shared. Evidence from CLIFF and beyond leads to an evolution of Reall's market transformation model. Achievements in these areas are continuous, however less visible. Content has continued to be built on over the past year, with improvements to the way the Dashboard operates and inclusion of Africa phase two and India MSI data and three content pieces showcasing green affordable housing.

Though the Dashboard continues to be one of the most popular sections of Reall's website, the number of hits has reduced this year compared to last year – 34k to 26k. Policy engagement has seen contribution to eight high profile articles and four external publications, increasing profile across the network. As previously reported, EDGE certification has been mainstreamed as a compulsory criterion for Reall investments and has a direct link to Output 1 with EDGE certification being achieved across the portfolio as the number of investments in affordable housing projects increase. The continuous knowledge and understanding, effective collaborations and partnerships, and the development of the GCHI and GAHF initiatives will lead to an evolution of Reall's market transformation model.

Driving traffic will be a **strong focus** of our Dashboard work over the next year



2. CROSS-CUTTING THEMES

2.1 Targeting and Outreach

Global Policy and Influence (GPI) continued to lead on research and understanding of affordability and the Bottom 40%, through research and data evidence. Alongside CAHF and FSD Kenya, they have worked closely with the Kenya National Bureau of Statistics this year, focusing on launching a public-facing housing market data portal which is expected in early 2023/24. New income data for India, Pakistan and Uganda, collected by the respective country's statistics' bureaux, is being tested.

The team is using publicly available comparable survey data relating to demographic and health to evidence the living conditions of Bottom 40% households, enabling effective targeting of projects and measuring success. This has created for Reall datasets on income and housing affordability that are publicly available.

Phase II of the Market Shaping Indicators (MSI) work in Africa ended and, together with CAHF, we highlighted outputs at the African Union Housing Finance (AUHF) conference in Cairo. Phase II in India commenced in January 2023.

Reall has continued to roll out its client survey, completing an additional 99 surveys over the past 12 months and working with other partners to implement the surveys once project occupancy begins.

2.2 Gender and Women's Empowerment

We are continuing to build a strong foundation, either through stand-alone pieces or integrating gender into wider Reall outputs. This work is starting to give added nuance to Reall's initial gender-focused work and is anchoring gender and social inclusion in all that Reall does – bringing together more closely the build and broker work.

MSIs

(Working with CAHF) Development of the gender indicators, building on the info that is already disaggregated and which would tease out what shapes the market and what isn't readily available elsewhere. Gender indicators look at women's ability to access credit independently, their ability to acquire property (own or rent), risk of eviction following familial changes, female children's inheritance, backyard rental as a female business, lenders' marketing to women, and mapping of national bodies. Initial data around these indicators have been collected in several of the African countries covered by the MSIs. Within these initial data, a lot is emerging around social norms, as well as legal standpoints, which provides Reall with strong leads for future work. It also provides clearer country and cultural context, helping to inform Reall's work beyond advocacy and research.

GENDER RESEARCH

The research strands accompanying the build of Zima Homes (BuildX, Kenya) is ongoing, where one of the three research strands focuses on gender lens design and build. It explores the ways in which women are excluded in home design and construction, how they can be included, and the positive impacts of gender inclusion on quality of life and wellbeing. It also appraises to what extent gender lens design can create opportunities to increase levels of female homeownership. Findings of the focus groups highlighted gendered differences around layout (women raised strong concerns around laundry space and had reservations regarding the positioning of the kitchen), opinions on multipurpose rooftop amenities (with women emphatic about not having additional labour such as a kitchen garden or chicken coops), and the prioritisation of utilities (majority of men ranked electricity first, while women placed water ahead of all).

The research in Nigeria around end-user finance also examines attitudes, opportunities and barriers for women around housing and access to finance. It particularly focuses on barriers women face when both renting a house as well as accessing finance for housing, and potential ways in which levels of female ownership could be improved in future. We also continue to collaborate with a Warwick University, UK, PhD student who is researching how housing indicators as measurement frameworks could become more gender responsive, and which uses Reall's MSI work as a principal case study. Plans for further examination of land tenure and women's rights and realities have been paused due to current circumstances, however this research remains important to Reall and will be resumed as soon as funding allows.

