



Supporting Sustainable Homes

HOUSING ADVISORY PLATFORM



*Creating Markets, Creating Opportunities*

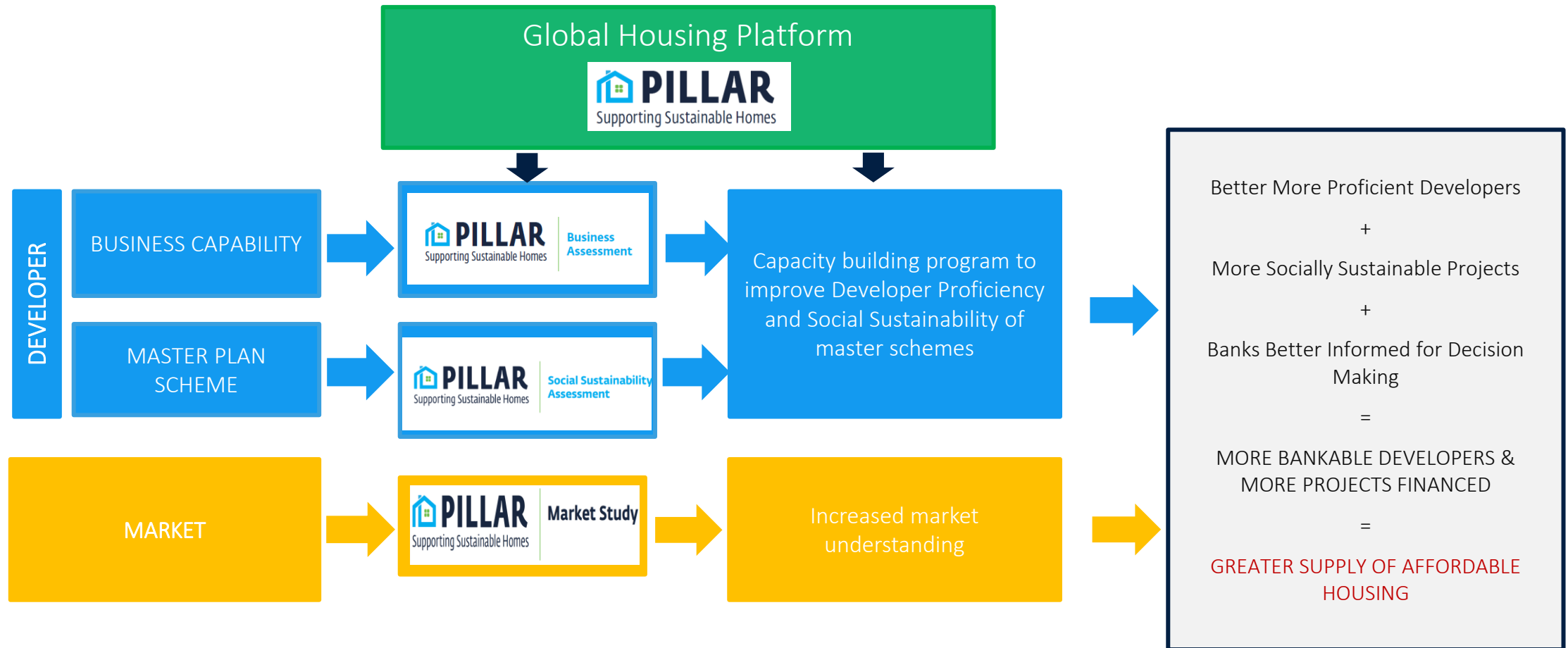
# WEBINAR AGENDA

Time (DC)	Session
08.00 – 08.30	Brief and demo of the IFC Pillar tools
08.30 – 08.40	IHS experience of using the tools
08.40 – 08.50	Alley Roads experience of using the tools
08.50 – 09.00	Vinte experience of using the tools
09.00 – 09.15	Q&A

# WHAT IS PILLAR?

A housing advisory platform that:

- **Developer level:** Assesses housing developer's strengths, helps plug their capacity gaps and enhances the quality of their master planned communities - thereby helping build more bankable projects
- **Market level:** Researches high priority markets to understand market dynamics and growth opportunities



# WHY WERE PILLAR ASSESSMENT TOOLS CREATED?

## Pillar Business Assessment

- Understand the operational standards and proficiency of a housing developer
- A company **health check**. What's working well and areas for enhancement.
- Examines **4 key areas** of the business – **financial, business, operational and organizational** management.
- **Tailored coaching** to address capacity gaps.

## Pillar Social Sustainability Assessment

- **Need to include social sustainability in housing delivery** to build homes and communities where residents enjoy high quality of life and affordable access to amenities and facilities
- Ensure master schemes are **well-integrated into the wider urban systems**.
- **Tailored coaching** to address capacity gaps.

# RAPID AND COMPREHENSIVE VERSIONS



# BENEFITS FOR USERS

## Housing developers

- ✓ Validate business proficiency and project quality/standards
- ✓ Provides a roadmap for continuous improvement
- ✓ Help support access to finance from banks and other financial institutions

## Financial Institutions

- ✓ Support due diligence of a housing developer
- ✓ Helps reduce risk of loans and investments
- ✓ Lower default rates

## Governments

- ✓ Aids screening/selection of partner developers and projects
- ✓ Ensure higher quality and efficiency in affordable housing delivery
- ✓ Can help to inform government policy

