

**Unlocking construction and
institutional off-take financing
for urban housing**





Table of contents

1.1	List of figures	9
1.2	List of tables	11
	ACKNOWLEDGMENTS	12
	EXECUTIVE SUMMARY	1
	Definition: “No Pack, No Pay”	2
2	REPORT OUTLINE	4
2.1	Purpose of the report	4
2.2	Scope and boundaries	4
2.3	Method and evidence base	5
2.4	How to read this report	5
2.5	Structure of the report	6
3	MARKET CONTEXT AND AFFORDABLE HOUSING SUPPLY	8
3.1	Purpose of this chapter	8
3.2	Affordable housing context and why off-take is the bottleneck	8
3.3	Supply pipeline: current and prospective sources of affordable units	8
3.4	Constraints on supply delivery and unit absorption	9
3.5	Implications for THWG design	9
3.6	Labour market structure, income reality, and financial access	10
3.7	Housing consumption and acquisition pathways	11
3.8	Household expenditure and payment behaviour	11
3.9	Government of Kenya Interventions: Outcomes and Constraints	12
3.10	Private sector capital flows into housing	14
3.11	Sources of capital supporting housing consumption and supply	15
3.12	Share of national investment directed to affordable housing	16
3.13	International INGOs and DFIs	16
3.14	How these incentives break down by supply side vs demand side	17
3.15	Implications for market-building interventions	18
3.16	Summary	19
4	PROBLEM DEFINITION AND MARKET FAILURE	20
4.1	Purpose of this chapter	20
4.2	The coordination failure in affordable housing off-take	20
4.3	Why current targeting and allocation approaches fail	20
4.4	Why institutional capital is constrained	21
4.5	Design requirements derived from the problem	21

4.6	Summary.....	22
5	MARKET SIZING AND DEMAND FUNNEL (FROM POTENTIAL TO EFFECTIVE DEMAND)...	24
5.1	Purpose of this chapter.....	24
5.2	Defining demand: potential, addressable, effective and guarantee-ready.....	24
5.3	Funnel stages and practical conversion assumptions.....	25
5.4	Effective demand: what matters operationally.....	26
5.5	Implications for implementation planning.....	27
5.6	Kenya population and adult (18+) addressable base.....	27
5.7	Household formation and household structures.....	28
5.8	Cooperative membership as the ceiling for a NACHU-sourced waiting list.....	28
5.9	Summary.....	32
6	STAKEHOLDER ECOSYSTEM AND VALUE CHAIN	33
6.1	Purpose of this chapter.....	33
6.2	NACHU: cooperative mobilisation and governance anchor.....	33
6.3	Digital rails and member platform utility (SiliconEnterprise and related platforms).....	35
6.4	ABC Banking Group and ABC Capital.....	35
6.5	Pngme: affordability analytics and risk readiness.....	36
6.6	Empowa: unit sourcing, pipeline integration and matching.....	36
6.7	Placemakers: developer supply and delivery contribution.....	37
6.8	Value chain summary and interfaces.....	38
6.9	Summary.....	41
7	GOVERNANCE ARCHITECTURE (SYSTEM-LEVEL)	42
7.1	Purpose of this chapter.....	42
7.2	Governance objectives.....	42
7.3	Roles, accountability and segregation of duties.....	43
7.4	Data governance and member protections.....	44
7.5	Oversight rhythm and reporting.....	44
7.6	Practical governance mechanisms (minimum viable controls).....	45
7.7	Summary.....	46
8	MATCHING EFFECTIVE DEMAND TO SUPPLY THROUGH TIERED WAITING LIST DESIGN .	47
8.1	Purpose of this chapter.....	47
8.2	Overview of the tier model (Tier 1 to Tier 8).....	47
8.3	Populating the Tier 1–Tier 8 pyramid from Chapter 4 “effective demand”.....	48
8.4	The matching engine: aligning Tier 7 standby pools to unit pipelines.....	49
8.5	Tier 8: the point where the guarantee becomes necessary.....	50
8.6	Managing the two constraints: matching supply and readiness together.....	51
8.7	Ten-year growth and scaling logic (how guarantees scale).....	51

8.8	Key assumptions and sensitivities	52
8.9	Summary.....	52
9	GUARANTEE ECONOMICS AND UNIT AFFORDABILITY	53
9.1	Purpose of this chapter.....	53
9.2	Unit price bands by typology (Table 2)	53
9.3	The core payment logic (kept deliberately simple)	55
9.4	What yield does the off-taker receive from these profit targets?	55
9.5	Monthly payments by typology under 15/20/25 years (Table 8.2)	56
9.6	Deposit leverage and affordability (worked examples for low monthly capacity)	58
9.7	Household-facing summary of the offer and member protections.....	59
9.8	Guarantee design parameters (what the guarantee does and does not do)	63
9.9	Provisioning logic: how much guarantee money must be “ready”?	64
9.10	Table 4: Year-1 expected payouts (illustrative).....	65
9.11	Liquidity sizing: why the guarantee fund needs a reserve and a line	67
9.12	Ten-year scaling: how guarantee liquidity scales with the active book	68
9.13	Summary	68
10	OPERATING MODEL AND OPEX REQUIREMENTS	70
10.1	Purpose of this chapter.....	70
10.2	The operating model in simple terms (two linked engines)	70
10.3	Cost structure at scale (indicative 10-year view)	70
10.4	Pipeline utility OPEX (Tier 1–7): the real drivers.....	71
10.5	Guarantee facility OPEX (Tier 8): a lean, rules-based function	72
10.6	Governance and assurance OPEX (system-wide)	73
10.7	Funding alignment: who should pay which costs (and why)	73
10.8	Data value (secondary benefit, not a primary business model claim)	77
10.9	Summary	77
11	CAPITALISATION AND FUNDING MODEL FOR SUSTAINABILITY	78
11.1	Purpose of this chapter.....	78
11.2	Split the model: pipeline utility vs guarantee facility	79
11.3	Funding the pipeline utility (Tier 1–7): make supply-side pay.....	80
11.4	Pricing the guarantee like insurance (Tier 8): the correct logic	81
11.5	Avoiding an “upfront dowry”: use a liquidity facility	87
11.6	Who pays the guarantee: recommended shared contribution	88
11.7	Illustrative pilot commercial term sheet (for decision and contracting)	89
11.8	Institutional investment case summary (pilot)	95
11.9	Funding stack options (illustrative) and stress testing	99
11.10	Stress testing: base / downturn / shock.....	100

11.11	Recommended approach for the pilot (practical and scalable)	100
11.12	Summary	101
12	GOVERNANCE MODEL FOR THE WAITING LIST AND THE GUARANTEE FACILITY	102
12.1	Purpose of this chapter.....	102
12.2	Governance principles.....	102
12.3	Legal and institutional form of the operator	103
12.4	Governance structure (who governs what).....	107
12.5	Operating roles and decision rights (who does, who decides)	109
12.6	Delegation of Authority (DoA) and thresholds.....	110
12.7	Conflict-of-interest controls	111
12.8	Reporting cadence and assurance	111
12.9	Summary	112
	Annex 1: Delegation of Authority (DoA) Matrix — Waiting list and guarantee facility.....	112
	Annex 2: Claims Evidence Pack Checklist — “No pack, no payout”	112
13	FIELD VALIDATION FINDINGS AND IMPLICATIONS (NACHU–PNGME–PLACEMAKERS)	113
13.1	Purpose of this chapter.....	113
13.2	What was tested (and what “success” means in the field).....	113
13.3	Headline results (what happened)	114
13.4	What the findings confirm (alignment with this report)	114
13.5	What the findings challenge (assumptions that need tightening)	116
13.6	Operational implications for the tier model and matching discipline	117
13.7	Issues to be further considered (before scale).....	117
13.8	Recommended refinements before the pilot proceeds	118
13.9	Summary	118
14	TWELVE-MONTH IMPLEMENTATION PLAN AND FULLY COSTED BUDGET	120
14.1	Purpose of this chapter.....	120
14.2	Pilot approach targets (the “minimum viable scale”)	120
14.3	Workstreams (what must be built)	134
14.4	12-month sequencing and timeline	138
14.5	Roles and responsibilities (RACI summary).....	139
14.6	Fully costed 12-month pilot budget	140
14.7	Guarantee liquidity posture for the pilot (not OPEX)	141
14.8	Decision gates (go/no-go discipline).....	141
14.9	Summary	142
15	PILOT READINESS, GO/NO-GO FRAMEWORK AND RECOMMENDATIONS.....	143
15.1	Purpose of this chapter.....	143

15.2	What the report enables (and what it does not).....	143
15.3	Pilot scope box (to prevent drift).....	143
15.4	Preconditions to start (non-negotiable).....	144
15.5	Go/no-go gates and “kill criteria”.....	145
15.6	Key risks and mitigations.....	146
15.7	Monitoring, evaluation and learning plan (minimum viable MEL).....	147
15.8	Final recommendations.....	147
15.9	Summary.....	148
16	ANTICIPATED IMPACT.....	149
16.1	Purpose of this chapter.....	149
16.2	Impact logic (how change happens).....	149
16.3	Pilot impact (12 months): what “good” looks like.....	149
16.4	Early scale impact (24–36 months): the “flywheel” phase.....	150
16.5	Five-year and ten-year impacts (low / mid / high scenarios).....	150
16.6	Secondary impacts (system and behavioural).....	152
16.7	Risks to impact (what would reduce outcomes).....	152
16.8	Summary.....	153
	APPENDICES.....	154
	ANNEX 1: DELEGATION OF AUTHORITY (DOA) MATRIX — WAITING LIST AND GUARANTEE FACILITY.....	155
	ANNEX 2: CLAIMS EVIDENCE PACK CHECKLIST — “NO PACK, NO PAYOUT”.....	159
	SCHEDULE OF DEFINITIONS.....	164
	REFERENCES AND SOURCES.....	169



1.1 List of figures

Figure 1: Consultation Exchange — Stakeholder Engagement Session, ABC Banking Group

Figure 2: Study Approach — Research Methodology and Framework

Figure 3: Housing Acquisition Pathways in Kenya (Indicative Distribution)

Figure 4: Government targets vs actual affordable housing units delivered (last 10 years)

Figure 5: Affordable Housing Incentives in Kenya (2015–2025)

Figure 6: Sources of Capital in the Housing Market

Figure 7: International / Development Partner Incentives Arrangements

Figure 8: International and Development Partner Incentive Arrangements

Figure 9: Structural Bottleneck — Demand and Supply Misalignment

Figure 10: THWG Design Requirements — Decision Chain and Tier Progression

Figure 11: Waiting List Pipeline — Intake, Assessment and Decision Stages

Figure 12: Demand Attrition Funnel — Population to Guarantee-Ready Households

Figure 13: Member Journey Phases — Engagement, Assessment and Allocation

Figure 14: Cooperative membership ceiling — scenario estimate

Figure 15: Potential housing-waiting-list candidates (individuals)

Figure 16: Candidate households implied by candidate individuals (scenario estimate)

Figure 17: Tier 1 uptake — estimated waiting list size at Level/Tier 1

Figure 18: Effective market — households likely to reach Level 8 (guarantee-ready)

Figure 19: Stakeholder Ecosystem — Role Matrix and Interface Map

Figure 20: Operating Model — NACHU, Digital Rails and Platform Registry

Figure 21: Guarantee Flow and Supply-Side Pipeline Integration

Figure 22: Field Consultation — Stakeholder Engagement Session

Figure 23: Integrated Affordable Housing Value Chain — Roles and Functions

Figure 24: Risk Allocation and Guarantee Logic Across the Value Chain

Figure 25: Risk Allocation and Guarantee Logic — Diagram

Figure 26: Governance and Escalation Model for the Guarantee Pilot

Figure 27: Household Segmentation Matrix — Matching Demand to Supply

Figure 28: Indicative distribution of households across Tier 1–Tier 8

Figure 29: Affordability Profile — Monthly Payment as % of Household Income

Figure 30: Deposit and Payment Mechanics — Financed Balance Calculation

Figure 31: Guarantee Payout Estimation — Expected Loss Formula and Planning Parameters

Figure 32: Member Redress and Equity Credit Recovery Pathway

Figure 33: Cost allocation — pipeline utility vs guarantee facility

Figure 34: Indicative OPEX at Scale — Cost Components by Activity

Figure 35: Deposit-First Loss and Replacement Discipline Flow

Figure 36: Expected Loss Analysis — Stress Test Scenarios

Figure 37: Liquidity Facility Structure — Reserve and Line Configuration

Figure 38: Monitoring Dashboard and Learning Loop

Figure 39: Implementation Roadmap — Pilot Design to Scale

Figure 40: Field Onboarding Sessions — Umoja Wendani Housing Cooperative and Traders Coop Machakos

Figure 41: Field Consultation — Community Engagement Session

Figure 42: Mlolongo Housing Typologies 1

Figure 43: Mlolongo Typologies 2

Figure 44: Mlolongo Affordable Housing Project

Figure 45: Claims Evidence Pack Checklist

1.2 List of tables

Table 1: Waiting list tiers (summary definition)

Table 2: Illustrative unit price bands by typology (KES)

Table 3: Illustrative monthly payments (KES) using mid-case unit prices

Table 4: Year-1 expected payouts under Plan B (illustrative)

Table 4B: Year-1 Expected Payouts Under Plan B (Illustrative)

Table 5: Expected claims per active guarantee (illustrative)

Table 6: Expected annual payout (illustrative)

Table 7A: Illustrative pilot commercial term sheet

Table 7: Illustrative funding stacks for the guarantee facility

Table 8: High Level RACI (summary)

Table 9: Year-1 OPEX budget summary (KES)

Table 10: Illustrative Year-5 outcomes (low / mid / high)

Table 11: Illustrative Year-10 outcomes (low / mid / high)

Table 13A: Illustrative First Live Pipeline Linkage for the Pilot

Table 13B: Current Observed Field Baseline

Table 13C: Indicative Family-Unit Matching Bridge

Table 13D: Strike-Rate Implications for Mlolongo Phase 1

Table 13E: Indicative Monthly Operating Ramp (Year 1)

Table 13F: Indicative Channel Mix, Productivity, and Cost per Onboarding

Table 13G: Minimum Implementation Document Stack for Pilot Launch

Table A1.1: Policy Approvals and Changes

Table A1.2: Tier Progression Approvals (Tier 1–7)

Table A1.3: Matching and Allocation Governance (Tier 7 → Allocation)

Table A1.4: Guarantee Issuance and Claims Approvals (Tier 8)

Acknowledgments

This report was prepared for Financial Sector Deepening Kenya (FSD Kenya) as part of **The Housing Waiting List Guarantee (hereafter 'THWG')** research and design work to test the feasibility of a tiered waiting list and bounded guarantee facility to unlock affordable housing off-take and scale rent-to-own delivery through cooperatives.

The authors are grateful to Seeta Shah for her guidance, challenge, and encouragement throughout the development of this work.

The authors acknowledge with thanks the contributions of:

NACHU and its member cooperatives for their practical insights, field access, and mobilisation support; **Pngme** for affordability analytics, onboarding design, and early field implementation learning; **Empowa** for platform and pipeline integration perspectives; **Placemakers** for developer and supply-side delivery input; **ABC Banking Group / ABC Capital** for banking rails and investment/liquidity perspectives; and **SiliconEnterprise / Silicon Capital** for digital wallet and savings-rail perspectives.

We are also grateful to the cooperative members and community participants who attended onboarding sessions and shared candid feedback, which materially strengthened the feasibility and implementation design.

Responsibility for the analysis, interpretations, and recommendations in this report remains with the authors. Any errors or omissions are likewise the authors' own.

March 2026

Financial Sector Deepening Kenya (FSD Kenya) is an independent trust dedicated to the achievement of a financial system that delivers value for a green and inclusive digital economy while improving financial health and capability for women and micro and small enterprises (MSEs). www.fsdkenya.org

Authors: Joe Deswardt, Larry English, and Rob Hiff

Contributor: Seeta Shah



Gates Foundation



Except where otherwise noted, this work is licensed under CC BY-ND 4.0 . Quotation permitted. Contact FSD Kenya via communications@fsdkenya.org regarding derivatives requests. For more info about the licence terms, visit <https://creativecommons.org/licenses/by-nc-nd/4.0/deed.en>

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of **March 2026**. Nevertheless, FSD Kenya cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

Executive summary

This report assesses the feasibility of converting NACHU's cooperative membership into a tiered, evidence-based waiting list that can unlock affordable housing off-take by identifying “guarantee-ready” households and backing them with a bounded, short-duration guarantee facility. The core market failure is not the absence of demand, but the absence of **credible, verified demand** that is visible to developers and institutional off-takers, combined with a lack of disciplined mechanisms to manage short-term payment interruption risk. This contributes to failed allocations, high acquisition friction, under-absorption of units, and constrained willingness by institutions to intermediate rent-to-own portfolios at scale.



The report finds that a waiting list only becomes useful market infrastructure if it is more than a registration database. The proposed model progresses households through structured tiers—from basic enrolment and verification through deposit discipline, affordability evidence, and housing readiness—until they are “standby-ready” and then “guarantee-ready” at the point of allocation. The design also recognises two binding constraints that must be managed together:

- (i) too few households reach readiness at the top of the pyramid, and
- (ii) too few units are available in the right geography and typology to be matched reliably.

The report therefore centres operational matching on **Tier 7** (standby-ready households matched to units under construction and in pipeline) and **Tier 8** (guarantee activation only when a specific household is allocating to a specific unit and a short-duration backstop becomes necessary). To maintain liquidity and fairness, the pilot should maintain a standby pool of **at least five ready households per unit** (with a practical range of 2x–10x), ensuring allocations do not stall and replacement discipline remains credible.

The guarantee is feasible only if it is narrow and disciplined. It should not guarantee long-term cashflows. It should cover only a limited period of non-payment, only after the deposit is exhausted, and only where replacement actions are initiated within a defined window (target 3–4 months). With strict governance, segregation of duties, and “no pack, no payout” claims controls, expected losses can be contained and priced.

The report also concludes that sustainability requires separating the economics of the waiting list pipeline (Tier 1–7) from the economics of the guarantee facility (Tier 8). The pipeline should be funded mainly through supply-side customer acquisition economics (success fees and/or access fees that substitute for fragmented marketing and agent commissions). The guarantee should be priced like insurance (expected claims + administration + liquidity/capital cost) and supported by a reserve and a revolving liquidity facility to cover clustered stress months, avoiding the need for a large upfront endowment.

For implementation, the report recommends a disciplined 12-month pilot under **Plan B: 50,000 complete**

Definition: “No Pack, No Pay”

“No pack, no pay” refers to a strict claims control mechanism whereby payouts or guarantees are only issued if a complete and verified documentation “pack” is presented. In this context, the “pack” typically comprises all required evidence of eligibility, compliance, and fulfilment of relevant conditions for a claim or guarantee activation. If the necessary documentation is incomplete or missing, no payout or guarantee is made. This approach helps to ensure discipline, reduce fraudulent or erroneous claims, and enables expected losses to be contained and accurately priced.

Recommendation: Proceed to a tightly scoped 12-month pilot, but only after meeting non-negotiable prerequisites: a ring-fenced guarantee vehicle with an independent trustee/fiduciary; signed policy suite (tier gates, matching rules, claims rules, payout caps); replacement discipline agreed with off-takers; minimum unit pipeline commitments secured; a properly resourced assisted onboarding “conversion engine”; and auditable “no pack, no payout” claims processes. If these conditions are met, THWG provides a credible pathway to unlock institutional off-take for affordable housing by turning diffuse cooperative demand into verified, matchable readiness—and managing payment interruption risk in a bounded, investable way.

onboardings to generate a robust standby pool and enable **2,000 guarantees issued** under tightly controlled Tier 8 activation. Year-1 implementation cost is estimated at **KES 123.84 million** (single-currency view, excluding guarantee reserve capital), translating to an indicative fully loaded cost of **KES 2,477 per complete onboarding** and **KES 61,919 per guarantee issued**. A prudential Year-1 liquidity posture for the guarantee facility is a **KES 40–80 million** cash reserve and a **KES 100–200 million** revolving liquidity line, contingent on strict deposit-first loss and replacement discipline.

2 Report outline

2.1 Purpose of the report

This report examines the feasibility of establishing a tiered, evidence-based waiting list and a bounded guarantee facility (together referred to as THWG) to unlock affordable housing off-take through cooperative demand and institutional participation. The core intent is to create a practical mechanism that can (i) identify “ready” households in a structured and verifiable way, (ii) match them to available housing units by geography and typology, and (iii) provide a disciplined, short-duration payment interruption backstop that enables institutional off-takers to intermediate rent-to-own transactions with greater confidence.

The report is written to support decision-making by FSD Kenya and implementation partners on whether to proceed to a controlled pilot, and if so, under what conditions, governance, and funding model.

2.2 Scope and boundaries

The scope of this report covers:

- the problem definition and market failure that constrains affordable housing off-take and institutional participation;
- demand funnel logic that narrows potential demand into effective demand and “guarantee-ready” cohorts;
- supply-side considerations, including absorption constraints and the need for predictable unit pipelines;
- the stakeholder value chain required to operate the waiting list and guarantee facility at scale;
- governance and operational design required to protect fairness, prevent leakage, and ensure auditability;
- guarantee economics, including the role of deposits, replacement discipline, provisioning logic and liquidity sizing;
- OPEX requirements and the commercial logic for sustainability; and
- an implementation plan with a fully costed 12-month pilot and decision gates.

The report does not attempt to:

- design or finance the full construction pipeline of affordable housing supply;
- prescribe national housing policy;
- replace regulatory processes for lending, deposits, or consumer protection; or
- act as a legal opinion on guarantee enforceability (although it outlines governance and control requirements that legal structuring must support).

2.3 Method and evidence base

The report is based on a structured programme design approach that combines:

- stakeholder consultations and working sessions across the value chain (cooperative mobilisation, digital rails, affordability analytics, platform matching, developer supply and institutional off-take perspectives);
- practical design development of a tiered waiting list framework and a bounded guarantee concept;
- operating model and governance design aligned to the principle of segregation of duties, auditability, and disciplined claims control;
- cost model inputs supplied by key technical partners for digital scoring and platform enablement; and
- field learning from four NACHU–Pngme onboarding sessions through 6 February 2026, plus updated waitlist dashboard, affordability scoring, and activity-results materials that test real-world implementation constraints.

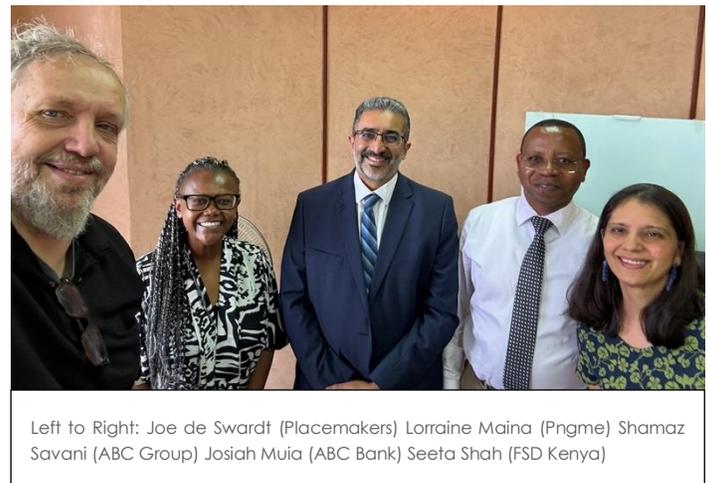


Figure 2: Sounding session at ABC Banking Group

Where quantitative modelling is presented, it is used to create practical planning parameters (e.g., standby ratios, conversion assumptions, liquidity posture) rather than to claim precise forecasts. The intention is to support implementable choices and controlled pilot decisions.

2.4 How to read this report

The report is structured to move from “why” to “how”:

- Chapters 2–4 establish the market context, problem definition, and demand funnel logic that narrows potential demand into effective, actionable demand.
- Chapter 5 defines the stakeholder ecosystem required to deliver the system and the interfaces between actors.
- Chapters 6–8 describe governance, tier design, matching discipline, unit economics and guarantee logic.
- Chapters 9–10 provide the operating model, OPEX implications, and sustainability funding framework.
- Chapters 11–12 lock the detailed governance model and test assumptions using early field evidence.

- Chapters 13–15 conclude with implementation planning, go/no-go decision gates, and anticipated impact.

Readers primarily concerned with “can we execute this?” should focus on Chapters 7–14. Readers concerned with “is this worth doing?” should focus on the Executive Summary, Chapters 3–4, and Chapter 15.

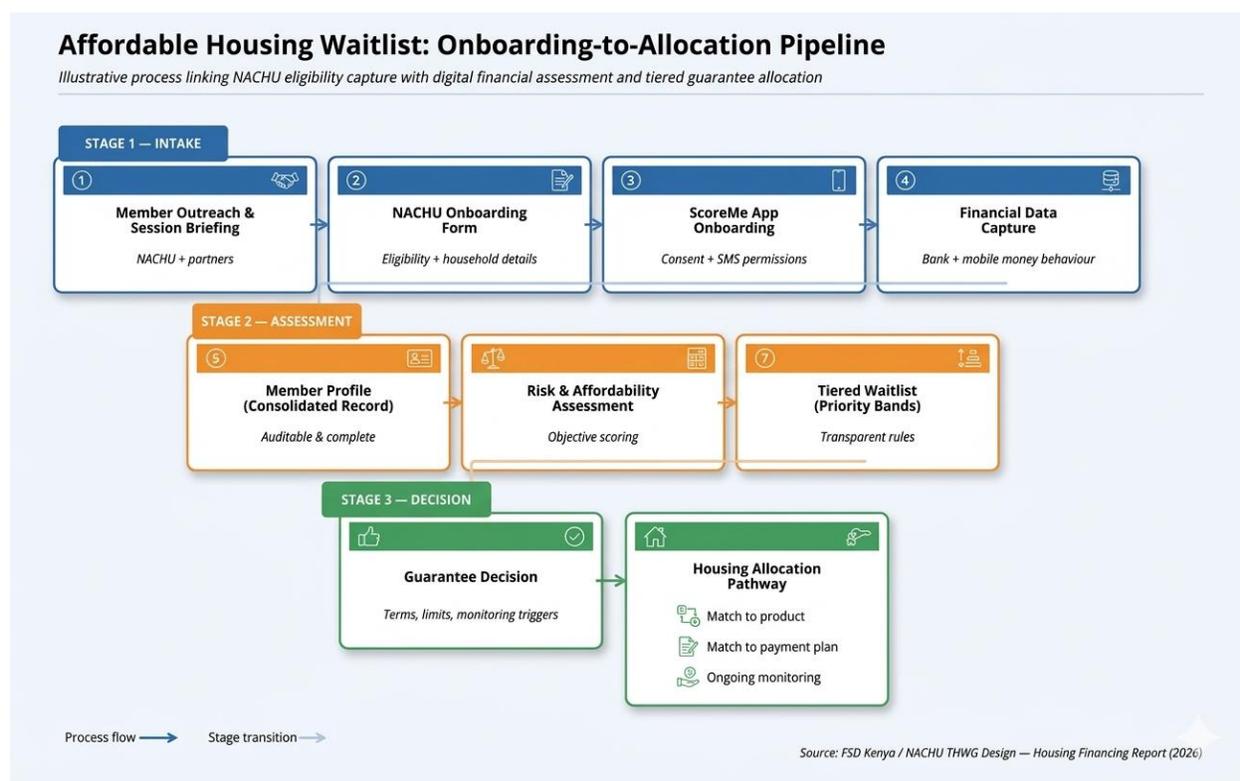


Figure 3: Study Approach — Research Methodology and Framework

2.5 Structure of the report

The report contains fifteen chapters and supporting annexes:

- Chapters 1–4: context, problem definition and market sizing/funnel logic
- Chapters 5–6: stakeholder value chain and governance architecture
- Chapters 7–8: tiered waiting list and matching design; guarantee economics and affordability logic
- Chapters 9–10: operating model, OPEX and sustainability funding model
- Chapters 11–12: detailed governance; field validation findings and implications
- Chapters 13–15: implementation plan and budget; go/no-go decision framework; anticipated impact (including 5- and 10-year scenarios)

Unlocking construction and institutional off-take financing for urban housing

The annexes provide practical operational tools to enable disciplined implementation, including a Delegation of Authority matrix and a Claims Evidence Pack checklist.

3 Market context and affordable housing supply

3.1 Purpose of this chapter

This chapter summarises the market context relevant to THWG and frames the supply-side realities that shape feasibility. The THWG waiting list and guarantee facility can improve allocation efficiency and unlock institutional off-take confidence, but it cannot substitute for the existence of real unit pipelines. The design therefore assumes that demand readiness (households) and supply readiness (units) must be managed as a coupled system.

3.2 Affordable housing context and why off-take is the bottleneck

Kenya's affordable housing challenge is commonly framed as a "supply shortage". In practice, the binding constraint for many affordable and lower-middle market developments is often a mix of:

- **insufficient verified demand** at the point of allocation (households are interested but not ready or not matched);
- **high customer acquisition friction** (fragmented marketing, informal selection, and failed allocations);
- **affordability volatility** (irregular income, weak evidence of payment discipline, and limited deposit buffers); and
- **limited institutional appetite** to intermediate rent-to-own cashflows without a disciplined risk containment mechanism.

THWG targets this off-take bottleneck by transforming cooperative membership demand into a structured, evidence-based readiness pipeline, matched to real unit flows, with a bounded backstop for short-duration payment interruption.

3.3 Supply pipeline: current and prospective sources of affordable units

The unit pipelines relevant to THWG are expected to be sourced through a mix of:

1. **Developer-led supply** (including Placemakers' stated ambition to grow delivery capacity over time).
2. **Platform intermediated supply** (including Empowa's ability to source and intermediate units beyond any single developer).
3. **Other market supply channels** accessible to institutional off-takers (where units meet basic standards and can be integrated into an off-take programme).

The report's design approach does not require THWG to rely on a single supplier. In fact, the waiting list becomes more valuable as more developers and unit pipelines participate, provided unit metadata quality is sufficient to support matching by geography, typology, price and delivery timing.

3.4 Constraints on supply delivery and unit absorption

In the affordable segment, three constraints commonly limit absorption even where there is clear housing need:

- **Timing mismatch:** households become ready at different times than units become available; without standby pools and rapid matching, units sit idle and households drop out.
- **Typology/geography mismatch:** households may be "ready" but not for the unit or location available; this makes standby ratios essential.
- **Transaction readiness risk:** even after allocation, payment interruptions can occur; if there are no bounded liquidity backstop and no fast replacement discipline, off-takers face unstable cashflows and reputational risk.

These constraints shape the THWG requirement that Tier 7 maintain multiple ready households per unit, and that Tier 8 guarantee activation be coupled to strict operational discipline.

3.5 Implications for THWG design

This supply framing produces five practical design implications:

1. **THWG must ingest real unit pipelines** continuously and treat unit availability as a first-order constraint, not an afterthought.
2. **Matching must be operational, not theoretical:** the system requires unit metadata (location, typology, price band, delivery timing, handover readiness) and household metadata (location preference, affordability band, deposit evidence, readiness indicators).
3. **Standby pools are not optional:** a minimum standby ratio (2×–10×; planning baseline 5×) is required to avoid stalled allocations and to protect replacement discipline.
4. **Guarantee design must assume imperfect matching and timing:** the guarantee exists to cover short payment interruptions during early tenure and stabilise off-take confidence, not to subsidise affordability permanently.
5. **Supply participation incentives matter:** developers and off-takers must see value in the waiting list as a pipeline utility that reduces acquisition costs and failed allocations. This directly informs the recommended commercial model in Chapters 9–10 (pipeline funded by supply-side customer acquisition economics).

3.6 Labour market structure, income reality, and financial access

3.6.1 Employment structure

Kenya's labour market is dominated by informality. According to the Kenya National Bureau of Statistics (KNBS):

- **80–83 percent** of the workforce is engaged in informal employment;
- **17–20 percent** is formally employed; and
- only **15–18 percent** of workers receive a regular monthly payslip.

Public sector employees account for a disproportionate share of stable payslip income, while much private sector employment is characterised by short-term contracts and variable income that does not meet conventional bank underwriting standards.

3.6.2 Mortgage penetration and effective mortgage access

Mortgage finance reaches only a very small segment of Kenya's population. Central Bank of Kenya (CBK) and Kenya Mortgage Refinance Company (KMRC) reporting indicates that the **total number of outstanding mortgage accounts nationally is fewer than 30,000**.

Importantly, this figure does not equate to the number of households with mortgage access. A material share of mortgages is held by higher-income individuals with **multiple properties and multiple mortgage facilities**. Banking sector disclosures and CBK analysis indicate that:

- the number of distinct households with at least one mortgage is significantly lower than 30,000; and
- the number of individuals who can reliably qualify for and sustain mortgage borrowing is likely in the range of **10,000–15,000 nationally**.

Mortgage lending therefore functions primarily as a **wealth accumulation and investment mechanism**, rather than a mass housing access instrument.

3.6.3 Implications of limited mortgage reach

The extreme concentration of mortgage access has several structural implications:

It is worth acknowledging the role of Kenya Mortgage Refinance Company (KMRC) in this landscape. KMRC has made a meaningful contribution by enabling participating banks to offer longer-term, lower-rate mortgages, and its efforts to serve lower-income households reflect a genuine commitment to expanding access. However, significant challenges remain: there is a persistent mismatch between prevailing house prices and household affordability, mortgage instalment levels continue to exceed what most target households can sustain, and some banks have responded by removing income caps rather than addressing the underlying affordability gap. Furthermore, KMRC's concessional funding base is finite and may not remain available at current terms indefinitely. This report therefore seeks a more market-oriented, self-sustaining complementary approach—not a replacement for KMRC, but a mechanism that can serve lower income households through an alternative pathway.

- Mortgage-backed demand cannot be relied upon to absorb affordable housing units at scale.
- Demand-side interventions focused on mortgage expansion benefit only a **narrow, higher-income segment** of the population.
- The majority of urban households capable of making regular housing payments remain **structurally excluded** from mortgage finance.

3.7 Housing consumption and acquisition pathways

Urban households in Kenya access housing through multiple pathways shaped by income volatility, tenure preferences, and limited access to long-term credit.

Based on CBK, KNBS, KMRC, and Housing Finance Africa analyses, the **indicative distribution** of housing acquisition mechanisms is as follows.

Figure 3: Housing Acquisition Pathways in Kenya (Indicative Distribution)

Housing Pathway	Estimated Share Of Households	Key Sources
Mortgage-financed purchase	3–5%	CBK, KMRC
Short-term instalment purchase (4–5 payments)	8–12%	CAHF
Rent-to-own arrangements	10–15%	KNBS, cooperative housing studies
Pure rental (formal & informal)	55–65% nationally / 80-90% in urban areas	KNBS, World Bank
Incremental self-build	10–15%	World Bank, UN-Habitat

These patterns confirm that **rental, rent-to-own, and incremental models dominate housing consumption**, while mortgages play a marginal role in the affordable segment.

3.8 Household expenditure and payment behaviour

Housing expenditure typically accounts for **25–40 percent** of monthly **household income** among low- and middle-income urban households, with higher ratios observed among informal workers due to income volatility and tenure insecurity.

Payments are predominantly:

- monthly;
- aligned to short-term cash-flow availability; and
- supported by household pooling, cooperative savings, or informal income smoothing.

This contrasts sharply with long-tenure mortgage amortisation structures.

3.9 Government of Kenya Interventions: Outcomes and Constraints

Over the past decade, the Government of Kenya has implemented multiple housing interventions, including:

- the Affordable Housing Programme (AHP);
- developer tax incentives and duty exemptions;
- mortgage liquidity support via **KMRC**; and
- proposed housing funds and levies.

Despite these measures, government-reported completions of affordable housing have remained **significantly below stated targets** and have fluctuated considerably year to year.

Most interventions have focused on policy enablement and demand-side affordability, while the core construction and offtake financing constraint has remained unresolved.

Figure 4: Government targets vs actual affordable housing units delivered (last 10 years)

Year	GoK affordable housing target (that year)	Source / basis	Estimated / reported affordable units delivered (that year)	Best available source
2015	Not clearly specified as an annual “affordable housing” target	No single AHP annual target series found publicly for this year	Not credibly quantifiable from accessible official series	—
2016	Not clearly specified as an annual “affordable housing” target	Same issue	Not credibly quantifiable	—
2017	Big Four era begins (headline target set for 2017–2022 period)	Parliament report notes Big Four target of 500,000 units between 2017–2022 . (parliament.go.ke)	Not credibly quantifiable from accessible official series	—
2018	~100,000/year (annualised)	Annualised from 500,000 over 5 years (2017–2022) . (parliament.go.ke)	Not credibly quantifiable	—
2019	~100,000/year (annualised)	Same	Not credibly quantifiable	—
2020	~100,000/year (annualised)	Same	Not credibly quantifiable	—
2021	~100,000/year (annualised)	Same	Not credibly quantifiable	—
2022	~100,000/year (annualised)	Same	1,390 completed units (SDHUD completions reported via KNBS Economic Survey	KNBS Economic Survey referenced in CS speech / reporting (planning.go.ke)

Unlocking construction and institutional off-take financing for urban housing

2023	200,000/year ambition (Kenya Kwanza framing)	Government communications widely state a 200,000/year ambition (1m/5yrs); e.g., official delivery portal / gov comms. (delivery.go.ke)	reference) (planning.go.ke)	3,357 completed units (SDHUD completions reported via KNBS Economic Survey reference) (planning.go.ke)	KNBS Economic Survey referenced in CS speech / reporting (planning.go.ke)
2024	200,000/year ambition (Kenya Kwanza framing)	Same (delivery.go.ke)		1,655 completed units (KNBS 2025 Economic Survey reported by Business Daily) (Business Daily)	Business Daily citing KNBS 2025 Economic Survey (Business Daily)

Table Notes

1. **Targets 2017–2022** are **annualised** from the Big Four headline target of **500,000 affordable homes** over the period (i.e., ~100,000/year). parliament.go.ke
2. **Targets 2023–2024** reflect the widely stated GoK ambition of **200,000 units per year**, including official presidency communications. president.go.ke
3. **2017–2019 “actuals” are estimates** because a year-by-year SDHUD completion series for those years was not accessible via a single citable KNBS table in the sources retrieved. We therefore used KMRC’s statement that **2,613 units had been constructed by the State since 2017** (cumulative to end-2021), and subtracted KNBS-reported 2020 (338) and 2021 (431), leaving **1,844** for 2017–2019, which is split evenly (~615/615/614) for reporting transparency. [Kenya Mortgage Refinance Company+1](http://KenyaMortgageRefinanceCompany+1)

Figure 5: Affordable Housing Incentives in Kenya (2015–2025)

Incentive name / initiative	Year(s)	Type	Description	Source
Kenya Affordable Housing Programme (AHP)	2017–present	Supply-side & Enabler	National programme targeting 500,000 affordable homes with a delivery framework that includes developer incentives, bulk infrastructure support, standardised designs, and enabling environment actions. AHP was launched under the <i>Big Four Agenda</i> .	(CAHF)
Affordable Housing Tax Incentives	2018–present	Supply-side	A suite of tax incentives for affordable housing construction including: • VAT exemption on housing construction materials • 15% reduced corporate tax for large-scale developers • Lower import levies (IDF/RDL) on inputs • Interest expense deduction relief • Stamp duty exemption for qualifying transactions.	(Eru)
Stamp Duty Exemption (for first-time buyers)	2018–present	Demand-side	Exemption from stamp duty (4% urban; 2% rural) for first-time buyers of homes under the AHP, improving affordability for households.	(Eru)

Unlocking construction and institutional off-take financing for urban housing

Incentive name / initiative	Year(s)	Type	Description	Source
Housing Fund / Tenant Purchase Scheme (TPS) (proposed)	2019–ongoing	Supply-side & Demand-side	<p>Under AHP financing framework, the Housing Fund is conceived to:</p> <ul style="list-style-type: none"> act as bulk purchaser to de-risk developers' offtake risk and enable construction finance provide long-term finance (NTPS) for homeowner purchase. 	(Affordable Housing Program - Boma Yangu)
National Housing Development Levy (introduced)	2023	Supply-side & Demand-side	A mandatory levy intended to support affordable housing delivery by mobilising long-term capital to address housing finance constraints (currently contested).	(World Bank)
Kenya Mortgage Refinance Company (KMRC)	2018–present	Demand-side (financial enabler)	A PPP refinancing facility that provides long-term funding to mortgage lenders, reducing cost of mortgage finance and enabling banks to extend credit to homebuyers at more affordable terms.	(Wikipedia)
Incentives for developers building ≥100 affordable units	2024–present	Supply-side	Tax incentives (15% corporate tax reduction; lower import levies) and access to land/resources to encourage private sector delivery of affordable homes.	(delivery.go.ke)
Jua Kali & MSME housing supply stimulation funding	2024	Supply-side	Ring-fenced KES 4.4B for local MSMEs to produce construction materials to reduce costs and support housing supply chain.	(delivery.go.ke)
Slum upgrading & social housing initiatives	2017–present	Supply-side	Government programmes (e.g., Kibera) to upgrade informal settlements and increase affordable housing stock.	(IISTE)

3.10 Private sector capital flows into housing

3.10.1 Banking sector

- Mortgages account for **less than 7 percent** of total bank lending.
- Real estate contributes a **disproportionate share of non-performing loans**, reinforcing conservative lending behaviour. (Real estate lending comprises 8-9% of banks loans vs 17.1% of NPLs in 2024 per CBK Bank Supervision Annual Report 2024).
- Construction finance for affordable housing remains limited.