Reall's focus on gender is amplified by the attitudes and diversity of approaches of partners that go beyond Reall's requirements and targets (e.g., around titling and ownership) and have to spearhead women's empowerment in their work, their business, the construction sector, and society more broadly.

This ranges from:

- **Financial inclusion** (Trellis/Pakistan, Sa-Dhan/India, Syntellect/India, Smart Havens/Uganda)
- **Upskilling** (Smart Havens/Uganda, BuildHer, a sister company to BuildX in Kenya)
- **Integrating women's businesses in their supply chain and sites** (Casa Real/Mozambique, MFF/Nigeria)
- **Gender inclusive internal practices** (KKL/Kenya)
- **Research** (BuildX/Kenya, Sa-Dhan/India, Janaagraha/India)



Reall added another innovative solution to its portfolio with an investment in a green wastewater treatment system in a project in partnership with Janaadhar, India.

The system, known as ECOSTP (ecological sewage treatment process), is said to be an effective and efficient waste management system. The project will deliver 306 units and serve 1200 people and the ECOSTP element will provide a solution to illegal waste dumping, water shortage and pollution.

<https://reall.net/blog/world-water-week-2022-seeing-the-unseen-the-value-of-water/>

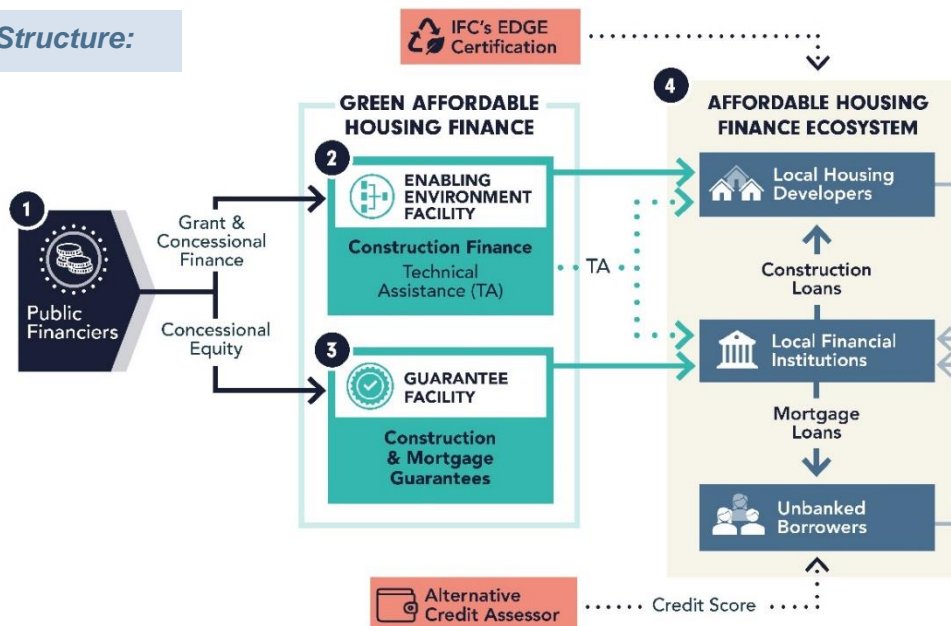
After being selected as the winning proponent of the Zero Carbons stream for the Global Innovation Lab for Climate Finance in March 2022, Reall has been working alongside the Lab Secretariat, the Climate Policy Initiative (CPI), to develop the financial instrument: Green Affordable Housing Finance (GAHF)

This financial instrument has been designed to catalyse and scale the supply of climate-smart affordable housing in Reall's priority markets by incentivising lending for both construction and offtake by local financial institutions. The instrument achieves this by deploying targeted construction finance and technical assistance through its Enabling Environment Facility to allow high-impact local developers to establish an operating track record and attain bankability. Meanwhile, a Guarantee Facility will de-risk construction loans issued by local lenders to further scale development of certified green affordable homes. In parallel, the Enabling Environment Facility will support local lenders in adopting alternative credit assessment methods to underwrite borrowers with low and informal incomes. The Guarantee Facility will then de-risk mortgages for those borrowers to expand credit access and offtake for developers of green affordable homes.