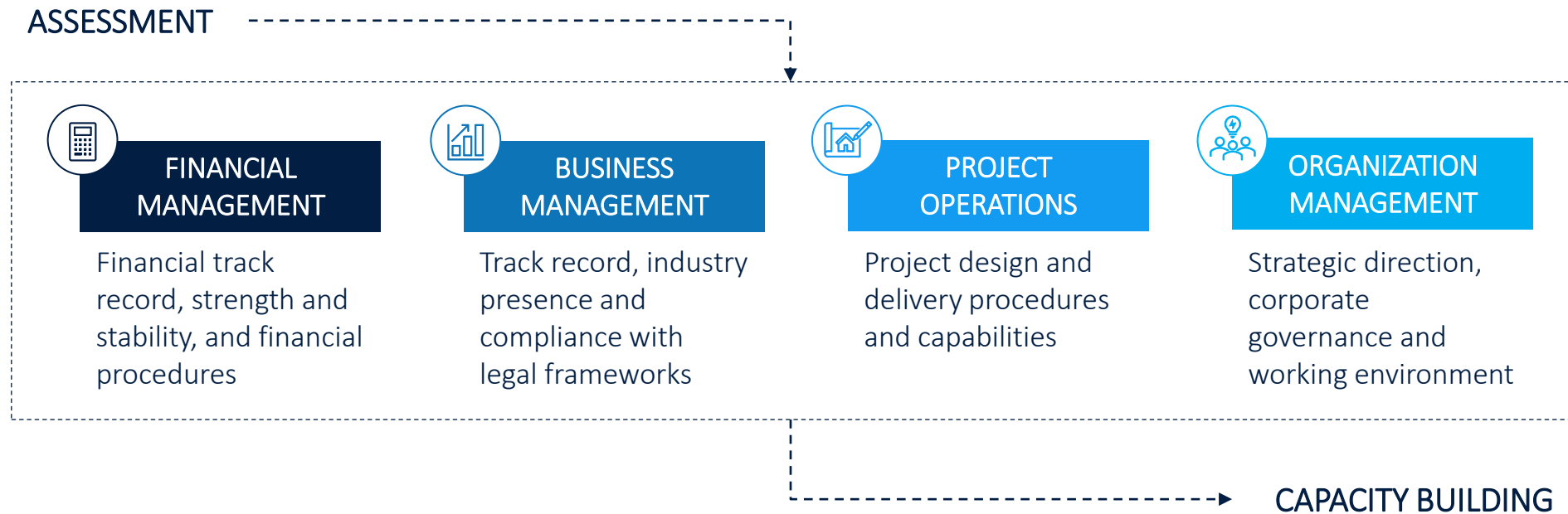


 **PILLAR**  
Supporting Sustainable Homes

**Business  
Assessment**

# ASSESSMENT FRAMEWORK: PERFORMANCE OBJECTIVES

Pillar Business Assessment is designed to enable 360-degree performance review of the business proficiency of a housing developer across 4 Performance Objectives (POs).