3.10.2 Pension funds and institutional investors

Kenya's pension sector manages assets exceeding **KES 2 trillion**.

Approximately 12 percent of pension assets are allocated to immovable property and REITs (RBA, 2024), the large majority of which is concentrated in commercial office, retail, and undeveloped land. Only a small fraction — estimated at around 1–2 percent of total assets — targets affordable housing directly, due to liquidity constraints and limited investable instruments (IFC, 2023).¹

Only a **small fraction of this exposure targets affordable housing directly**, due to liquidity constraints and limited investable instruments.

3.10.3 Capital markets and REITs

Kenya's REIT market remains small, with combined net asset values below **KES 25 billion**, limiting its current impact on affordable housing delivery.

3.10.4 Cooperatives, SACCOs, and informal finance

SACCOs and cooperatives finance a substantial share of housing activity, particularly incremental building and rent-to-own arrangements, but capital remains fragmented and difficult to aggregate for institutional investment.

3.11 Sources of capital supporting housing consumption and supply

Figure 6: Sources of Capital in the Housing Market

Capital source	Instruments	Key references
National government	Budget allocations, AHP	GoK, State Dept. Housing
County governments	Land, infrastructure	Council of Governors
Commercial banks	Mortgages, construction loans	CBK
KMRC	Refinance lines	KMRC reports
Pension funds	Property, REITs	RBA
SACCOs & cooperatives	Member loans	KNBS

¹ Sources:

- [Progress of Retirement Benefits Schemes in Kenya — Cytonn \(2024\)](#)
- [RBA Industry Performance Reports](#)
- [RBA Statistical Digest: Kenyan Pension Industry 2024](#)
- [Pooling Pensions in Kenya — IFC \(2023\)](#)

Capital source	Instruments	Key references
Insurers	Asset allocation	IRA Kenya
Capital markets	REITs, bonds	CMA Kenya
Private & DFIs	Equity, blended finance	World Bank, Housing Finance Agency

3.12 Share of national investment directed to affordable housing

There is no single official dataset isolating affordable housing investment as a share of total national investment. Available evidence indicates that:

- housing and real estate account for a **modest share** of financial sector assets;
- affordable housing constitutes a **small subset** of this allocation; and
- most affordable housing investment remains outside formal institutional channels.

3.13 International INGOs and DFIs

Figure 7: International / Development Partner Incentives Arrangements

Programme / Partner	Years active	Type	Description	Source
World Bank Kenya Affordable Housing Finance Project (P165034)	2020–present	Supply-side & Enabler	World Bank project supporting the GoK’s housing finance strategy by strengthening mortgage markets, facilitating bulk funding for developers, improving property registration, and supporting long-term funding mechanisms.	(World Bank)
Concessional blended finance for housing (Africa context)	2020s	Supply-side & Demand-side	International development finance instruments and ODA have historically provided concessional layers to blend with private capital in affordable housing projects (e.g., guarantees, concessional loans).	(CAHF)
Green Affordable Housing Finance (Climate Finance Lab)	2022–present (pilot in Kenya)	Supply-side & Demand-side	A proposed blended instrument addressing housing finance gaps via guarantees and enabling environment support to catalyze local bank finance into construction and mortgage markets.	(climatefinancelab.org)
Shelter Afrique housing finance support	1980s–present	Supply-side	Pan-African finance institution providing project finance, institutional lending, and support for affordable housing, including	(Wikipedia)

Programme / Partner	Years active	Type	Description	Source
			Kenya operations; supports local developers and credit.	

3.14 How these incentives break down by supply side vs demand side

Government of Kenya affordable housing incentives over the last decade include a mix of **supply-side and demand-side measures**. The AHP and related frameworks include developer tax incentives (reduced corporate tax, import levy concessions), bulk infrastructure support, housing fund mechanisms to de-risk developer offtake, and slum upgrading schemes for supply expansion, though these have been hard to actualise.

Affordable Housing Repayment Risk — Where the Bottleneck Forms

Simplified view of the information and payment-risk constraint the tiered waitlist + guarantee is designed to address

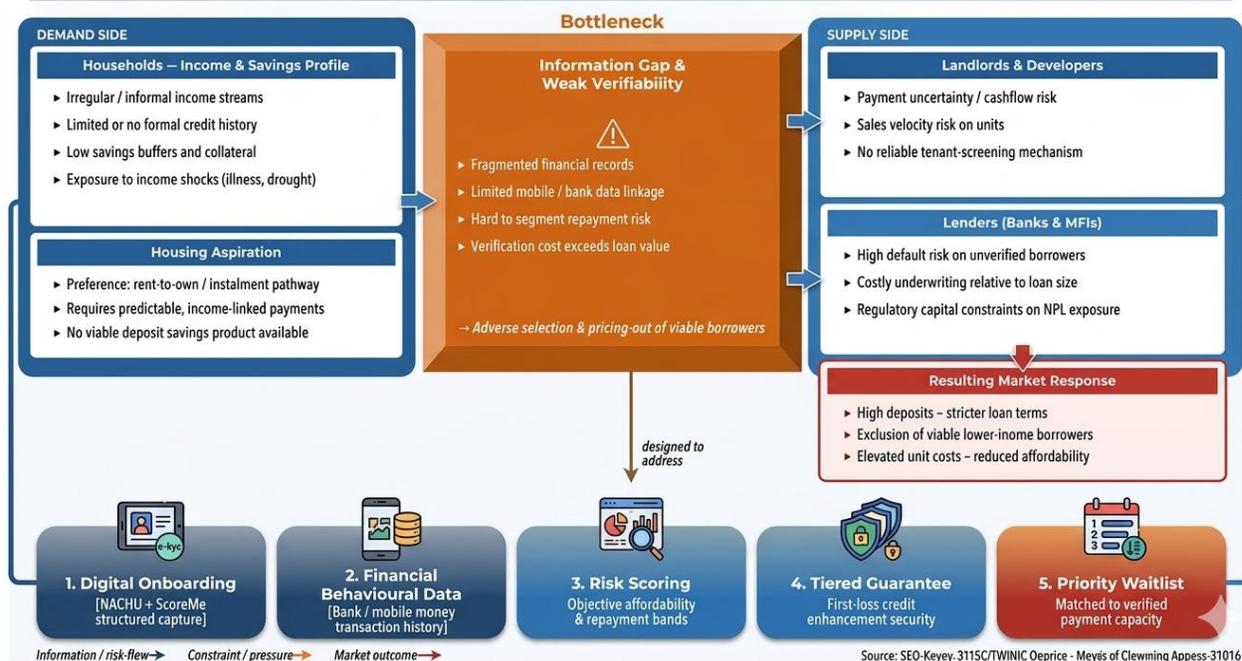


Figure 8: International and Development Partner Incentive Arrangements

On the demand side, GoK has promoted stamp duty exemptions for first-time buyers, supported long-term mortgage refinancing via KMRC to improve affordability, and designed demand mobilisation mechanisms like the National Housing Development Levy and tenant purchase schemes. International partners — including the World Bank, blended finance facilities, and institutions like Shelter Afrique — have complemented these incentives with concessional finance, guarantee facilities, and enabling-environment support.

3.14.1 Supply-side interventions.

These are primarily targeted at reducing cost or risk to developers, financiers, or the supply pipeline:

- Affordable Housing Programme (AHP) delivery & framework incentives (tax, land, bulk infrastructure) – however, very hard for private sector to compete..
- Tax incentives for developers building affordable units
- Jua Kali & MSME materials support
- Housing Fund (bulk purchase; offtake risk reduction)
- Slum upgrading & social housing programmes
- International blended finance or guarantee facilities
- Shelter Afrique financing

3.14.2 Demand-side interventions

These aim to improve household affordability or access to housing finance:

- Stamp duty exemptions for first-time buyers, where applicable under Kenyan law and operational guidance; treatment should be confirmed in the implementation tax memorandum before reliance is placed on it in transaction structuring.
- KMRC long-term mortgage refinancing (enables banks to lend at better terms)
- National Housing Development Levy (to mobilise demand-side funding)
- Tenant Purchase Scheme (NTPS) mechanisms
- International mortgage guarantee or credit support components in blended instruments

3.15 Implications for market-building interventions

The analysis demonstrates a clear structural misalignment between household behaviour and institutional capital structures. Most households rely on **rental, rent-to-own, and incremental housing mechanisms**, while most institutional capital is structured around **mortgage and asset-level risk assumptions**.

This misalignment explains the limited mobilisation of private capital into affordable housing and underscores the need for targeted market-building instruments such as verified waiting lists, empirical affordability profiling, and limited guarantees—to reduce construction and offtake risk without subsidising demand.

It is important to note that this challenge is not limited to mortgage access alone. The affordable housing sector in Kenya faces a deeply fragmented system of high delivery costs, limited land availability, weak offtake mechanisms, and underdeveloped infrastructure for matching supply with verified demand. Initiatives such as Placemakers are working to bring construction costs down at scale, which is a necessary precondition for the broader market to function. The THWG model must therefore be understood as one component of a wider ecosystem response—not a standalone fix to a single bottleneck.

Segmentation logic for a tiered waitlist (illustrative 2x2)

Members are prioritised using two core dimensions: repayment affordability and income/payment stability.

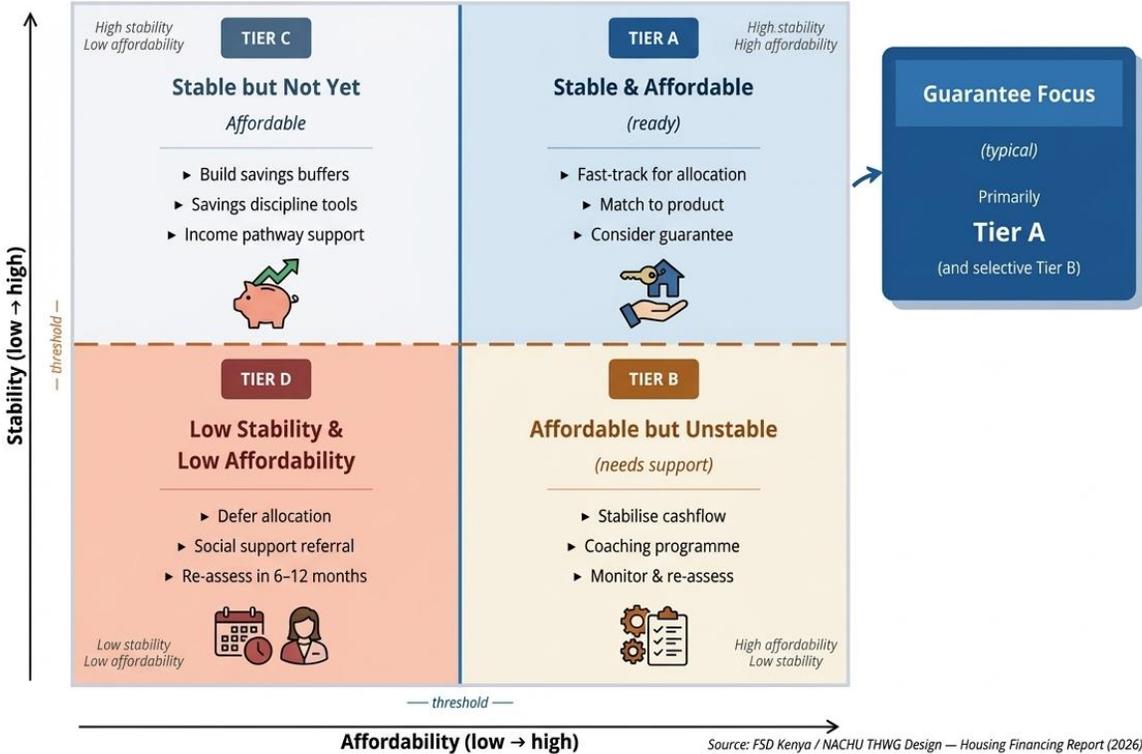


Figure 9: Structural Bottleneck — Demand and Supply Misalignment

3.16 Summary

Affordable housing delivery is constrained not only by construction capacity but by off-take friction, weak readiness evidence, and the absence of disciplined mechanisms to manage payment interruption risk. THWG is designed to address these binding constraints by creating a verified demand pipeline, matching that pipeline to real unit flows, and enabling institutional off-take through a bounded, auditable guarantee facility. The remainder of the report therefore treats supply and demand as a coupled system and designs the waiting list tiers and guarantee rules accordingly.

4 Problem definition and market failure

4.1 Purpose of this chapter

This chapter defines the core problem THWG is designed to solve and explains why current approaches to allocating affordable housing units and enabling off-take are not scaling. It frames the issue as a market coordination failure rather than simply a lack of need.

4.2 The coordination failure in affordable housing off-take

Affordable housing need is widespread, but need does not automatically translate into a stable off-take pipeline. The binding problem is that the market often lacks:

- **credible, verified demand** (who exactly is ready, for which unit typology, in which location, at what payment band);
- **transaction readiness evidence** that is operationally usable (deposit buffers, payment behaviour, household stability indicators); and
- **disciplined risk containment** that makes institutional participation realistic without turning the system into an open-ended subsidy.

In the absence of these, developers and off-takers face high uncertainty. They expend resources on fragmented marketing, manual selection, and repeated allocation failures. The result is that units can remain unabsorbed or are absorbed with high churn and arrears volatility.

4.3 Why current targeting and allocation approaches fail

Current approaches typically fail at scale for four reasons, more detailed explanation further on in the report:

1. **Registrations do not equal readiness** Many lists and databases track interest, not readiness. Without tier progression and evidence thresholds, the top of the pyramid remains thin and unpredictable.
2. **Weak matching capability** Allocation often occurs without robust matching on geography, typology, affordability band, and timing. This increases failed allocations and creates idle unit risk.
3. **Mispriced risk and slow replacement discipline** Payment interruptions are common in low- and moderate-income segments. If replacement is slow or inconsistent, arrears accumulate, and the perceived risk becomes structural rather than short duration.
4. **Low trust and low auditability** Without transparent rules, clear decision rights, and consistent evidence requirements, allocation decisions can be perceived as unfair or become vulnerable to exceptions, influence, and leakage. This undermines both household trust and institutional appetite.

4.4 Why institutional capital is constrained

Institutional off-takers and financiers typically require predictable cashflows, enforceable contracts, and risk containment mechanisms that are:

- bounded (capped and time-limited),
- evidence-based (not discretionary), and
- auditable (traceable decision-making and controls).

In many affordable housing contexts, the perceived risk is not only household affordability. It includes operational risk: weak screening, slow enforcement, unclear replacement processes, and inadequate data quality. Without a disciplined structure, institutions either withdraw or price risk at a level that undermines affordability.

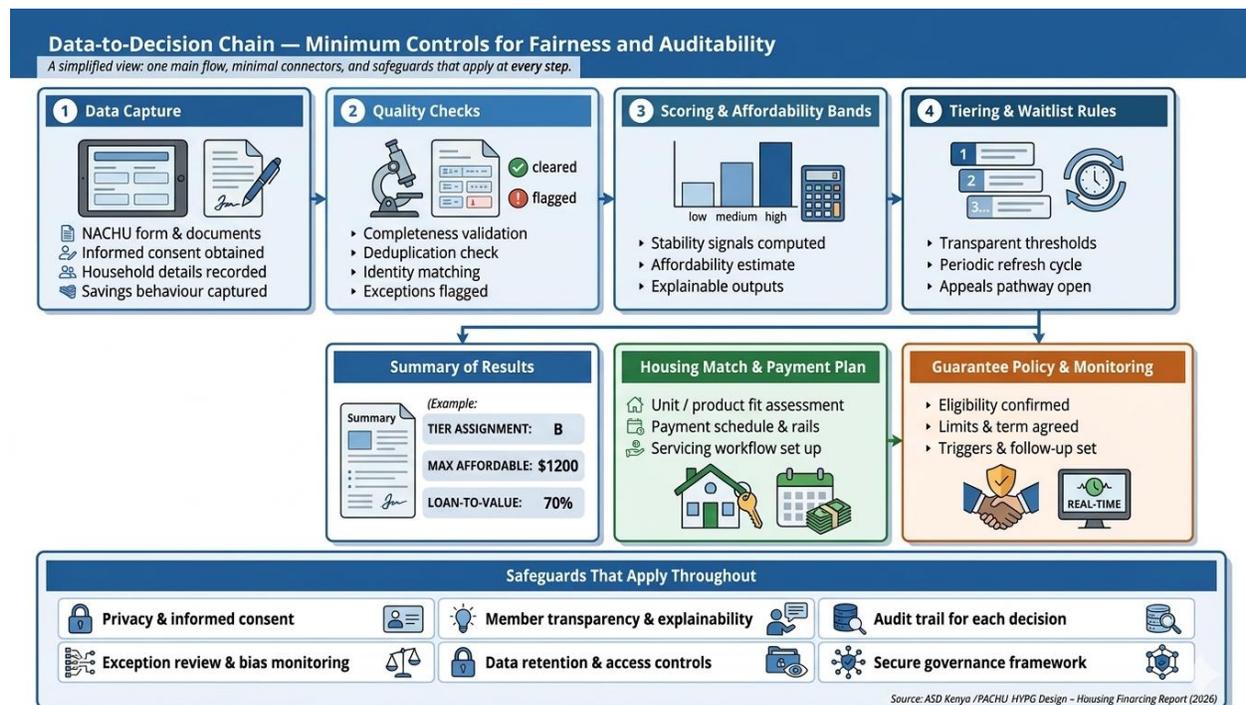


Figure 10: THWG Design Requirements — Decision Chain and Tier Progression

4.5 Design requirements derived from the problem

The problem definition leads to clear design requirements for THWG:

1. **A tiered waiting list that converts interest into readiness** Households must progress through evidence-based thresholds (identity, cooperative membership, deposit discipline, affordability evidence, housing readiness) so that the top tiers contain reliably “actionable” households.

2. **Align Tier 7 with unit pipelines** The system should use unit flow as a constraint and keep a standby pool of ready households to avoid allocation delays and ensure proper replacement discipline.
3. **A bounded guarantee that backstops liquidity, not long-term subsidy** The guarantee must be short-duration, deposit-first, and triggered only at the point where a specific household is allocating to a specific unit. It must not guarantee long-term cashflows.
4. **Strong governance and auditability** Segregation of duties, “no pack, no payout” claims evidence, conflict-of-interest controls, and a ring-fenced guarantee vehicle are non-negotiable.
5. **Sustainable commercial logic** Pipeline economics (Tier 1–7) must not be loaded onto the guarantee fund. The waiting list should be funded through supply-side customer acquisition economics, while the guarantee is priced like insurance and supported by a liquidity facility.

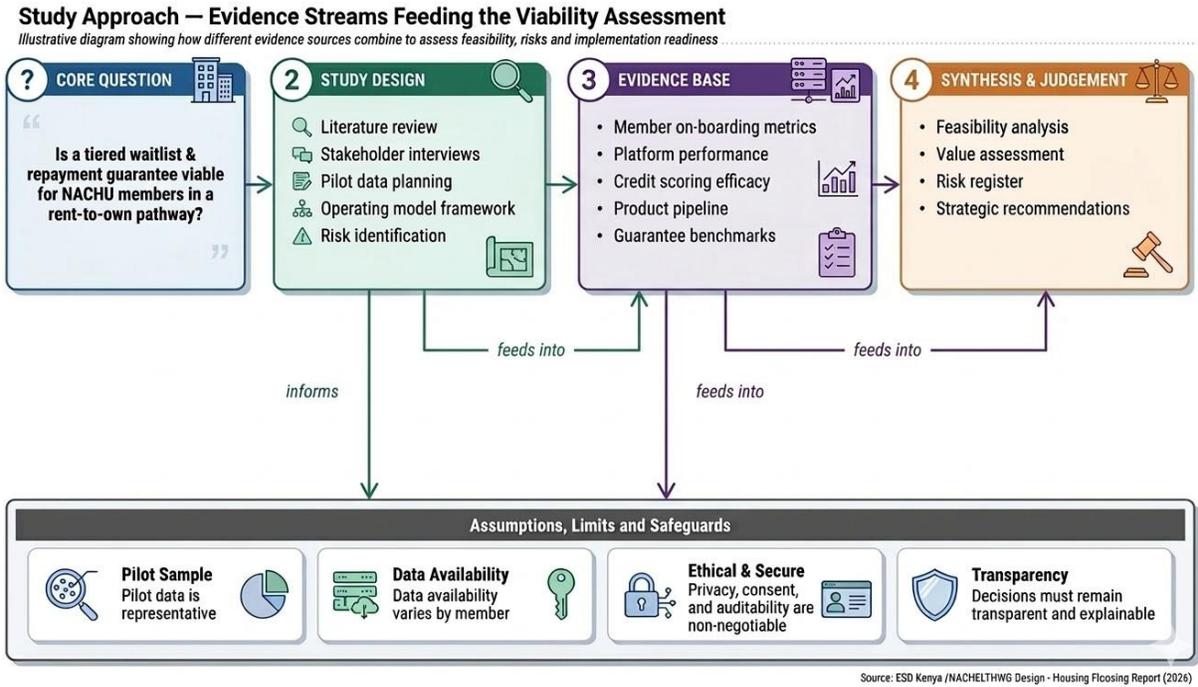


Figure 11: Waiting List Pipeline — Intake, Assessment and Decision Stages

4.6 Summary

The core constraint to scaling affordable housing off-take is a coordination failure: unverified demand, weak matching, mismanaged operational risk, and insufficiently bounded risk containment mechanisms for institutional participation. THWG is designed to solve these failures by creating verifiable readiness tiers, maintaining standby pools for matching, and introducing a disciplined, auditable guarantee facility that addresses short-duration payment interruption risk without becoming an open-ended subsidy.

It is important to acknowledge that effective matching cannot be achieved through demand aggregation alone. Reducing the cost of construction — as Placemakers and similar actors are working to achieve — is an equally necessary condition. A verified, ready household cannot be matched to a unit that does not exist at an accessible price point. The THWG model assumes that supply-side cost reduction initiatives will progress in parallel, and the model's impact projections should be read in that context.

5 Market sizing and demand funnel (from potential to effective demand)

5.1 Purpose of this chapter

This chapter translates broad housing need into a practical, “actionable” demand estimate for THWG. The purpose is not to produce a perfect national forecast; it is to create a disciplined funnel that defines what portion of potential demand can realistically be converted into:

- (i) complete, verified waiting list records;
- (ii) households that become “standby-ready” for matching; and
- (iii) households that become “guarantee-ready” at the point of allocation.

This chapter therefore establishes the planning logic used later in Chapters 7–10 and the implementation volumes in Chapter 13.

5.2 Defining demand: potential, addressable, effective and guarantee-ready

For THWG purposes, demand is best understood in four nested layers:

Potential demand (need + interest): households that desire improved housing or ownership but may lack readiness or ability to transact.

Addressable demand (reachable + eligible): households that can realistically be reached through cooperative channels and meet minimum eligibility (e.g., residency, cooperative membership pathway, willingness to participate).

Effective demand (actionable): households that can be converted into complete, verified records and show early readiness signals (identity verification, basic affordability signals, willingness to save, and appropriate geography/typology preferences).

Minimum Viable Dataset, for a Tiered Waitlist

What data is required at each tier to enable fair prioritisation, monitoring and (where applicable) a guarantee.

Note: This is an illustrative minimum dataset for illustrative, and (where applicable) a guarantee.

Data Category	1 Tier 1 Register	2 Tier 2 Savings	3 Tier 3 Credit Readiness	4 Tier 4 Housing Readiness
Identity & membership	✓	✓	✓	✓
Consent & privacy	✓	✓	✓	✓
Household profile	✓	✓	✓	✓
Income proxies & stability	— /	✓ (basic)	✓ (scored)	✓ (scored)
Savings behavior	— /	✓	✓	✓
Transaction / payment behaviour	— /	— /	✓	✓
Affordability estimate	— /	— /	✓	✓
Housing preferences	— /	— /	— /	✓
Eligibility requirements (docs)	— /	— /	— /	✓
Monitoring triggers	— /	✓	✓	✓

Key: **Required** **Enhanced (scored)** — / **Not required**

Note: This is an illustrative minimum dataset – exact fields and thresholds should be set in the operating policy and reviewed for fairness.

Source: FSD Kenya / NACHU THWG Design – Housing Financing Report (2026)

Figure 12: Demand Attrition Funnel — Population to Guarantee-Ready Households

Guarantee-ready demand (Tier 8 at allocation): a subset of effective demand that has progressed through readiness evidence and is allocating to a specific unit where a bounded guarantee becomes necessary.

The funnel assumes that each step has a natural drop-off. The design objective is not to avoid drop-off, but to manage it transparently and to improve conversion over time through better operations and readiness support.

5.3 Funnel stages and practical conversion assumptions

THWG’s funnel is structured around operationally observable stages:

Stage A: mobilisation and intake (interest → registrations)

Stage B: assisted completion and verification (registrations → complete records)

Stage C: readiness progression (complete records → Tier 5–7 standby-ready)

Stage D: allocation and guarantee activation (Tier 7 → Tier 8 guarantee-ready)

Key conversion drivers include: quality of cooperative mobilisation, effectiveness of assisted onboarding, the clarity of tier rules, deposit discipline support, and the availability of unit pipelines

Because early-stage pilots typically face friction (partial records, inconsistent documentation, variable affordability evidence), Year-1 conversion assumptions are intentionally conservative. The report's planning approach treats these assumptions as parameters to be tested and recalibrated quarterly (see Chapters 12 and 14).

5.4 Effective demand: what matters operationally

For THWG, “effective demand” is not a national statistic. It is the number of households that the system can carry through the conversion engine into complete, usable records and progress through tiers fast enough to match real unit pipelines.

Effective demand must therefore be expressed in operational metrics:

- number of **complete onboardings** per month;
- share reaching **Tier 5–7 readiness**;
- number of **Tier 7 standby-ready** households by geography and typology; and
- number reaching **Tier 8** at allocation.

This directly informs the scaling design in Chapter 7: the system must maintain a sufficient Tier 7 standby pool to prevent stalled allocations, recognising that not every ready household will accept every available unit due to geography, typology, timing, and household circumstances.



Figure 13: Member Journey Phases — Engagement, Assessment and Allocation

5.5 Implications for implementation planning

The practical implication of the funnel is that the system must be designed around conversion capacity, not only registrations. High registration volumes without complete records and tier progression create the illusion of demand but do not unlock off-take.

For this reason, the report later adopts a “standby ratio” approach:

for each unit expected to be allocated, THWG should maintain multiple standby-ready households (typically **5x**, with a practical range **2x–10x**).

the number of complete onboardings required is then a function of the standby ratio and the tier conversion rate.

This logic is used in Chapter 13 to define Plan B volumes for Year 1 and to calculate unit economics.

5.6 Kenya population and adult (18+) addressable base

5.6.1 Total population

Projected Kenya population for mid-2025: 53,330,978. knbs.or.ke

5.6.2 Adults (18+) — Eligibility Filter for Cooperative Membership

Cooperative membership eligibility starts at age 18. Kenya typically does not provide a single summary figure for the population aged 18+, but KNBS' 2019 Census includes relevant age groups such as the **15–19** cohort. knbs.or.ke

Estimation Approach (with clear assumptions):

To estimate those aged 15–17, we use the **15–19 years** cohort as a reference and assume these ages make up **three-fifths** of the group, presuming an even spread across each year in this five-year cohort—a common technique when more granular data is unavailable. This information comes from KNBS Census Volume III. knbs.or.ke

Proportion of Adults (18+) (approximate for sizing): About 54% of the total population falls into the adult category, aligning with Kenya's youthful demographic profile seen in international reports. Sources: KNBS; World Bank Open Data.

Calculated Result (mid-2025 adults 18+ estimate): $53,330,978 \times 54.35\% \approx 28.99$ million adults (18+)

Estimated number of adults (18+) in Kenya by mid-2025: Approximately 29.0 million. Source: KNBS.

5.7 Household formation and household structures

5.7.1 Total Households (latest Census baseline)

According to Kenya's 2019 Census, there are **12,143,913 households**.

This figure serves as the foundation for determining household-level conversions (individuals → households) and understanding overlap, such as situations where spouses both belong to cooperatives.

5.7.2 Singles, couples, and multi-adult households

When evaluating housing market demand, it's essential to consider not just the population count but also the number and types of **households**, since housing needs—especially under rent-to-own schemes—are based on households. KNBS' analytic work on **Household and Family Dynamics** highlights that **single-person households represent a notable portion** in Kenya, and many households are **non-nuclear**, meaning they consist of extended or complex family arrangements. The summary from KNBS shows about **20.2% one-person households** and **28.5% nuclear households**, underscoring the importance of extended family setups in planning for household overlap. knbs.or.ke

Implications for NACHU Waiting List Sizing:

Basing market size solely on the number of adults would overestimate “distinct housing demand units.” Household overlap will occur—for example, two adults may individually hold cooperative memberships but represent only **one** housing demand unit.

5.8 Cooperative membership as the ceiling for a NACHU-sourced waiting list

5.8.1 Total cooperative societies and membership

Government cooperative-sector summaries indicate that by end-2017 Kenya had **22,344 registered cooperatives** with an **estimated membership of ~14 million**. ushrika.go.ke

A separate official public statement also references “**over 14 million**” cooperative members, consistent with that order of magnitude. kenyanews.go.ke

5.8.2 SACCO membership as a major sub-component (and a duplication driver)

SASRA reports that among regulated SACCOs, membership reached 6.84 million in 2023. Source: SASRA.

This matters because SACCO membership is a strong predictor of potential readiness for structured savings and (later) wallet-based transaction capture—but also because SACCO

members are among the most likely to belong to **multiple cooperative types**, creating duplication in the “14 million members” headline.

5.8.3 Translating “total cooperative memberships” into “unique cooperative members”

Kenya’s commonly cited cooperative membership figures are typically **memberships**, which can have many duplicates – that is, one person can be a member of a number of cooperatives. This is explicitly important for this consultancy because the waiting list targets *unique households* ultimately, not memberships.

Because no authoritative national statistic was found in the cited public sources that directly states the **unique** number of cooperative members after de-duplication, the analysis uses scenario ranges:

Assumption (de-duplication factor):

Base case: 80% of memberships are unique persons (i.e., 20% duplication).

Conservative case: 75% unique (25% duplication).

Optimistic case: 85% unique (15% duplication).

Using the Government-reported ~14 million cooperative memberships as the ceiling: ushirika.go.ke

Figure 14: Cooperative membership ceiling — scenario estimate

Item	Conservative	Base	Optimistic
Total cooperative memberships (headline)	14.0m	14.0m	14.0m
Assumed de-duplication (unique %)	75%	80%	85%
Estimated unique cooperative members	10.5m	11.2m	11.9m

Sources for headline membership: Government cooperative sector summary. ushirika.go.ke

5.8.4 Adjusting for housing relevance and urban orientation

Housing cooperative demand is expected to be more concentrated in **urban and peri-urban** settings than in remote rural areas, given the link between formal employment opportunities, rental markets, and cash-based payment capacity.

World Bank data indicates Kenya’s urban population share is approximately **~32%** in recent years (e.g., around 2024). databank.worldbank.org

UN-Habitat similarly highlights that Kenya is rapidly urbanising, despite a minority currently living in urban areas. [UN-Habitat](#)

However, a housing waiting list is not limited strictly to today's "urban residents"—it can include households intending to move to towns/cities for work and access to services. Therefore, a pragmatic "housing relevance factor" should exceed the pure urban-share statistic.

Assumption (housing relevance factor applied to unique cooperative members):

Conservative: 25% of unique cooperative members are plausible housing-cooperative/waiting-list candidates (urban/peri-urban + movers).

Base: 35%

Optimistic: 45%

Figure 15: Potential housing-waiting-list candidates (individuals)

Item	Conservative	Base	Optimistic
Estimated unique cooperative members	10.5m	11.2m	11.9m
Housing relevance factor	25%	35%	45%
Potential waiting-list candidate individuals	2.6m	3.9m	5.4m

Urbanisation context source: World Bank DataBank.

5.8.5 Household overlap: converting candidate individuals into candidate households

The waiting list (and guarantee) ultimately serves **households**, not individuals. Overlap occurs where:

- both spouses/partners are cooperative members; and/or
- multiple working adults in one household each hold cooperative memberships.

Kenya's total households in 2019 were **12,143,913**, providing a baseline sense of the household universe. No adjustments have been made for population growth between 2019 and 2025 to keep the maths simple.

KNBS thematic reporting also indicates material shares of one-person households and non-nuclear structures, confirming that household structures vary widely. knbs.or.ke

Assumption (adult cooperative members per candidate household):

- Conservative: **2.0** candidate adults per household

- Base: **2.2**
- Optimistic: **2.4**

Figure 16: Candidate households implied by candidate individuals (scenario estimate)

Item	Conservative	Base	Optimistic
Candidate individuals (from Table 4.2)	2.6m	3.9m	5.4m
Assumed candidate adults per household	2.0	2.2	2.4
Implied candidate households	1.3m	1.8m	2.3m

5.8.6 Willingness to join the waiting list (Tier 1 uptake)

Not all eligible candidate households will opt into a structured waiting list, particularly where:

- data sharing is required (ID/PIN, household details);
- references are required (cooperative endorsement); and/or
- digital channels are involved (wallets/platforms).

Assumption (Tier 1 uptake among candidate households):

- Conservative: **20%**
- Base: **30%**
- Optimistic: **40%**

Figure 17: Tier 1 uptake — estimated waiting list size at Level/Tier 1

Item	Conservative	Base	Optimistic
Candidate households (Table 4.3)	1.3m	1.8m	2.3m
Tier 1 uptake rate	20%	30%	40%
Tier 1 households (waiting list entrants)	0.26m	0.54m	0.92m

5.8.7 Tier drop-off from Level 1 to Level 8 (effective market for guarantee)

The consultancy’s tiered waiting list model is intentionally progressive: information quality, verification, and readiness increase at each tier. As a result, drop-off is expected.

A realistic model assumes:

- high participation at basic registration levels;
- significant drop-off when household income disclosure, references, savings history, and credit profiling are introduced;
- further drop-off when wallets, matching, and guarantee eligibility criteria apply.

Assumption (retention to Level 8 from Level 1):

- Conservative: **3%** reach Level 8
- Base: **5%**
- Optimistic: **8%**

Figure 18: Effective market — households likely to reach Level 8 (guarantee-ready)

Item	Conservative	Base	Optimistic
Tier 1 households (Table 4.4)	260,000	540,000	920,000
% reaching Level 8	3%	5%	8%
Level 8 households (effective guarantee-ready market)	7,800	27,000	73,600

Interpretation: Under plausible assumptions, the guarantee-ready effective market may initially be in the **high thousands to low tens of thousands** of households, even if Tier 1 enrolment reaches hundreds of thousands. This is consistent with the logic of a disciplined pilot: the objective is not mass registration, but converting real demand into financeable, verified offtake.

5.9 Summary

This chapter establishes a demand funnel that translates broad housing need into the operational demand volumes THWG can realistically convert into readiness and allocation. The key insight is that THWG success depends on conversion and tier progression, not raw registrations. The funnel therefore provides the planning framework for the tier design and standby pool logic in Chapter 7, the guarantee activation approach in Chapter 8, the sustainability model in Chapter 10, and the implementation volumes and budget in Chapter 13.

6 Stakeholder ecosystem and value chain

6.1 Purpose of this chapter

This chapter describes the stakeholder ecosystem required to operate THWG as a functioning market mechanism rather than a conceptual model. THWG depends on a coordinated value chain across cooperative mobilisation, digital intake and savings rails, affordability analytics, unit pipeline ingestion and matching, developer supply, and institutional off-take and fund management. The chapter clarifies roles, interfaces, and the specific value each stakeholder contributes to the waiting list (Tier 1–7) and the guarantee facility (Tier 8). While different partners can support each of the different stakeholder roles (People / Banking / Scoring/ Property), this project was founded in working with NACHU and Placemakers and selected ABC Bank / ABC Capital, Silicon Enterprise, Pngme and EMPOWA to work with due to promising early discussions and mutual interest in this field. A full value chain approach is required.