As one of Reall's six organisational priorities, the instrument will be promoted through the launch of a bespoke [webpage](#) as an online hub for all potential investors, capturing key collateral: [Fostering a Green Affordable Housing Finance Ecosystem](#), accompanying [Video](#) and instrument infographics, aiming to maximise interest from stakeholders.

By pioneering this innovative financial instrument, Reall builds on its work in demonstrating proof of concept and commercial viability, enabling local financing flows to take these innovations to scale.

Instrument Structure:



The instrument is designed to build confidence in the affordable housing market, particularly in relation to providing more affordable off-take finance through alternative credit assessment tools and enabling construction that complies with green certification. With its mixed approach of guarantees, technical assistance and concessional support, the instrument is modelled to deliver over a 15-year time horizon, which phases out its support over time as the confidence of local financial institutions grows. This will result in robust and self-sustaining local financial ecosystems that can eventually deliver green affordable housing at scale without the need for concessional support. At this point, the instrument will then be replicated by Reall in new geographies.

Resulting collateral created by Reall and The Lab includes:

- [Green Affordable Housing Finance overview](#)
- [Green Affordable Housing Finance Instrument analysis report](#)
- [Explainer: Fostering a Green Affordable Housing Finance Ecosystem](#)
- [Three-minute video: Green Affordable Housing Finance](#)

GAHF was developed as part of the Global Innovation Lab for Climate Finance between March and September 2022, and was built utilising feedback from across Reall's and The Lab's networks. This included a working group with 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, Syntellect and the German Development Agency (GIZ), alongside additional bilateral expertise.

The instrument was subsequently presented during New York Climate Week (September 2022) and endorsed by the Lab membership. It was also presented at the Africa Union for Housing Finance (AUHF) Conference during a session titled Green Affordable Housing Finance: The Role of Financial Instrument in Unlocking Investment for Climate-Smart Affordable Homes.

The team at Reall is now moving forward to raise funds for its effective implementation. This will require a mixture of concessional debt and concessional equity, as well as non-refundable and refundable grants. Pre-implementation work has also commenced in the pilot market Kenya, with discussions underway with local financial institutions and additional stakeholders.

Reall investments enable job creation via the whole value chain in construction of affordable housing: AMC designs incorporating commercial units to reinforce urban integration within the community and with the neighbouring areas; retail shops provide local amenities at Faisalabad, with similar commercial units in construction at Multan and multi-story commercial unit at Sue-a-Asal in development; Linkbuild URVHAI Project, Base Bahay, provides technical assistance in Philippines to construction workers on working with BBF Cement Bamboo Frame Technology. Workers are provided with accreditation/certification of skill development.

In its build portfolio, Reall successfully completed the IFC EDGE certification of two new projects, which are achieving the following improvements compared with conventional construction:

65 homes at Safiya Homes Lahore, Pakistan

BUILD



- 34% improvements in energy efficiency.
- 42% improvements in water efficiency.
- 35% improvements in embodied energy in materials.

184 homes at Grand Luvu 3B Phase 1, Nigeria



- 54% improvements in energy efficiency.
- 33% improvements in water efficiency.
- 60% improvements in embodied energy in materials.

Reall continues to work with International Finance Corporation (IFC) to promote these projects and demonstrate the viability of green affordable homes. EDGE certification of several other projects is ongoing.

Reall finalised research on climate-smart, affordable housing in Pakistan with Impetus Advisory Group, and organised and presented this research at a webinar hosted by Karandaaz Pakistan for key policy makers and actors in November 2022. The webinar also included presentations and panel discussions by several Reall partners, including AMC, ModulusTech and Trellis on different issues, including financing for green homes in Pakistan, key opportunities and barriers for developers, as well as the impact of flooding on housing stock and the need to build back better.

With respect to brokering and external engagement and leadership on green certified affordable houses, Reall has achieved impact in terms of global leadership and voice, demonstrating its position as a go-to actor for a variety of sector leaders, informing and influencing. This has been demonstrated through invitations to lead discussions for events, and contribute to knowledge products for the IFC, BEIS (UK), GlobalABC/UNEP, WGBC and CCFLA.