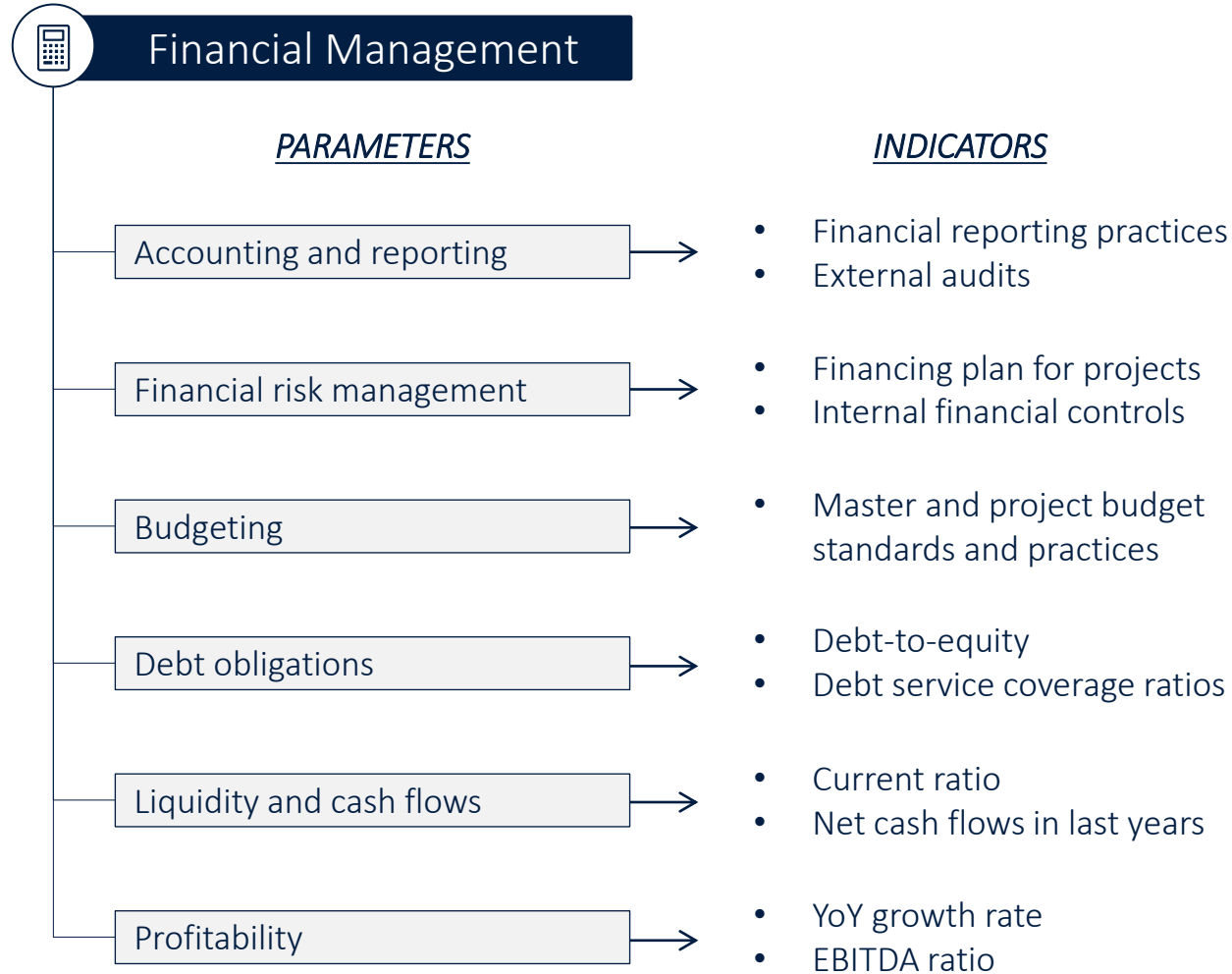




# ASSESSMENT FRAMEWORK: PARAMETERS AND INDICATORS



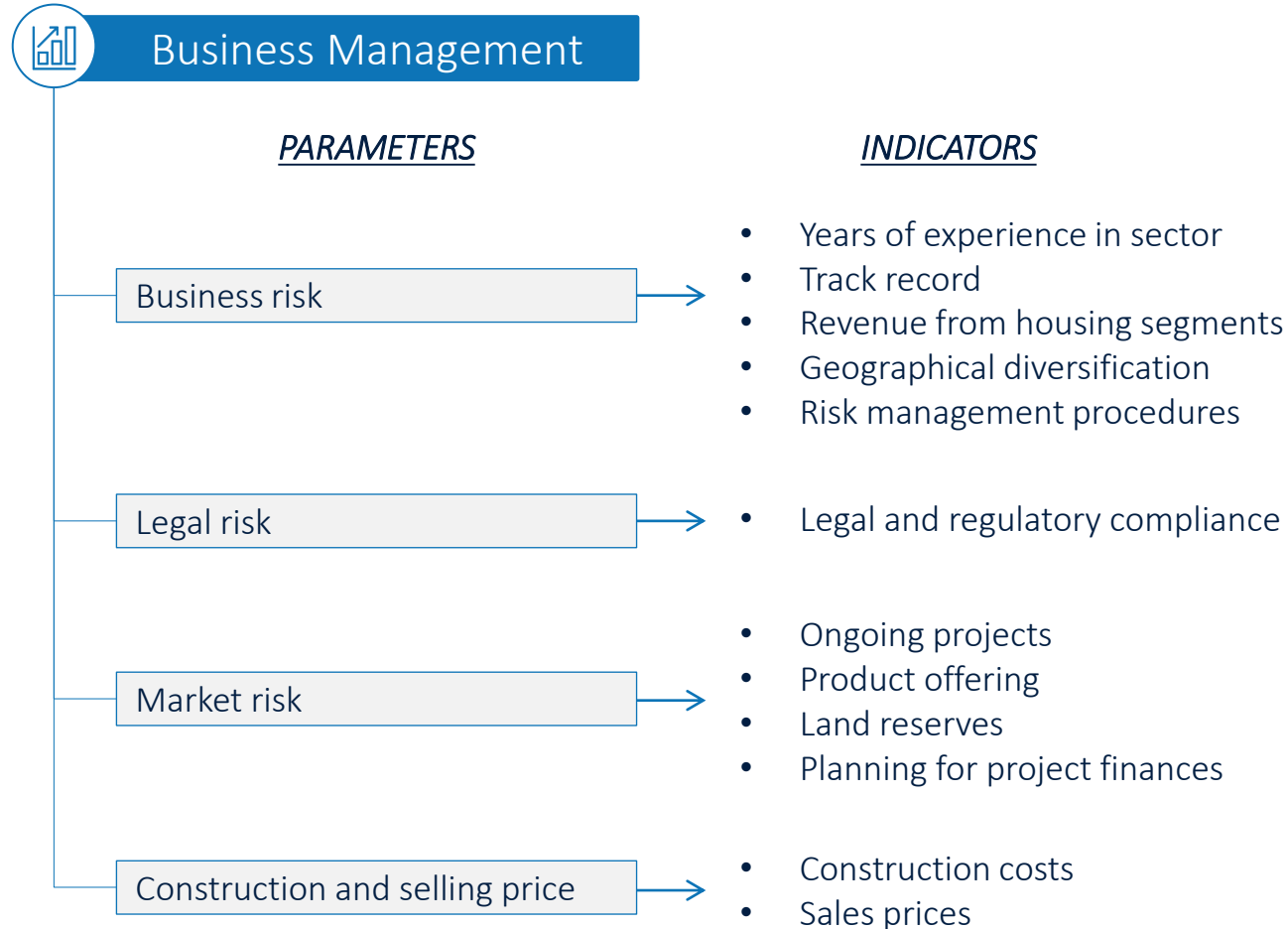
Assess the developer's **financial track record, strength and stability**, and financial procedures



# ASSESSMENT FRAMEWORK: PARAMETERS AND INDICATORS



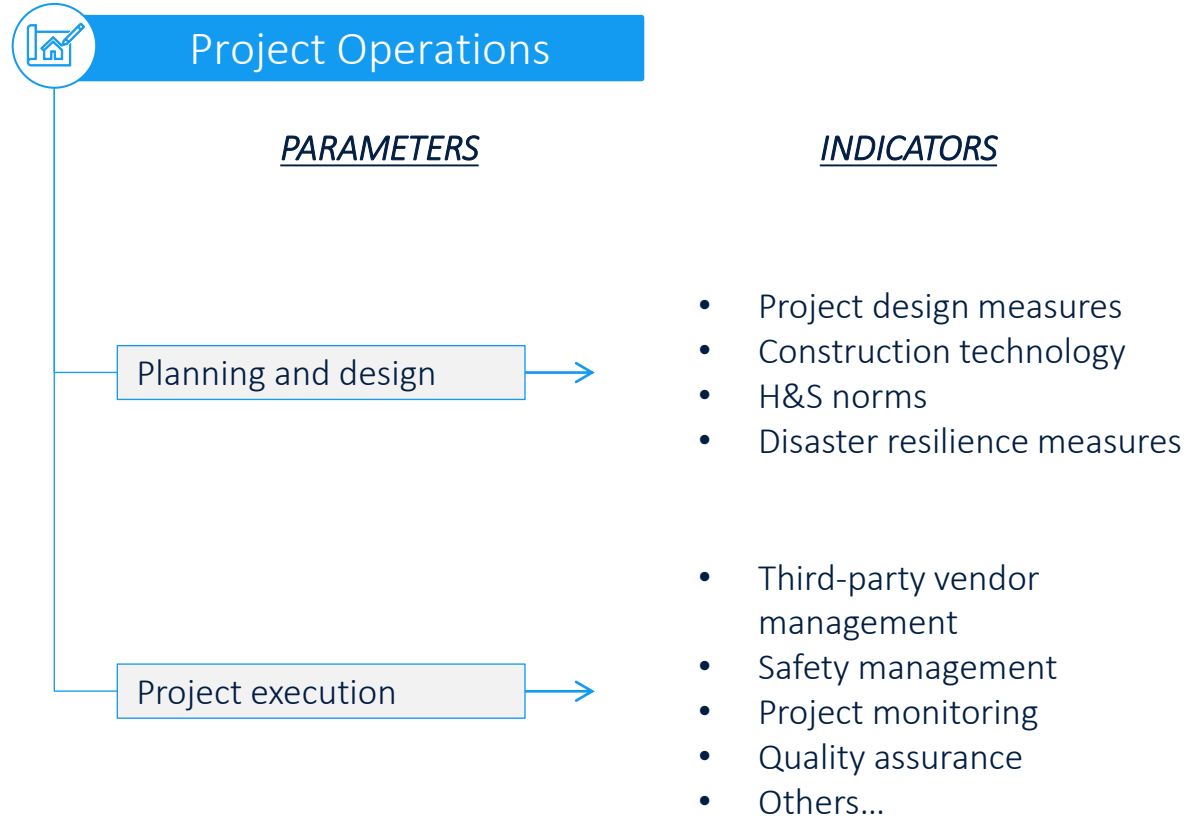
Assess the developer's track record, presence in industry and compliance with legal frameworks