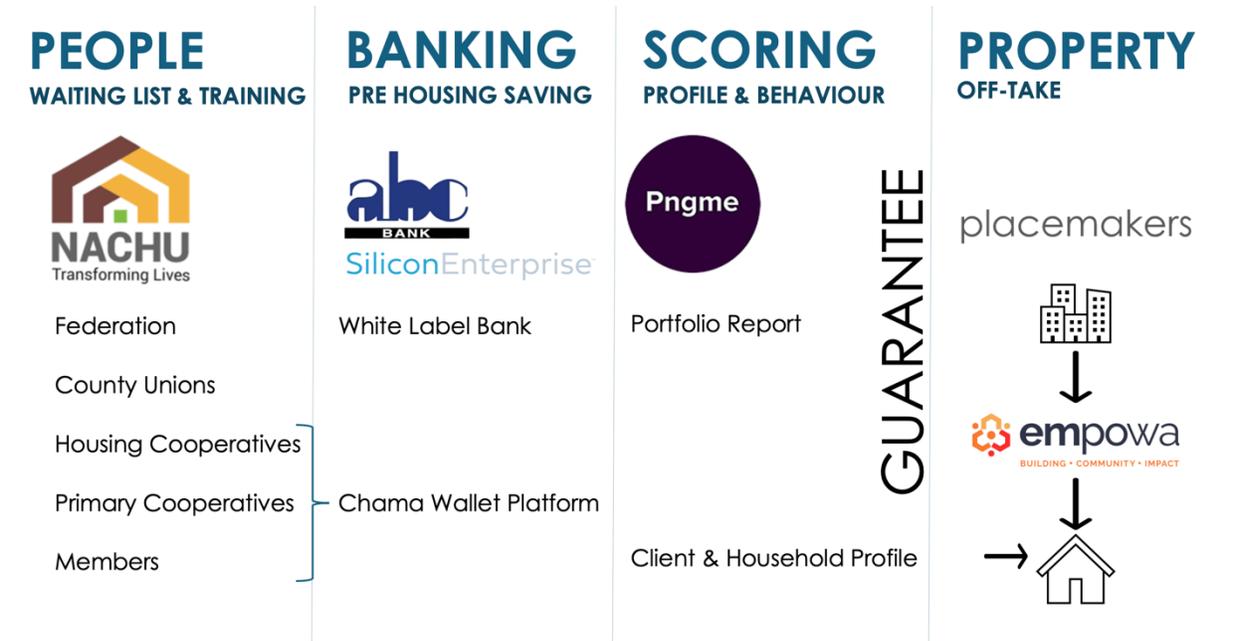


Figure 19: Stakeholder Ecosystem — Role Matrix and Interface Map

6.2 NACHU: cooperative mobilisation and governance anchor

NACHU provides the core distribution channel and trust infrastructure needed to mobilise households into the waiting list. Its unique value is not only access to member cooperatives but also the ability to support disciplined participation at community level through cooperative leadership structures.

Key contributions include:

- **Mobilisation and enrolment:** targeting cooperatives, convening onboarding sessions, and supporting member engagement.
- **Local credibility and trust:** reducing friction and suspicion during onboarding and tier progression.
- **Training-of-trainers:** equipping cooperative champions to support assisted onboarding and readiness progression.
- **Grievance and fairness support:** acting as a first-line channel for complaints and appeals routing (without controlling Tier 8 decisions).
- **Governance participation:** contributing to oversight structures and ensuring member protection principles are upheld.

NACHU's role must remain clearly separated from Tier 8 guarantee approvals and claims decisions to protect fairness and auditability.

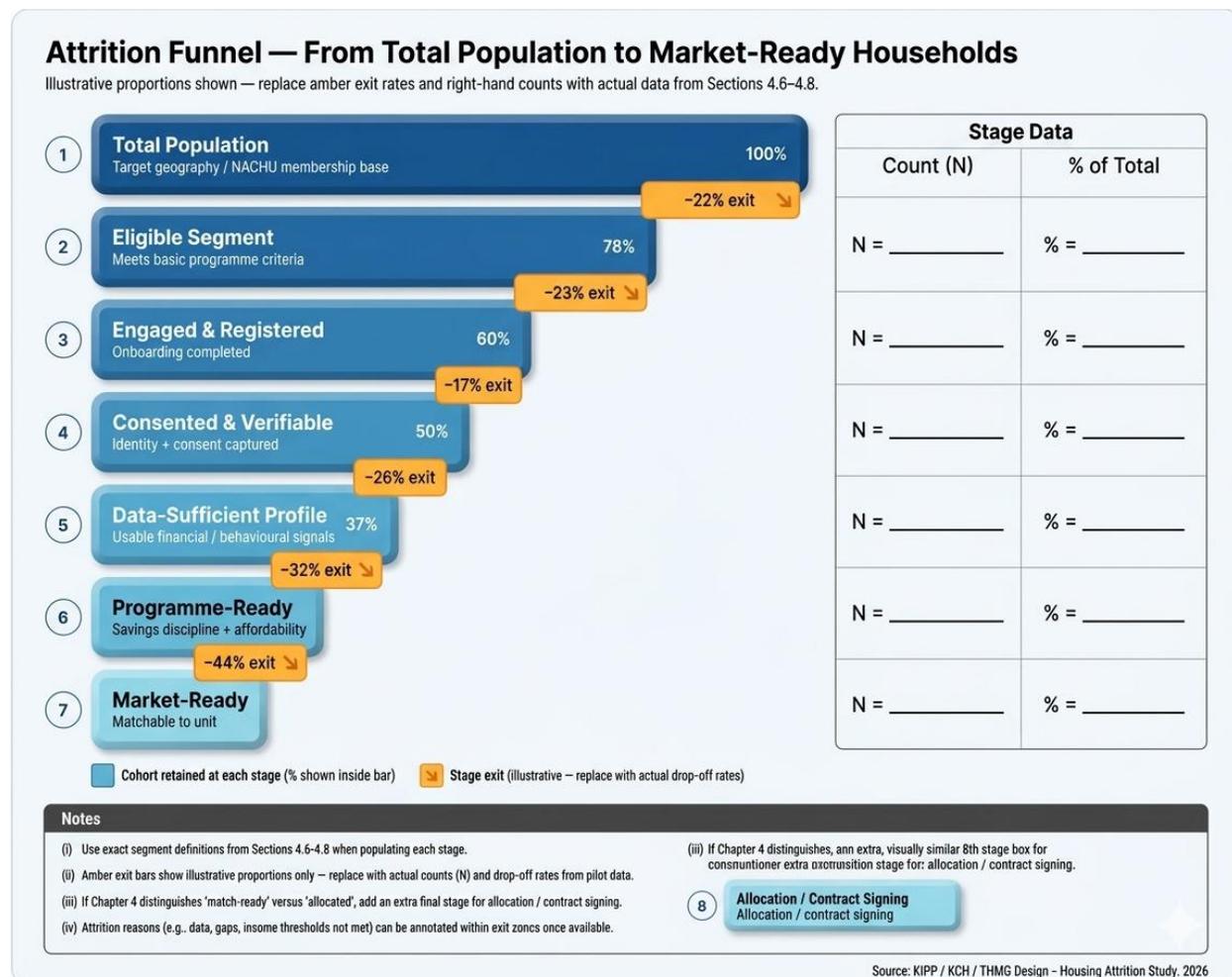


Figure 20: Operating Model — NACHU, Digital Rails and Platform Registry

6.3 Digital rails and member platform utility (SiliconEnterprise and related platforms)

Digital rails provide the practical plumbing for deposit discipline, savings-behaviour evidence, and member financial management. For this programme, their value is not only data capture but also low-friction, mobile-first collection and servicing that can work for informal and mixed-income households without heavy branch dependence.

Key contributions include:

- Chama-/stokvel-style savings and wallet functionality: enabling structured deposit build-up aligned to housing-readiness milestones, including for members who save in groups or in frequent small increments.
- Telco-agnostic payment pathways and transaction visibility: supporting collection through wallet and other digital channels without making the model dependent on a single provider, and producing evidence of payment rhythm, savings discipline, and drop-off risk.
- Member communications, nudges, and value-added services: reinforcing completion, deposit discipline, and timely response through low-cost digital engagement rather than branch-led follow-up.
- Reduced cash handling risk and lower servicing cost: safer, trackable deposit accumulation relative to informal cash mechanisms, with potential to reduce customer-acquisition and servicing cost at scale.

This layer should be positioned as an enabling utility rather than a decision-maker. It may manage customer-facing journeys and distribution support, but it should not determine tier outcomes, underwriting decisions, guarantee approvals, or claims payouts.

6.4 ABC Banking Group and ABC Capital

ABC Bank and ABC Capital provide the regulated balance-sheet and custody layer. Their distinctive value is licensed control of money, settlement, prudential discipline, and access to banking and clearing infrastructure, rather than customer-facing product iteration.

Key contributions include:

- Custody, settlement, and reconciliation: secure holding of deposits and relevant pooled funds, with banking-grade reconciliation and reporting.
- Payment-clearing and compliance support: providing the regulated interface for money movement, including any bank-sponsored payment flows required for scaled operation.

- Prudential and treasury support: helping structure reserve management and any revolving liquidity line under approved governance rules.
- Institutional reporting discipline: providing banking-grade reporting and controls that improve credibility with investors, governance bodies, and counterparties.

ABC Bank/Capital should not control Tier 8 eligibility or claims decisions. The governing principle is clear separation: the bank holds and reports on money under ring-fenced rules, while customer-facing platforms support distribution and servicing without controlling underwriting or payout authority.

6.5 Pngme: affordability analytics and risk readiness

Pngme contributes the analytics layer that converts raw household data into practical affordability and readiness insights. This is central to determining whether households can sustainably carry payment bands and to calibrating tier thresholds over time.

Key contributions include:

- Affordability and risk profiling: assessing household payment capacity, affordability, volatility, and current default risk using evidence-based methods appropriate to informal and mixed-income contexts.
- Participant resilience and household income modelling: maintaining and recalibrating the household income model, participant resilience model, and affordability ranking logic as fresh cohort data emerges.
- Dashboards and reporting: providing operational visibility through the housing-readiness dashboard, waitlist index, and intervention toolkit so that tier distributions, conversion rates, arrears signals, and early-warning indicators can be monitored in real time.
- Data unification, duplicate detection, and traceability support: reconciling dual onboarding channels into one household profile, improving record integrity, and reducing leakage risk.

Pngme should inform Tier progression and risk thresholds but should not have unilateral control over Tier 8 approval or claims payouts. Governance structures must prevent conflicts of interest and ensure decisions remain auditable.

6.6 Empowa: unit sourcing, pipeline integration and matching

Empowa provides the supply-side platform function: ingesting unit pipelines, maintaining unit metadata, and enabling matching of households to units by location, typology, timing, and price bands. This is essential for moving from readiness evidence to real allocation.

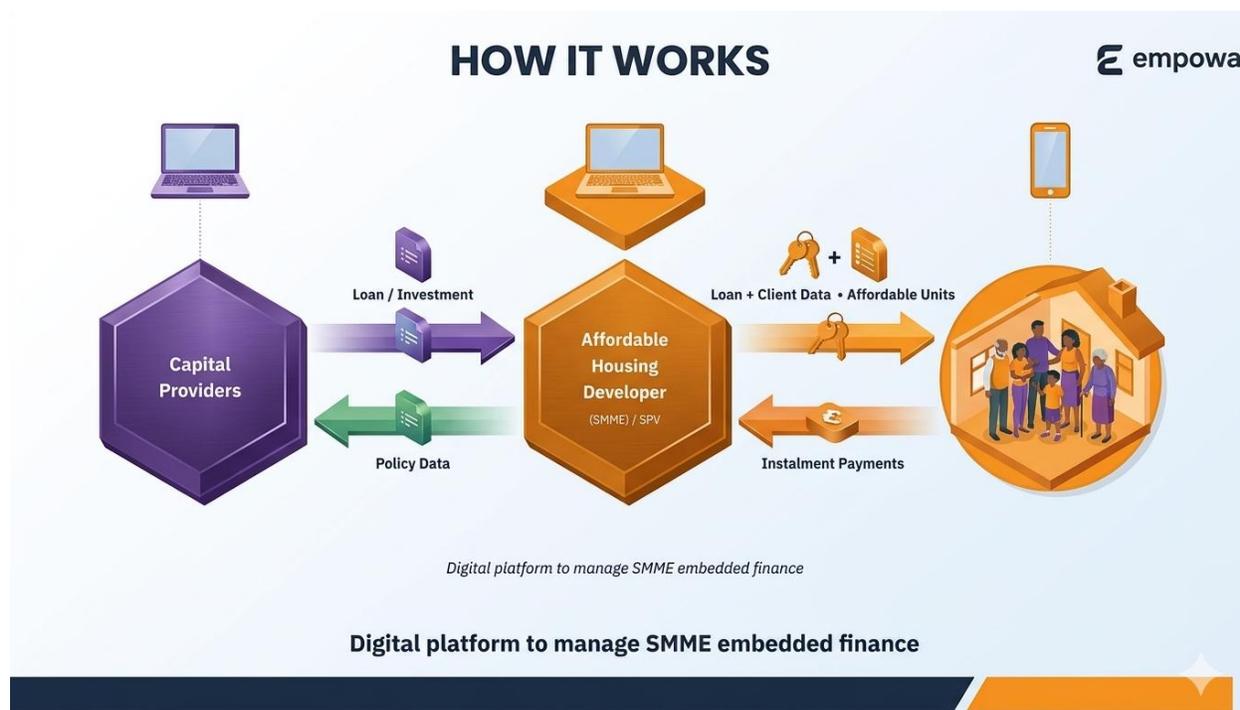


Figure 21: Guarantee Flow and Supply-Side Pipeline Integration

Key contributions include:

- **Unit pipeline ingestion:** integrating units from multiple developers and supply sources, not limited to a single developer.
- **Unit metadata quality:** ensuring each unit has sufficient data for matching (location, typology, pricing band, delivery timing, handover status).
- **Matching workflow support:** supporting allocation processes that can be audited and repeated at scale.
- **Off-take coordination:** enabling transaction workflows between off-takers, developers, and allocating households.

Empowa's role is operational enablement. It must not control tier progression rules or claims approvals, and matching overrides must be governed tightly to avoid manipulation.

6.7 Placemakers: developer supply and delivery contribution

Placemakers contributes developer supply, delivery experience, and pipeline visibility. The report recognises Placemakers' ambition to scale delivery over time and the importance of developer commitments in making the waiting list actionable.

Key contributions include:



- **Unit supply pipeline:** providing units that can be integrated into off-take programmes and matched to households.

Figure 22: Field Consultation — Stakeholder Engagement Session

- **Handover readiness coordination:** aligning practical delivery status with allocation timelines.
- **Feedback into typology and price points:** using demand evidence to shape product decisions and reduce failed allocations.
- **Operational learning:** contributing real-world delivery constraints that should shape pilot sequencing.

Placemakers must not influence household selection outside transparent, governed processes, and must not participate in claims approval decisions.

6.8 Value chain summary and interfaces

THWG depends on a disciplined “hand-off chain”:

1. **NACHU mobilises and supports onboarding** (Tier 1–3 intake and completion support).
2. Digital rails manage deposit capture, member communications, and behaviour evidence (Tier progression support and servicing).
3. **Pngme scores and calibrates readiness thresholds** (affordability and risk evidence for Tier 4–7).
4. **Empowa ingests units and enables matching** (Tier 7 matching to real unit pipelines).
5. **Off-taker allocates and activates Tier 8 guarantee** only at allocation, under strict governance.
6. **Guarantee facility manager + trustee administer claims** with “no pack, no payout” controls and auditability.
7. ABC rails and investment capability provide regulated custody, settlement, liquidity support, and reporting under ring-fenced governance.

The practical hand-off principle is: customer-facing agility in the digital layer; money control, settlement, and prudential discipline in the regulated banking layer.

The key discipline is segregation of duties: those who benefit from allocations must not control eligibility outcomes or claims approvals.

Figure 23: Integrated affordable housing value chain — roles and functions

Value Chain Layer	Stakeholder	Primary Role	Core Functions	Why This Role Is Critical
Demand Governance	NACHU	Custodian and governor of cooperative housing demand	<ul style="list-style-type: none"> Governs the national housing waiting list Collects and maintains Tier 1–3 member, household, and social validation data through cooperative structures Sets participation rules and data permissions 	Provides legitimacy, trust, and cooperative ownership of demand; prevents capture of the waiting list by commercial actors
Pre-Housing Readiness	Chama Platform (Siliconenterprise-enabled)	Savings, engagement, and readiness-building layer	<ul style="list-style-type: none"> Enables informal and irregular savings Supports deposit accumulation Keeps households engaged while not yet housing-ready 	Converts latent demand into progressively bankable demand without SACCO or regulatory overreach
Regulated Financial Backbone	ABC Banking Group	Banking rails, custody, compliance	<ul style="list-style-type: none"> White-label digital wallets for NACHU members Regulated custody of funds Payments, settlement, and consumer protection 	Anchors the ecosystem in Kenyan regulation and provides institutional credibility
Behavioural & Credit Analytics	Pngme	Independent readiness and behavioural assessment	<ul style="list-style-type: none"> Analyses permissioned transaction and behavioural data Produces longitudinal readiness indicators Supports risk segmentation 	Reduces uncertainty around informal income households without acting as a lender
Offtake Execution	Empowa	Housing offtake and transaction engine	<ul style="list-style-type: none"> Matches verified households to housing units Structures rent-to-own and purchase pathways Manages contracts and payment logic 	Converts demand into executable offtake that developers and lenders can rely on
Housing Supply	Placemakers & Other Developers	Housing delivery	<ul style="list-style-type: none"> Land assembly and design Construction and project management Unit delivery at scale 	Represents the supply-side constraint the guarantee is intended to unlock
Risk Backstop	FSD Kenya-Supported Guarantee	Time-bound payment support	<ul style="list-style-type: none"> Temporarily supports early-stage payment risk Improves offtake certainty 	Bridges the final confidence gap preventing banks from financing construction

Note: The table above illustrates a staged affordable housing value chain in which cooperative-governed demand is progressively converted into bankable offtake through savings, analytics, regulated banking infrastructure, and structured execution. The guarantee

Unlocking construction and institutional off-take financing for urban housing

intervenes only at the final transition point, where residual early-stage payment risk prevents construction finance from flowing.

Figure 24: Risk allocation and guarantee logic across the value chain

Risk Type	Primary Risk Holder	Mitigation Mechanism	Role of the Guarantee
Demand legitimacy	NACHU	Cooperative governance, tiered data, social validation	None – resolved upstream
Household affordability risk	Household	Savings via Chamas; progressive readiness	Temporary payment support during early occupancy
Behavioural uncertainty	Pngme (analysis only)	Longitudinal behavioural insights	Enables targeted, time-bound guarantee application
Construction risk	Developer (Placemakers)	Equity-first financing; fixed-price contracts	None – developer absorbs first loss
Offtake execution risk	Empowa	Structured contracts; digital workflows	Guarantee strengthens enforceability
Payment default risk (early phase)	Guarantee	Conditional, declining support	Direct intervention for a limited period
Long-term credit risk	Household / Market	Stabilised payment behaviour	Guarantee exits once stability is demonstrated
Regulatory / compliance risk	ABC Banking Group	Regulated banking rails	None – fully contained within banking system

Stakeholder Role Matrix – Who Leads What
Illustrative - High-level allocation of responsibilities across the waitlist and guarantee value chain.

Function	NACHU	Platform	ABC / Wallet	PNGME	EMPOWA	Developers	Guarantor
Member outreach & eligibility	Lead	Support	—	—	—	—	—
Registration & records	Support	Lead	—	—	—	—	—
Consent, privacy & audit trail	Lead	Lead	Support	Support	Support	—	Support
Savings discipline / deposits	Support	Support	Lead	—	—	—	—
Behavioural scoring & affordability	—	Support	Data	Lead	—	—	—
Tiering & waitlist rules	Lead	Lead	Support	Support	Support	—	Support
Product matching & offers	—	Support	—	Support	Lead	Lead	—
Servicing & payment monitoring	Support	Support	Lead	Support	Support	Support	Support
Guarantee decisioning & triggers	—	Support	Support	Support	Support	—	Lead
Claims, recovery & reporting	Support	Support	Support	Support	Support	Support	Lead

Role key

- Lead
- Support
- Data
- = No formal role assigned

Figure 25: Risk Allocation and Guarantee Logic — Diagram

6.9 Summary

THWG is feasible only as a coordinated ecosystem. NACHU provides mobilisation and trust; digital rails strengthen deposit discipline and evidence; Pngme provides affordability analytics and calibration; Empowa connects demand to unit pipelines; developers provide real supply; and banking/investment partners provide regulated rails, custody and liquidity support. The system’s credibility and sustainability depend on clearly defined interfaces, separation of duties, and an operating model in which the waiting list pipeline is funded as market utility while the guarantee remains a bounded, auditable liquidity backstop.

7 Governance architecture (system-level)

7.1 Purpose of this chapter

This chapter sets out the governance architecture required to protect fairness, integrity and financial sustainability in THWG. The waiting list and guarantee facility will only be credible if decisions are transparent, evidence-based and auditable, and if conflicts of interest are structurally prevented. Governance is therefore treated as core infrastructure, not as an administrative afterthought.

7.2 Governance objectives

The governance model must achieve six objectives:

1. **Fairness and transparency** Households must be able to understand how they progress through tiers and why decisions are made. Allocation and guarantee decisions must be rules-based, not discretionary.
2. **Integrity and leakage prevention** The system must resist manipulation, fraud, duplicate records, and exceptions creep.
3. **Segregation of duties** Stakeholders that benefit economically from allocations or off-take must not control tier eligibility outcomes or claims approvals.
4. **Financial prudence and liquidity discipline** The guarantee facility must remain a bounded liquidity backstop with clear caps, triggers and evidence requirements.
5. **Auditability and accountability** All decisions must be traceable: who decided what, based on which evidence, with what approval authority.
6. **Member protection** Data privacy, consent, grievance and appeals mechanisms must be embedded and operational.



Figure 26: Governance and Escalation Model for the Guarantee Pilot

7.3 Roles, accountability and segregation of duties

Governance must separate the system into two governed domains:

- **Pipeline utility governance (Tier 1–7):** focuses on completeness, data quality, tier progression evidence, and matching discipline.
- **Guarantee facility governance (Tier 8):** focuses on eligibility at allocation, claims discipline, payouts and recoveries, and solvency/liquidity monitoring.

The following segregation rules are non-negotiable:

- **NACHU** can mobilise and support members but does not approve Tier 8 guarantees or claims.
- **Developers and off-takers** can supply units and benefit from the system but cannot approve tier eligibility or claim payouts.
- Analytics providers and customer-facing platforms can supply scoring inputs, wallet servicing, behavioural evidence, and workflow support, but final approval authority for tier exceptions, guarantee activation, and claims must rest with governed committees and the guarantee facility manager under trustee oversight.

Control of customer acquisition, scoring inputs, custody of funds, and payout approval should not be concentrated in one entity. The model is stronger when these functions are intentionally separated.

- **The trustee/fiduciary** controls ring-fenced funds and blocks payouts not meeting evidence rules.

7.4 Data governance and member protections

Data governance must be explicit and enforceable, including:

- **Informed consent:** clear consent language for collection, use, sharing and retention of data across the ecosystem.
- **Purpose limitation:** data used only for waiting list progression, matching, and guarantee administration (and related reporting), not for uncontrolled cross-selling.
- **Role-based access control:** each stakeholder sees only what they need for their function.
- **Audit logs:** immutable logs of access and changes to records, with regular reviews.
- **Data quality rules:** single-member record logic, duplicate detection, and reconciliation procedures.
- **Grievance and appeals:** a documented process with time-bound responses and escalation to governance committees.

7.5 Oversight rhythm and reporting

Governance must operate on a predictable rhythm:

- **Weekly operational reviews** (throughput, data completeness, tier distribution, exceptions).
- **Monthly governance pack** (tier progression evidence, matching performance, claims activity, liquidity posture, complaints/appeals).
- **Quarterly calibration and assurance** (threshold recalibration, policy refinements, sampling audits, stakeholder performance review).

Reporting must include, at minimum:

- households onboarded (complete vs partial), households by tier, and time-to-progress;
- Tier 7 standby pool ratios by geography/typology;

digital completion rates and payment-cadence performance (including weekly/bi-weekly collection uptake where used);

- allocations and conversion to sustained payment (3-month and 6-month, 12 month and longer);
- guarantee issuance, active book size, claim frequency, payable months, payout timing;
- exception log (who approved what and why); and
- liquidity posture and reserve adequacy vs stress assumptions.

7.6 Practical governance mechanisms (minimum viable controls)

The following governance mechanisms should be implemented from the start:

- **Delegation of Authority matrix** (who can approve which decisions, at what thresholds).
- **Standardised evidence packs** for tier progression and for claims (“no pack, no payout”).
- **Exception controls:** limited categories, documented justification, time-bound, and reviewed monthly.
- **Conflict-of-interest declarations:** required for committee members and decision-makers, with recusal rules.
- **Independent assurance:** sampling audits of tier decisions and claims, plus annual financial audit of ring-fenced funds.
- **Clear enforcement and replacement SOPs:** operational discipline that reduces guarantee exposure.

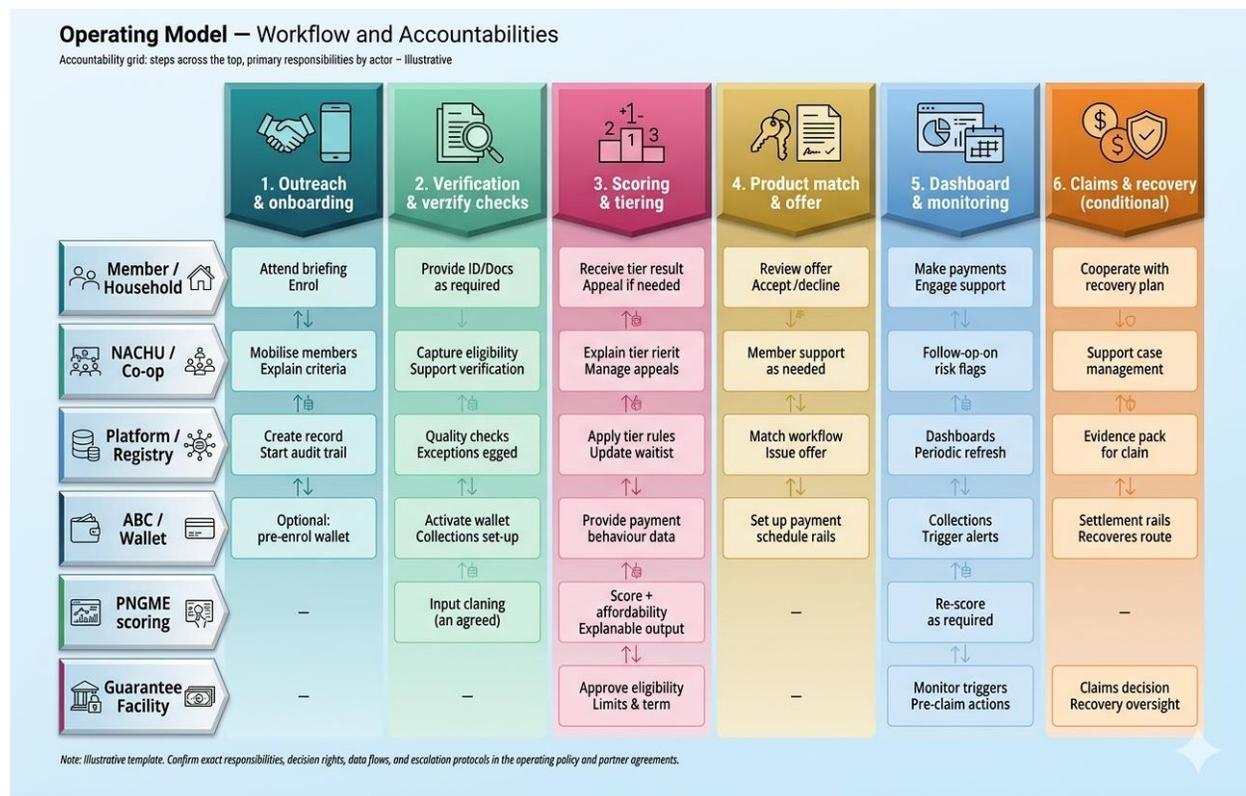


Figure 27: Household Segmentation Matrix — Matching Demand to Supply

7.7 Summary

THWG governance must protect fairness, integrity and financial prudence. This requires explicit segregation of duties, strong data governance, evidence-based tier progression, disciplined claims controls, and predictable oversight rhythms supported by auditable reporting. The governance model is not optional: it is the mechanism that makes the waiting list usable market infrastructure and makes the guarantee facility credible to institutional participants without drifting into discretionary subsidy or **leakage**.

8 Matching effective demand to supply through tiered waiting list design

8.1 Purpose of this chapter

This chapter connects the demand funnel logic (Chapter 4) to the supply realities (Chapter 2) by defining how the tiered waiting list converts effective demand into matchable readiness at the top of the pyramid. It focuses on the practical mechanisms required to avoid stalled allocations and to ensure that

- (i) there are enough “standby-ready” households available when units come to market, and
- (ii) guarantees are issued only when they are truly necessary and controllable.

The chapter addresses two constraints that must be managed together:

- **Constraint 1: too few households become housing-ready and guaranteeable** at the top of the waiting list.
- **Constraint 2: too few units are produced and made available for matching** in the right geography and typology.

THWG only works if these constraints are explicitly matched through operational discipline.

8.2 Overview of the tier model (Tier 1 to Tier 8)

The waiting list is designed as a progression system, not a static database. The tiers define what evidence exists at each stage and what the system can responsibly do with a household record.

Table 1: Waiting list tiers (summary definition)

Tier Name (working label)	What this tier represents (minimum evidence)	Primary system action
1 Entry / expression of interest	Basic registration; contact details; cooperative link	Create record; schedule assisted completion
2 Verified identity and membership pathway	ID verification and cooperative association pathway confirmed	Validate identity; prevent duplicates
3 Basic household profile complete	Household composition; location preferences; preliminary affordability signals	Establish baseline data completeness

Tier Name (working label)	What this tier represents (minimum evidence)	Primary system action
4 Deposit discipline initiated	Savings/deposit pathway activated; early evidence of discipline	Begin readiness pathway; monitor behaviour
5 Affordability evidence strengthened	Payment band assessed with evidence; volatility indicators tracked	Assign affordability band; target coaching
6 Housing readiness profile	Unit typology/geo fit; readiness conditions clarified	Prepare for standby pool consideration
7 Standby-ready household	Verified readiness and deposit evidence; able and willing to allocate within a defined window	Add to standby pool for matching to pipeline units
8 Guarantee-ready at allocation	Allocating to a specific unit; agreement pack complete; guarantee required under rules	Activate bounded guarantee; begin monitoring

Key discipline: the system must not treat Tier 1–3 records as “demand”. Only Tier 7–8 records are operationally actionable for allocation.

8.3 Populating the Tier 1–Tier 8 pyramid from Chapter 4 “effective demand”

Chapter 4 produced three scenario estimates for **Tier 1 households (waiting list entrants)** and **Tier 8 households (effective guarantee-ready market)**. In the base case, the Tier 1 market is **540,000 households** and the effective guarantee-ready pool is **27,000 households** (5% of Tier 1). Conservative and optimistic scenarios were **260,000 → 7,800** (3%) and **920,000 → 73,600** (8%), respectively.

To operationalise this, the report requires an indicative distribution across intermediate tiers. The practical way to do this is to apply plausible “conversion/retention” behaviour between tiers (driven by verification effort, willingness to disclose, ability to evidence savings, observed affordability, adoption of transactional rails, and availability of matchable units). These conversion rates are not claims of fact; they are a **planning scaffold** that can be calibrated once the pilot generates real movement and drop-off data.

The Table below provides an indicative tier pyramid consistent with the Chapter 4 Tier 1 and Tier 8 totals.

Figure 28: Indicative distribution of households across Tier 1–Tier 8

Scenario	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8 (guarantee-ready)
Conservative	260,000	187,200	121,680	58,406	28,035	17,382	10,081	7,800

Scenario	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8 (guarantee-ready)
Base	540,000	405,000	283,500	155,925	85,759	60,031	36,019	27,000
Optimistic	920,000	717,600	516,672	310,003	186,002	133,921	87,049	73,600

This distribution implies two “thin points” that will drive scale. The first is the Tier 4–Tier 5 transition (savings discipline and empirically evidenced affordability/risk). The second is the Tier 6–Tier 7 transition, because Tier 7 is not only about household readiness; it is constrained by the availability of units that match price, location, and typology, and by the timing of completion for WIP stock.

A further practical nuance is that Tier counts represent a **stock** at a point in time, not a **flow**. Even if the base scenario implies 27,000 guarantee-ready households at maturity, it does not follow that 27,000 guarantees can be issued immediately. Tier progression takes time (especially savings history and transactional evidence), and Tier 7 matching depends on an active supply pipeline.

8.4 The matching engine: aligning Tier 7 standby pools to unit pipelines

Matching is the heart of THWG. It converts “readiness evidence” into real allocations.

8.4.1 Unit pipeline ingestion (supply-side discipline)

To match households reliably, the system must ingest units continuously with usable metadata:

- location (county/sub-county corridor, commute anchors)
- typology (studio/1-bed/2-bed/3-bed, etc.)
- price band and payment band expectations
- delivery timing (under construction, handover window)
- handover readiness status (what is genuinely allocatable and when)

Without this discipline, standby pools will grow but allocations will stall.

8.4.2 Household matching fields (demand-side discipline)

Tier 7 records must contain matching-grade data:

- preferred geography (and acceptable alternatives)
- required typology and household fit

- payment band (evidence-based affordability band)
- deposit evidence and readiness constraints (timing, employment stability, health/family constraints)

8.4.3 Why standby pools are essential (2×–10× rule)

Even when households are “ready”, not all will allocate to a specific unit, for reasons unrelated to readiness:

- the unit is not in the right location or not the right typology
- timing is wrong (work, family, health changes)
- household chooses to delay even though they remain eligible
- household declines the specific developer/site for personal reasons

For this reason, the system must maintain multiple Tier 7 households for each unit expected to be allocated.

Planning rule: For every unit expected to be allocated, maintain at least **2×** and ideally **5×** standby-ready households, with **10×** in volatile contexts or where unit choice is narrow.

This ensures:

- allocations proceed without delays;
- replacement is feasible if households drop out; and
- the system retains bargaining discipline (non-payment leads to replacement, not paralysis).

8.5 Tier 8: the point where the guarantee becomes necessary

Tier 8 is not a “reward”. It is a controlled financial instrument used only when a specific household is allocating to a specific unit and short-duration payment interruption risk must be backstopped to enable off-take confidence.

Tier 8 activation rules must include:

- a complete allocation and agreement pack (identity, contract, deposit confirmation, unit details, payment schedule)
- evidence that the household fits the affordability band and is ready to transact
- confirmation that deposit-first loss applies
- confirmation that enforcement and replacement discipline is operational

Guarantee activation discipline: The guarantee must not be issued “in advance” as a broad promise; it is activated at allocation, tied to one unit and one household, with clear limits.

8.6 Managing the two constraints: matching supply and readiness together

THWG must deliberately manage the two constraints discussed in 7.1.

8.6.1 If there are not enough Tier 7–8 ready households

The system will show a thin top of pyramid and will stall allocations, even if units exist. The corrective actions are operational:

- strengthen assisted onboarding completion (reduce partial records)
- increase deposit discipline support and evidence capture
- refine tier progression rules to be strict but achievable
- focus mobilisation on cooperatives with higher readiness potential
- reduce friction in affordability evidence collection (without lowering integrity)

8.6.2 If there are not enough units available for matching

The system may build a large standby pool that cannot be allocated to units. The corrective actions are supply-side:

- secure minimum unit pipeline commitments by geography/typology
- broaden supply sourcing through platform intermediation (beyond any single developer)
- improve unit metadata quality and allocatable timing discipline
- stage allocations to realistic handover windows

THWG creates the visibility and predictability that should, over time, make supply participation more attractive. But the pilot must begin only where a minimum pipeline exists.

8.7 Ten-year growth and scaling logic (how guarantees scale)

Over ten years, the number of guarantees issued is determined by three scaling factors:

1. **Unit pipeline growth** (how many units become allocatable through participating supply channels).
2. **Tier progression improvement** (how efficiently households progress to Tier 7 readiness).
3. **Standby ratio discipline** (how deep the Tier 7 pool is per unit pipeline).

Operationally:

- more allocatable units require a larger Tier 7 standby pool;
- a larger standby pool requires more complete onboardings and higher conversion;
- higher conversion reduces onboarding costs per guarantee and increases system efficiency.

The system's scaling constraint is therefore not "registration volume". It is the ability to produce and maintain a Tier 7 standby pool at sufficient depth for each unit pipeline.

8.8 Key assumptions and sensitivities

This chapter's design relies on several planning assumptions that should be evaluated in the pilot and recalibrated quarterly:

- standby ratio of **5×** is a workable baseline (sensitivity range 2×–10×)
- Tier 7 conversion rate improves over time as conversion engine matures
- unit metadata is maintained at matching-grade quality
- replacement discipline is enforceable and consistently applied

The model becomes fragile if replacement discipline fails or if exception-based allocations become common.

8.9 Summary

This chapter defines how the waiting list becomes a practical market mechanism rather than a static database. The system must maintain deep Tier 7 standby pools matched to real unit pipelines, and it must activate guarantees only at Tier 8 at the moment of allocation. The two constraints—too few ready households and too few available units—must be managed together through operational conversion discipline and credible supply pipeline commitments. If this matching discipline holds, THWG can scale over time and become market infrastructure that increases allocation success, reduces failed allocations, and enables institutional off-take participation under bounded, auditable risk controls.

9 Guarantee economics and unit affordability

9.1 Purpose of this chapter

Chapters 4 and 7 establish **how many households** can realistically reach the top of the waiting list and how matching must work between Tier 7 and Tier 8. This chapter now answers a different question:

- **What is the financial “size” of a typical unit by typology?**
- **What do monthly payments look like under 15-, 20- and 25-year structures?**
- **How does a large deposit change affordability and guarantee risk?**
- **What does the guarantee need to be able to pay out (liquidity sizing), and how big should provisions be under realistic default assumptions?**

This chapter is written to be understandable to readers who are not comfortable with financial models. It uses simple tables, rules-of-thumb and worked examples.

9.2 Unit price bands by typology (Table 2)

For planning purposes, unit purchase prices are estimated using the typology ranges and KES/m² price bands set out below. These are **gross unit values** (purchase price to the off-taker), not monthly payment amounts.