2.7 Disability and Inclusion

People living on low incomes are often settled in overcrowded and unsanitary informal settlements across urban Africa and Asia. These areas present accessibility problems, with unpaved and narrow paths, lack of lighting and inadequate water and sanitation and open sewers – all of which further compromise the independence and quality of life for people with disabilities.

Reall's project portfolio continues to ensure that all prospective housing projects are designed with accessibility factored in as a pre-requisite. The well-designed homes aim to provide appropriate space, ground floor access, and ground floor sleeping quarters, which are transforming lives for people with disabilities.

2.8 Research and Learning

A lack of quality accessible market data is a key barrier to affordable housing investment. Our Market Shaping Indicators (MSI) work aims to bridge this gap by collating key data from countries in Africa and Asia, providing analysis, and disseminating key findings to inform and influence. The data is made publicly accessible via Reall's Data Dashboard. Considerable progress has been made this year, with the work rolled out in India (the eleventh country to be covered by this programme) and ongoing work in Africa.

In Africa, Reall – in collaboration with the Centre for Affordable Housing Finance in Africa (CAHF) – is continuing to build on the work completed during phase one, leveraging this data to engage with stakeholders and encourage wider participation in sharing vital market data. Of particular note, Reall, CAHF, 71point4 and FSD Kenya are working with the Kenya National Bureau of Statistics (KNBS) to improve reporting on affordable housing and produce a publicly accessible dashboard on the KNBS website to share data. This work was presented at the World Urban Forum (WUF) in June, at which Reall, Sida and the World Bank co-hosted a panel on Unlocking Affordable Housing Markets through a Data Revolution, and at the African Union for Housing Finance (AUHF) conference in Cairo in November.

Reall has also undertaken deep dives on specific aspects of the MSI work, producing various key outputs to inform both ourselves and the wider market. Of note are Bottom 40% (B40) fact sheets, using MSI data to highlight the living conditions of households in the B40 in priority countries, to work on better understanding household incomes using data from national statistical bureaus to model income pyramids in individual cities and districts of priority countries. After a process of collating external feedback on these figures, Reall plans to add an Income and Affordability calculator to our website, following our Open Access approach to data and enabling all users to access this valuable information.

Reall is a co-founder of the Open Access Initiative and is taking a leadership role in driving this forward. The Initiative is focused on the collection of granular data from private sector housing developments, building a picture of beneficiaries, costs and prices, and the impact of these developments, which is then used to increase understanding, create best practice approaches, and generate evidence for policy change and sector investment. Reall is taking a particular lead on the household survey aspect of this work, rolling out a tool that can be utilised by all OAI developers.

Reall has continued to prioritise its research agenda. This has included the finalisation of the report on climate-smart affordable housing in Pakistan with Impetus Advisory Group and Karandaaz in Pakistan. Reall is also currently finalising research on end-user finance in Nigeria, including a focus on understanding critical governance, policy and regulatory barriers that impede the market, an exploration of end-user attitudes as well as an identification of approaches to expand housing finance to solutions for low-income borrowers.

2.9

Scaling Up and Replication

Working in collaboration with CAHF and FSD, Reall has been particularly focused on the implementation of the Open Access Initiative, initially in Kenya and then more widely across Africa. Our role so far has included leading on the people and impact areas of data collection, establishing frameworks to share data on Reall projects, and fundraising to further build on the initiative.

Ongoing dissemination of work through various means (events, documents etc) has also progressed. Client survey work is continuing to be adopted by Reall partners, with 99 additional homes surveyed this year. Reall engagement and co-leadership of the Open Access Initiative is continuing, as mentioned above.

Currently in its development phase, the financial instrument GAHF which utilises technical assistance, guarantees and concessional loan support' also aims to build out financial inclusion, by enabling robust local financing ecosystems that effectively utilises alternative credit assessment tools. This instrument will allow for the scaling of green-certified affordable housing that is accessible to those previously excluded from housing finance products.

**THANK
YOU**

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