# ASSESSMENT FRAMEWORK: PARAMETERS AND INDICATORS



Assess the developer's **project design and delivery procedures and capabilities**, and professionalism



# ASSESSMENT FRAMEWORK: PARAMETERS AND INDICATORS



Assess the developer's strategic direction, corporate governance and working environment

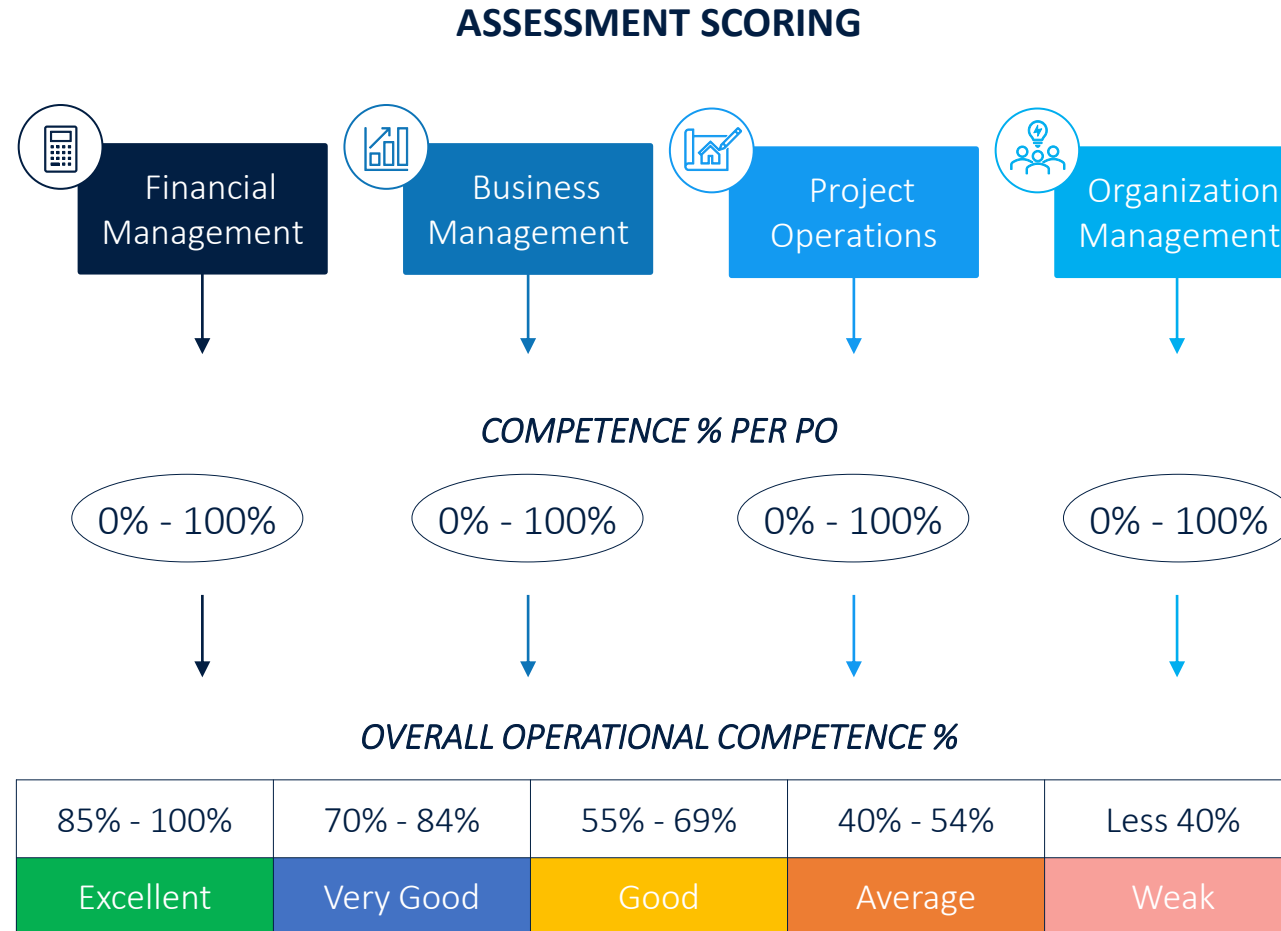


# EVIDENCE COLLECTED FOR PILLAR BUSINESS ASSESSMENT

1. Audited financial statements for the last 5 years \*
2. Integrated reports for the last 3 years
3. Project financing plan for at least 3 projects (1-page summary per project) \*
4. Summary of debt and repayment schedule \*
5. Annual master budgets for last 3 years
6. Project budgets of any 3 completed projects
7. Evidence on relationship with banks or borrowing capacity (e.g., a letter from a bank)
8. Risk mitigation strategy
9. Certificate of incorporation
10. Annual report or corporate presentation \*
11. Certificate of membership or affiliation with professional body
12. Track record summary including schedule of properties developed together with costs and sales \*
13. Business plan for the next three years \*
14. Evidence of developer's ability to market its products and internal progress reports
15. Evidence on how the developer manages their business in terms of technology, R&D, innovation
16. Technical and feasibility assessment report of at least 3 projects \*
17. SOP and project monitoring plan for 3 projects (include E&S, sustainability, quality control, etc.) \*
18. Policies for compensation for buyers and affected people for defective title of land, delays, etc.
19. EHS and OHS policies of the firm
20. Quality control policy of the firm \*
21. Strategic asset management plan/policy \*
22. Procurement policy of the firm \*
23. Project management report or brief on any ESIA's conducted and type of issues addressed
24. Green certificates validating % of green product portfolio
25. Evidence of compliance with local health and safety norms
26. Document or webpage for vision or mission of the firm \*
27. List of government programs for promoting affordable housing in which firm participates
28. Policies of money laundering, bribery, corruption and non-compliance \*
29. Staff organization chart and summary of shareholding \*
30. Sample training calendar of staff (including budget for training for different staff levels) \*
31. Yearly HR assessment report (including projections of staff requirements for the next 3 years) \*
32. 5-10-year organization roadmap of the firm
33. Records of past CSR related or social and community development work by the firm