Assumptions (as provided):

- Studio/bedsit: 15–25m² @ KES 60,000–90,000/m²
- 1-bed: 20–35m² @ KES 65,000–100,000/m²
- 2-bed: 30–50m² @ KES 70,000–110,000/m²
- 3-bed: 40–65m² @ KES 75,000–120,000/m²
- 4-bed: 50–85m² @ KES 80,000–130,000/m²

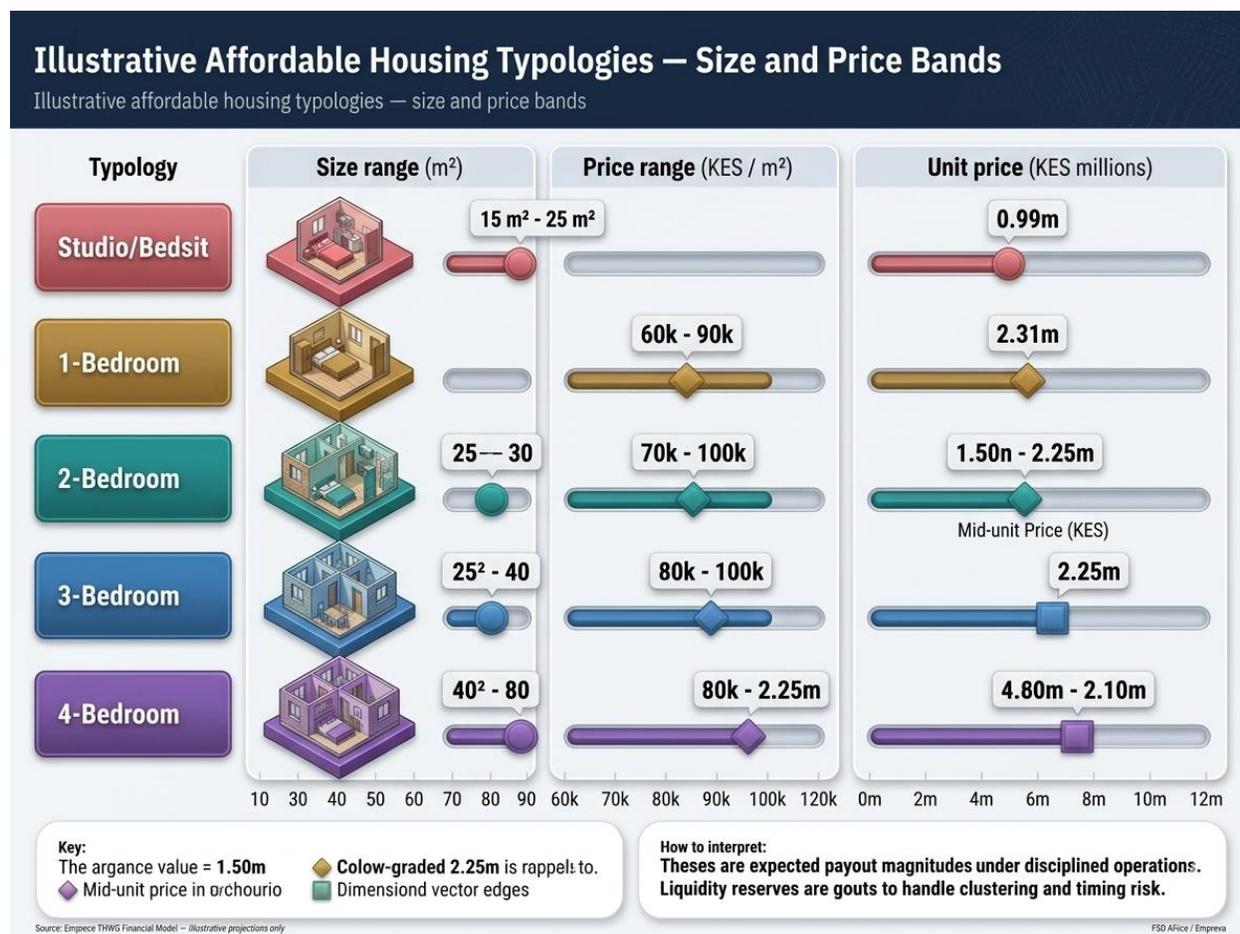


Table 2: Illustrative unit price bands by typology (KES)

Typology	Size range (m ²)	Price range (KES/m ²)	Minimum unit price	Mid case (illustrative)	Maximum unit price
Studio / bedsit	15–25	60,000–90,000	900,000	1,500,000	2,250,000
1-bed	20–35	65,000–100,000	1,300,000	2,268,750	3,500,000
2-bed	30–50	70,000–110,000	2,100,000	3,600,000	5,500,000
3-bed	40–65	75,000–120,000	3,000,000	5,118,750	7,800,000
4-bed	50–85	80,000–130,000	4,000,000	7,087,500	11,050,000

How to use Table 2:

- “Minimum” and “Maximum” show the outer boundaries for each typology.
- “Mid case” is a practical planning anchor for illustrating monthly payments and guarantee sizing in the rest of this chapter.

- The actual applied price depends on geography, site conditions, delivery quality, and developer pricing strategy.

9.3 The core payment logic (kept deliberately simple)

To avoid confusion, this report uses one simple rule consistently:

Monthly payment is calculated on the financed balance only (after deposit), not on the full unit price.

Let:

- **U** = unit purchase price (KES)
- **D** = deposit paid upfront by the household (KES)
- **F** = financed balance = **U - D** (KES)

The off-taker's profit targets are expressed as a **total repayment multiple applied to F**, not U:

- **15 years:** 100% profit on F → total repayment = **2.0 × F**
- **20 years:** 150% profit on F → total repayment = **2.5 × F**
- **25 years:** 200% profit on F → total repayment = **3.0 × F**

Therefore:

Monthly payment = (F × repayment multiple) ÷ (years × 12)

This avoids the common modelling error of applying profit multiples to the full unit price when a large deposit has already been paid.

9.4 What yield does the off-taker receive from these profit targets?

There are two ways people talk about “yield”, and they often get mixed up.

9.4.1 “Total multiple” (simple view)

- 100% profit means money back is 2× over 15 years
- 150% profit means money back is 2.5× over 20 years
- 200% profit means money back is 3× over 25 years

This is easy to understand, but it is **not** the same as an interest rate.

9.4.2 “Equivalent annual yield” (finance view)

If repayments are level monthly payments (a normal rent-to-own structure), the implied annual yield (IRR-style) is approximately:

- 2.0 × over 15 years → ~11.1% p.a. effective
- 2.5 × over 20 years → ~11.7% p.a. effective
- 3.0 × over 25 years → ~11.9% p.a. effective

These are **gross yields before** funding costs, admin costs, voids, losses and taxes.

These are modest local-currency returns when compared with available government paper. That comparison reinforces, rather than weakens, the case for a bounded guarantee mechanism. Without disciplined verified demand, strong matching, and short-duration payment interruption protection, institutions are unlikely to intermediate affordable housing off-take risk at returns in this range. The purpose of THWG is therefore not to manufacture unusually high returns, but to make moderate returns more investable by reducing allocation failure and containing early-tenure payment interruption risk.

Note: *If someone instead uses a simple “CAGR on the total multiple” (ignoring the fact repayments arrive monthly), the annual rate looks much lower (~4.5–4.7% p.a.). That measure is **not** appropriate for a monthly amortising payment stream. The ~11–12% p.a. figures are the more realistic “off-taker yield” measure when payments are monthly and level.*

9.5 Monthly payments by typology under 15/20/25 years (Table 8.2)

The table below uses the **mid-case unit prices** from Table 3 and shows monthly payments under three deposit scenarios. This is not a prediction; it is a transparent illustration of how the mechanics work.

Deposit scenarios:

- 0% deposit (D = 0; F = U)
- 33% deposit (D = 33% of U; F = 67% of U)
- 50% deposit (D = 50% of U; F = 50% of U)

Table 3: Illustrative monthly payments (KES) using mid-case unit prices

Typology (mid-case price)	Deposit	Financed balance	Monthly	Monthly	Monthly
			Payment (KES) 15 yrs	Payment (KES) 20 yrs	Payment (KES) 25 yrs
Studio (U=1,500,000)	0%	1,500,000	16,667	15,625	15,000
	33%	1,005,000	11,167	10,469	10,050
	50%	750,000	8,333	7,812	7,500
1-bed (U=2,268,750)	0%	2,268,750	25,208	23,633	22,688
	33%	1,520,063	16,890	15,834	15,201

Unlocking construction and institutional off-take financing for urban housing

Typology (mid-case price)	Deposit	Financed balance	Monthly	Monthly	Monthly
			Payment (KES) 15 yrs	Payment (KES) 20 yrs	Payment (KES) 25 yrs
2-bed (U=3,600,000)	50%	1,134,375	12,604	11,817	11,344
	0%	3,600,000	40,000	37,500	36,000
	33%	2,412,000	26,800	25,125	24,120
3-bed (U=5,118,750)	50%	1,800,000	20,000	18,750	18,000
	0%	5,118,750	56,875	53,320	51,188
	33%	3,429,563	38,106	35,725	34,296
4-bed (U=7,087,500)	50%	2,559,375	28,437	26,660	25,594
	0%	7,087,500	78,750	73,828	70,875
	33%	4,748,625	52,763	49,465	47,486
	50%	3,543,750	39,375	36,914	35,438

Key insight:

Even with long terms, monthly payments stay high unless deposits are substantial. This is exactly why the waiting list must function as a deposit-building and readiness pipeline, not merely a registration list.

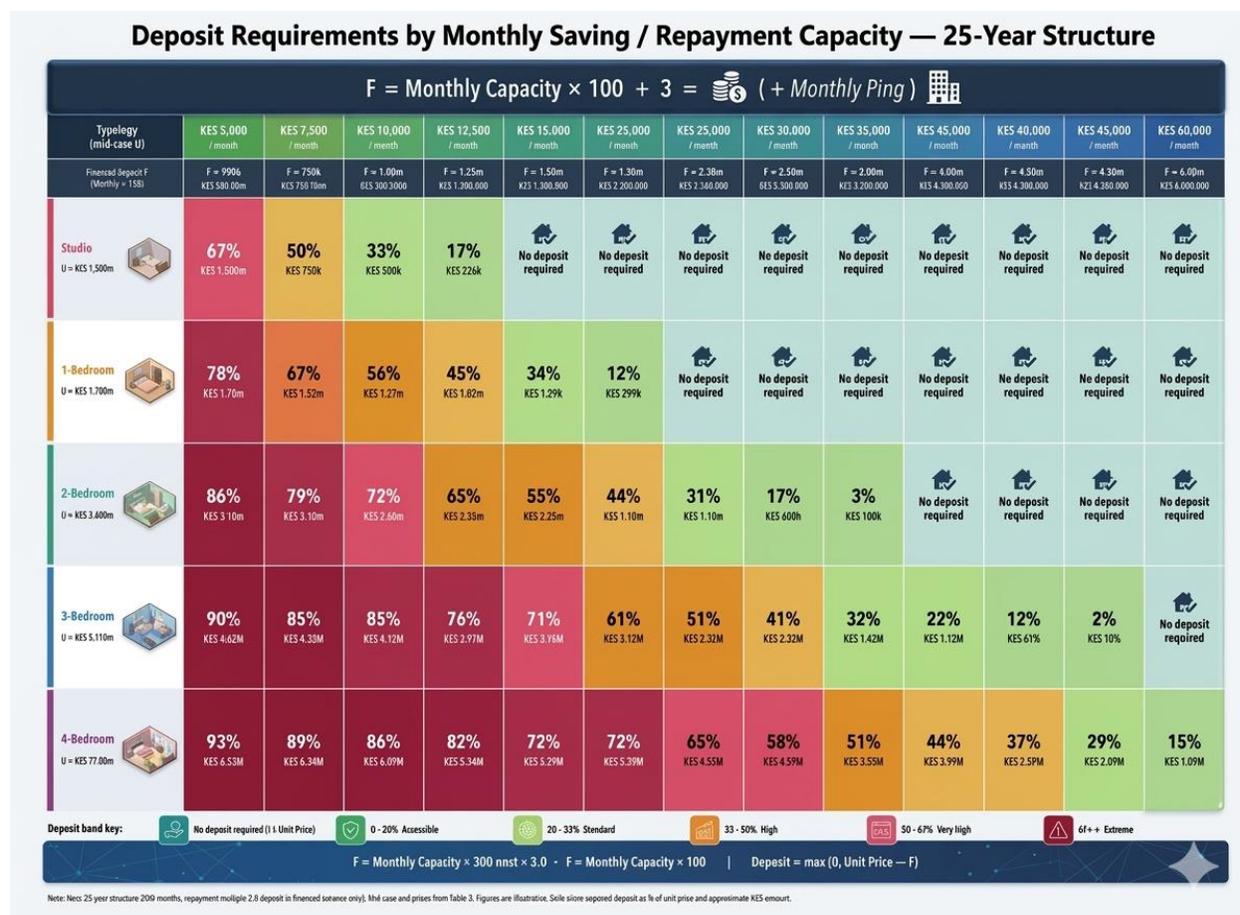


Table 3: Illustrative Monthly Payments (KES) Using Mid-Case Unit Prices

9.6 Deposit leverage and affordability (worked examples for low monthly capacity)

The deposit is the mechanism that allows a household with a lower monthly payment capacity to access a unit, because it reduces **F** (the financed balance). It also reduces default risk by ensuring that the household has meaningful cash equity at risk from the outset.

To calculate what financed balance a household can carry:

$$F = (\text{monthly payment} \times \text{term months}) \div \text{repayment multiple}$$

Examples using the 25-year structure (300 months; multiple 3.0):

- If a household can pay KES 10,000/month: $F = 10,000 \times 300 \div 3.0 = \text{KES } 1,000,000$
- If a household can pay KES 5,000/month: $F = 5,000 \times 300 \div 3.0 = \text{KES } 500,000$

Now apply to a **mid-case 1-bed (KES 2,268,750)**:

- For 10,000/month, required deposit $D \approx 2,268,750 - 1,000,000 = \text{KES } 1,268,750$ (~56%)
- For 5,000/month, required deposit $D \approx 2,268,750 - 500,000 = \text{KES } 1,768,750$ (~78%)

Interpretation:

- Very low monthly affordability is possible, but only if the household has built a very large deposit.
- That is not a flaw; it is the core logic of the waiting list as a disciplined deposit-building pathway.

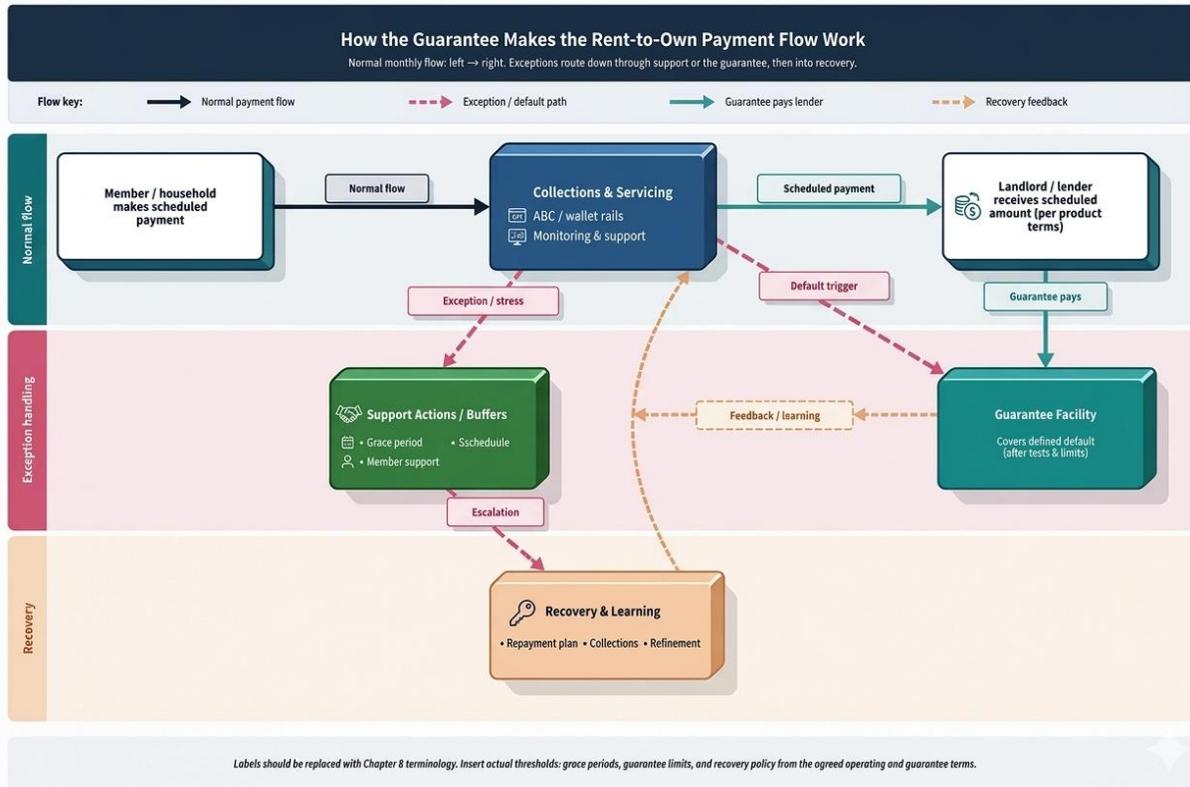


Figure 29: Affordability Profile — Monthly Payment as % of Household Income

9.7 Household-facing summary of the offer and member protections

For the pilot to be credible, the household proposition must be capable of being explained simply and consistently. A household should be able to understand what it is being offered, what it is required to do, what the guarantee does and does not do, how deposits and Equity Credits are treated, and what happens if the household struggles or exits early.

The programme is not offering a blanket subsidy and it is not offering unconditional access to a housing unit regardless of payment capacity. It is offering a structured pathway into allocation for households that can demonstrate readiness, supported by a bounded guarantee that helps off-takers accept short-duration payment interruption risk at the point of allocation.

9.7.1 What the household is buying

For the pilot to be credible, the household proposition must be capable of being explained simply and consistently.

A household that progresses through the waiting list and is matched to a unit is not buying an abstract place on a list. It is buying access to a specific housing opportunity linked to a specific unit and a defined contractual pathway, typically rent-to-own or another structured off-take arrangement, on terms that are disclosed in advance.

The household contract should therefore state clearly:

- the specific unit being allocated;
- the deposit required;
- the monthly payment structure;
- the intended route to ownership or completion benefit, where applicable;
- the circumstances in which a Tier 8 guarantee is active; and
- the rules for default, replacement, exit, and appeal.

9.7.2 How the deposit is treated

The deposit serves two functions. First, it reduces the financed balance and therefore lowers the monthly payment burden. Second, it acts as first-loss protection in the event of non-payment. For that reason, the deposit must be applied before any guarantee claim can become payable.

The household should therefore be told plainly that:

- the deposit is not merely a booking fee;
- it improves affordability by reducing the financed amount;
- it is applied first against arrears or contractually permitted losses before any guarantee payout is requested; and
- the guarantee does not sit in front of the deposit.

This is a core discipline feature of the model and should be stated clearly in member-facing materials.

9.7.3 How monthly payments and the guarantee work

Where a Tier 8 guarantee is activated, it is activated only for a specific household and a specific unit at the point of allocation. It is not a general insurance promise to the household, and it is not a waiver of payment responsibility.

The household should therefore be told that:

- the guarantee is a limited backstop to the off-taker, not a substitute for the household's obligation to pay;
- the guarantee applies only within defined limits and for a limited early-tenure period;

- the household may pay a modest guarantee charge while the guarantee is active; and
- if the household remains current and performs as agreed, the guarantee may never be called.

9.7.4 How Equity Credits vest

Where the contractual model includes Equity Credits, these should be explained in straightforward terms. Equity Credits are the portion of the household's monthly payment that counts toward ownership or completion benefit under the programme rules. They do not all vest immediately.

The household-facing explanation should state that:

- Equity Credits earned in the first 12 months are unvested and may be forfeited if the household defaults early;
- Equity Credits vest progressively over time, with stronger protection after sustained good performance; and
- any participation in capital appreciation, if offered at all, should be treated as a completion benefit, not as an immediately withdrawable entitlement.

This structure is not intended to punish households. It is intended to keep the guarantee disciplined and to reward sustained performance rather than short-term entry.

9.7.5 What happens if the household defaults

The household contract and member note should explain default consequences without ambiguity.

If the household stops paying and does not cure within the contractual cure period:

- the deposit is applied first;
- any unvested Equity Credits and any unvested appreciation entitlement are forfeited;
- any vested Equity Credits may be set off against arrears, reasonable enforcement or re-letting costs, and any guarantee payout made in respect of that household, in that order; and
- the household may lose the unit if payment failure persists and replacement procedures are triggered.

To preserve fairness, the documentation should also state that recoveries are capped. The programme may not recover more than the verified loss and legitimately recoverable costs. If a surplus remains after permitted set-off, that surplus should be credited back to the household or treated in accordance with the programme rules and applicable law.

9.7.6 What a “good leaver” means

A good-leaver category should exist, but it should be defined narrowly and clearly. The purpose is to distinguish households facing genuine hardship or involuntary disruption from households in payment default or households seeking to exit opportunistically.

For pilot purposes, the report should define a good leaver as a household whose exit arises from an approved hardship or involuntary event, such as death, severe illness, permanent disability, or another objectively evidenced event accepted under programme rules, and not from wilful non-payment, fraud, material misrepresentation, or voluntary withdrawal without approved cause.

Good-leaver treatment may include modified treatment of vested value, transfer to another eligible unit or household pathway where feasible, or another controlled outcome approved under programme policy. It should not result in an open-ended entitlement inconsistent with the bounded-risk design of the guarantee.

9.7.7 Whether the household can transfer or assign its position

The household should not be assumed to have a free transfer right. To preserve matching discipline and prevent informal trading in allocations, any transfer, substitution, or assignment should be permitted only under programme rules and with required approvals.

The member-facing note should therefore state that:

- the household cannot freely sell, assign, or trade its allocated position;
- any permitted transfer or substitution must follow the programme rules; and
- the operator and off-taker may reject any proposed transfer that undermines affordability, matching integrity, or contract compliance.

9.7.8 Whether the household can appeal

A household should have a real right to ask for review where it believes that its record, communications, treatment, or application of programme rules is incorrect. The pilot therefore requires a functioning grievance and appeals route.

The member-facing note should state that a household may raise:

- record-accuracy complaints;
- tiering or progression concerns;
- communication or service complaints; and
- contract-administration complaints.

Appeal rights should not, however, turn the programme into a discretionary system. Appeals are a protection against error, unfair treatment, or process failure. They are not a route to override affordability evidence, guarantee rules, or persistent payment default without basis.

9.7.9 What protections the household retains

The programme should state clearly that households retain core protections. At minimum, these include:

- clear written disclosure of the contract terms before signature;
- visibility on deposit treatment, payment schedule, and Equity Credit rules;
- notice and cure steps before enforcement action proceeds, subject to law and contract;
- a grievance and appeals route with defined response times;
- privacy and controlled use of personal data; and
- protection against recovery beyond verified loss and legitimately recoverable costs.

In short, the household proposition should be firm but not opaque. The programme should be disciplined without appearing punitive. That requires transparent rules, predictable communication, and clear boundaries from the start.

9.8 Guarantee design parameters (what the guarantee does and does not do)

The guarantee must be designed to protect liquidity and off-take confidence without becoming a permanent subsidy.

9.8.1 Non-negotiable rules (design discipline)

1. **Deposit-first loss:** the household deposit is exhausted first.
2. **Short-duration coverage:** practical window is **3–4 months** of payment interruption (not 5–6 months).
3. **Replacement discipline:** the off-taker/landlord must act to replace a persistently non-paying household within the discipline window; the guarantee is not a substitute for enforcement.
4. **Time-limited guarantee term:** the guarantee should apply only in the early risk period of the contract (typically **3–5 years**), after which the off-taker should have sufficient margin/retained earnings to self-insure routine losses.
5. **“No pack, no payout”:** claims are paid only with complete evidence packs and auditable calculations.

9.8.2 Why large deposits reduce guarantee risk materially

Where households have built large deposits (e.g., **one-third to 50%+**), two risk effects occur:

- **Lower monthly payment** reduces default probability.

Unlocking construction and institutional off-take financing for urban housing

- **Large deposit buffer** means that even if non-payment occurs, the deposit can absorb arrears before the guarantee is called.
- **Household cares about their deposit so prioritises this debt payment**

Therefore, in practical terms: **the higher the deposit, the less likely the guarantee should ever pay.** This reinforces the strategic value of the waiting list as a deposit-building engine.



Figure 30: Deposit and Payment Mechanics — Financed Balance Calculation

9.9 Provisioning logic: how much guarantee money must be “ready”?

The report’s working assumption for *non-recoverable defaults* is:

- **3% to 5% of guaranteed units** may ultimately experience unrecoverable loss outcomes (net of recovery actions).

However, the guarantee is not designed to cover full contract losses. It is designed to cover a **short interruption**, and only after deposit is exhausted.

A simple, transparent provisioning rule-of-thumb is:

Expected payout per year \approx Active guarantees \times claim rate \times payable months \times average monthly payment

Where:

- claim rate: 3%–5% (planning)
- payable months: typically 3–4 (target discipline)
- average monthly payment: depends on typology and deposit; use a pilot planning average until evidence improves



Figure 31: Guarantee Payout Estimation — Expected Loss Formula and Planning Parameters

9.10 Table 4: Year-1 expected payouts (illustrative)

Assume in Year 1:

- active guarantees: **2,000**

Unlocking construction and institutional off-take financing for urban housing

- claim rate: **3%–5%**
- payable months: **3–4**
- average monthly payment: **KES 15,000** (illustrative planning anchor)

Table 4: Year-1 expected payouts under Plan B (illustrative)

Assumption set	Expected payout estimate (KES)
Low (3% × 3 months)	$2,000 \times 0.03 \times 3 \times 15,000 = \mathbf{2.7m}$
Mid (4% × 3.5 months)	$2,000 \times 0.04 \times 3.5 \times 15,000 = \mathbf{4.2m}$
High (5% × 4 months)	$2,000 \times 0.05 \times 4 \times 15,000 = \mathbf{6.0m}$

How to interpret Table 4: These are expected payout magnitudes under disciplined operations. Liquidity reserves are usually set above expected payouts to handle clustering (see Section 8.9).

EXPECTED LOSS EXPLAINED

(illustrative)

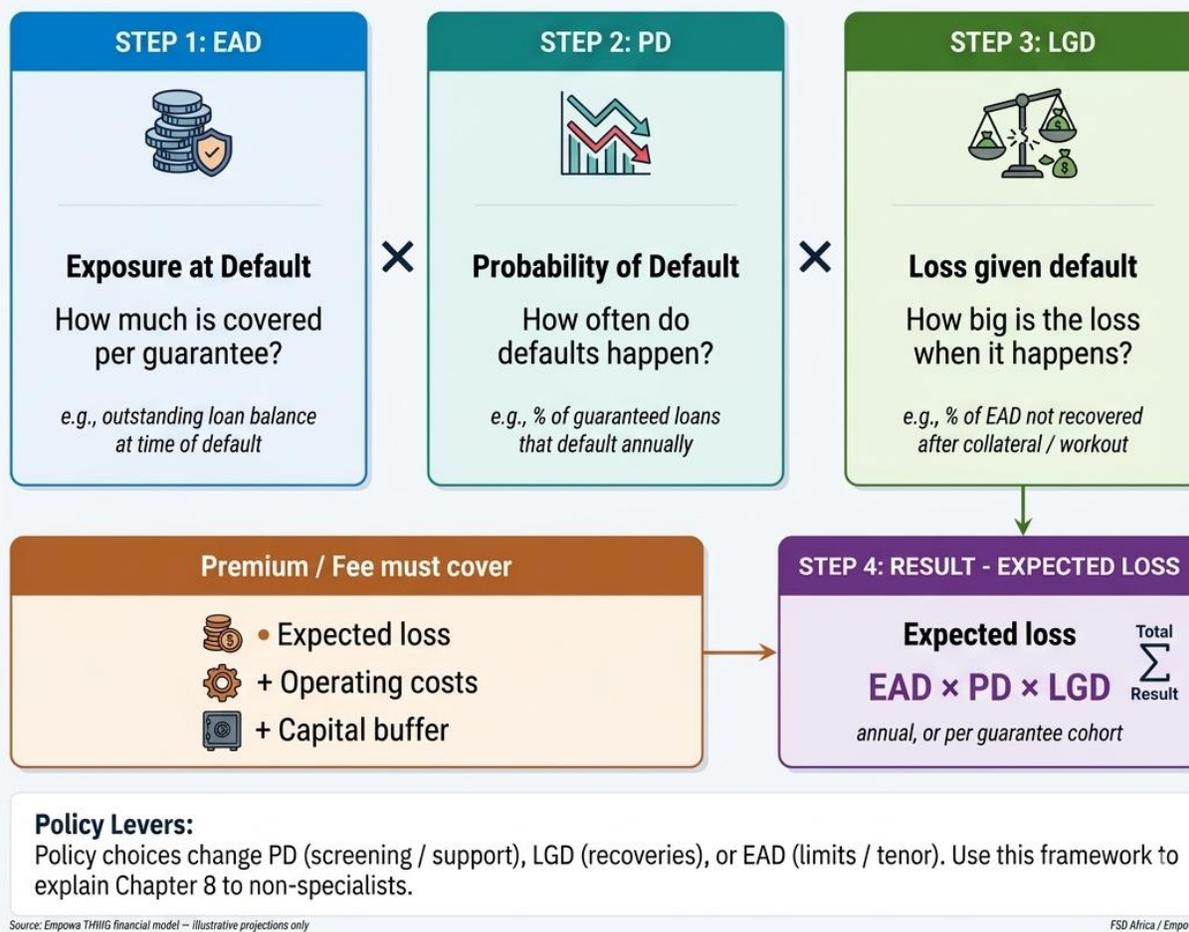


Table 4B: Year-1 Expected Payouts Under Plan B (Illustrative)

9.11 Liquidity sizing: why the guarantee fund needs a reserve and a line

Even if expected payouts are modest, claims can cluster (e.g., local shocks, job losses, medical events). A practical structure is:

- **Cash reserve** sized to cover clustered months; and
- **Revolving liquidity facility** sized to cover stress spikes without requiring an excessive upfront endowment.

A conservative stress approach is:

Stress payout estimate = Active guarantees × shock claim frequency × payable months × average monthly payment

A Year-1 illustration (Plan B):

- active guarantees: 2,000
- shock claim frequency: 12%
- payable months: 4
- average monthly payment: 15,000

Stress payout $\approx 2,000 \times 0.12 \times 4 \times 15,000 = \text{KES } 14.4\text{m}$

This supports the logic used later in implementation planning: keep a moderate reserve and pair it with a liquidity line to cover clustering.

9.12 Ten-year scaling: how guarantee liquidity scales with the active book

As the system scales, guarantee requirements scale primarily with the **active guarantee book**, not the number of households registered.

A simple scaling rule is:

- If active guarantees grow by 10×, expected payout capacity and liquidity posture must also grow roughly in proportion (subject to improving selection, deposit discipline, and replacement speed).

Using the 5- and 10-year scenario “active guarantee book” ranges presented later in Chapter 15, the planning logic remains the same: size reserves to cover clustered payouts and maintain a revolving line for stress periods. The design objective is not to eliminate risk; it is to keep risk **bounded, priced, and auditable**.

9.13 Summary

This chapter translates the waiting list and guarantee concept into financial reality:

- Unit values vary materially by typology and geography; monthly affordability is highly sensitive to deposits.
- The off-taker profit targets must be applied to the **financed balance after deposit**, not to the full unit price.
- Under level monthly payments, the stated profit targets imply a **gross yield in the ~11–12% p.a. range** before funding costs and losses and taxes.
- The guarantee must remain a **short-duration liquidity backstop** (3–4 months), deposit-first, time-limited (3–5 years), and governed under “no pack, no payout”.

Unlocking construction and institutional off-take financing for urban housing

- With disciplined replacement and evidence-based claims controls, expected payouts are manageable and can be supported with a reserve plus a revolving liquidity facility, allowing the model to scale without requiring excessive upfront endowment capital.

10 Operating model and OPEX requirements

10.1 Purpose of this chapter

This chapter examines what it will cost to operate THWG on an ongoing basis and how those costs can be structured so the system remains sustainable as volumes grow. It focuses on the operational expenditure (OPEX) required to:

- onboard households and maintain a high-quality waiting list (Tier 1–7);
- operate matching and pipeline discipline (Tier 7);
- administer the guarantee facility (Tier 8), including claims and reporting; and
- run governance, oversight committees, assurance, and continuous improvement.

The chapter also clarifies which costs can reasonably be absorbed inside existing stakeholder business models and which costs must be explicitly funded by the THWG system.

10.2 The operating model in simple terms (two linked engines)

THWG has two operating engines:

Operationally, the pipeline utility should be mobile-first and branch-light: assisted onboarding at the front end, digital follow-up and nudges through the middle, and regulated bank reconciliation and custody in the background. This reduces customer-acquisition cost while preserving control over funds and reporting.

1. **Pipeline utility engine (Tier 1–7):** A production system that converts interest into complete verified records, progresses households through readiness tiers, and maintains a Tier 7 standby pool aligned to real unit pipelines.
2. **Guarantee facility engine (Tier 8):** A controlled financial instrument that activates only at allocation, monitors early tenure risk, processes valid claims under strict rules, and reports performance and solvency to governance bodies.

A key finding of this report is that these two engines should not be funded in the same way. Pipeline utility costs are closest to customer acquisition and market infrastructure costs. Guarantee facility costs are closer to insurance administration and liquidity management.

10.3 Cost structure at scale (indicative 10-year view)

A longer-term view is useful for feasibility, but it should not be treated as a Year-1 pilot budget or as a precise operating forecast. The authoritative Year-1 position is the fully costed 12-month pilot budget set out in Chapter 13. Any longer-term scale view should therefore be refreshed after the pilot has generated real evidence on completion rates, tier progression, matching depth, guarantee incidence, payable months, and recovery performance. The broad feasibility conclusion remains unchanged: as scale increases, fixed governance and

platform costs become less material per household, while assisted onboarding, servicing, matching, monitoring, and claims administration remain the dominant operating cost drivers.

Interpretation:

Vendor platform costs become predictable after Year 1 (excluding transaction fees and variable API consumption).

The dominant cost driver becomes local operating work tied to household volumes (onboarding, servicing, monitoring and claims administration).

This is not “administrative waste”: it is the real cost of maintaining pipeline discipline, fast replacement, and auditable decision-making that protects the guarantee from becoming a subsidy.

10.4 Pipeline utility OPEX (Tier 1–7): the real drivers

In practice, the largest costs are not software licences; they are the human and field costs required to produce complete records and maintain readiness.

10.4.1 Cost categories (Tier 1–7)

Pipeline utility OPEX typically includes:

- **Mobilisation and marketing:** cooperative targeting, member communications, onboarding events (NACHU-led).
- **Assisted onboarding and conversion engine:** follow-up calls/WhatsApp, reconciliation of partial records, document capture support.
Wallet/channel operations: telco-agnostic payment journeys, member messaging, and any merchant or retailer-linked collection enablement used in the pilot.
- **Data quality management:** duplicate detection, single-member record enforcement, audit trail maintenance.
- **Tier progression operations:** evidence review (where required), rule-based progression processing, exception handling.
- **Matching operations:** coordination of household preferences and unit pipeline metadata; standby pool management.
- **Member support and grievances:** first-line support, appeals routing, transparency communications.
- **Reporting:** operational dashboards, weekly/monthly packs, performance scorecards.

10.4.2 Who can absorb these costs or blend these costs with other operational budgets?

Several stakeholders can absorb parts of the Tier 1–7 cost inside their existing models:

- **NACHU:** can carry parts of mobilisation/training cost as part of its member service mandate, particularly where funded by programme support or by value capture mechanisms linked to allocations.
- Digital rails providers and banks: can recover some operational costs through their own platform economics (wallet usage, transaction activity, float/investment economics, and settlement support), provided charges remain low and do not create barriers to onboarding or to small, frequent payments.
- **Empowa and developers/off-takers:** should treat pipeline access as a substitute for marketing and agent fees and therefore contribute to pipeline utility funding (see Section 9.6).

The critical cost that cannot be wished away is the conversion engine: without assisted completion and refresh cycles, the waiting list will be full of partial records and will not produce Tier 7 depth.

Where household incomes are received frequently rather than monthly, the operating model should support weekly and bi-weekly collection options through digital rails rather than assuming branch-based monthly payment behaviour.

10.5 Guarantee facility OPEX (Tier 8): a lean, rules-based function

The guarantee facility should be operationally light. The goal is not to create a large bureaucracy; the goal is to create disciplined controls.

10.5.1 Cost categories (Tier 8)

Guarantee facility OPEX typically includes:

- **Guarantee activation processing:** verifying the allocation pack and confirming eligibility at the point of allocation.
- **Monitoring and early warning:** tracking arrears signals and initiating cure/replace actions.
- **Claims intake and validation:** receiving claims packs, checking evidence, and calculating payable amounts net of deposit.
- **Payout execution:** dual control payment authorisation (trustee/fiduciary controls) and payment reconciliation.
- **Recoveries and subrogation (where applicable):** tracking recoveries from deposits, penalties or other mechanisms.
- **Reporting:** monthly solvency/liquidity reporting, claims ratios, exceptions and audit samples.
- **Governance support:** committee packs and responses to audit and assurance queries.

10.5.2 Why Tier 8 should remain low OPEX

If the guarantee is correctly designed, Tier 8 should not be “busy”. It becomes busy only when the upstream system is weak or undisciplined. Specifically:

- strong deposit discipline reduces claim frequency;
- fast replacement reduces payable months; and
- “no pack, no payout” reduces leakage and prevents time-consuming disputes.

The operational goal is a guarantee facility that can be administered by a small, competent team with strong governance and external assurance.

10.6 Governance and assurance OPEX (system-wide)

Some OPEX is required simply to maintain credibility:

- trustee/fiduciary oversight of ring-fenced funds;
- periodic assurance testing of tier decisions and claims sampling;
- annual financial audit of ring-fenced funds;
- committee operations (minutes, decision registers, delegated authority tracking); and
- data governance compliance (access controls, incident handling, privacy governance).

These costs should be treated as non-negotiable “cost of credibility”. Without them, institutional participation will not be durable.

10.7 Funding alignment: who should pay which costs (and why)

A sustainable THWG model requires that costs are paid by those who benefit.

10.7.1 Pipeline utility funding (Tier 1–7)

The waiting list creates value for supply-side actors by reducing customer acquisition costs and failed allocations. In most property markets, attracting a buyer/tenant involves marketing costs, broker fees, or agent commissions. THWG replaces or reduces these costs by delivering:

- verified, matchable, standby-ready households;
- reduced allocation failure;
- faster absorption and lower idle-unit risk.

Therefore, the report recommends that pipeline utility costs be funded primarily through:

- **a success fee per allocation** (commission substitute), and/or
- **an access/subscription fee** paid by off-takers/developers/platform users of the pipeline.

Household fees at Tier 1–7 should be minimal or zero to avoid excluding the very segment the system is designed to serve.