*\*The Rapid Assessment requires 16 evidence items*

# ASSESSMENT FRAMEWORK: OVERALL SCORING



# SNAPSHOT OF RESULTS DASHBOARD

## 1. OVERALL AND PARAMETER LEVEL SCORE (OUT OF 100%)

COMPANY DETAILS

ASSESSMENT DETAILS

Pillar Business Assessment

Name of the Assessor

Date of Assessment Completed

Supporting Sustainable Homes

**Business Assessment**

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**Rapid assessment of**
**Limited**

**1) Company Details**

Company Name	XYZ
Company Resources	30 employees
Country	ABC

**2) Operational competence** 64% Good

The results below reflect the operational competence of the developer across the four performance objectives in the READ rapid assessment.

*\*Note:* Given that READ assesses a developer based on the entity's experience and track record, it should be noted that weak scores in this assessment may not necessarily reflect operational deficiencies of the developer, but that it is a young company that has not been in existence long enough to establish a strong track record. It is expected that some scores will improve as the developer builds a more extensive track record and has completed its ongoing projects. In that regard, the significant experience and track record of its Principals in the real estate sector should also be noted.

Performance Objective	Competence percent	Competence level
Financial Management	65%	Good
Business Management	58%	Good
Project Operations	69%	Good
Organization Management	69%	Good

**3) Parameter level analysis**

Category	Indicator	Score	Level
Financial Management	Accounting and reporting	Average, 42%	Average
	Financial risk management	Very Good, 80%	Very Good
	Budgeting	Excellent, 100%	Excellent
Business Management	Business risk	Average, 42%	Average
	Legal risk	Excellent, 100%	Excellent
	Market risk	Good, 89%	Good
Project Operations	Planning and design	Very Good, 80%	Very Good
	Project execution	Good, 64%	Good
Organization Management	Strategic planning	Average, 40%	Average
	Marketing and sales	Excellent, 100%	Excellent
	Partnerships and associations	Excellent, 100%	Excellent
	Corporate governance	Good, 80%	Good
	Human resources	Good, 80%	Good
	Employee engagement	Good, 80%	Good
	Diversity and inclusion	Very Good, 70%	Very Good

OVERALL COMPETENCE

COMPETENCE PER PO

PARAMETER SCORING

## 2. INDICATOR LEVEL SCORE AND EXPLANATION

		INDICATOR SCORING	REMARKS
<b>Project Operations</b>			
Indicator	XYZ Company	Competence Level	Remarks
Product Design	The firm undertakes technical and financial feasibility studies of all sites prior to project construction. The firm undertakes Environment and Social Impact Assessment (ESIA) studies as required at all project sites. The firm involves certified Architects and Structural Engineers while designing the project.	Excellent	This question seeks to understand a firm's project design capabilities as it is a critical step during the pre-development phase as right project design can influence project timeline and cost overruns.  XYZ Company indicated that it undertakes technical and financial feasibility studies of all sites, as well as Environmental and Social Impact Assessment (ESIA), and involves certified architects and engineers. For the 440 Utawala project, the evidence submitted suggests that the firm would outsource the vendors: Innovative Planning & Design Consultants, Matrix Integrated Consultancy and Gamma Delta Services Consultants as certified architects and engineers. The firm also indicated that a standalone ESIA exists for their ongoing project since it is a legal requirement to acquire a license prior to construction, but not enough evidence was provided to validate the robustness/completeness of the ESIA.
Quality Assurance	Percentage of projects constructed by the developer in the last 5 years which have green certification is 0%.  The firm has a quality control policy. The firm has a quality assurance plan.	Average	Green building certifications can help build a firm's recognition, visibility and value proposition; ensure higher commercial rates and quicker sales cycles; secure incentives from banks or governments; among other benefits.  At the time of the assessment, there were no completed projects, therefore no projects had received a green certification. However, Home Limited clarified that the IHS project brief incorporates significant sustainability provisions including applying to an EDGE certification for the project.
Organization Management	Home Ownership Made Easy Limited's status	Competence Level	Remarks
Transparency	Firm has drafted policies on money laundering, bribery, corruption or non-compliance by any of its employees. Firm discloses Environmental Social and Governance (ESG) information as part of their investor and public reporting.	Good	Developers that ensure transparency within the firm and with external stakeholders regarding their operations and outcomes, such as financial, environmental, social, etc. are often viewed favorably. This reflects that the developer follows sound corporate governance practices.  XYZ Company has drafted policies on laundering, bribery and corruption, and assures it discloses ESG information as part of their reporting, such as Environmental Health & Safety Plan, Grievance Redress Mechanism, Waste Management Plan, Emergency Preparedness & Response Plan, EIA Report + License, HR Policy. Several of these documents were submitted as part of the evidence. Other measures which were not reported include conducting employee surveys to measure transparency in the workplace.
Training and development	Firm has formal training calendars for staff learning & development	Good	A firm that invests in its employees' professional development can offer greater employee satisfaction and technical expertise, thereby boosting employee productivity. This directly enhances the firm's organizational capabilities, and indirectly enhances the firm's business capabilities.  XYZ Company indicated that it has a formal training calendar for learning and development, but no sufficient evidence was submitted to validate. In addition, the firm stated that trainings are organized by the KPDA (Kenya Property Developers Association), NCA (National Construction Authority), and PMI (Project Management Institute). The firm also clarified that internal trainings include Financial Analysis & Management, Feasibility & Market Study and Project & Construction Management.

# SNAPSHOT OF RESULTS DASHBOARD

## 3. REMARKS AND RECOMMENDATIONS

### Additional remarks and recommendations

**Financial Management:** ... obtained a score of 65% (Good) in this Performance Objective. The parameters with higher scores are 'Budgeting' and 'Financial Risk Management', while 'Accounting and Reporting' was given a lower score, mainly due to the absence of an external auditor's opinion and not having an integrated report in place. The firm indicated that, at the time of the assessment, audited financial statements for FY1 and FY2 were being prepared by an external auditor for purposes of banks and financiers' disclosures, but these were not submitted as part of the evidence; and clarified that the external auditor was preparing an accounting report according to the IFRS framework. It is recommended that:

- The firm discloses its audited financial statements and opinions with financial institutions and prepares an integrated report according to the International Integrated Reporting Council (IIRC), which includes the following elements: organizational overview, governance, business model, risks and opportunities, strategy and resource allocation, performance and outlook).
- The integrated report is published on the firm's website and shared with potential investors, financiers and other relevant stakeholders.

With regard to financial risk management, ... stated that their financial risks are majorly project-based and mitigated through internal (finance department) and external (bank relationship manager/loan officer, project quantity surveyor, auditor) systems. In addition, the firm has processes for assessing and mitigating financial risks as validated by the Risk Management Plan for the ... project. This plan includes risk identification and qualitative and quantitative analyses; response planning; provisions for risk monitoring, controlling, and reporting; and a risk matrix, among other items. This is considered a good practice which should be continued and enhanced over time. Additionally, the firm assured that it uses robust construction analysis jointly with its contractors and subcontractors and that it prepares project budgets separately from overall firm master budget, as validated by the Utawala 440 project financials. It also explained that projects will rely in 20-30% on pre-sales. It is recommended that:

- The firm considers using escrow accounts to ensure most of pre-payments are used exclusively on the project in question.
- Conducts internal or external audits to identify significant weaknesses or deficiencies in the firm's internal financial control mechanisms which was not reported at the time of the assessment.
- Ensures that non-budget expenses are infrequent, and that approval is required by senior management and financiers.

← PO RESULTS SUMMARY

← PO RECOMMENDATIONS

← PO RECOMMENDATIONS

**Business Management:** ... obtained a score of 58% (Good) in this Performance Objective. The parameter with the higher score is 'Legal Risk', while 'Market Risk' and 'Business Risk' were given lower scores. Most of these parameters assess a developer's track record in terms of e.g., years of experience delivering residential real estate, number of units sold at completed and ongoing projects, maximum number of units at a completed project, completion rate of ongoing projects, etc. Given that the firm has been in operation for 2.5 years and that, at the time of the assessment, there were no completed projects and that ongoing projects were at a pre-development phase, the tool assigned lower scores to these parameters. It is expected that these scores will improve as the developer builds a more extensive track record and has completed its ongoing projects. Nonetheless, as described in the specific comments for the indicators 'Experience in target segment' and 'Track record', Principals have significant experience delivering real estate projects and have previously participated in delivering multiple projects at other companies, including residential and mixed-use. Although the READ tool assesses a developer based on the entity's experience and track record, given Home Limited is a very young company that has not been in existence long enough to establish a strong track record, the significant experience and track record of its Principals should be noted.

Other questions indicate positive aspects with respect to business management. In terms of delivering basic infrastructure (e.g., water, sewerage, electricity, etc.) at residential projects, the firm suggested (not validated by evidence) that it has made provisions for all the selected infrastructure at its ongoing projects, such as including all relevant costs in Bill of Quantities and having project consulting engineers study, design and quantify all necessary infrastructure in line with the project brief. Likewise, the firm complies or ensures will comply with all legal requirements for projects. And in terms of energy efficient services, the firm stated that the IHS project brief incorporates significant sustainability provisions including applying to an EDGE certification (e.g., energy, water, materials) and that it is planned that 100% of the IHS project has at least some energy efficient services. It is highly recommended that:

- The firm indeed pursues EDGE certifications for its ongoing and future projects as these can help build the firm's recognition, visibility and value proposition; ensure higher commercial rates and quicker sales cycles; and secure potential incentives from banks or governments.

Regarding compliance with legal and regulatory requirements for project execution, the firm indicated that it complies with building plan sanctions, occupancy certificates, environmental clearances, land title clearances, and other building level approval, although no evidence was submitted nor required for this assessment. Lastly, the firm indicates that 60-100% of its land reserves are earmarked for affordable housing projects which is valued positively in READ as it suggests a higher potential for lower-income housing projects.

← PO RESULTS SUMMARY

← PO RECOMMENDATIONS





 **PILLAR**  
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**Social Sustainability  
Assessment**

# WHY CONSIDER SOCIAL SUSTAINABILITY IN HOUSING?

- Socially sustainable developments are communities where residents have a good quality of life and affordable access to facilities and amenities.
- An important consideration when FI's are considering financing opportunities



# WHAT IS THE PILLAR SOCIAL SUSTAINABILITY ASSESSMENT?

- Considers a development's social sustainability credentials across 4 phases of development.

## PILLAR SOCIAL SUSTAINABILITY IS CATEGORIZED INTO 4 PHASES OF DEVELOPMENT

### 1 PROJECT DEFINITION

Identify the need, opportunity, viability and parameters based on the developmental goals, socioeconomic drivers and appropriate location.

#### Topics:

- ✓ Stakeholder participation
- ✓ Access to housing finance
- ✓ Diversity of land use
- ✓ Exposure to environmental hazards
- ✓ Neighborhood safety
- ✓ Affordable access to amenities
- ✓ Access to employment
- ✓ Diversity of housing

### 2 PLANNING AND DESIGN

Examine the physical and technical planning and design of the development prior to proceeding with construction.

#### Topics:

- ✓ Stakeholder participation
- ✓ Mitigation of risks and hazards
- ✓ Safe, inclusive and quality design
- ✓ Affordable access to amenities
- ✓ Local employment and supply chain
- ✓ Affordable utilities

### 3 CONSTRUCTION

Identify provisions to complete the site works safely and to the quality as required by the design and specifications, on time and within budget.