10.7.2 Guarantee facility funding (Tier 8)

The guarantee provides direct risk reduction value to off-takers and also enables households to access allocations that might otherwise be denied. Funding should therefore be shared and structured like insurance:

- a modest **household guarantee charge** included in monthly payment while the guarantee is active; and
- a **co-contribution by the off-taker**, recognising that they are a primary beneficiary; plus
- investment returns on ring-fenced reserves where applicable; and
- a revolving liquidity facility to cover clustered stress without large permanent capital.

Critically, the guarantee should not be expected to fund the entire pipeline utility OPEX. If this happens, the guarantee becomes an overloaded “programme budget” and becomes politically and financially fragile.

10.7.3 Proposed contractual and operating approach: equity credit set-off and recovery on default (Tier-8 guarantees)

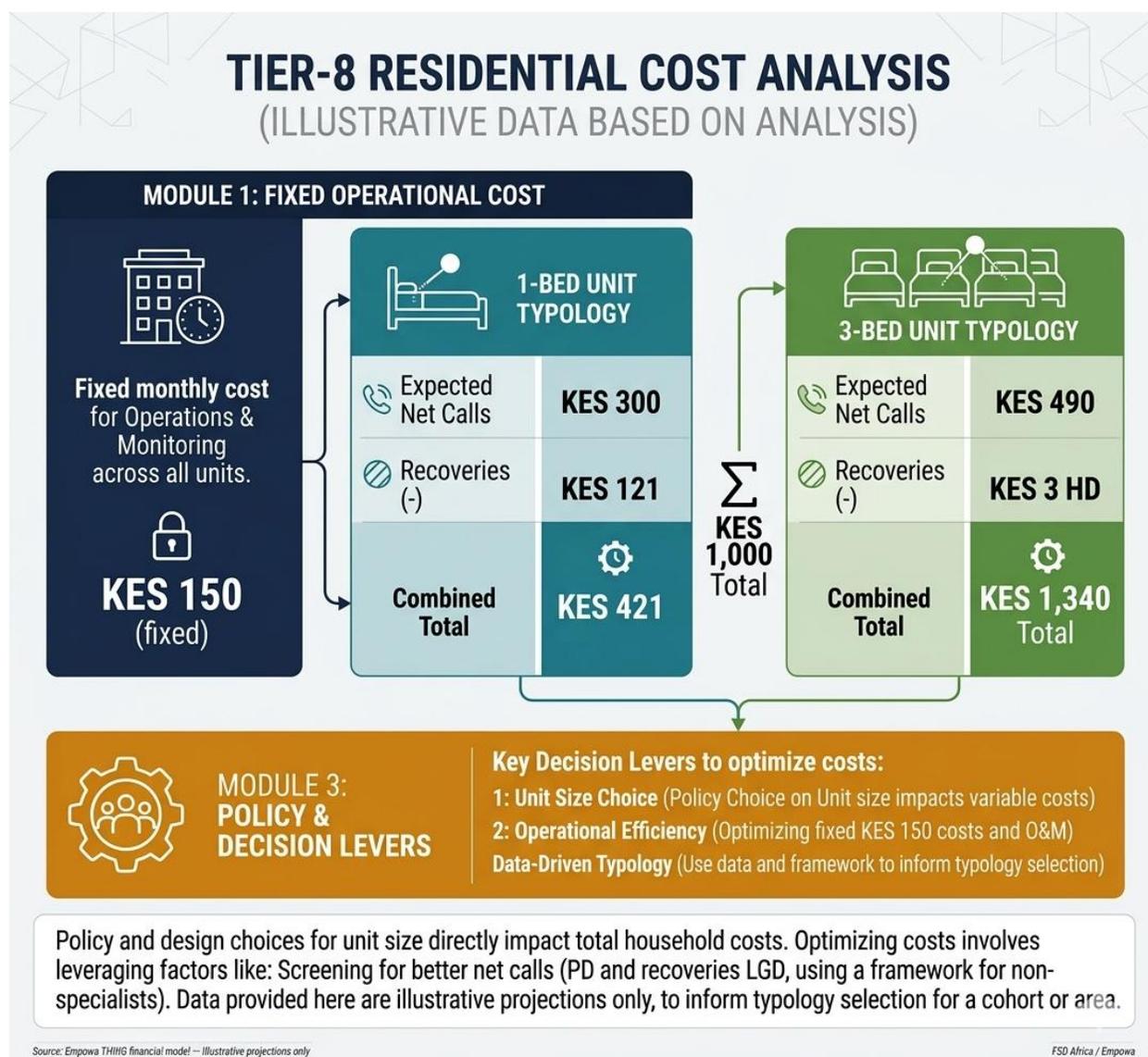


Figure 32: Member Redress and Equity Credit Recovery Pathway

To protect the guarantee from becoming an implicit subsidy, the programme should be designed so that a portion of any guarantee payout can be recovered from value already attributable to the defaulting household within the rent-to-own structure.

This is best achieved by explicitly defining **Equity Credits** (the portion of each monthly payment that accrues towards ownership) and treating any participation in **capital appreciation** as a completion benefit that is conditional on sustained performance. The intent is not punitive; it is to ensure that the guarantee facility remains disciplined, auditable and scalable, and that losses are not systematically socialised onto the guarantee pool.

Under this approach, Equity Credits should **vest progressively** (rather than immediately). A practical vesting structure is:

- (i) Equity Credits accrued in the first 12 months are **unvested** and therefore forfeitable on default;
- (ii) Equity Credits vest on a rising schedule from months 13–36; and
- (iii) Equity Credits may become fully vested only after a longer period of sustained performance (e.g., 36 months).

Capital appreciation participation, if offered at all, should be treated as **non-vested unless and until successful completion** (or an agreed “good leaver” event), and should not be payable where termination occurs for payment default. This aligns incentives: households are rewarded for endurance and completion, while the guarantee is protected against early-stage defaults where equity accrual is still small.

Where a household is terminated for payment default (after any contractual cure periods), the programme documentation should permit the following recovery waterfall.

- First, any unvested Equity Credits and any unvested appreciation entitlement are **forfeited**.
- Second, any vested Equity Credits may be **set-off** against amounts due in a defined priority order:
 - (i) arrears and contractually permitted charges,
 - (ii) reasonable enforcement and re-letting costs, and
 - (iii) **reimbursement of any guarantee payout** made in respect of that household.
- Third, to maintain fairness and proportionality, the set-off should be **capped** so that the programme does not recover more than the verified loss (i.e., payout plus legitimately recoverable costs).

If a surplus remains after this capped set-off (expected to be rare), it should be credited back to the household or handled in accordance with the programme rules and applicable law.

Operationally, this recovery mechanism should be paired with strict pipeline discipline: rapid identification of default risk, early intervention, and fast replacement of defaulting households with eligible substitutes.

The combination of

- (i) progressive vesting,
- (ii) clear default consequences,
- (iii) defined set-off rights, and
- (iv) fast replacement is what enables the guarantee to function as a **risk-management instrument** rather than a blanket affordability subsidy.

For modelling purposes in this report, recovery can be treated as a variable that depends on programme maturity and enforcement effectiveness; an illustrative base-case

assumption is that **around half** of expected payouts may ultimately be recoverable through the combined effect of forfeited unvested credits, set-off of vested credits and disciplined re-letting, with prudent sensitivity testing above and below this level.

10.8 Data value (secondary benefit, not a primary business model claim)

The waiting list will generate valuable data: heat-mapping of demand by geography and typology, affordability bands, deposit trajectories, and readiness bottlenecks. This can strengthen planning, reduce misallocation, and support better product design.

However, this report treats data value as a secondary benefit, not the primary funding source. Any monetisation of data must be tightly governed, consent-based, and aligned with member protection principles.

10.9 Summary

THWG OPEX is best understood as two linked operating engines: a pipeline utility (Tier 1–7) and a guarantee facility (Tier 8). The pipeline utility carries the heavier operational costs because it requires assisted onboarding, conversion and refresh cycles to produce complete and matchable records. The guarantee facility should remain lean and rules-based, becoming more efficient as deposit discipline and replacement discipline improve. Sustainability depends on correct funding alignment: pipeline utility costs should be borne primarily by the supply-side through success/access fees (substituting for marketing and agent commissions), while the guarantee is priced like insurance and supported by modest shared charges and liquidity facilities—without forcing the guarantee to become the funding engine for the entire system.

11 Capitalisation and funding model for sustainability

11.1 Purpose of this chapter

This chapter sets out a sustainable funding model for THWG. It addresses a central practical question: **how can the waiting list and guarantee operate long-term without becoming permanently donor-dependent or drifting into an open-ended subsidy?**

The chapter “un-knots” the funding problem by separating two different economics that are often mistakenly treated as one:

- **Pipeline utility economics (Tier 1–7):** the cost of building and maintaining a verified demand pipeline and matching engine.
- **Guarantee facility economics (Tier 8):** the cost of providing a bounded liquidity backstop and administering claims with strict controls.

It then proposes a practical funding stack that

- (i) aligns incentives,
- (ii) keeps household charges low,
- (iii) avoids requiring an excessive upfront endowment, and
- (iv) can be stress tested and recalibrated.

Figure 33: Cost allocation — pipeline utility vs guarantee facility

Cost category	Typical activities	Should sit where	Rationale
Member mobilisation and cooperative engagement	marketing, awareness, training-of-trainers, cooperative support, onboarding assistance	Pipeline utility	These costs exist to build the funnel, not to underwrite risk. They are “market-building”.
Tier 1–7 onboarding and data integrity	household profiling, updates, verification workflows, readiness progression	Pipeline utility	Drives conversion; most participants carry no financial exposure.
Analytics and readiness scoring	affordability segmentation, behavioural insights, periodic re-calibration	Pipeline utility (with governance interface to guarantee)	This reduces uncertainty across the whole value chain, not only the guarantee cohort. Pngme’s cost menu is structured as setup + recurring platform/model updating + waiting list module.

Unlocking construction and institutional off-take financing for urban housing

Cost category	Typical activities	Should sit where	Rationale
Matching and transaction enablement	unit matching; pathway logic; digital workflows	Pipeline utility (transaction engine costs)	This is a conversion mechanism that developers/off-takers benefit from directly. Licensing fees need to be modest and clearly separable.
Guarantee underwriting and eligibility confirmation	final checks for Tier 8 entry; exposure limits; policy issuance	Guarantee facility	This is the start of financial exposure and must sit with the risk instrument.
Claims handling and payout operations	claim validation, payout approval, payment processing, recoveries	Guarantee facility	Directly linked to the guarantee promise.
Guarantee capital management	reserve governance, liquidity planning, investment oversight	Guarantee facility	Necessary for credibility and solvency discipline.
Independent governance, audit and actuarial review (guarantee-specific)	guarantee oversight committee, audit, policy compliance	Guarantee facility	Must be ring-fenced to avoid conflict and maintain trust.

11.2 Split the model: pipeline utility vs guarantee facility

THWG becomes fragile when the guarantee is expected to pay for everything. The first design choice is therefore to formally split the model:

11.2.1 Pipeline utility (Tier 1–7): what it is funding

Pipeline utility funding covers:

- mobilisation and assisted onboarding (conversion engine);
- data completion and refresh cycles;
- tier progression operations;
- unit pipeline ingestion and matching operations; and
- pipeline reporting and governance support.

This is essentially “market infrastructure” and customer acquisition replacement.

11.2.2 Guarantee facility (Tier 8): what it is funding

Guarantee facility funding covers:

- guarantee activation checks at allocation;
- monitoring during the early risk window;
- valid claim payouts under strict rules;

- claims administration and reporting; and
- liquidity/capital costs required to pay clustered claims.

This is an insurance-like product with a liquidity management requirement.

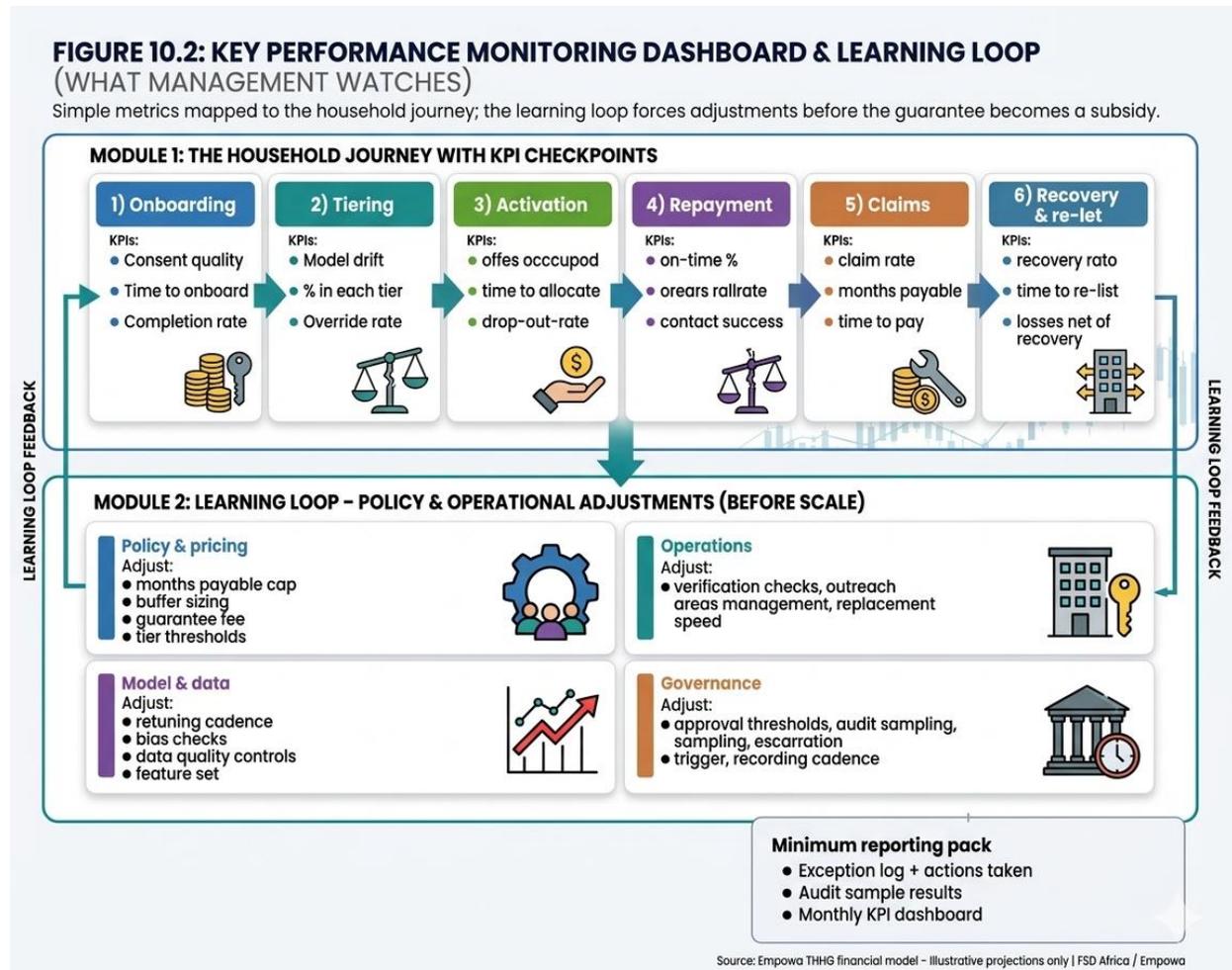


Figure 34: Indicative OPEX at Scale — Cost Components by Activity

11.3 Funding the pipeline utility (Tier 1–7): make supply-side pay

A sustainable waiting list is funded when the parties who benefit pay for it. In affordable housing, supply-side actors already pay to find and convert tenants/buyers through:

- marketing and advertising spend;
- agents and broker commissions;
- promotions and incentives; and
- time cost and risk of failed allocations.

THWG replaces these fragmented costs with a verified demand pipeline. The recommended pipeline funding approach is therefore:

Unlocking construction and institutional off-take financing for urban housing

- **Success fee per allocation** (commission substitute) and/or
- **Access/subscription fee** for pipeline users (off-takers and developers), potentially tiered by volume.

This is the most robust mechanism because pipeline value exists **even before a guarantee is activated**. Off-takers and developers benefit from verified demand, faster absorption, and fewer failed allocations.

Household charges at Tier 1–7 should remain low or zero to avoid excluding the target segment.

11.4 Pricing the guarantee like insurance (Tier 8): the correct logic

Guarantees fail when they are priced like vague “comfort” rather than measurable risk. The correct approach is to price the guarantee like insurance.

11.4.1 Premium building blocks

The guarantee price (or cost provision) should include three components:

- **Expected claim cost** This is the probability of a valid claim multiplied by the expected payable months and expected payable amount (after deposit and recoveries).
- **Admin cost per active guarantee** This includes monitoring, claims processing, reporting, and assurance.
- **Liquidity / capital cost** This covers the cost of holding a reserve and/or paying for access to a liquidity line.

In simple terms: **Guarantee price \approx expected payouts + admin + liquidity cost**

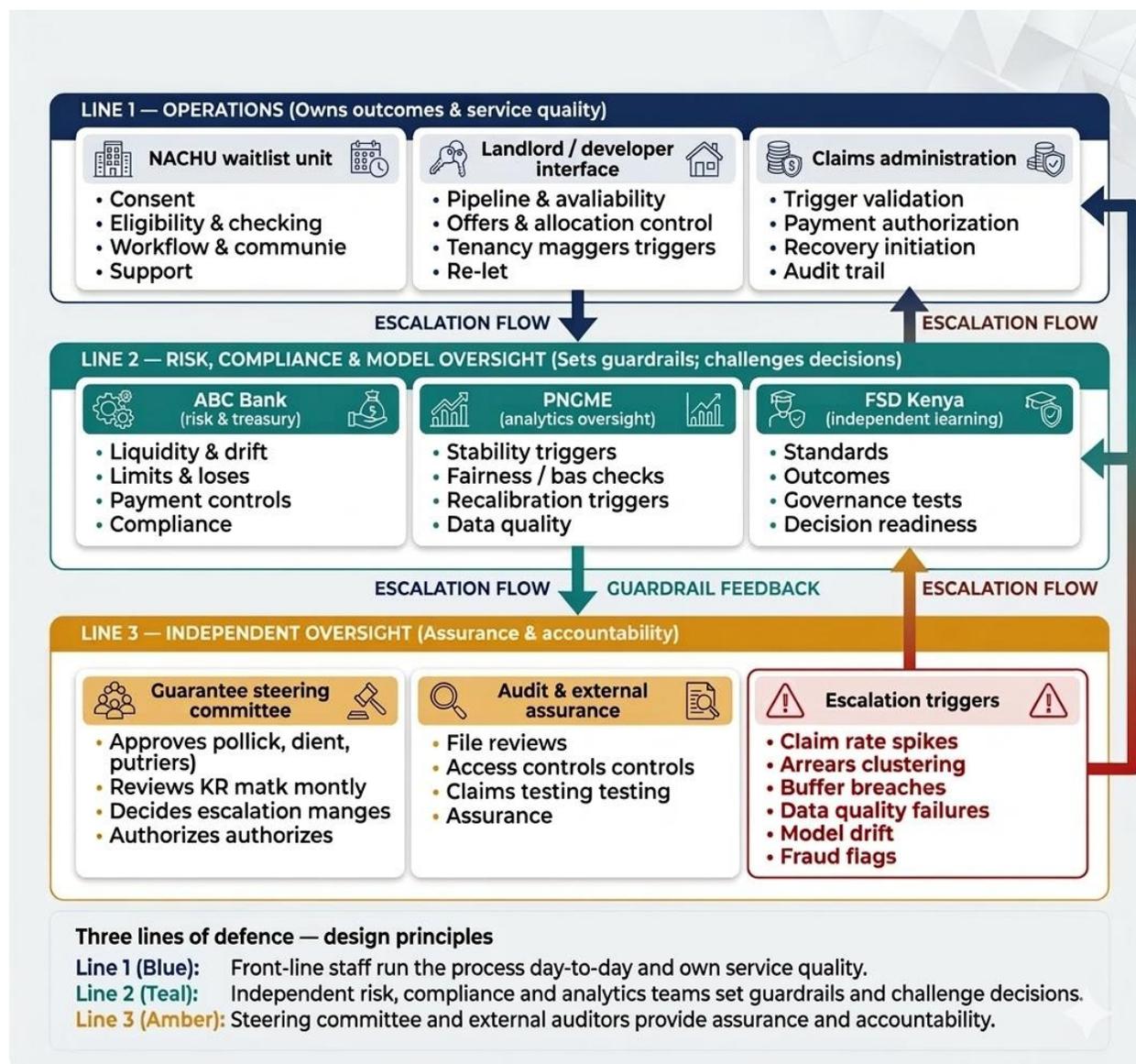


Figure 35: Deposit-First Loss and Replacement Discipline Flow

11.4.2 Why deposit-first loss and replacement discipline are non-negotiable

The model becomes unaffordable if payable months inflate. Two rules keep it bounded:

- **Deposit-first loss:** the deposit absorbs arrears first.
- **Replacement discipline:** persistently non-paying households must be replaced quickly (target 3–4 months), not carried indefinitely.

Without these, guarantee costs rise sharply and premiums become unaffordable for households and unattractive for off-takers.

WHY DEPOSIT-FIRST LOSS & REPLACEMENT DISCIPLINE ARE NON-NEGOTIABLE (ILLUSTRATIVE)

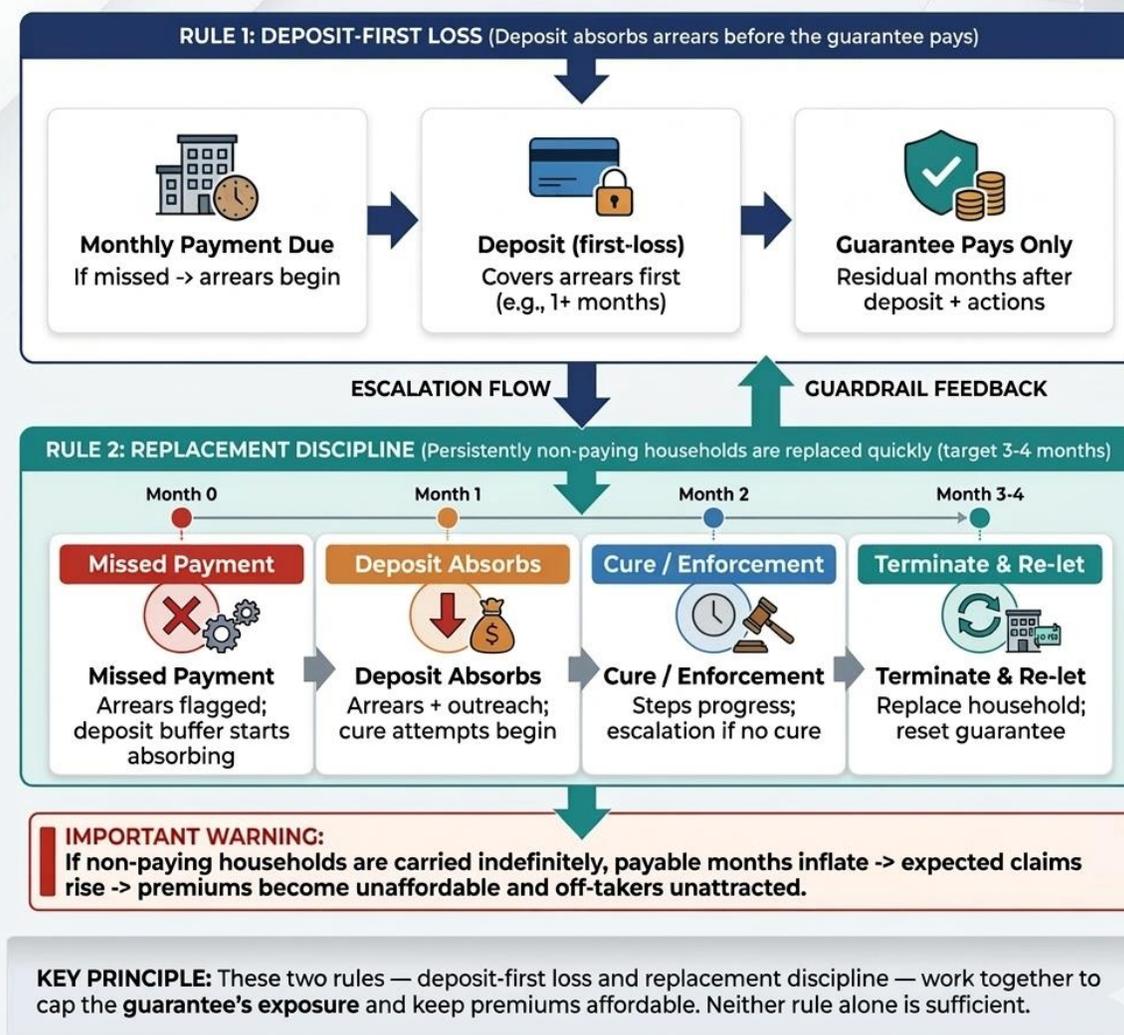


Figure 36: Expected Loss Analysis — Stress Test Scenarios

11.4.3 Illustrative stress test parameters (Base / Downturn / Shock)

To keep this understandable for readers with limited financial modelling experience Table 21 uses simple, transparent assumptions consistent with the intended discipline:

- Monthly payment example: **KES 10,000** (illustrative; actual varies by unit typology and deposit)
- Deposit: **1+ months first-loss** before guarantee pays
- Payable months are residual months after deposit and cure/eviction actions

Table 5: Expected claims per active guarantee (illustrative)

Scenario	Payable claim frequency (p)	Average payable months (after deposit)	Monthly payment (KES)	Expected claims per active guarantee per year (KES)	Expected claims per active guarantee per month (KES)
Base	4%	2 months	10,000	$0.04 \times 2 \times 10,000 = 800$	67
Downturn 7%		3 months	10,000	$0.07 \times 3 \times 10,000 = 2,100$	175
Shock	12%	4 months	10,000	$0.12 \times 4 \times 10,000 = 4,800$	400

These are **expected** costs. They are not the maximum payout (which is governed by caps).

Expected claims per active guarantee

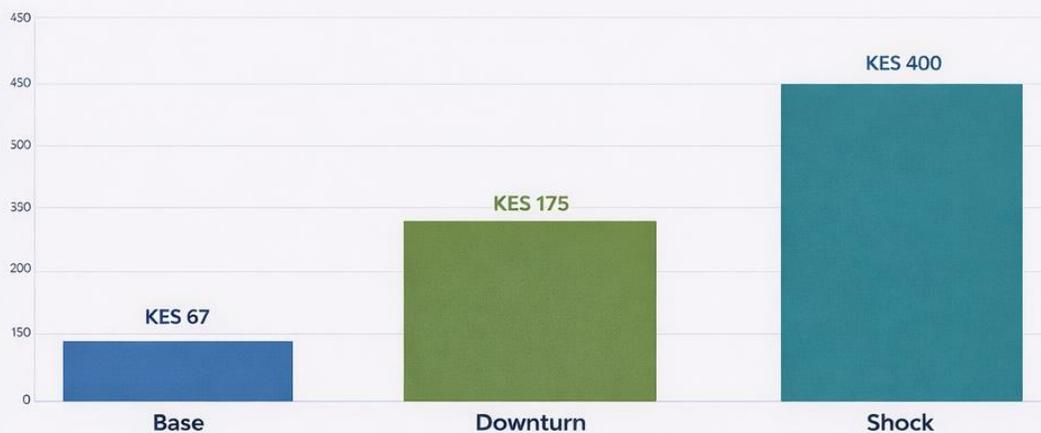
Expected total monthly claim cost per active guarantee = payable × month × payment.

Parenting is assumed KES 18,000, bases payables in months that exclude months after deposit and conviction actions.

(illustrative; after deposit)

Base	Downturn	Shock
Payable claim frequency 4%	Payable claim frequency 6%	Payable claim frequency 7%
Avg payable months (after deposit) 2	Avg payable months (after deposit) 2.5	Avg payable months (after deposit) 3
Monthly payment KES 18,000	Monthly payment KES 18,000	Monthly payment KES 18,000
Annual expected claim cost: KES 800 $2,000 \times 4\% \times 2.5 \times \text{KES } 18,000$	Annual expected claim cost: KES 4,200 $2,000 \times 6\% \times 2.5 \times \text{KES } 18,000$	Annual expected claim cost: KES 9,600 $2,000 \times 7\% \times 3.5 \times \text{KES } 18,000$
Expected monthly KES 67	Expected monthly KES 175	Expected monthly KES 400

Expected monthly claim cost by scenario



Note: These are expected claims cost estimates generated by programme rules and deposit-first discipline. Payable months are residual months after deposit and conviction actions.

Table 5: Expected Claims Per Active Guarantee (Illustrative)

11.4.4 Portfolio expected payout over time (why liquidity matters more than “dowry”)

Using the report’s indicative active guarantee counts (Year 1: 2,000; Year 5: 14,500; Year 10: 36,800),

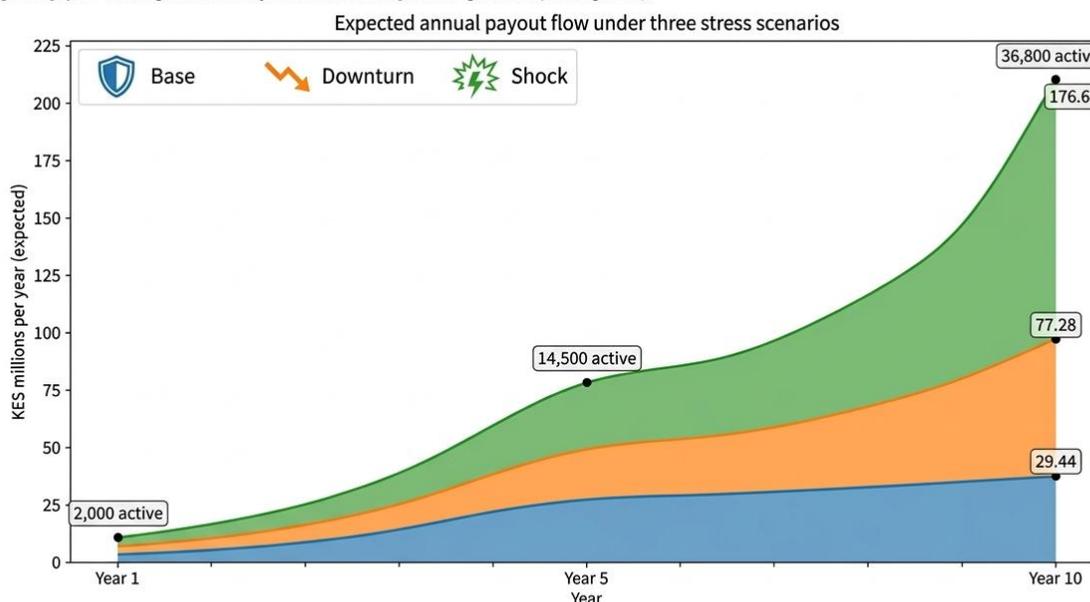
The following Table shows what the expected payout flow looks like.

Table 6: Expected annual payout (illustrative)

Scenario	Year 1 (2,000 active)	Year 5 (14,500 active)	Year 10 (36,800 active)
Base	2,000 × 800 = KES 1.60m	14,500 × 800 = KES 11.60m	36,800 × 800 = KES 29.44m
Downturn	KES 8.19m	KES 30.45m	KES 77.28m
Shock	KES 18.72m	KES 69.60m	KES 176.64m

Expected annual payout flow (illustrative: why liquidity matters)

Expected payout = active guarantees x expected annual claim per active guarantee (from Figure 18).



Interpretation and Implications

- The analysis demonstrates that, while gross exposure can grow very large (e.g., KES 176 million expected under Shock at Year 10), disciplined program design ensures that expected cash payouts remain manageable, often in the tens of millions per year across scenarios.
- This highlights the inefficiency of a very large upfront endowment and supports the strategy of using a right-sized liquidity facility.
- A well-sized facility, based on the expected annual payout flow plus prudent buffers (e.g., for payout clustering or tail events), offers a more capital-efficient alternative for financial resilience.

Interpretation: even when gross exposure is in the billions, expected cash payouts can remain in the tens of millions under disciplined design. This is why a **liquidity facility** can be more efficient than a very large endowment.

Table 6: Expected Annual Payout (Illustrative)

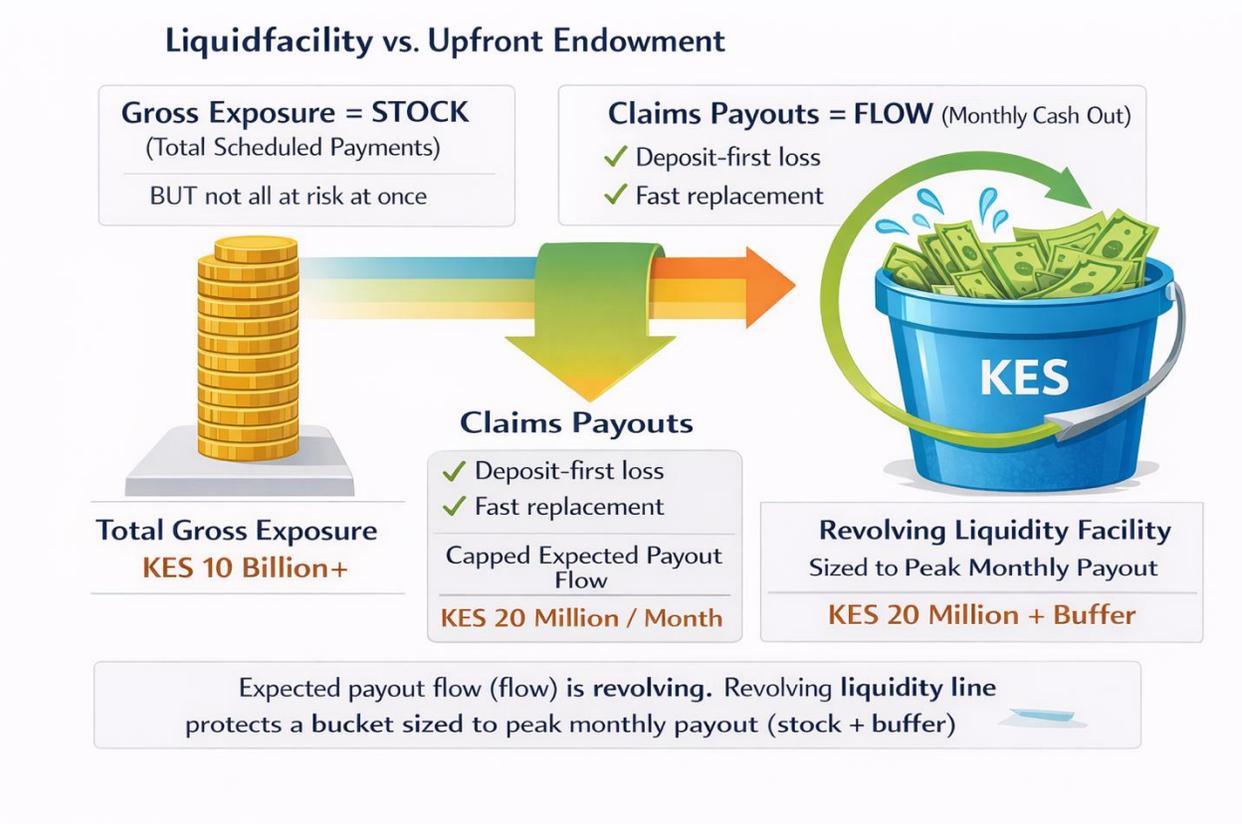
11.5 Avoiding an “upfront dowry”: use a liquidity facility

A common mistake is to assume the guarantee fund must hold capital equal to the gross exposure of all guarantees. THWG is structured differently: it is a short-duration liquidity backstop, not a full cashflow guarantee.

Therefore, the recommended approach is a two-layer facility:

- **Layer 1: cash reserve** (ring-fenced) sized for expected payouts and near-term clustering.
- **Layer 2: revolving liquidity facility** sized for stress clustering (e.g., local economic shock), drawn only when needed.

This reduces the need for a very large upfront endowment while still maintaining payout credibility. The liquidity facility also creates discipline: it forces the system to price risk and report performance in a financeable way.



11.6 Who pays the guarantee: recommended shared contribution

Figure 37: Liquidity Facility Structure — Reserve and Line Configuration

Because the guarantee benefits both households and off-takers, the report recommends a shared contribution model:

- **Household guarantee charge:** a small monthly amount paid only while the guarantee is active (early years).
- **Off-taker co-contribution:** a smaller but meaningful share paid by the off-taker because they benefit directly from risk reduction and improved cashflow stability.
- **Investment income (where applicable):** modest investment returns on ring-fenced reserves can reduce required premiums, subject to an approved investment policy and risk controls.

This shared structure keeps household costs low while aligning off-taker incentives to maintain enforcement and replacement discipline.

11.7 Illustrative pilot commercial term sheet (for decision and contracting)

11.7.1 Purpose of this section

The preceding sections set out the correct commercial logic for THWG: the pipeline utility should be funded primarily through supply-side access and/or success fees; the guarantee should be funded through modest shared contributions; and the guarantee facility should be supported by a ring-fenced reserve plus a revolving liquidity line. What is still required, however, is a simple commercial sheet that translates that logic into named payment obligations, triggers, accounts, and priority of application.

This section provides an illustrative pilot commercial term sheet for that purpose. It is not a substitute for definitive legal documentation. Rather, it is intended to give FSD Kenya, NACHU, the THWG Operator Company, Pngme, Empowa, ABC Banking Group / ABC Capital, SiliconEnterprise / Silicon Capital, Placemakers, and participating off-takers and developers a practical commercial frame within which definitive agreements can be negotiated.

11.7.2 Commercial scope and party roles

For pilot purposes, the commercial structure should distinguish clearly between:

(i) **pipeline utility economics (Tier 1–7)**, which fund mobilisation, assisted onboarding, data completion, matching, reporting, and platform operations; and
(ii) **guarantee facility economics (Tier 8)**, which fund guarantee administration, reserve build-up, claims liquidity, and bounded payout obligations.

Within that structure:

- **FSD Kenya** acts as pilot sponsor and enabling funder for agreed pilot-startup and learning costs;
- **NACHU** acts as mobilisation and member-support partner under a services arrangement;
- **Pngme** provides affordability analytics, scoring, calibration, and related reporting inputs under contract;
- **Empowa** provides unit pipeline ingestion, matching workflows, and, where applicable, off-take pathway enablement;
- **ABC Banking Group / ABC Capital** provides regulated banking rails, custody/account infrastructure, and the liquidity-line interface;
- **SiliconEnterprise / Silicon Capital**, where used, provides wallet-enabled savings, messaging, and customer-facing digital support under contract;

- **Placemakers** and other participating developers contribute approved unit pipelines; and
- **the off-taker** enters the household-facing allocation / rent-to-own relationship and is the primary claimant under any valid guarantee claim.