#### Topics:

- ✓ Sound construction management
- ✓ Quality of construction
- ✓ Local employment and supply chain

### 4 OPERATIONS

Examine aspects related to running and maintaining the facility to maximise utility over time.

#### Topics:

- ✓ Affordable access to utilities
- ✓ Sound maintenance planning
- ✓ Affordable maintenance
- ✓ Long-term access to amenities

- Outcome areas provide information on the project's contribution to key concepts of social sustainability. They are:
  - i. Affordability**
  - ii. Contribution to the local economy**
  - iii. Health & Wellbeing**
  - iv. Safety & Security.**

# EVIDENCE COLLECTED FOR PILLAR SOCIAL SUSTAINABILITY

1. Location map\*
2. Neighborhood map\*
3. Zoning guidance
4. Site plan\*
5. Housing unit physical plans or designs and internal elevations\*
6. Wider plans for the development
7. Market study\*
8. Environmental impact assessment\*
9. Schedule or minutes of public consultation and meetings\*
10. Lists of construction materials and supplies\*
11. Site risk assessment
12. Maintenance and operation plans and policies\*
13. Agreements or contracts with local authorities or private contractors for site operations and maintenance\*
14. Homeowners Association status or plans\*
15. Tender and procurement process documentation\*
16. Agreements or contracts with local authorities or private contractors for sustainable provision of social amenities
17. Development emergency response plan\*
18. Social impact assessment

*\*Item included in the Rapid Pillar Social Sustainability Assessment*

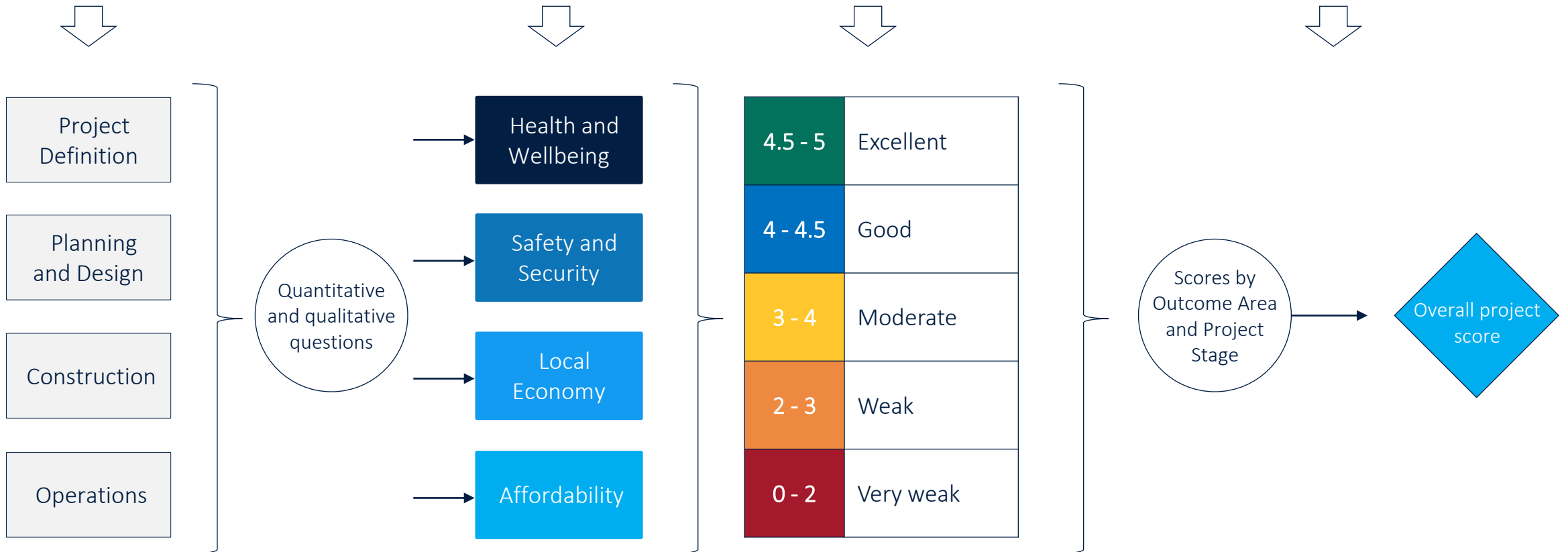
# ASSESSMENT FRAMEWORK: OVERALL SCORING

## PROJECT STAGES

## OUTCOME AREAS

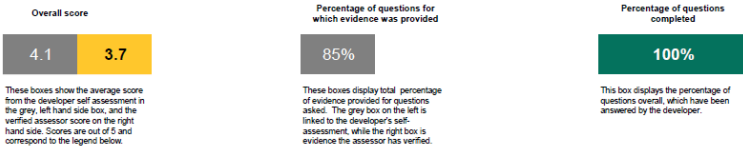
## SCORING SCALE

## FINAL SCORES



# SNAPSHOT OF RESULTS DASHBOARD

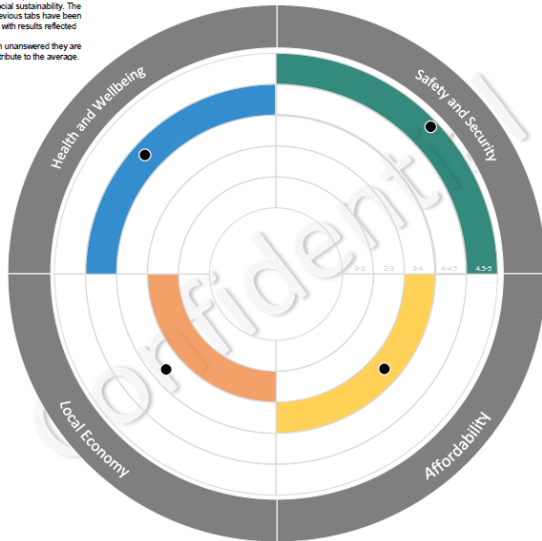
## 1. OVERALL SCORE (OUT OF 5) BY OUTCOME AREA



### PERFORMANCE ON SOCIAL SUSTAINABILITY OUTCOME AREAS

The below circle diagram shows performance across key outcomes of social sustainability. The questions answered on previous tabs have been linked to certain outcomes with results reflected here.