11.7.3 Illustrative pilot commercial terms

Table 7A: Illustrative pilot commercial term sheet

Term	Illustrative pilot position	Payor	Payee / account	Trigger	Notes
Pilot term	12 months from operational launch	n/a	n/a	Pilot commencement date	May be extended only by formal governance approval
Commercial scope	Tier 1–7 pipeline utility plus Tier 8 guarantee facility	n/a	n/a	Execution of pilot agreements	Applies only to approved pilot projects and approved off-take structures
Pipeline access fee	KES 1.5 million per project per quarter , payable in advance	Participating developer and/or participating off-taker using the THWG pipeline	THWG Operating Account	On execution of project participation agreement; thereafter quarterly in advance	Access fee gives the project access to verified pipeline, matching workflow, and allocation support; fee may be paid by developer, off-taker, or shared between them
Allocation success fee	KES 25,000 per unit allocated through THWG to a signed household contract	Participating developer and/or off-taker	THWG Operating Account	On signature of the household allocation / rent-to-own contract or first unit drawdown, whichever occurs first	Intended as a commission substitute for fragmented marketing / brokerage cost

Unlocking construction and institutional off-take financing for urban housing

Term	Illustrative pilot position	Payor	Payee / account	Trigger	Notes
Household Tier 1–7 fee	KES 0 during pilot	Household	n/a	n/a	Household charges before guarantee activation should remain nil during the pilot to avoid excluding the target segment
Household guarantee charge	KES 250 per month per active guaranteed unit	Household	Collected through off-taker collection flow and swept to Guarantee Reserve Account	From first monthly instalment following Tier 8 activation until earliest of guarantee expiry, replacement, termination, or 36 months	Charge applies only while guarantee is active
Off-taker guarantee co-contribution	KES 350 per month per active guaranteed unit	Off-taker	Guarantee Reserve Account	Monthly from Tier 8 activation until earliest of guarantee expiry, replacement, termination, or 36 months	Off-taker contribution reflects direct benefit from reduced payment interruption risk
Initial reserve capital	Minimum KES 40 million at launch	Sponsor / investors / approved reserve capital providers	Guarantee Reserve Account (ring-fenced; trustee/fiduciary controlled)	Must be in place before first guarantee activation	Consistent with the pilot liquidity posture used elsewhere in this report
Revolving liquidity facility	Minimum KES 100 million committed line at launch	Liquidity provider (expected to be ABC Banking Group / ABC Capital or another approved	Available to Guarantee Reserve Account / Claims Payout Account under agreed draw rules	Must be documented before first guarantee activation	Line is for clustered stress, not routine operating shortfalls

Unlocking construction and institutional off-take financing for urban housing

Term	Illustrative pilot position	Payor	Payee / account	Trigger	Notes
		facility provider)			
Investment income on reserve	Retained within reserve structure	Reserve account bank / investment counterparty	Guarantee Reserve Account	As earned	Subject to approved investment policy and capital-preservation limits
Recoveries on default	Applied through contractual set-off and recovery waterfall	Defaulting household value stream / contractual recoveries	Guarantee Reserve Account	On default termination and successful recovery actions	Includes forfeited unvested Equity Credits, set-off of vested Equity Credits, and other permitted recoveries
Operating service payments	Paid under approved service agreements and annual budget	THWG Operator Company	NACHU, Pngme, Empowa, SiliconEnterprise / Silicon Capital, ABC Banking Group / ABC Capital, trustee/fiduciary, assurance providers	Monthly / quarterly against signed SLAs and approved invoices	These are operating disbursements from the Operating Account, not separate household charges
Taxes and bank charges	All fees stated are exclusive of VAT, withholding tax, and bank charges , unless expressly stated otherwise	Applicable payor	Relevant counterparty / tax authority / bank	At payment	Definitive agreements should allocate VAT, WHT, and transaction charges explicitly

11.7.4 Account structure

For pilot purposes, three accounts should be established:

1. **THWG Operating Account**

Held in the name of the THWG Operator Company with ABC Bank or another approved regulated banking partner. This account receives pipeline access fees, allocation success fees, and any agreed sponsor implementation support for operating costs. It funds approved operating disbursements to NACHU, Pngme, Empowa, SiliconEnterprise / Silicon Capital where used, ABC Banking Group / ABC Capital service charges, governance support, assurance, and other approved operating costs.

2. **Guarantee Reserve Account**

Held as a ring-fenced account under trustee/fiduciary control. This account receives reserve capital, household guarantee charges, off-taker guarantee co-contributions, permitted investment income, and recoveries. It may not be used for general operating expenditure.

3. **Claims Payout Account / sub-account**

A controlled payout account linked to the Guarantee Reserve Account and used only for approved claims payments. Funding into this account should occur only after a valid claims pack is approved in line with the Delegation of Authority and “no pack, no payout” rules.

11.7.5 Cash application waterfall

The commercial structure should define clearly how receipts are applied.

11.7.5.1 Pipeline utility cash waterfall

Receipts into the THWG Operating Account should be applied in the following order:

- bank charges and statutory deductions;
- approved programme-management and governance costs;
- NACHU mobilisation and cooperative-support service payments;
- assisted onboarding conversion-engine costs;
- technology, integration, analytics, and matching service payments to Pngme, Empowa, SiliconEnterprise / Silicon Capital where used, and ABC Banking Group / ABC Capital service providers;
- guarantee-facility administration budget, to the extent allocated to operating expenditure rather than reserve; and
- any approved contingency or retained operating buffer.

11.7.5.2 Guarantee facility cash waterfall

Receipts into the Guarantee Reserve Account should be applied in the following order:

- trustee/fiduciary charges and permitted reserve-account costs;
- replenishment of any reserve shortfall to the approved minimum reserve threshold;

- approved claims payouts transferred to the Claims Payout Account;
- commitment fees, interest, and charges on the revolving liquidity facility where drawn or contractually payable; and
- retention within the reserve structure for future guarantee obligations.

11.7.6 Claims-payment and recovery waterfall

Where a valid claim is made under the guarantee, the following order should apply:

- **deposit-first loss:** any deposit or contractual security held in respect of the household is applied first;
- **validated guarantee payout:** the guarantee covers only the approved short-duration amount within policy limits and only after approval of a complete claims pack;
- **replacement discipline:** cure and replacement action must already have been initiated within the policy window; and
- **recovery and set-off:** after default termination, recoveries are applied in the following order:
 - arrears and contractually permitted charges;
 - reasonable enforcement and re-letting costs;
 - reimbursement of any guarantee payout made in respect of that household.

Any recovery rights should remain subject to the contractually defined cap that the programme may not recover more than the verified loss and legitimately recoverable costs.

11.7.7 Draw conditions for the liquidity facility

The revolving liquidity facility should not be treated as general-purpose working capital. It should be drawable only where:

- valid approved claims exceed immediately available reserve liquidity; or
- projected approved claims within the next 60 days are expected to push the reserve below the approved operating floor.

Any draw should require documented approval through the guarantee-facility governance process and should be reported formally in the next governance pack.

11.7.8 Pilot-specific commercial position

For the pilot, the preferred commercial position is:

- keep household Tier 1–7 participation free;
- recover pipeline utility costs primarily through access fees and success fees paid by developers and/or off-takers;
- keep the household guarantee charge modest and time-bound;
- require a meaningful off-taker co-contribution from the first guarantee activation;

- establish a real reserve and a real liquidity line before first issuance; and
- ensure that all operating service providers are paid through a single controlled operating budget rather than through ad hoc bilateral charging to households.

This approach preserves the core logic of the report: the waiting list is market infrastructure funded mainly by the parties who benefit commercially from verified demand, while the guarantee remains a bounded, insurance-like liquidity backstop rather than an all-purpose subsidy mechanism.

11.7.9 Drafting note

The figures in this section are illustrative pilot terms for negotiation and budgeting purposes. Definitive agreements should confirm final pricing, tax treatment, VAT treatment, withholding-tax treatment, account mandates, reserve-control arrangements, and any regulatory constraints applying to the final structure.

11.8 Institutional investment case summary (pilot)

This section provides a concise institutional decision summary for reserve providers, liquidity providers, participating off-takers, and other capital partners evaluating whether the THWG pilot is commercially and governably credible.

The pilot should not be presented as a broad affordability subsidy. It should be presented as a bounded market infrastructure and risk-management mechanism with three linked value propositions:

- (i) a pipeline utility that improves verified off-take and reduces failed allocations;
- (ii) a bounded guarantee facility that contains short-duration payment interruption risk; and
- (iii) a governed reserve-and-liquidity structure that makes the risk credible without requiring an excessive permanent endowment.

11.8.1 Why the pilot can be investable

The investment logic is not based on exceptional returns. It is based on disciplined risk containment and operational improvement.

For participating off-takers, the core proposition is that the housing cashflow can produce a gross implied annual yield in the c.11–12% p.a. range on a level-payment structure before funding costs, admin costs, taxes, voids, and losses, provided the financed balance is calculated after deposit and the payment stream performs as modelled.

For reserve and liquidity providers, the proposition is different. Their return is not primarily the housing IRR. Their proposition lies in providing a bounded risk-support layer to a governed book in which:

- deposits absorb first loss;

- guarantees are activated only at allocation and only for specific household-unit pairs;
- payable months are capped;
- replacement discipline is contractually required;
- claims are subject to “no pack, no payout”; and
- recoveries can be pursued through defined set-off and post-claim recovery mechanisms.

This is what makes the structure potentially financeable. The model is not trying to eliminate risk. It is trying to make it bounded, priced, auditable, and operationally controllable.

11.8.2 Institutional value proposition by stakeholder

11.8.2.1 Off-takers

Off-takers receive three primary benefits:

- improved access to verified, matchable households rather than speculative enquiries;
- lower allocation failure and lower idle-unit risk; and
- short-duration payment interruption protection at the point of allocation.

The commercial trade-off is that off-takers are expected to co-fund the guarantee and to comply with enforcement, replacement, claims-pack, and recovery discipline.

11.8.2.2 Reserve providers

Reserve capital is not intended to absorb indefinite housing losses. It supports a bounded guarantee layer and improves confidence that valid early-tenure claims can be paid without destabilising the system.

The reserve provider's downside is mitigated by:

- deposit-first loss;
- limited payable months;
- off-taker co-contribution;
- household guarantee charge while active;
- recoveries and set-off rights; and
- strong claims control.

Reserve capital should therefore be viewed as disciplined first-liquidity support for a governed facility, not as open-ended subsidy capital.

11.8.2.3 Liquidity providers

The liquidity line exists to handle claims clustering and temporary stress, not to replace reserve discipline or to fund operating deficits.

The liquidity provider's protection comes from:

- ring-fenced facility structure;
- documented draw triggers;

- trustee/fiduciary control;
- reporting on active guarantee book, claims activity, and reserve posture; and
- the expectation that the line is used for stress spikes rather than routine losses.

11.8.3 Core economics and downside logic

The pilot's economic credibility rests on the interaction of five variables:

- deposit depth;
- replacement speed;
- claim frequency;
- payable months; and
- recoveries.

If these remain within disciplined ranges, the guarantee remains a modest and manageable support layer. If they drift materially, the structure weakens quickly. That is why governance and contract enforcement matter as much as pricing.

For pilot purposes, the report should state the following base logic clearly:

- off-taker gross yield on the financed balance is in the c.11–12% p.a. range before costs and losses;
- the guarantee is intended to cover only short-duration interruption, typically 3–4 months payable within policy limits;
- reserve plus revolving liquidity line is preferred to a very large idle upfront endowment; and
- recovery can, in a disciplined base case, offset a material share of gross payouts over time, but this must not be assumed without evidence and should be monitored conservatively.

11.8.4 Maximum loss path

Institutional counterparties should understand clearly what a bad outcome looks like.

The maximum loss path is not simply “households default”. The structure typically breaks under a combination of failures:

- weak targeting produces poor-quality allocations;
- deposits are too thin or poorly documented;
- replacement discipline fails and payable months drift upward;
- claims are paid without full evidence;
- exceptions become discretionary rather than rare; and
- recoveries are not pursued or not credited back to the facility.

This is why the report repeatedly treats operational discipline as the true economic stabiliser. More capital alone does not solve governance failure.

11.8.5 Institutional breach triggers

The following conditions should be treated as institutional warning or breach triggers for the pilot:

- repeated claims without proper claims packs;
- payable months persistently exceeding policy assumptions;
- reserve falling below agreed operating floor without restoration plan;
- evidence of exception creep or conflict-of-interest breaches;
- material failure in replacement timing;
- material deterioration in conversion quality leading to weak Tier 7 matching depth; and
- use of the liquidity line for routine operating weakness rather than stress clustering.

Where these are observed, the appropriate response is not automatic scale. It is pause, redesign, or tightening of terms.

11.8.6 Governance protections for institutions

Institutional participation should be conditioned on the following governance protections:

- ring-fenced facility structure with trustee/fiduciary control over reserve funds;
- explicit Delegation of Authority for issuance, claims, exceptions, and payouts;
- no single entity controlling customer acquisition, scoring, custody, and payout approval;
- “no pack, no payout” claims discipline;
- monthly governance and solvency/liquidity reporting;
- quarterly recalibration and assurance review; and
- annual audit of ring-fenced funds and governance effectiveness.

These are not administrative extras. They are the minimum conditions under which the pilot can claim to be institution-ready.

11.8.7 Institutional summary table

Topic	Pilot position
Primary use case	Improve off-take and make early-tenure payment interruption risk financeable
Off-taker gross return logic	c.11–12% p.a. implied gross yield on financed balance before costs and losses

Topic	Pilot position
Risk containment logic	Deposit-first loss; capped payable months; replacement discipline; evidence-based claims; recoveries
Balance-sheet support	Ring-fenced reserve plus revolving liquidity line
Why not a giant upfront endowment	More efficient use of capital; better stress handling; lower idle capital burden
Main downside risk	Governance failure, slow replacement, exception creep, weak claims discipline
Base-case recovery logic	Recoveries may offset a material share of payouts over time, subject to evidence
Core institutional protections	Trustee control, DoA, no-pack-no-payout, reporting, assurance, audit
Scale condition	Scale only if governance integrity and bounded claims performance hold under volume

11.8.8 Conclusion

For institutions, the pilot should be framed as a governed, bounded, and operationally testable mechanism. It is not a promise of perfect affordability and it is not a request to absorb undisciplined social risk. It is a proposal to support a more efficient off-take system with explicit controls, explicit pricing logic, and explicit loss boundaries.

11.9 Funding stack options (illustrative) and stress testing

To make decision-making practical, funders often want to see “stacks” rather than a single narrative. The options below illustrate how THWG could be capitalised and sustained.

Table 7: Illustrative funding stacks for the guarantee facility

Option	Upfront funding	Ongoing funding	Strengths	Risks / watch-outs
A: KES 0 upfront	None	Premiums + off-taker co-pay + liquidity line	No donor dependency at start	Premiums may be too high initially; needs strong discipline from day 1

Option	Upfront funding	Ongoing funding	Strengths	Risks / watch-outs
B: 100% of Year 1–5 expected payouts + OPEX donated	Grant/endowment covers early years	Premiums phased in later	Allows low premiums early; strong demonstration effect	Risk of “programme mindset”; must still enforce discipline
C: Blended concessionary	Partial grant + concessionary debt (e.g., 5% p.a.)	Premiums + off-taker co-pay	Balances affordability and sustainability	Requires cashflow discipline to service debt
D: Mixed (30% grant, remainder split between concessionary and commercial)	Small grant + mixed debt/investment	Premiums + off-taker co-pay + pipeline fees	Scalable if economics hold	Requires tight governance; commercial investors will demand performance transparency

11.10 Stress testing: base / downturn / shock

Regardless of stack, the model should be tested under three scenarios:

- **Base:** expected claim rate, payable months within discipline window.
- **Downturn:** higher claim frequency (e.g., 1.5x), slower replacement, but still within policy.
- **Shock:** clustered claims (e.g., 2x–3x for a short period), requiring liquidity line draw.

The model “breaks” if replacement discipline fails and payable months drift upward. The mitigation is not primarily more capital; it is enforcement of discipline and removal of exceptions.

11.11 Recommended approach for the pilot (practical and scalable)

For the pilot, the report recommends the following structure:

- **Fund the pipeline utility through supply-side economics** Implement a success/access fee model that replaces marketing and agent commissions and pays for Tier 1–7 OPEX.
- **Price the guarantee as insurance from day one** Even if premiums are partially subsidised early, the pricing logic must be explicit and trackable.
- **Use a two-layer liquidity structure** Maintain a prudent ring-fenced reserve and secure a revolving liquidity facility sized to stress clustering.
- **Use shared contributions** Keep household guarantee charges modest; require an off-taker co-contribution; and use investment income where permissible to reduce pressure on premiums.
- **Enforce “no pack, no payout” and replacement discipline** This is the true economic stabiliser. Without it, no funding stack will remain sustainable.

11.12 Summary

Sustainability requires that THWG be funded and governed as two linked but distinct mechanisms:

- a pipeline utility (Tier 1–7) funded primarily by supply-side customer acquisition replacement economics, and
- a guarantee facility (Tier 8) priced like insurance and supported by a ring-fenced reserve plus
- a revolving liquidity facility.

This structure avoids reliance on an excessive upfront endowment, keeps household charges low, aligns incentives across the value chain, and provides a practical basis for stress testing, recalibration and scale.

12 Governance model for the waiting list and the guarantee facility

12.1 Purpose of this chapter

Chapter 6 set out the system-level governance architecture and principles. This chapter defines the **practical governance model** required to operate (i) the waiting list pipeline (Tier 1–7) and (ii) the guarantee facility (Tier 8) with fairness, discipline and auditability. It specifies the governance bodies, decision rights, delegated authority, conflict-of-interest controls, reporting cadence and assurance requirements.

The core principle is that THWG must be governed like market infrastructure and a financial facility, not like a discretionary programme.

12.2 Governance principles

The governance model is built on the following principles:

- **Rules-based progression:** tier movement and guarantee activation follow documented criteria and evidence thresholds.
- **Segregation of duties:** actors who benefit from allocations or off-take cannot approve eligibility or claims.
- **Auditability:** every decision has a record: evidence relied on, who approved, and under what authority.
- **No exceptions by default:** exceptions are rare, categorised, documented and reviewed monthly.
- **Member protection:** consent, privacy, and a functioning grievance/appeals process are embedded.
- **Liquidity discipline:** guarantee payouts are bounded and supported by reserves and/or liquidity facilities, not by ad hoc fundraising.

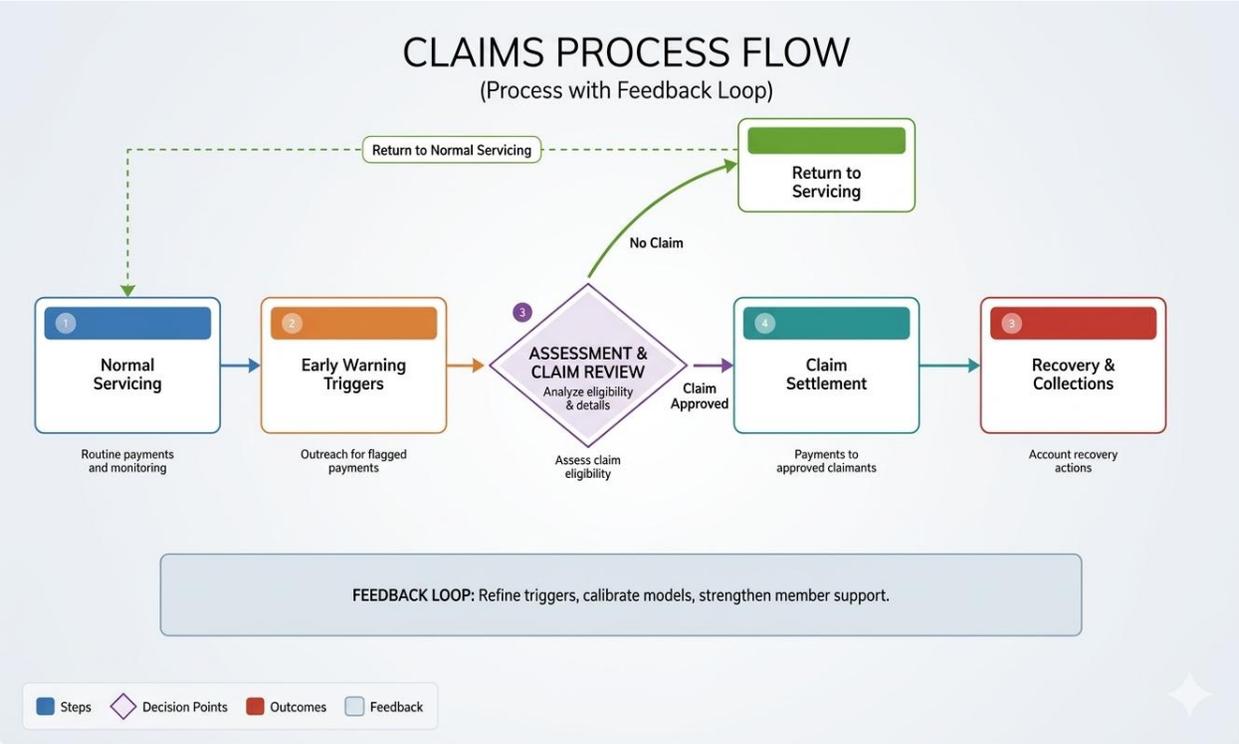


Figure 38: Monitoring Dashboard and Learning Loop

12.3 Legal and institutional form of the operator

12.3.1 Why an arm’s-length operator is required

THWG should not be housed within NACHU itself. NACHU’s role in this model is to provide cooperative mobilisation, trust infrastructure, assisted onboarding support, and member-facing coordination. That role is essential. It is not, however, the same as operating the guarantee mechanism or controlling Tier 8 approvals and claims.

Because NACHU’s member base is also the source of potential beneficiaries, allocation pressure, exceptions requests, and possible disputes, placing the waiting list operator and guarantee decision-making inside NACHU would create avoidable conflicts of interest. It would also weaken confidence in fairness, especially where claims are declined, households are replaced, or one cooperative perceives another to be receiving preferential treatment.

For these reasons, the waiting list and guarantee facility should be operated through an arm’s-length legal entity. NACHU should remain a strategic partner, a shareholder, and the principal mobilisation channel, but it should not be the legal home of Tier 8 approval authority, claims administration, reserve control, or exception management.

The same logic applies to Placemakers and other supply-side participants. They may contribute supply, operating insight, and shareholder support, but they should not be the permanent legal home of the facility. The entity that manages the waiting list and guarantee system should sit at arm's length from both member representation and direct supply-side commercial benefit.

12.3.2 Recommended legal form and ownership approach

The recommended structure is a newly incorporated Kenyan private company limited by shares, established specifically to operate the waiting list and guarantee system. In this report, this entity is referred to as the THWG Operator Company until a final name is reserved and registered.

A company of this kind is appropriate because it allows a controlled shareholder base, supports external investment, and provides a practical vehicle for contracting, governance, staffing, technology integration, and future regulatory evolution. It also allows the operator to be governed as focused infrastructure rather than as a programme unit within one stakeholder institution.

The initial shareholding may include NACHU and Placemakers, with scope for additional strategic and/or capital investors where appropriate. The default position should be that technology, analytics, banking, wallet, and platform providers participate under commercial contracts rather than automatically through equity. Equity participation may be considered where a provider contributes startup capital, concessionary long-term infrastructure, or other strategic value that justifies shareholder participation. However, no technology provider, developer, off-taker, onboarding contractor, or other economic beneficiary should be permitted to control guarantee approvals, claims decisions, reserve deployment, or policy exceptions.

The operator company should therefore be established with a narrow and disciplined cap table, clearly defined reserved matters, and governance protections that preserve independence in decision-making.

12.3.3 Functional remit of the operator company

The THWG Operator Company should be the principal operating and contracting entity for the system. Its role should include:

- managing waiting list operations and data administration;
- coordinating assisted onboarding and conversion workflows;
- administering matching processes and Tier progression controls;
- managing guarantee activation workflows and claims administration;
- maintaining decision registers, audit trails, and reporting packs;

- contracting with ecosystem participants; and
- implementing board-approved policy, controls, and service standards.

The operator company should enter into the required agreements with NACHU, participating cooperatives, Pngme, Empowa, SiliconEnterprise / Silicon Capital where used, ABC Banking Group / ABC Capital or another regulated banking partner, participating developers, participating off-takers, and the independent trustee or fiduciary.

The operator company should manage the system, but it should not treat guarantee capital as ordinary working capital. Guarantee reserves should be legally ring-fenced, held or controlled under an independent trustee/fiduciary arrangement, and released only in accordance with approved policy, dual-control authorisation, and “no pack, no payout” claims discipline.

12.3.4 Governance implications of the proposed structure

The legal form should reinforce the governance principles set out earlier in this report.

First, NACHU should remain the apex cooperative partner and principal mobilisation channel, but not the Tier 8 decision-maker. Second, Placemakers and other developers may participate as supply-side partners and, where appropriate, as shareholders, but not as controllers of guarantee decisions. Third, analytics, platform and wallet participants may provide scoring inputs, operational tools and customer-facing support, but should not hold final approval authority over guarantee activation, claims, or reserve release.

The board of the operator company should be structured to preserve independence and avoid capture by any one stakeholder block. A practical starting position is an independent chair, one NACHU nominee, one Placemakers nominee, one independent legal/risk/governance director, and, where relevant, one investor representative. Banking, technology, or analytics partners may attend by invitation or hold observer roles where useful, but should not control the board.

Below board level, the governance bodies described in this report should continue to operate with clear mandates. The Waiting List Steering Committee should govern Tier 1–7 rules, data integrity, progression discipline, and matching integrity. The Guarantee Facility Committee should govern Tier 8 policy, reserve discipline, claims rules, liquidity posture, and exception control. The independent trustee or fiduciary should retain ring-fenced control over reserve funds and payout authorisation.

12.3.5 Regulatory perimeter and compliance approach

The operator company should be structured so that it does not itself undertake regulated banking, payment service, e-money issuance, deposit-taking, or digital credit activity unless and until it is separately licensed to do so.

Accordingly, regulated money custody, settlement, wallet rails, and any white-label banking functionality should sit with ABC Bank or another appropriately authorised financial institution. The operator company may orchestrate workflows, data flows, member journeys, and decision controls, but the regulated financial rails should remain within licensed institutions.

The same caution applies to the insurance perimeter. For the pilot, the guarantee should be documented and governed as a bounded, rules-based contractual support mechanism with capped exposure, limited tenor, evidence-based claims rules, and strict reserve controls. However, the final legal characterisation under Kenyan insurance law should be confirmed by Kenyan counsel before launch. The pilot should not proceed on the assumption that the structure automatically sits outside insurance regulation.

12.3.6 Data governance, tax and implementation requirements

The operator company is likely to be a data controller for core waiting list and guarantee functions and may also act, in some workflows, as a data processor. That means the company should not go live until controller/processor roles are allocated, registration obligations are addressed, and the core data governance framework is documented.

At a minimum, implementation should include: data-sharing agreements across the ecosystem; controller-processor contracts where required; informed consent language; purpose limitation rules; role-based access control; retention rules; data-quality controls; complaint-handling procedures; and human-review mechanisms where automated scoring or decision-support is used.

From a tax and corporate-compliance perspective, the operator company should be treated as a standard Kenyan operating company unless a specific legal or fiscal treatment is confirmed through specialist advice. That means the launch pack should include corporate structuring advice, tax analysis, VAT treatment confirmation, withholding-tax mapping for service-provider contracts, beneficial-ownership compliance, and confirmation of any stamp duty or capital-gains implications arising from future share transfers or capital restructuring.

For pilot purposes, the operator company should therefore not be treated as an informal programme shell. It should be incorporated, governed, documented, and capitalised as real operating infrastructure from the start.

A Kenyan private company limited by shares is a workable vehicle for this structure because private companies cannot invite the public to subscribe for shares and are restricted to a maximum of 50 members, which fits a tightly controlled sponsor-and-investor cap table. BRS guidance also says changes in beneficial ownership information must be notified to the Registrar within 14 days.

If the operator were ever to undertake regulated payment services itself, it would fall into the CBK perimeter, because the National Payment System Act states that no person may conduct the business of a payment service provider in Kenya unless authorised. Likewise, if

the structure later moved into digital credit in its own name, CBK's licensing procedures require incorporation of a limited liability company and formal licensing steps. That is why the cleaner pilot position is for regulated rails to remain with ABC Bank or another licensed provider.

On the insurance side, Kenyan insurance law regulates the business of insurance, and the framework now expressly recognises products such as microinsurance within that perimeter. The pilot is to be structured as a bounded contractual mechanism and that formal Kenyan legal advice is required before launch.

On data protection, ODPC guidance says an entity can register as both a data controller and a data processor, and the Data Protection General Regulations require disclosure where automated individual decision-making is used, appropriate statistical procedures, bias/error controls, and a process for human intervention and the data subject's point of view. That matters directly for any Pngme-style scoring, tiering, or guarantee-readiness logic.

On tax, KRA states that resident companies are taxed at 30% corporation tax. VAT registration is required where taxable supplies reach or are expected to reach KSh 5 million per year, and the standard VAT rate is 16%. KRA also states that stamp duty applies to transfers of properties, shares and stock, and publishes withholding tax rates including 5% for resident management/professional/training fees, 20% for non-resident equivalents, and 3% for resident contractual payments. KRA also states that capital gains tax is 15% of the net gain.

12.4 Governance structure (who governs what)

THWG governance is divided into two governed domains, each with a defined mandate:

12.4.1 Domain A: Waiting list pipeline governance (Tier 1–7)

Body: Waiting List Steering Committee (WLSC)

Mandate: performance and integrity of the pipeline utility.

Key responsibilities:

- approve tier rules and operational SOPs for Tier 1–7;
- oversee onboarding completeness, conversion engine performance, and data quality;
- oversee Tier distribution, time-to-progress, and standby pool ratios;
- review exceptions log (Tier 1–7) and corrective actions;
- ensure unit pipeline ingestion discipline and matching integrity (with Empowa inputs); and
- approve quarterly recalibration proposals (with Pngme inputs).

Membership should include programme sponsor representation (FSD Kenya), NACHU, analytics expertise (Pngme), platform/matching representation (Empowa), and independent

governance capability. Developers and off-takers may participate as observers where appropriate but must not control decisions.

12.4.2 Domain B: Guarantee facility governance (Tier 8)

Body: Guarantee Facility Committee (GFC)

Mandate: integrity, solvency and discipline of the guarantee product.

Key responsibilities:

- approve Tier 8 activation rules and guarantee policy (caps, term, payable months);
- approve the claims rules and evidence pack (“no pack, no payout”);
- monitor active guarantee book, claims ratios, payable months and liquidity posture;
- review claims exceptions and block drift into discretionary payouts;
- approve reserve policy and liquidity facility usage rules; and
- oversee assurance/audit findings and corrective actions.

The GFC must be tightly structured to avoid conflicts of interest.

12.4.3 Trustee / fiduciary oversight (ring-fenced control)

Body: Independent Trustee or Fiduciary (with signatory controls)

Mandate: protect ring-fenced funds and enforce payout discipline.

Key responsibilities:

- hold or control ring-fenced reserve accounts;
- require dual control authorisation for payouts;
- block payouts that do not meet evidence requirements;
- ensure compliance with the investment policy where reserves are invested; and
- ensure annual audit of ring-fenced funds.

This role is central to institutional credibility. Without it, the guarantee facility will struggle to attract serious participation.

MEMBER PROTECTION AND COMPLAINTS REDRESS PATHWAY

A simple, time-bound escalation process that reduces disputes and strengthens trust

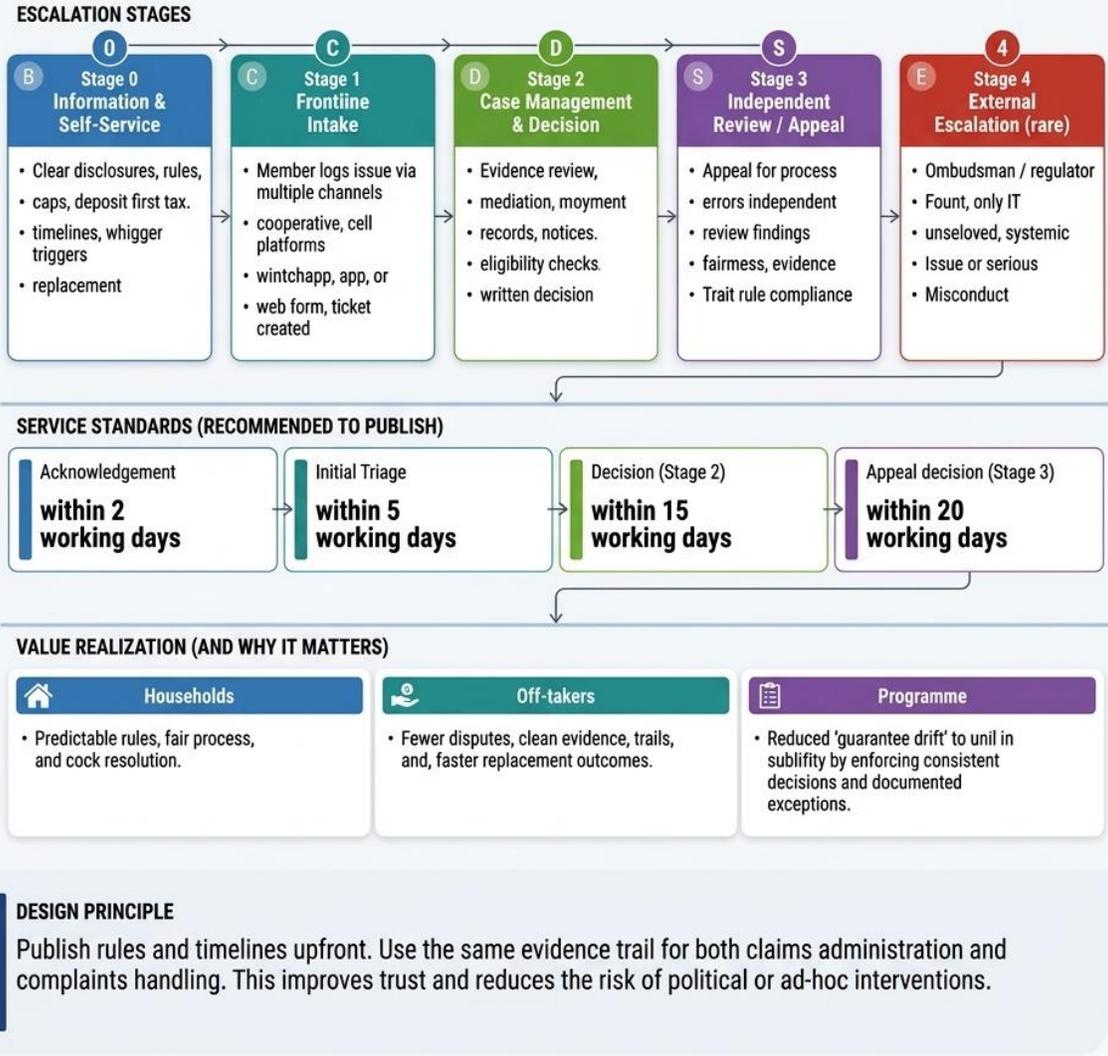


Figure 39: Implementation Roadmap — Pilot Design to Scale

12.5 Operating roles and decision rights (who does, who decides)

To reduce ambiguity, THWG must distinguish operational execution from approval authority.

12.5.1 Waiting list operations (Tier 1–7)

Waiting List Operator (WLO): executes onboarding, conversion, tier processing and matching workflows.

- does not approve Tier 8 guarantees

Unlocking construction and institutional off-take financing for urban housing

- does not approve claims payouts
- maintains decision registers and evidence storage

NACHU and cooperative champions: support mobilisation and assisted onboarding; provide member support and first-line grievance intake; do not control tier approvals beyond defined operational checks.

Pngme: provides scoring and analytics; recommends threshold changes; supports monitoring; does not approve Tier 8 issuance or claims.

Empowa: ingests unit pipelines and supports matching workflows; does not approve Tier 8 issuance or claims.

12.5.2 Guarantee operations (Tier 8)

Guarantee Facility Manager (GFM): administers guarantee activation checks, monitoring, and claims processing.

- prepares claims decisions against policy
- submits payout requests to trustee controls
- maintains claims register and audit trails

Off-taker / landlord: executes tenancy management, enforcement and replacement SOPs; submits claims packs; has no authority to approve payout.

12.6 Delegation of Authority (DoA) and thresholds

THWG requires a formal Delegation of Authority (Annex 1) specifying:

- who can approve tier policy updates;
- who can approve exceptions and under what categories;
- who can approve guarantee issuance parameters;
- who can approve claims payouts and at what thresholds; and
- where committee approvals are required (e.g., above a value threshold or outside standard policy).

Minimum requirements:

- Tier 8 issuance must be policy-bound and logged;
- claims payouts must require dual authorisation (GFM recommendation + trustee approval);
- any non-standard payout must escalate to the GFC; and
- any recurring exceptions trigger a policy review.

12.7 Conflict-of-interest controls

THWG is vulnerable to conflicts because multiple parties benefit from allocations. Controls must include:

- **mandatory declarations** by committee members and senior operational staff on appointment, annually thereafter, and at the start of every meeting where agenda items may give rise to a real or perceived conflict;
- **recusal rules** where an individual has a financial or relational interest in a decision;
- **segregation of roles** so that the same entity cannot both originate an allocation and approve eligibility or claims;
- **exception limits** (caps on exception frequency and value) with monthly review; and
- **audit sampling** focused on high-risk decisions (exceptions, high-value claims, repeat claim submitters).

12.8 Reporting cadence and assurance

The governance model depends on predictable reporting and routine assurance.

12.8.1 Reporting cadence

- **Weekly operational dashboard:** onboarding throughput, completion rates, tier distribution, matching pipeline status.
- **Monthly governance pack:** standby ratios, Tier 7 and Tier 8 volumes, claims ratios, payable months, exceptions, complaints and appeals.
- **Quarterly recalibration pack:** model performance, threshold adjustments, policy improvements, stress results, and unit economics update.

12.8.2 Assurance

- **Monthly sampling checks:** tier progression integrity and claims evidence completeness.
- **Quarterly assurance review:** exceptions analysis, conflict-of-interest checks, process adherence.
- **Annual audit:** ring-fenced funds audit and governance effectiveness review.

Assurance must be designed to deter leakage, not simply to create paperwork. Sampling should be risk-based and targeted.

12.9 Summary

The proposed governance model makes THWG credible by separating pipeline utility governance (Tier 1–7) from guarantee facility governance (Tier 8), embedding trustee control over ring-fenced funds, and enforcing segregation of duties, “no pack, no payout” claims discipline and strict exception management. If implemented as specified, the model protects fairness for households, reduces leakage risk, and provides the auditability and financial discipline required for institutional participation and sustainable scaling.

Annex 1: Delegation of Authority (DoA) Matrix — Waiting list and guarantee facility

(Annex 1 is provided as a separate operational tool, referenced here and included in the Appendices section of this report.)

Annex 2: Claims Evidence Pack Checklist — “No pack, no payout”

(Annex 2 is provided as a separate operational tool, referenced here and included in the Appendices section of this report.)

13 Field validation findings and implications (NACHU–Pngme–Placemakers)

13.1 Purpose of this chapter

This chapter tests the report’s design assumptions against the latest field implementation learning from the joint NACHU–Pngme–Placemakers onboarding work undertaken between November 2025 and 6 February 2026. The intent is to identify what the fieldwork confirms, what it challenges, and what must be adjusted before a pilot is scaled.

This chapter does **not** restate the full design. It focuses on practical evidence and what it means for implementation choices, tier rules, operating capacity and risk controls.

13.2 What was tested (and what “success” means in the field)

The fieldwork tested the operational feasibility of moving from “interest” to “usable records” by using two onboarding tools:

- a NACHU digital onboarding form (self-reported member and household data); and
- a mobile-based financial profiling tool (app-based onboarding and transaction-derived indicators).

In practical terms, field “success” is not attendance. It is conversion into **complete, usable, verified records** that can progress through tiers and ultimately support matching and guarantee discipline.



Figure 3: Umoja Wendani Housing Cooperative – 14 Nov

13.3 Headline results (what happened)

Across four onboarding sessions (14 Nov 2025, 15 Nov 2025, 5 Dec 2025, and 6 Feb 2026), the programme engaged 205 attendees drawn from 29 housing cooperatives and onboarded 123 unique households into the waitlist.

- Households onboarded by session were 32 (Umoja Wendani Housing Cooperative – 14 Nov), 0 (Machakos Housing Cooperative – 15 Nov), 34 (multi-cooperative session at NACHU HQ – 5 Dec), and 57 (multi-cooperative session at NACHU HQ – 6 Feb).
- Attendance by session was 42, 37, 52, and 74 respectively, with the 6 February session delivering the strongest conversion and the broadest cooperative participation.
 - The 123 onboarded households split into three data-completeness categories:
 - Full dual-channel sign-ups (form + ScoreMe): 56
 - Form-only: 33
 - App-only: 34
 - Latest PNGME analysis also indicates that 18 of the 123 households are immediate high-priority / guarantee-model prospects, while a further 56 sit in the middle affordability tier and require progression support rather than exclusion.



Figure 4: Traders Coop Machakos 15th November

This is one of the most critical implementation lessons: early-stage onboarding produces fragmented records unless the process is engineered and staffed to drive completion.

13.4 What the findings confirm (alignment with this report)

13.4.1 Targeting and pre-screening are non-negotiable

The session with **zero onboardings** was not a “technology failure”. It was an audience mismatch. Attendance skewed older and landowner/investor-oriented, with interest in general property opportunities rather than a structured affordability pathway. This strongly confirms Chapter 7’s position that the waiting list only works if mobilisation is targeted to the intended segment and expectations are managed up front.

Implication: NACHU mobilisation must be segmented and pre-screened. “Any cooperative meeting” is not automatically a useful acquisition channel.

13.4.2 Assisted onboarding is essential (conversion engine, not a form)

The split between full sign-ups, form-only and app-only confirms a core report assumption: the waiting list cannot be built by “self-service registration” alone. Households will partially complete whichever step is easiest in the moment unless there is active follow-up and completion discipline.

Implication: the pilot must treat onboarding as a production line with follow-up capacity, not as an event.

13.4.3 The target segment profile is consistent with the project intent

Among the latest form respondents, the profile aligns with the intended inclusion objective:

- predominantly female applicants (66.3%);
- majority married (61.8%);
- significant informal-sector employment (with PNGME reporting the waitlist as predominantly informal-sector and female-led);
- average dependants of roughly three per household;
- strong savings intent and cooperative stickiness, with roughly 72% reporting more than 12 months of cooperative membership; and
- most respondents indicating they are the sole or primary contributor to household housing payments.

Implication: the waiting list is reaching the right socio-economic segment when the cooperative channel is correctly selected.

13.4.4 Income verification matters (self-report ≠ verified capacity)

A key field insight is the measurable gap between self-reported income and transaction-derived income estimates. In the updated PNGME dashboard, average estimated income across the assessed pool is about KES 34,235 versus average self-reported income of about KES 38,179; among the 41 households with both measures available, the median digitally estimated income is about KES 10,299 against a median self-reported income of KES 25,000. This confirms that self-report alone is directionally useful but insufficient for late-tier progression and guarantee decisions.

Implication: tier progression (especially Tier 5–8) must increasingly rely on verified behavioural and transaction indicators, not self-reported numbers.

13.5 What the findings challenge (assumptions that need tightening)

13.5.1 “Sign-ups” are not a usable waiting list

Only 56 of the 123 onboarded households were full dual-channel sign-ups, meaning the majority of records still require either form completion, ScoreMe completion, or follow-up reconciliation before they can credibly progress toward Tier 7–8 readiness. Without process redesign, the waiting list will inflate at Tier 1–3 and remain thin at Tier 6–8.

Design adjustment: define “minimum completeness gates” for tier progression:

- Tier 1–3: basic record allowed (low friction)
- Tier 4–5: requires completion of core fields and identity verification
- Tier 6–7: requires consistent evidence set (including behavioural signals)
- Tier 8: requires a complete allocation pack and strict eligibility checks

13.5.2 Capacity is tight: affordability strain is real even where willingness is high

Applicants’ stated monthly commitment signals willingness, but the deeper affordability review shows many households remain financially tight. PNGME’s latest ranking places only a relatively small top cohort in the high-priority band, while the larger middle cohort typically supports lower reliable payment bands and will often need flexible payment design, stronger deposit-building, or both. Transaction-level indicators also point to thin liquidity buffers for many users and continued vulnerability to shocks.

Design adjustment: the model must assume (and design for) payment interruption risk as normal, not exceptional—hence the importance of deposit-first loss, fast replacement discipline, and a bounded guarantee.

13.5.3 A “single-income household majority” increases risk concentration

Where a high share of applicants indicate that they are the sole or dominant housing contributor, income volatility becomes more damaging and replacement risk rises. The updated waitlist evidence therefore reinforces the need to treat contributor structure as a real risk variable rather than a descriptive data point.

Design adjustment: Tier 7–8 rules should explicitly recognise higher-risk household structures and may require:

- higher deposit thresholds; and/or
- stronger evidence of stability; and/or
- tighter matching to lower payment bands.

13.6 Operational implications for the tier model and matching discipline

13.6.1 Treat “full sign-up” as the gateway to meaningful tiers

Field results suggest the pilot should explicitly drive full dual-channel completion as the primary KPI, not registrations alone. The updated baseline is no longer 66 early sign-ups, but 123 unique households with only 56 fully completed across both onboarding channels.

Practical rule: households can enter Tier 1–3 easily, but Tier 5+ should require the “full sign-up” evidence pack (or an approved alternative evidence path where digital permissions are a barrier).

13.6.2 Introduce a completion workflow to eliminate form-only and app-only fragmentation

The presence of “form-only” and “app-only” records means the system needs:

- automatic reconciliation and matching of records;
- a follow-up workflow to complete the missing component;
- clear member messaging (“your record is incomplete; you cannot progress until...”)
- cooperative champion support for completion.

Without this, tier distributions will remain skewed and matching will fail.

13.6.3 Tighten cooperative selection and session design

The zero-onboarding day confirms that cooperative selection and communications are part of the operating model, not an optional “mobilisation activity”.

Minimum requirements before running sessions:

- define the target household profile for the session;
- pre-screen attendee lists where possible;
- communicate clearly what the programme is (and is not);
- ensure assisted onboarding capacity on site;
- plan for follow-up completion after the session.

13.7 Issues to be further considered (before scale)

Based on the field learning, the following issues should be explicitly addressed in the pilot design:

1. **Data permissions and trust:** some households may resist mobile permissions; the system needs an alternative evidence path to avoid excluding the most vulnerable while still protecting integrity.
2. **Digital readiness variance:** some segments will complete easily; others will require assisted onboarding. This must be costed and staffed.
3. **Record integrity and deduplication:** dual-tool onboarding creates duplication risk unless reconciliation is engineered.
4. **Affordability volatility:** tier rules must incorporate volatility, not only income level.
5. **Expectation management:** communications must avoid attracting the wrong audience (investment/land speculation expectations) which wastes field capacity.
6. **Operational throughput vs quality:** scaling too fast without completion discipline will produce a large but unusable Tier 1–3 list.

13.8 Recommended refinements before the pilot proceeds

The fieldwork points to a clear set of refinements that should be implemented before scaling beyond controlled pilot volumes:

- **Make “full sign-up completion rate” the primary operational KPI** (not registrations).
- **Deploy a dedicated conversion engine** (follow-up calls/WhatsApp, completion appointments, cooperative champion support).
- **Implement tier completeness gates** (progression beyond early tiers requires verified evidence).
- **Segment cooperative mobilisation** (define target cohorts and pre-screen attendance).
- **Engineer record reconciliation** (one household record across tools, with audit logs).

Configure flexible digital payment rails (including wallet-enabled and assisted collection journeys) aligned to weekly and bi-weekly earning patterns, without making any single provider mandatory.

- **Align matching operations to reality** (standby pools must be built from Tier 7-ready households, not from raw sign-ups).

13.9 Summary

Early field implementation confirms the core thesis of this report: the waiting list can work, but only if it is operated as a disciplined conversion and readiness engine, not as a registration form. The strongest confirmations are

- (i) the necessity of targeted mobilisation and pre-screening,

Unlocking construction and institutional off-take financing for urban housing

- (ii) the indispensability of assisted onboarding and follow-up, and
- (iii) the importance of verified affordability signals rather than self-reported figures.

The most important challenge is record fragmentation: even after expanding the fieldwork to 123 unique households, fewer than half completed both onboarding channels, which would still prevent tier progression and matching if not corrected. The recommended response is operational, not theoretical: tighten cooperative targeting, staff the conversion engine, enforce completeness gates, reconcile records across tools, and treat Tier 7 readiness (not Tier 1 registration) as the true measure of pipeline strength.

14 Twelve-month implementation plan and fully costed budget

14.1 Purpose of this chapter

This chapter sets out a practical, fully costed 12-month implementation plan to

- (i) establish the waiting list as a functioning pipeline utility (Tier 1–7) and
- (ii) stand up the guarantee facility (Tier 8) with governance, liquidity posture, and operating discipline sufficient for a controlled pilot. It assigns roles to stakeholders, defines sequencing, and provides a budget that can be used for pilot funding decisions.

This chapter is written as an execution plan. It assumes that Chapters 6–12 have been accepted as the operating and governance basis.

14.2 Pilot approach targets (the “minimum viable scale”)

The Pilot is designed to be large enough to generate real evidence and unit flow, but constrained enough to protect governance and prevent uncontrolled risk.

14.2.1 Year-1 (12-month) pilot targets:

- **50,000 complete onboardings** (usable Tier 1–7 records)
- **Tier 7 standby pool built and maintained** by geography/typology, aligned to unit pipeline commitments
- **2,000 Tier 8 guarantees issued** (activated only at allocation to a specific unit)

The latest PNGME baseline provides a realistic starting point for this scale-up: 123 unique households onboarded across four sessions, 56 fully completed across both onboarding channels, and 18 near-term high-priority / guarantee-model prospects. The Year-1 pilot volumes should therefore be read as an operational scale-up from a now-evidenced field base rather than from a purely hypothetical starting line.

Operating discipline assumptions:

- standby ratio planning baseline: 5× standby-ready households per unit allocated
- replacement discipline target: 3–4 months for persistently non-paying cases
- deposit-first loss enforced prior to any claim payout
- “no pack, no payout” claims discipline embedded from day one

14.2.2 Operational scale-up bridge from field evidence to Year-1 targets

The Year-1 pilot targets are intentionally ambitious, but they should not be read as abstract volume aspirations. They should be read as a controlled operational scale-up from an evidenced field baseline. The fieldwork to date engaged 205 attendees across four onboarding sessions, onboarded 123 unique households, converted 56 households into full dual-channel sign-ups, and identified 18 immediate high-priority / guarantee-model prospects. The most important lesson from that fieldwork is that the binding constraint is not interest; it is conversion into complete, usable records and disciplined progression toward Tier 7 readiness.

The purpose of this section is therefore to show, in operational terms, how the pilot could move from the current evidenced field base to the Year-1 target of 50,000 complete onboardings and 2,000 Tier 8 guarantees, while remaining consistent with the report's own design logic: targeted mobilisation, assisted onboarding, completion gates, record reconciliation, Tier 7 standby ratio discipline, and explicit go/no-go gates.

14.2.2.1 Bridge logic

First, the system does not need 50,000 guarantees. It needs 50,000 complete Tier 1–7 records from which a smaller Tier 7-ready pool can be built and maintained. Second, because the report adopts a planning baseline of 5 standby-ready households per unit allocated, the 2,000 guarantee target implies a required Tier 7-ready operating pool of approximately 10,000 households over the year. Third, if the pilot can convert around 20% of complete records into genuine Tier 7-ready households, then 50,000 complete onboardings is sufficient to support that 10,000-household standby pool and therefore the 2,000 controlled Tier 8 activations.

Table 13D: Scale-up bridge from complete onboardings to guarantees

Item	Planning value	Interpretation
Complete onboardings (Tier 1–7 usable records)	50,000	Year-1 pilot target
Assumed progression to Tier 7-ready status	20.0%	Planning assumption for disciplined progression
Tier 7 standby-ready households generated	10,000	Operating pool required to support allocations
Standby ratio per allocated unit	5.0x	Report planning baseline

Item	Planning value	Interpretation
Supportable controlled allocations / Tier 8 guarantees	2,000	Year-1 pilot target

This bridge is the core throughput logic of the pilot. It also explains why the report correctly treats completion and tier progression as more important than gross registrations. A large but unusable Tier 1–3 list would not produce the Tier 7-ready depth required for matching and controlled guarantee activation.

14.2.2.2 Planning assumptions for the scale-up

The monthly ramp below is not a forecast of what will happen automatically. It is a planning model showing what must be true operationally if the Year-1 target is to be credible.

The assumptions are as follows:

1. The model starts from the evidenced field baseline of 123 unique onboarded households, 56 full dual-channel sign-ups, and 18 immediate high-priority households.
2. The baseline field completion rate of c.45.5% is not assumed to persist. The ramp assumes that the refinements already identified in Chapter 12 are implemented: targeted mobilisation, a dedicated conversion engine, cooperative champion support, completion gates, record reconciliation, and flexible digital payment / messaging journeys.
3. The model assumes a blended operating structure consisting of:
 - (i) targeted group onboarding sessions,
 - (ii) cooperative champion / clinic-assisted completion, and
 - (iii) remote call / WhatsApp / digital completion and reconciliation.
4. The model assumes that completion rates improve progressively over the year as the operator learns, the champion network strengthens, and workflows are standardised.
5. Guarantee activation does not begin at scale immediately. It begins only once live matching, allocation packs, and Tier 8 controls are functioning, consistent with the sequencing already set out in Phase 2 and Phase 3 of Chapter 13.
6. The model assumes that the conversion engine is deliberately over-weighted in the budget because it is the main determinant of whether scale produces usable records or merely unusable noise. That is already consistent with Table 9 and the report’s commentary on OPEX.

14.2.2.3 Indicative monthly ramp to 50,000 complete onboardings and 2,000 guarantees

The Year-1 ramp should be shown as a phased increase in operating throughput rather than as a flat annual average. The opening period is for setup and controlled build-out. The middle period is for disciplined throughput growth. The later period is for sustained production, matching, and controlled Tier 8 activation.

Table 13E: Indicative monthly operating ramp (Year 1)

Month	Targeted onboarding sessions	Assumed full-completion rate on started records	Active conversion agents	Indicative follow-up touches	Complete onboardings in month	Cumulative complete onboardings	Tier 8 guarantees in month	Cumulative guarantees
1	0	n/a	0	0	0	0	0	0
2	35	55%	12	4,400	1,000	1,000	0	0
3	55	60%	16	8,400	2,000	3,000	0	0
4	70	65%	20	12,000	3,000	6,000	0	0
5	80	70%	24	15,400	4,000	10,000	50	50
6	90	75%	28	16,700	4,500	14,500	150	200
7	100	80%	32	17,900	5,000	19,500	250	450
8	105	82%	35	19,400	5,500	25,000	300	750
9	105	83%	36	19,300	5,500	30,500	350	1,100
10	110	84%	38	20,900	6,000	36,500	350	1,450
11	115	85%	40	22,500	6,500	43,000	250	1,700
12	120	85%	40	24,300	7,000	50,000	300	2,000

This ramp does three important things.

First, it avoids pretending that Month 1 is a production month. It respects the report's own Phase 0 requirement that governance, ring-fencing, policy, reporting packs, geographies

and unit pipeline commitments are established before scale. Second, it places the major throughput increase in Months 4–12, which aligns with Phase 1 and Phase 2 of the existing implementation plan. Third, it delays meaningful guarantee issuance until matching to live unit pipelines is functioning, which is consistent with the report’s sequencing and control philosophy.

14.2.2.4 Throughput implications of the ramp

The monthly ramp above implies approximately 62,100 started records across all channels in Year 1 to generate 50,000 complete records, equivalent to a blended annual full-completion rate of c.80.5% on started records. This is materially above the current field baseline and should therefore be treated as an execution target, not as an already-proven capability. It is only credible if the programme fully implements the Chapter 12 refinements and uses the go/no-go gates in Chapter 14 to stop, redesign or slow scaling where the assumptions are not being met.

The follow-up load is also significant. On the assumptions above, the conversion engine would need to handle roughly 180,000–190,000 follow-up touches over the year, including calls, WhatsApp nudges, document completion, record reconciliation, and progression support. That is why the largest cost line in the Year-1 OPEX budget is the assisted onboarding conversion engine, and why the pilot should continue to treat “full sign-up completion rate” as the primary operating KPI rather than gross registrations.

14.2.2.5 Indicative channel mix and cost per completed record

To show that the annual budget is not merely a top-down number, the report should also state how the 50,000 complete records are expected to be produced across operating channels. The table below is an indicative planning allocation of the Year-1 OPEX. It is not a statutory accounting restatement of Table 9. Its purpose is to demonstrate that the budget can be translated into a throughput model by channel.

Table 13F: Indicative channel mix, productivity, and cost per complete onboarding

Channel	Indicative share of complete onboardings	Complete onboardings	Indicative Year-1 cost allocation (KES m)	Indicative cost per complete onboarding (KES)	Main operating logic
Targeted group onboarding sessions	45%	22,500	72.00	3,200	Higher-touch channel; on-site assisted capture plus post-session completion workflow

Channel	Indicative share of complete onboardings	Complete onboardings	Indicative Year-1 cost allocation (KES m)	Indicative cost per complete onboarding (KES)	Main operating logic
Cooperative champion / clinic-assisted completion	30%	15,000	33.00	2,200	Cooperative-led completion, document chasing, local trust and repeat contact
Remote call / WhatsApp / digital completion and reconciliation	25%	12,500	18.84	1,507	Lower-cost conversion of partial records and direct referrals once workflows stabilise
Total / blended average	100%	50,000	123.84	2,477	Consistent with Table 9 blended unit economics

This table clarifies the scale logic in three ways.

First, it shows that the pilot is not relying on one acquisition mechanism. It is relying on a blended conversion system. Second, it shows why the highest-cost channel is the field-assisted group session pathway: it is the most labour-intensive but remains necessary to reach target households and create the first usable records. Third, it shows why the lowest-cost channel is remote completion and reconciliation: once the system has partial data and a good follow-up process, converting a started record to a full record becomes materially cheaper than acquiring it from zero. This is also consistent with the report's expectation that cost per onboarding and cost per guarantee should improve as the system learns.

14.2.2.6 Productivity assumptions behind the staffing model

The staffing model implied by the ramp is demanding but operationally plausible if the operator behaves as a production function rather than as a programme secretariat.

The indicative planning assumptions are:

- each field team runs approximately 7–8 targeted group sessions per month once fully mobilised;
- each active conversion agent closes approximately 80 complete records per month in the early ramp period, rising to c.150–175 complete records per month as workflows stabilise and record reconciliation improves;

- each active conversion agent handles approximately 350–600 follow-up touches per month depending on the maturity of the cohort mix;
- targeted group sessions generate progressively better yields over time because cooperative selection, pre-screening and on-site assistance improve; and
- the remote completion channel becomes more productive in the second half of the year as more partial records enter structured follow-up and member messaging workflows.

These assumptions are materially more demanding than the current baseline and should therefore be linked to the existing gates. If completion is not improving by Month 3, if Tier 7 depth is not being built by Month 6, or if unit economics do not improve by Month 12, the pilot should not simply continue scaling by inertia.

14.2.2.7 Interpretation and implication

The key implication is that the 50,000 / 2,000 Year-1 target is credible only as an operational system build, not as a marketing campaign. The report should therefore be explicit that the target depends on all of the following being true at the same time:

- targeted cooperative mobilisation rather than broad untargeted attendance;
- a fully staffed conversion engine with follow-up discipline;
- one-household record reconciliation across tools;
- clear completion gates for tier progression;
- live unit pipelines with matchable metadata;
- a maintained Tier 7 standby pool by geography and typology; and
- controlled Tier 8 activation only at allocation.

If these conditions are not met, the likely outcome is not graceful underperformance; it is an inflated early-tier list with weak completion, thin standby depth, and low guarantee relevance. That risk is already identified in the report and is precisely why scaling must remain gate-driven and evidence-led.

14.2.3 Illustrative linkage to a live pilot pipeline: Placemakers Mlolongo Phase 1

To make the pilot operational rather than theoretical, the waiting list and guarantee model should be linked to at least one named, real supply pipeline from the start. For pilot-design purposes, **Placemakers Mlolongo Phase 1** is a suitable illustrative first pipeline because it provides a defined unit mix, an identifiable peri-urban location within the Nairobi–Mombasa growth corridor, and a practical test case for whether verified waiting-list demand can be converted into disciplined off-take.

This should be presented in the report as an **illustrative pilot linkage**, not as an automatic allocation decision. Live matching to Mlolongo should occur only once the operator company has been established, the governance bodies have approved the project as an eligible pilot pipeline, the required unit metadata has been ingested, and an off-take pathway has been documented with Empowa and the selected off-taker. This remains fully consistent with the report's broader design logic: NACHU mobilises and supports demand, Pngme provides affordability and readiness analytics, Empowa executes matching and off-take workflows, Placemakers provides supply, and the guarantee is activated only at allocation under strict governance.

Table 13A: Illustrative first live pipeline linkage for the pilot

Item	Illustrative pilot position
Pilot geography	Mlolongo / greater Nairobi–Mombasa corridor
Pilot project	Placemakers Mlolongo Phase 1
Supply-side actor	Placemakers
Indicative off-take execution pathway	Empowa-led matching and rent-to-own / structured off-take pathway, subject to final agreement
Demand source	NACHU-led cooperative mobilisation, supported by Pngme onboarding and profiling
Governance status	To be approved by the THWG operator company, WLSC and GFC once constituted
Matching basis	Geography, typology, affordability band, deposit readiness, record completeness, and allocation-pack readiness
Guarantee status	Tier 8 activation only at allocation to a specific household and specific unit

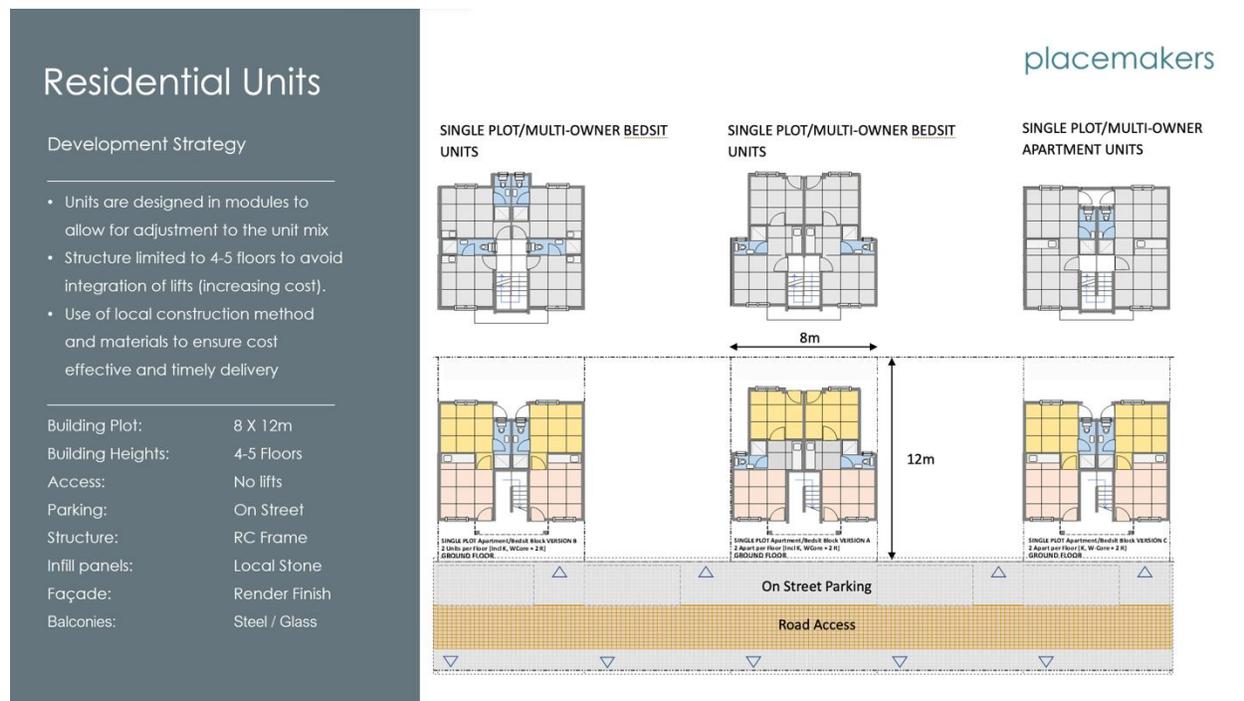


Figure 42: Mlolongo Housing Typologies 1

Based on the uploaded Mlolongo investment model, **Phase 1 contains c.195.5 units**, comprising approximately **19.55 bedsits, 78.2 one-bedroom units, 78.2 two-bedroom units and 19.55 three-bedroom units**. For practical matching purposes, the family-unit supply mix is therefore heavily concentrated in **one-bedroom and two-bedroom stock**, with a narrower three-bedroom tranche. The same model indicates indicative monthly rent bands of approximately:

- **KES 16,000 for bedsits,**
- **KES 25,000 for one-bedroom units,**
- **KES 34,000 for two-bedroom units, and**
- **KES 44,000 for three-bedroom units,**

with a two-month deposit assumption in the operating model.

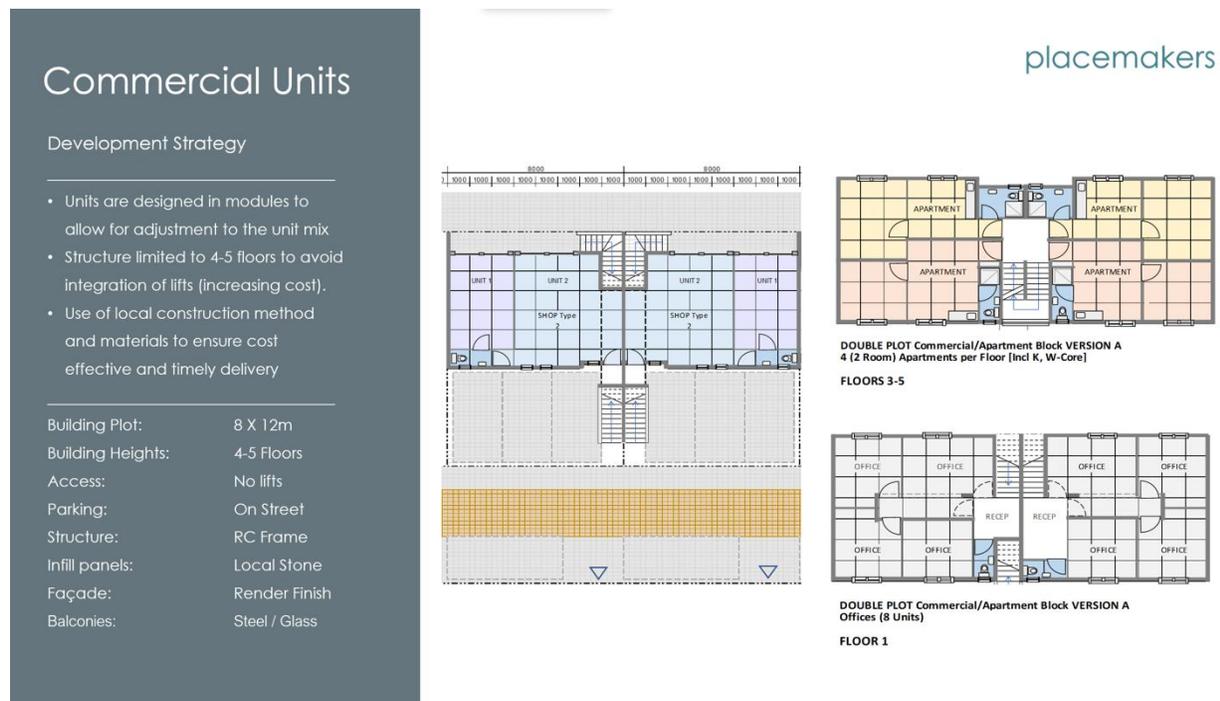


Figure 43: Mlolongo Typologies 2

The latest joint NACHU–Pngme–Placemakers fieldwork provides a real starting point for linking waiting-list evidence to this supply pipeline. Across four onboarding sessions, the programme engaged:

- **205 attendees,**
- onboarded **123 unique households,**
- and produced **56 full dual-channel sign-ups.**

Pngme's latest analysis further indicates that:

- **18 households are immediate high-priority / guarantee-model prospects,**
- **56 additional households sit in the middle affordability level**

and require progression support rather than exclusion. The field evidence also shows that the waiting list is reaching the intended segment when correctly targeted, but that many households remain financially tight and that only a relatively small top cohort is currently near-term ready.

Table 13B: Current observed field baseline relevant to an initial live pipeline

Unlocking construction and institutional off-take financing for urban housing

Metric	Current observed baseline	Operational implication
Attendees engaged	205	Top-of-funnel interest is real but not the decision metric
Unique households onboarded	123	Current usable field base
Full dual-channel sign-ups	56	Current meaningful completion base
Immediate high-priority / guarantee-model prospects	18	Current near-term allocation-ready cohort
Middle affordability tier	56	Progression pool requiring deposit-building and readiness support
Onboarding conversion (onboarded / attendees)	60.0%	Strong event conversion when sessions are well targeted
Full completion rate (full dual-channel / onboarded)	45.5%	Completion remains the main operational bottleneck
Immediate high-priority rate (18 / 123)	14.6%	Current observed “near-term ready” strike rate
High-priority share of full dual-channel records (18 / 56)	32.1%	Stronger yield once records are complete

The report should be explicit that the current published Pngme summary does **not yet provide a final approved household-level cross-tab** between affordability band and preferred unit typology. The section below therefore uses an **interim planning bridge**: it combines the observed field baseline with the Mlolongo Phase 1 family-unit mix. This is appropriate for pilot design, but it should not be presented as the final matching rule. Final typology allocation should be approved only once the operator company and governance bodies review richer household-size, geography, payment-band and deposit-readiness data.

On that interim basis, and excluding bedsits for the purpose of family-unit matching, the Phase 1 family-unit mix is;

- **44.4% one-bedroom,**
- **44.4% two-bedroom,**
- **11.1% three-bedroom.**

Applying that mix to the current **18 near-term ready households** gives an indicative picture of what the present field base could support if Mlolongo were the first linked pipeline.

Table 13C: Indicative family-unit matching bridge using current near-term ready cohort (Bedsits excluded from this table; figures are illustrative planning equivalents, not final allocations.)

Typology	Phase 1 units	Share of family-unit mix	Indicative share of current near-term ready cohort	Indicative near-term ready households now	Indicative ready + progression pool*
1-bed	78.2	44.4%	44.4%	8.0	32.9
2-bed	78.2	44.4%	44.4%	8.0	32.9
3-bed	19.6	11.1%	11.1%	2.0	8.2
Total (family units only)	176.0	100.0%	100.0%	18.0	74.0

* Ready + progression pool = current near-term high-priority cohort (18) plus middle affordability tier (56). This is not current allocatable demand; it is the pool that may become matchable if progression support works.

The affordability evidence reinforces the need to treat this as a staged pilot rather than an immediate full-phase subscription exercise.

The updated Pngme dashboard shows an:

- average estimated income of about **KES 34,235**
- against average self-reported income of about **KES 38,179**;
- among the 41 households with both measures, the median digitally estimated income is only about **KES 10,299**, against a median self-reported income of **KES 25,000**.

This strongly suggests that the first live allocations should bias toward the lower end of the Mlolongo payment bands, with one-bedroom units and selected lower-band two-bedroom units likely to be more realistic early matches than broad three-bedroom allocation. Three-bedroom units should therefore be treated as a narrower tranche for the strongest households or for later allocation waves after deposit progression.

This leads directly to the practical strike-rate question.

At the current observed field yield, the **18 immediate high-priority households represent only c.9.2% of the 195.5-unit Phase 1 pipeline on a one-household-to-one-unit basis**. Put

differently, if the project sought to subscribe the full phase immediately using only the current near-term ready yield, it would require approximately:

- **1,336 onboarded households** at the current observed high-priority strike rate; or
- **608 full dual-channel households** at the current observed conversion from completed records to high-priority households.

If the report's own planning discipline of a **5x standby-ready ratio per unit** is applied, the requirement becomes much larger: **977.5 standby-ready households** would be needed to support the full Phase 1 pipeline under disciplined matching. At the current observed field yield, that equates to approximately:

- **6,680 onboarded households;** or
- **3,041 full dual-channel households.**

This is exactly why the report correctly argues that the pilot must be designed around **conversion capacity and standby depth**, not raw registrations.

Table 13D: Strike-rate implications for Mlolongo Phase 1

Item	Value	Interpretation
Total Phase 1 units	195.5	Full illustrative live pipeline
Current immediate high-priority households	18	Present near-term ready base
Current immediate high-priority households as % of full phase	9.2%	Far below full-phase subscription need
Households needed for one-for-one full subscription at current strike rate	1,336 onboarded	Illustrative full-phase requirement
Full dual-channel households needed for one-for-one full subscription	608 full records	Completion remains the bottleneck
Standby-ready households required at 5x ratio	977.5	Report planning baseline
Onboarded households required at 5x ratio	6,680 onboarded	Illustrative full-discipline requirement
Full dual-channel households required at 5x ratio	3,041 full records	Illustrative full-discipline requirement

The immediate implication is that **Mlolongo Phase 1 should not be framed as a single-step “full subscription” pilot target**. It should be framed as a **staged live pipeline**, beginning with a much smaller controlled allocation cohort, and expanding only as the waiting list produces greater completion, stronger affordability evidence, deeper standby pools, and better deposit readiness.



Figure 44: Mlolongo Affordable Housing Project

At the current observed baseline, the ready pool of 18 households would support only approximately:

- **9 units** under a 2x standby rule;
- **3–4 units** under the report's preferred 5x standby rule; and
- **2 units** under a 10x stress-conservative standby rule.

That is not a weakness in the model. It is useful evidence. It shows that the pilot should start with **small, controlled cohorts**, prove the allocation and replacement mechanics, and then scale as the conversion engine matures.

The report should therefore state clearly that **Placemakers Mlolongo Phase 1 is the first illustrative linked supply pipeline**, but that initial pilot execution should focus on a **limited early allocation tranche**, with progression to larger cohort sizes subject to:

- (i) operator-company establishment and governance approval;
- (ii) Empowa/off-taker contracting;
- (iii) matching-grade unit metadata ingestion;
- (iv) evidence of rising full-completion rates; and
- (v) sufficient Tier 7 standby depth by geography and typology.

14.3 Workstreams (what must be built)

Implementation is organised into eight workstreams:

1. **Governance and legal structuring** (ring-fenced guarantee vehicle; trustee/fiduciary; DoA; policies)
2. **Operating model and SOPs** (tier rules; onboarding; matching; claims; exception handling)
3. Technology configuration and integrations (waiting list capture; scoring; telco-agnostic payment/wallet journeys; bank reconciliation; unit pipeline; reporting pack)
4. **Conversion engine and field operations** (assisted onboarding; follow-up; cooperative champions)
5. **Supply pipeline mobilisation** (unit pipeline commitments; unit metadata discipline; allocation workflow)
6. **Guarantee facility operations** (activation checks; monitoring; claims processing; payout controls)
7. **Monitoring, evaluation and learning (MEL)** (KPI pack; quarterly calibration; audit sampling)
8. **Communications and stakeholder management** (member messaging; expectation management; grievance routing)

14.3.1 Minimum implementation document stack (what must exist before launch)

The pilot cannot be implemented through governance principles alone. It requires a defined document stack that makes the operating model, controls, and party interfaces enforceable. At present, the report sets out the architecture, governance roles, Delegation of Authority, and claims evidence requirements, but it does not yet map the full implementation document set required to stand up the operator, govern data-sharing, control scoring, execute matching, issue guarantees, process claims, and protect households. This subsection provides that minimum document map.

The objective is practical rather than exhaustive. The pilot should not aim to produce unnecessary legal bulk. It should, however, ensure that every critical control described in this report is anchored in a signed document, approved policy, or controlled template before launch.