If any questions have been unanswered they are scored as zero but do contribute to the average.



## 2. SCORE & EXPLANATION BY OUTCOME AREA AND PROJECT STAGE

### A) PROJECT DEFINITION

Housing Outcome	Developer's Self-assessment	Assessor's Verification	Explanation of Difference
Affordability	4.8	3.7	Good score but clarity needed on stability of housing costs and affordability of services/amenities e.g. education
Local Economy	4.7	3.7	Good score but assessment noted that there could be a greater diversity of employment nearby.
Health	5.0	3.6	Scored well for provision of services for health and wellbeing (e.g. green spaces and healthcare amenities) but clarity needed on affordability and quality
Safety and Security	5.0	4.0	Good score for safety in the development but safe interaction with the wider surrounding area fall short of best case (see comments)
<b>OVERALL</b>	<b>4.9</b>	<b>3.8</b>	

## 3. ASSESSOR COMMENTS AND RECOMMENDATIONS

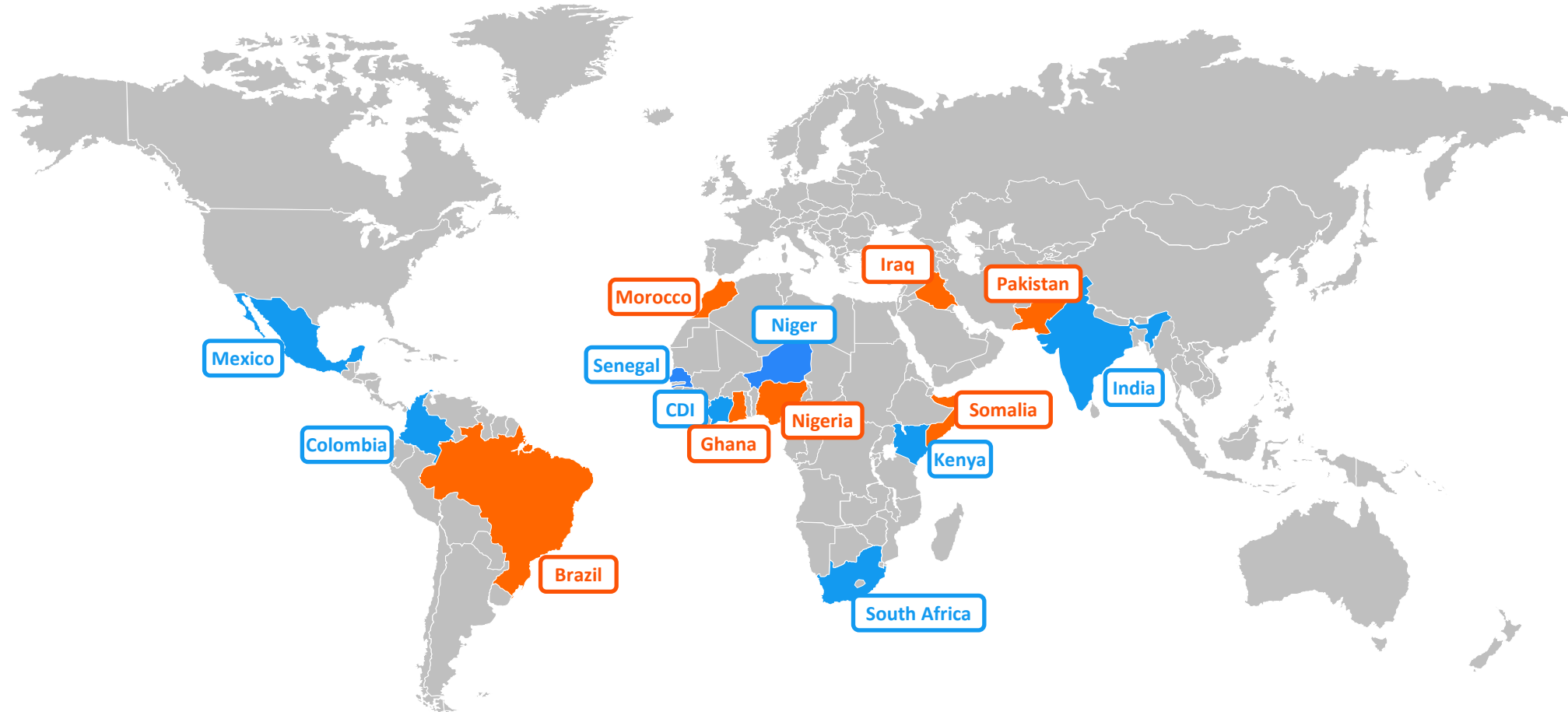
### Recommendations on low scoring areas:

- Safety** - Consider incorporating passive surveillance and other Crime Prevention Through Environmental Design (CPTED) principles in both the development and its interface with the wider local community, alongside current safety measures  
[\(https://www.saferspaces.org.za/understand/entry/crime-prevention-through-environmental-design-cpted/\)](https://www.saferspaces.org.za/understand/entry/crime-prevention-through-environmental-design-cpted/);
- Affordability** - Ensure that wider services such as schools are affordable to the low-middle income residents this development is aimed at, and that the development can maximize positive contribution to the wider area in terms of affordable public amenities and services.
- Inclusivity and disabled access** - The development meets SANS 10400 but could provide enhanced access e.g. doorway widths 40 inch, accessible light switches, handles, disabled toilets etc,  
 [\(https://www.bathnes.gov.uk/sites/default/files/design\\_for\\_accessibility\\_guide\\_updated.pdf\)](https://www.bathnes.gov.uk/sites/default/files/design_for_accessibility_guide_updated.pdf)
- Maintenance** - Maintenance policy and plan could include measures to ensure ongoing affordability and cost stability of utilities and service costs for residents. Policy could add detail on customer enquiry response mechanism (response time, priority system etc).

# GLOBAL ENGAGEMENTS

- Completed or ongoing engagements.
- Markets where we would like to do more

- Engagements in the pipeline
- Markets on the radar



# KEY ADVISORY TEAM CONTACTS



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