Table 13G: Minimum implementation document stack for pilot launch

Unlocking construction and institutional off-take financing for urban housing

Document	Purpose	Lead drafting owner	Approving / signing authority	Minimum status before launch
Waiting List Operator mandate / operator services agreement	Defines the role, authority, scope, service standards, reporting duties, record-keeping obligations, and limits of the THWG Operator Company	THWG Operator Company counsel / programme legal lead	THWG Operator Company board	Signed
Shareholders' agreement / governance charter	Defines reserved matters, board rights, committee linkages, conflict controls, transfer restrictions, and governance protections for the operator company	Founding shareholders' counsel	Founding shareholders	Signed
Trustee deed / fiduciary control agreement	Establishes ring-fenced reserve control, payout authority, account mandates, and trustee duties	THWG Operator Company + trustee counsel	Trustee / fiduciary + operator company	Signed
Guarantee policy	Defines what the guarantee covers and does not cover, issuance criteria, payable months, claim limits, exclusions, cure rules, replacement discipline, and exceptions	Guarantee Facility Manager / legal lead	GFC + board / delegated authority	Approved
Data-sharing agreement / controller-processor framework	Governs data flows, lawful purpose, access rules, retention, audit logging, breach handling, and role allocation across NACHU, Pngme, Empowa, banking rails, and operator company	Data protection lead / legal lead	Relevant data controllers / processors	Signed
Platform SLA and integration agreements	Defines uptime, incident response, reconciliation standards, audit logging, support obligations, change control, and reporting obligations for technology providers	Technology / legal lead	Operator company + each provider	Signed

Unlocking construction and institutional off-take financing for urban housing

Document	Purpose	Lead drafting owner	Approving / signing authority	Minimum status before launch
Scoring governance note / model governance policy	Defines permitted use of scoring outputs, threshold governance, override limits, recalibration process, monitoring, and accountability boundaries	Pngme / analytics lead with operator company	WLSC + board / delegated authority	Approved
Tier progression and matching SOP	Defines completeness gates, deduplication, record reconciliation, Tier 7 readiness, standby ratio discipline, matching rules, and allocation workflow	Operating lead	WLSC	Approved
Allocation agreement template / household contract pack	Defines the unit, price/payment structure, deposit treatment, Equity Credits, vesting logic, guarantee linkages, default consequences, good-leaver treatment, and appeals route	Off-taker legal lead + operator company	Off-taker + operator company / approved form	Approved template
Guarantee schedule / certificate template	Creates the unit-and-household-specific Tier 8 activation record, coverage term, payable cap, start/end dates, and policy reference	Guarantee Facility Manager	GFM + trustee-controlled issue process	Approved template
Claims submission protocol	Defines claims pack contents, timing, intake workflow, validation sequence, deficiency handling, and escalation rules	Guarantee Facility Manager / legal lead	GFC / delegated authority	Approved
Recovery and subrogation provisions	Defines the right to apply deposit-first loss, forfeit unvested Equity Credits, set off vested credits, capture recoveries, and credit recoveries back to the facility	Legal lead within household / guarantee contract set	Off-taker + operator company + GFC-approved policy framework	Embedded in definitive contracts
Member consent language and privacy notice	Explains clearly what data is collected, why, with whom it is	Data governance lead	Operator company	Approved form

Unlocking construction and institutional off-take financing for urban housing

Document	Purpose	Lead drafting owner	Approving / signing authority	Minimum status before launch
	shared, and what rights the household has			
Complaints, grievance and appeals procedure	Defines how households raise concerns about records, tiering, communication, or treatment; service levels for response; and escalation route	Member protection lead	WLSC + board	Approved
Conflict-of-interest policy and declarations register	Defines declaration timing, recusal rules, register maintenance, and breach consequences	Company secretary / governance lead	Board + committees	Approved and live
Reserve investment policy / treasury note	Defines permitted holdings, liquidity floor, counterparty limits, and prohibition on use of reserve funds for general OPEX	Trustee / finance lead	Trustee + board / delegated authority	Approved
Liquidity facility agreement / heads of terms	Defines draw triggers, limits, pricing, reporting, and repayment conditions for the revolving liquidity line	Finance lead / banking counsel	Facility provider + trustee / operator company	Heads agreed before launch; definitive agreement executed before first draw

14.3.2 Priority sequencing of the document stack

Not all documents need to be completed in the same week, but the following sequence should apply.

- **First**, the legal foundation documents must be executed: the operator-company governance documents, trustee/fiduciary control documents, and account mandates.
- **Second**, the operating control documents must be approved: the guarantee policy, scoring governance note, tier progression and matching SOP, claims submission protocol, conflict-of-interest policy, and complaints / appeals procedure.
- **Third**, the ecosystem interface documents must be signed: data-sharing agreements, platform SLAs, banking / custody arrangements, and any matching or pipeline-ingestion agreements.

- **Fourth**, the household-facing forms must be finalised: allocation agreement template, guarantee schedule template, member consent language, and household communications materials.

The pilot should not proceed on the basis of draft principles alone. At minimum, the documents governing reserve control, claims discipline, data-sharing, household contract terms, and member protection must be complete before first allocation.

14.3.3 Implementation implication

The practical implication is straightforward: THWG should be launched as governed market infrastructure, not as an informal programme shell. The legal and operating documents are not secondary paperwork. They are the mechanism by which the pilot avoids discretionary behaviour, protects households, reduces leakage, and creates conditions for institutional confidence.

14.4 12-month sequencing and timeline

The plan is phased so that governance and discipline precede volume.

14.4.1 Phase 0 (Weeks 1–6): Set foundations (no scale yet)

- Confirm whether Placemakers Mlolongo Phase 1 will serve as the first illustrative linked pipeline for pilot purposes, subject to operator-company approval, Empowa/off-taker execution, and matching-grade metadata ingestion.
- incorporate the THWG Operator Company and appoint founding directors;
- agree founding shareholder structure, reserved matters, and governance charter;
- execute the trustee/fiduciary control documents and reserve ring-fencing arrangements;
- execute priority ecosystem agreements with NACHU, banking, analytics, platform, and matching partners; and
- obtain legal, tax, data-protection, and regulatory sign-off for pilot launch.
- establish programme governance bodies (WLSC and GFC)
- appoint trustee/fiduciary and agree ring-fenced structure
- approve policy suite: tier gates, matching rules, guarantee rules, claims evidence pack
- configure the minimum viable reporting pack and decision registers
- confirm pilot geographies, target cooperatives, and unit pipeline commitments

Deliverable: “Pilot readiness pack” signed off.

14.4.2 Phase 1 (Months 2–4): Build the pipeline utility and conversion engine

- deploy assisted onboarding model (conversion engine)
- train cooperative champions (training-of-trainers)

Unlocking construction and institutional off-take financing for urban housing

- run onboarding sessions with tight targeting and follow-up completion workflow
- enforce completeness gates and deduplication
configure wallet and member-messaging journeys to support completion nudges and frequent small-value deposit behaviour
- start building Tier 7 standby pools by geography and typology

Deliverable: measurable completion throughput and clean tier distribution.

14.4.3 Phase 2 (Months 4–6): Begin matching to live unit pipelines

- ingest and validate unit metadata
- run matching workflow rehearsals
- confirm allocation pack requirements and Tier 8 activation checklist
- begin controlled allocations with small early cohorts to test operational discipline

Deliverable: first allocations executed under full governance discipline.

14.4.4 Phase 3 (Months 6–12): Run the guarantee pilot at controlled scale

- activate Tier 8 guarantees at allocation
- monitor early tenure performance and enforce replacement discipline
- process any claims under “no pack, no payout”
- quarterly recalibration of thresholds and operational refinements
- publish monthly governance packs and KPI dashboards

Deliverable: evidence on allocation success, claims frequency, payable months, and unit absorption impact.

14.5 Roles and responsibilities (RACI summary)

Accountable programme owner: FSD Kenya (sponsor/oversight) – see Appendix for definitions

Table 8: High Level RACI (summary)

Workstream	Responsible	Accountable	Consulted	Informed
Cooperative mobilisation and onboarding events	NACHU	WLSC	WLO, Pngme	FSD Kenya
Assisted onboarding conversion engine	Waiting List Operator (WLO)	WLSC	NACHU	All stakeholders
Affordability analytics and calibration	Pngme	WLSC	WLO	FSD Kenya
Unit pipeline ingestion and matching	Empowa	WLSC	Developers/off-takers	FSD Kenya

Unlocking construction and institutional off-take financing for urban housing

Workstream	Responsible	Accountable	Consulted	Informed
Guarantee facility administration	Guarantee Facility Manager (GFM)	GFC	Trustee	WLSC
Ring-fenced fund control and payout authorisation	Trustee/Fiduciary	GFC	GFM	FSD Kenya
Banking rails / liquidity facility support	ABC Bank/ABC Capital	GFC	Trustee	FSD Kenya
Digital savings rails support (where used)	SiliconEnterprise/Silicon Capital	WLSC	WLO	FSD Kenya
MEL, reporting, assurance	WLO + independent assurance	WLSC/GFC	Pngme	All stakeholders

14.6 Fully costed 12-month pilot budget

This report adopts a **single-currency pilot budget** for clarity. Costs are presented as annual totals and translate into unit economics per onboarding and per guarantee.

Year-1 total OPEX: KES 123.84 million (Excludes guarantee reserve capital and liquidity facility line sizing, which are treated separately as balance-sheet items.)

Unit economics (indicative):

- **KES 2,477 per complete onboarding** (KES 123.84m ÷ 50,000)
- **KES 61,919 per guarantee issued** (KES 123.84m ÷ 2,000)

Table 9: Year-1 OPEX budget summary (KES)

Cost category	Year-1 budget (KES m)	Notes (what is included)
1. Programme management and governance	9.80	PMO, governance packs, committee ops, decision registers
2. Legal, structuring and trustee/fiduciary	7.20	ring-fencing, trustee costs, policy drafting support
3. Field mobilisation and training (NACHU-led)	14.50	mobilisation, training-of-trainers, cooperative champions support
4. Assisted onboarding conversion engine	33.00	call/WhatsApp follow-up, completion support, data capture staffing

Cost category	Year-1 budget (KES m)	Notes (what is included)
5. Technology enablement and integrations	18.40	waiting list system setup, integrations, hosting, support
6. Analytics, scoring and calibration	12.60	affordability profiling, model refresh, dashboards
7. Matching operations and unit pipeline management	11.40	unit ingestion, metadata QA, matching workflow ops
8. Guarantee facility operations (admin only)	9.10	activation checks, monitoring, claims handling, reporting
9. Assurance, audit sampling and MEL	7.84	sampling reviews, MEL pack, quarterly learning loops
Total	123.84	Year-1 OPEX (excluding reserve capital)

Important note: The largest cost driver is the conversion engine (assisted onboarding and completion). This is intentional. Without it, the programme would create a large Tier 1–3 list and fail to produce Tier 7 depth, making matching and guarantees impossible at scale.

14.7 Guarantee liquidity posture for the pilot (not OPEX)

The guarantee facility requires a liquidity posture in addition to OPEX.

For Year-1 planning, this report uses a prudent two-layer posture:

- **Cash reserve:** KES 40–80 million
- **Revolving liquidity line:** KES 100–200 million

These ranges depend on actual average monthly payments, deposit levels, claim frequency, and replacement speed. The reserve provides credibility and immediate payout capability; the liquidity line covers clustered stress without requiring an excessive upfront endowment.

14.8 Decision gates (go/no-go discipline)

The pilot must be run with explicit gates to avoid “slow failure”.

14.8.1 Gate 1 (Month 3): Pipeline viability

Proceed only if:

- completion rate is rising and partial records are being converted;
- tier distributions show meaningful progression beyond Tier 3; and
- cooperative targeting is producing the intended segment.

14.8.2 Gate 2 (Month 6): Matching viability

Proceed only if:

- unit pipeline ingestion is producing matchable metadata;
- Tier 7 standby pools exist by geography/typology; and
- early allocations show acceptable success and low failure rates.

14.8.3 Gate 3 (Month 9): Guarantee discipline viability

Proceed only if:

- Tier 8 activation is policy-bound and auditable;
- replacement discipline is functioning; and
- any claims processed meet evidence rules with no leakage signals.

14.8.4 Gate 4 (Month 12): Scale decision

Scale only if:

- conversion engine unit economics are improving;
- allocations demonstrate sustained payment outcomes; and
- guarantee payouts remain within bounded expectations.

14.9 Summary

The Pilot provides a disciplined 12-month path to establish the waiting list and guarantee facility as functioning market infrastructure. It prioritises operational throughput and record completeness (50,000 complete onboardings) to build Tier 7 standby pools aligned to real unit pipelines and to issue 2,000 controlled Tier 8 guarantees. The Year-1 OPEX requirement is KES 123.84 million (excluding reserve capital), with a recommended two-layer liquidity posture (reserve plus revolving line) to provide payout credibility without requiring an excessive upfront endowment. The plan is governed through explicit gates so that scaling is earned through evidence rather than assumed.

15 Pilot readiness, go/no-go framework and recommendations

15.1 Purpose of this chapter

This chapter provides the final readiness checklist and decision framework for launching the pilot and for preventing drift, leakage, and slow failure. It sets out:

- what the pilot is (and is not);
- the minimum preconditions required to start;
- the go/no-go gates and kill criteria;
- the key risks and mitigations; and
- the final recommendations for FSD Kenya and stakeholders.

15.2 What the report enables (and what it does not)

This report enables a disciplined pilot of a waiting list and bounded guarantee system that can improve off-take and unlock institutional participation through verifiable readiness and controlled risk.

It does not enable:

- guaranteed affordability for all households regardless of payment capacity;
- indefinite protection against long-term non-payment;
- bypassing unit pipeline constraints; or
- operating the system as a discretionary programme with exceptions replacing rules.

The design is only credible if it remains a **market mechanism with discipline**, not a subsidy platform.

15.3 Pilot scope box (to prevent drift)

The pilot must have a strict scope box.

15.3.1 In scope (Year 1):

- waiting list pipeline utility (Tier 1–7) with conversion engine
- Tier 7 standby pool management and matching to defined unit pipelines
- bounded Tier 8 guarantee activation at allocation only
- claims processing with “no pack, no payout”
- governance packs, audit sampling, quarterly calibration

15.3.2 Out of scope (Year 1):

- broad consumer lending products based on the waiting list
- microenterprise lending (noting it may be explored later as a separate track)
- multiple guarantee products or expanded coverage periods
- expansion beyond defined pilot geographies without evidence

The pilot must stay inside this box to produce credible evidence.

Pilot commercial terms agreed: signed fee schedule, account structure, reserve controls, liquidity-line heads of terms, and payment waterfall approved by the relevant governance bodies.

15.4 Preconditions to start (non-negotiable)

The pilot should not launch until the following preconditions are met and signed off.

15.4.1 Documentation readiness

Minimum implementation document stack approved, with all critical launch documents executed or in final approved form.

15.4.2 Governance and ring-fencing

- operator-company governance documents executed, including reserved matters and conflict-of-interest policy;
- trustee deed / fiduciary control documents executed and reserve account mandates live.
- operator company incorporated and governance charter approved;
- founding shareholder structure approved and conflicts protections embedded;
- legal opinion obtained on enforceability, regulatory perimeter, and reserve structure;
- tax memorandum completed covering VAT, withholding tax, corporation tax, stamp duty, and future share-transfer implications; and
- data-controller / data-processor responsibilities documented and compliance actions completed.
- guarantee facility legally ring-fenced (vehicle established)
- independent trustee/fiduciary appointed with dual-control payout authority
- Delegation of Authority matrix approved (Annex 1)
- claims evidence pack checklist approved (Annex 2)
- conflict-of-interest declarations and recusal rules in place

15.4.3 Operational readiness

- household-facing contract summary, consent language, and grievance / appeals procedure approved for use;

- scoring governance note, tier-progression SOP, and claims submission protocol approved.
- conversion engine staffed and trained (assisted onboarding capacity is live)
- tier progression rules documented and implemented (completeness gates enforced)
- matching workflow defined and rehearsed (including standby ratio discipline)
- grievance and appeals routing operational (member protection function live)

15.4.4 Supply pipeline readiness

- For the first live pilot pipeline, confirm the named project, participating developer, indicative off-taker pathway, typology mix, payment bands, allocation-pack standard, and replacement SOP. For pilot-design purposes, Placemakers Mlolongo Phase 1 may serve as the first illustrative linked pipeline, subject to final governance approval.
- minimum unit pipeline commitments secured in pilot geographies
- unit metadata standards agreed (matchable fields and handover status discipline)
- allocation pack requirements agreed with off-takers and developers
- replacement discipline SOP agreed (target 3–4 months)

15.4.5 Financial readiness

- institutional investment case, term sheet, reserve policy, and liquidity facility heads of terms reviewed and approved by relevant stakeholders.
- Year-1 OPEX funding secured (or ring-fenced)
- guarantee liquidity posture agreed (reserve range + liquidity line heads of terms)
- guarantee pricing logic agreed (even if subsidised early, the price structure is explicit)

15.5 Go/no-go gates and “kill criteria”

The pilot should be governed with explicit gates and clear criteria for stopping or redesigning. Performance against the monthly scale-up bridge in Section 13.2.2 should be reviewed formally at each gate, with particular attention to completion rate improvement, conversion-engine productivity, Tier 7 standby depth, and the relationship between complete onboardings and guarantee activations

15.5.1 Gate 1 (Month 3): Pipeline conversion viability

Proceed only if:

- completion rate is improving;
- partial records are being converted through follow-up;
- tier distributions show movement beyond Tier 3; and
- cooperative targeting is producing the intended segment (not speculative audiences).

Unlocking construction and institutional off-take financing for urban housing

Kill criteria: persistent low completion with no improvement, or evidence of widespread duplicate/leakage that cannot be controlled.

15.5.2 Gate 2 (Month 6): Matching and allocation viability

Proceed only if:

- unit pipelines are being ingested with matchable metadata;
- Tier 7 standby pools exist by geography/typology;
- allocations are occurring with acceptable success; and
- standby ratio discipline is functioning (no stalled allocations due to thin standby pools).

Kill criteria: lack of allocatable units, repeated allocation failure due to mismatch, or inability to maintain Tier 7 readiness depth.

15.5.3 Gate 3 (Month 9): Guarantee discipline viability

Proceed only if:

- Tier 8 activation is policy-bound and auditable;
- replacement discipline is being applied;
- claims (if any) comply with “no pack, no payout”; and
- payable months remain within discipline assumptions.

Kill criteria: exception creep, discretionary payouts, payable months inflating beyond policy due to weak replacement discipline, or leakage signals.

15.5.4 Gate 4 (Month 12): Scale decision

Scale only if:

- unit economics for onboarding and guarantee admin are improving;
- outcomes show sustained payment behaviour post-allocation;
- claims ratios remain within bounded expectations; and
- governance integrity remains strong under volume.

Kill criteria: scaling pressure undermines governance, or the model becomes reliant on permanent donor subsidy without credible pricing discipline.

15.6 Key risks and mitigations

15.6.1 Risk 1: The waiting list inflates at Tier 1–3 and fails to produce Tier 7 depth

Mitigation: fund and staff the conversion engine; enforce completeness gates; make “full sign-up completion” the primary KPI.

15.6.2 Risk 2: Unit pipelines are insufficient or poorly described

Mitigation: secure minimum commitments; enforce unit metadata standards; restrict pilot to geographies with credible supply.

15.6.3 Risk 3: Replacement discipline fails and payable months inflate

Mitigation: contractual replacement SOP; off-taker accountability; claims paid only with evidence of enforcement actions.

15.6.4 Risk 4: Exception creep undermines fairness and credibility

Mitigation: strict exception policy, caps, monthly review, and audit sampling targeted at exceptions.

15.6.5 Risk 5: Conflicts of interest distort eligibility or claims outcomes

Mitigation: segregation of duties, trustee controls, decision registers, recusal rules, and independent assurance.

15.6.6 Risk 6: Households lose trust due to poor communication and unclear rules

Mitigation: clear member communications, grievance routing, transparency on tier logic, and predictable response times.

15.7 Monitoring, evaluation and learning plan (minimum viable MEL)

A pilot is only valuable if it produces evidence. The minimum MEL pack should include:

- onboarding throughput: registrations vs complete records
- tier distribution and time-to-progress by geography/cooperative
- Tier 7 standby pool depth vs unit pipeline by typology and geography
- allocation outcomes: success at 3 months and 6 months
- arrears signals and replacement time
- claims metrics: frequency, payable months, payouts, evidence compliance
- exceptions log and conflict-of-interest incidents
- unit economics: cost per complete onboarding and cost per guarantee issued

Quarterly calibration should adjust tier thresholds and operational procedures based on observed outcomes.

15.8 Final recommendations

This report recommends proceeding with a disciplined 12-month pilot **only if** the non-negotiable preconditions are met. Specifically:

- **Treat the waiting list as market infrastructure**, funded primarily through supply-side customer acquisition replacement economics (success/access fees).
- **Treat the guarantee as an insurance-like liquidity product**, priced transparently and supported by a reserve and a revolving liquidity line.
- **Enforce strict governance and auditability**, including trustee-controlled payouts and “no pack, no payout”.
- **Staff the conversion engine properly**, because the system fails without high completeness and Tier 7 readiness depth.
- **Restrict pilot scope** to defined geographies and unit pipelines to produce credible evidence.
- **Use explicit gates and kill criteria**, so scaling is earned, not assumed.

If these recommendations are applied, THWG is a credible pathway to unlock institutional off-take for affordable housing by converting cooperative demand into verified readiness and managing short-duration payment interruption risk in a bounded, investable manner.

15.9 Summary

Pilot success depends on discipline. THWG should only proceed once ring-fencing, governance, operating SOPs, conversion engine capacity, unit pipeline commitments, and liquidity posture are secured. Go/no-go gates must be enforced and exceptions kept rare. Under these conditions, the pilot can produce credible evidence and a clear scale decision within 12 months.

16 Anticipated impact

16.1 Purpose of this chapter

This chapter sets out the anticipated impact if THWG (the tiered waiting list plus bounded guarantee facility) is implemented with discipline and scaled over time.

It summarises the main impact pathways, provides indicative impacts at 12 months, and then projects **5-year** and **10-year** outcomes under **low**, **mid**, and **high** impact scenarios.

This chapter intentionally distinguishes between:

- **direct outcomes** (households allocated, guarantees issued, units absorbed), and
- **system outcomes** (lower acquisition friction, stronger readiness evidence, increased institutional confidence, and greater supply participation).

16.2 Impact logic (how change happens)

THWG creates impact through six linked mechanisms:

- **Verified demand becomes visible and actionable** Cooperative membership demand is converted into a structured readiness pipeline, reducing uncertainty for developers and off-takers.
- **Deposit discipline improves affordability and resilience** Households build deposits over time, reducing financed balances, lowering monthly payments, and reducing default probability.
- **Matching reduces failed allocations and idle unit risk** Tier 7 standby pools ensure allocations proceed even when individual households decline or delay.
- **Bounded guarantee reduces short-duration payment interruption risk** A controlled backstop stabilises early tenure risk, enabling institutional off-take participation without open-ended subsidy.
- **Replacement discipline strengthens fairness and reduces arrears drift** Because standby-ready households exist, enforcement becomes real: non-payment is addressed quickly and units are reallocated fairly.
- **Credible system performance unlocks scaling** As performance data accumulates, supply participation grows, institutional capital becomes more willing, and cost per onboarding/guarantee falls.

16.3 Pilot impact (12 months): what “good” looks like

Using the Pilot targets:

- **50,000 complete onboardings** (usable Tier 1–7 records)
- **Tier 7 standby pools established** by geography and typology

- **2,000 guarantees issued** (Tier 8 activated only at allocation)

Expected direct outcomes in Year 1:

- meaningful conversion evidence: completeness rates improving; tier distributions shifting upward
- credible matching outcomes: allocations occurring without repeated stalling
- early tenure stability evidence: arrears signals tracked; replacement discipline tested
- first institutional confidence proof: guarantee discipline demonstrated under real cases

Expected system outcomes in Year 1:

- improved demand visibility by geography/typology (“heat maps”)
- reduced acquisition friction for participating supply-side actors
- a functioning governance rhythm (monthly packs, exception controls, audit sampling)

16.4 Early scale impact (24–36 months): the “flywheel” phase

If Year-1 discipline holds, Years 2–3 should produce:

- larger Tier 7 standby pools and faster matching cycles
- expanding unit pipeline participation (more developers / projects integrated)
- improved tier conversion rates (lower cost per guarantee issued)
- evidence-based refinement of thresholds and guarantee pricing
- stronger ability to negotiate institutional off-take terms

In this phase, the most important indicator is whether the system starts to behave like infrastructure: predictable intake → readiness → matching → allocation → monitored early tenure.

16.5 Five-year and ten-year impacts (low / mid / high scenarios)

The following scenarios describe **what could plausibly be achieved** if the waiting list and guarantee facility are implemented with strong governance and scaled with evidence-based discipline. They are framed around the “active system” capacity: households onboarded, allocations supported, and guarantees issued.

Important interpretation note: Guarantees are expected to apply only to the early tenure window (3–5 years) and only to allocated households. The waiting list may contain far more households than those who receive guarantees in any year.

16.5.1 Scenario definitions (simple)

- **Low scenario:** slow supply participation; slower tier progression; tighter unit constraints.

Unlocking construction and institutional off-take financing for urban housing

- **Mid scenario:** steady growth; multiple supply sources; improving conversion engine efficiency.
- **High scenario:** strong supply participation; institutional confidence grows quickly; efficient conversion engine and matching discipline.

16.5.2 Five-year impact (Year 5)

Table 10: Illustrative Year-5 outcomes (low / mid / high)

Metric (Year 5)	Low impact	Mid impact	High impact
Annual complete onboardings (Tier 1–7)	60,000	120,000	200,000
Active Tier 7 standby-ready pool (end-year)	6,000	15,000	30,000
Annual allocations supported (units matched + allocated)	2,000	5,000	10,000
Annual guarantees issued (Tier 8)	1,500	4,000	8,000
Cumulative households allocated since Year 1	7,000	17,000	33,000

Year-5 interpretation:

- In the low scenario, THWG remains a useful niche mechanism where supply is constrained.
- In the mid scenario, THWG becomes a meaningful off-take pipeline utility for multiple supply sources.
- In the high scenario, THWG begins to function as scaled infrastructure supporting institutional off-take at thousands of allocations per year.

16.5.3 Ten-year impact (Year 10)

Table 11: Illustrative Year-10 outcomes (low / mid / high)

Metric (Year 10)	Low impact	Mid impact	High impact
Annual complete onboardings (Tier 1–7)	80,000	200,000	350,000
Active Tier 7 standby-ready pool (end-year)	10,000	30,000	60,000
Annual allocations supported (units matched + allocated)	3,500	10,000	20,000
Annual guarantees issued (Tier 8)	2,500	8,000	15,000
Cumulative households allocated since Year 1	20,000	55,000	105,000

Year-10 interpretation:

- In the low scenario, THWG is still constrained mainly by supply pipeline participation.
- In the mid scenario, THWG becomes a major channel for absorption and off-take confidence.
- In the high scenario, THWG supports a step-change in affordable housing absorption and creates a durable bridge between informal-sector demand and institutional participation.

16.6 Secondary impacts (system and behavioural)

Beyond allocations and guarantees, THWG creates additional benefits:

- **Reduced failed allocations:** standby pools lower drop-out and idle unit risk.
- **Improved product fit:** demand evidence shapes typology and location choices, reducing mismatch.
- **Greater fairness and transparency:** tier rules reduce informal selection and discretionary allocation.
- **Savings culture reinforcement:** deposit-building pathways strengthen household resilience.
- **Improved planning intelligence:** demand heat-maps and readiness distribution inform supply pipeline planning.

These impacts are strongest where governance and member protections are maintained and where the system remains rules-based.

16.7 Risks to impact (what would reduce outcomes)

Impact will be materially lower if any of the following occurs:

- weak conversion engine capacity (large Tier 1–3 list, thin Tier 7–8)
- inadequate unit pipelines or poor unit metadata
- failure of replacement discipline (payable months inflate; guarantee costs rise)
- exception creep and leakage undermining fairness and institutional confidence
- poorly communicated member expectations causing mistrust or mis-targeting

The model's impact is not limited mainly by technology; it is limited by operational discipline and governance integrity.

16.8 Summary

If implemented with discipline, THWG can produce direct impact through increased allocation success and a bounded guarantee that stabilises early tenure risk. Over five and ten years, the scale of impact will depend primarily on (i) supply pipeline participation and (ii) the system's ability to convert households into Tier 7 standby-ready status. Under a mid scenario, THWG can plausibly support thousands of allocations per year by Year 5 and tens of thousands cumulatively by Year 10, while strengthening fairness, transparency and institutional confidence in affordable housing off-take mechanisms.

Appendices

Annex 1: Delegation of authority (DoA) Matrix — Waiting list and guarantee facility

Purpose: This Delegation of Authority (DoA) matrix defines who can approve what, at what thresholds, and with what evidence requirements. It exists to prevent discretionary decision-making, reduce conflicts of interest, and ensure auditability.

Core rule: No single party may (i) originate a benefit and (ii) approve the decision that creates that benefit, and (iii) authorise payment for it.

17 A1.1 Governance bodies and operating roles referenced in this DoA

- **WLSC:** Waiting List Steering Committee (Tier 1–7 governance)
- **GFC:** Guarantee Facility Committee (Tier 8 governance)
- **WLO:** Waiting List Operator (pipeline operations)
- **GFM:** Guarantee Facility Manager (guarantee admin operations)
- **Trustee/Fiduciary:** Independent ring-fence controller and payout signatory
- **NACHU:** Cooperative mobilisation and member support channel
- **Pngme:** Analytics/scoring and calibration support
- **Empowa:** Unit pipeline ingestion and matching support
- **Off-taker/Landlord:** Allocating counterparty and claim submitter
- **Programme Sponsor:** Programme sponsor oversight (non-operational approval role)

A1.2 Decision rights and approval thresholds

Table A1.1: Policy approvals and changes

Decision item	Proposer	Review	Approval authority	Notes / evidence required
Tier definitions and Tier 1–7 progression criteria	WLO / Pngme	WLSC	WLSC	Must include rationale, impact on fairness and conversion
Matching rules and standby ratio policy	WLO / Empowa	WLSC	WLSC	Must include supply pipeline capacity and risk implications
Guarantee policy (caps, term, payable months, triggers)	GFM	GFC	GFC	Must include stress test impacts and liquidity posture
Claims policy and evidence requirements ("no pack, no payout")	GFM	Trustee + GFC	GFC	Trustee must confirm enforceability of controls

Unlocking construction and institutional off-take financing for urban housing

Decision item	Proposer	Review	Approval authority	Notes / evidence required
Exception policy (what exceptions exist, limits, process)	WLO / GFM	WLSC/GFC	WLSC for Tier 1–7; GFC for Tier 8	Exceptions must be categorised and capped
Investment policy for ring-fenced reserves (if applicable)	ABC Capital / Trustee	GFC	GFC + Trustee	Must define risk limits and reporting requirements

Table A1.2: Tier progression approvals (Tier 1–7)

Decision item	Primary processing	Approval authority	Limits / constraints	Audit requirements
Tier 1 entry record creation	WLO (auto/system)	None	Basic record only	System audit log
Tier 2 identity verification pass/fail	WLO (rules-based)	WLO	Must meet ID requirements	Sample audit monthly
Tier 3 profile completeness check	WLO	WLO	Completeness gate only	Completeness report
Tier 4 deposit pathway activation	WLO + digital rails	WLO	Evidence of activation	Audit log
Tier 5 affordability band assignment	Pngme scoring	WLO (rules-based)	Must have required evidence set	Model output stored
Tier 6 readiness profile confirmation	WLO	WLO	Standard checklist	Sample audit
Tier 7 standby-ready designation	WLO + Pngme	WLSC delegate (named)	Must meet Tier 7 evidence set; no discretionary overrides	Higher-frequency sampling
Tier 1–7 exceptions	WLO	WLSC (or sub-committee)	Strict categories + caps	Monthly exception review

Table A1.3: Matching and allocation governance (Tier 7 → allocation)

Decision item	Primary processing	Approval authority	Limits / constraints	Evidence required
Unit pipeline inclusion (unit metadata acceptance)	Empowa	WLSC delegate	Must meet minimum metadata standard	Unit data pack

Unlocking construction and institutional off-take financing for urban housing

Decision item	Primary processing	Approval authority	Limits / constraints	Evidence required
Match shortlist generation	Empowa + WLO	WLO	Rules-based; no hidden criteria	Shortlist log
Final allocation recommendation pack prepared	WLO	WLO	Must include evidence of standby ratio	Allocation pack
Allocation confirmation (contractual allocation)	Off-taker	Off-taker	Must comply with THWG allocation pack requirements	Signed allocation documents
Matching exceptions (manual overrides)	WLO	WLSC	Rare; must be documented	Exception memo

Table A1.4: Guarantee issuance and claims approvals (Tier 8)

Decision item	Primary processing	Approval authority	Limits / constraints	Evidence required
Tier 8 guarantee activation (at allocation)	GFM	GFM (standard) / GFC (non-standard)	Must be policy-bound; activated only per unit + household	Complete allocation pack
Guarantee term and coverage confirmation	GFM	GFM	Max term 3–5 years; coverage 3–4 months payable	Guarantee schedule
Claims intake completeness check	GFM	GFM	“No pack, no payout”	Claims pack checklist
Claims validation and payable amount calculation	GFM	GFM	Must net off deposit; must show enforcement actions	Calculation sheet + evidence
Payout authorisation	Trustee	Trustee + dual signatory (per policy)	Dual control mandatory	Payment authorisation log
Claims exceptions / non-standard payouts	GFM	GFC + Trustee	Only within strict exception categories	Exception memo + approvals
Liquidity facility drawdown (if applicable)	Trustee / ABC	Trustee + GFC (thresholded)	Only for stress clustering; documented	Drawdown note

A1.3 Threshold guidance (practical)

Unlocking construction and institutional off-take financing for urban housing

To keep governance practical, the following threshold logic is recommended:

- **Tier 1–7 exceptions:** any exception affecting more than 1% of monthly throughput triggers a policy review.
- **Tier 8 exceptions:** any exception payout triggers GFC review; any repeated exceptions from the same off-taker triggers investigation.
- **Claims sampling:** sample at least 10% of all Tier 7 designations and 100% of all claims in Year 1; reduce only once evidence supports it.

Payout authority: all payouts require trustee authorisation and dual control; no single person can both validate and pay.

Annex 2: Claims evidence pack checklist — “no pack, no payout”

Purpose: This checklist defines the minimum evidence required for any guarantee claim to be paid. It protects the guarantee facility from leakage, ensures consistent treatment across households, and enables auditability.

Core rule: If any required item is missing, the claim is not payable until corrected.

A2.1 Claim eligibility conditions (must be true before evidence is reviewed)

- The household has an active Tier 8 guarantee for the specific unit.
- The claim falls within the covered guarantee period (early tenure window) and within the payable month limits.
- The off-taker has complied with enforcement and replacement SOP requirements.
- The deposit has been applied first and is fully exhausted (or is evidenced as fully applied) before any guarantee payment is requested.

A2.2 Mandatory documents and evidence (claim pack contents)

Section A: Identity and contract evidence

- Household ID and verified identity reference (Tier 8 activation reference)
- Unit reference and allocation confirmation
- Signed rent-to-own / purchase agreement (as applicable)
- Payment schedule showing agreed monthly amounts and due dates
- Guarantee certificate / schedule with coverage terms and limits

Section B: Arrears and deposit reconciliation

- Full rent/payment ledger for the household (start date to claim date)
 - Arrears calculation showing:
 - months unpaid
 - amounts unpaid per month
 - penalties (if applicable) and whether included/excluded
- Deposit ledger showing:
 - deposit amount collected
 - dates held

- dates applied to arrears
- confirmation that deposit is exhausted before claim
- Bank/mobile money statements supporting ledger entries (or system ledger export with audit log)

Section C: Evidence of enforcement and replacement actions

- Written notices issued to the household (dates and method of service)
- Evidence of engagement / cure attempt (call logs, meeting notes, payment plan attempt)
- Evidence that replacement process was initiated within required window
- Eviction/termination steps evidence (where applicable and lawful)
 1. Reallocation steps evidence (standby pool shortlist and replacement candidate log)

Section D: Claim calculation and request

- Claim calculation sheet signed by authorised off-taker representative, showing:
 - payable months requested (max 3–4 months, per policy)
 - monthly amount payable
 - deposit netting and any recoveries netted off
 - total payable request
- Declaration that the claim is accurate and complete and that all recoveries will be reported
- Off-taker bank account details for payout (verified)

Section E: Governance and approvals

- Confirmation of policy compliance by GFM (signed validation)
- Trustee approval and dual-control authorisation record
- Payment execution proof and reconciliation record (after payout)

A2.3 Common reasons for non-payment (automatic rejection until corrected)

- deposit not evidenced as exhausted or not properly netted off
- missing payment ledger or inconsistent arrears calculations

Unlocking construction and institutional off-take financing for urban housing

- no evidence of enforcement actions within required window
- claim period exceeds payable months limit
- guarantee was not active for the household/unit at claimed time
- conflicting records, suspected fraud, or duplicate household identity issues

A2.4 Post-claim reporting and recoveries

After payout, the off-taker must report any recoveries (e.g., subsequent payments, recovered amounts from deposit disputes, or other offsets). Recoveries must be credited back to the guarantee facility where applicable and reflected in monthly reporting packs.

A2.5 Audit trail requirement

Every claim must produce a complete audit trail including:

- claim pack receipt timestamp
- validation decision record
- payout approval record
- payout execution proof
- post-claim recovery tracking record

Figure 45: Claims Evidence Pack Checklist

Evidence category	Required document / proof	Mandatory?	Notes
A. Policy and identity	Guarantee certificate / policy reference (Tier 8)	✓	Must show policy dates and coverage
	Household identification verification (as held in system)	✓	Must match tenant named in contract
	Unit identification (unit number, location, typology)	✓	Must match contract and allocation record
B. Contract and payment terms	Signed rent-to-own agreement / tenancy contract	✓	Must show monthly payment, due dates, deposit, enforcement clauses
	Payment schedule and rent ledger	✓	Clear chronology of due and paid amounts
C. Default chronology	Arrears timeline summary	✓	Simple table: month-by-month due/paid/arrears

Unlocking construction and institutional off-take financing for urban housing

Evidence category	Required document / proof	Mandatory?	Notes
	Proof of missed payments (bank/wallet statements)	✓	Reconciled to ledger
D. Deposit first-loss confirmation	Deposit receipt / proof of deposit balance held	✓	Must show initial deposit amount and how applied
	Deposit exhaustion calculation	✓	Show deposit applied to arrears and dates; signed by landlord/off-taker finance representative
E. Enforcement and cure steps	Copy of notices issued (reminders, breach notices, demand letters)	✓	Must show dates and method of service
	Evidence of engagement attempts (calls/SMS/meetings logs)	✓	Demonstrates cure effort; protects against avoidable claims
	Evidence of eviction / termination initiation (where applicable)	✓	Must be consistent with law and contract
F. Replacement discipline	Replacement initiation evidence (standby pool request / re-allocation trigger)	✓	Must show replacement process started within target window
	Replacement status report	✓	Shows unit will be reoccupied promptly
G. Claim computation	Claim amount calculation (months claimed and amounts)	✓	Must respect payable month caps and policy period
	Net-of-deposit and net-of-recoveries statement	✓	Must show claim is residual after deposit and any recovered payments
H. Confirmations and declarations	Landlord/off-taker declaration of truth and no collusion	✓	Signed; includes recourse if misrepresented
	Tenant status statement (if available)	○	Useful but not mandatory if tenant unresponsive
I. Fraud and exception checks	Duplicate identity/tenancy check result	✓	Confirms not double-claimed
	Exception request pack (only if policy deviation needed)	○	Mandatory only if claim requests exception
J. Payout instructions	Verified payout beneficiary details	✓	Must match approved recipient under policy

Unlocking construction and institutional off-take financing for urban housing

Evidence category	Required document / proof	Mandatory?	Notes
	Bank confirmation / wallet rails confirmation	✓	Reduce misdirection risk

Schedule of Definitions

For purposes of this report, the following terms shall have the meanings set out below. Words importing the singular include the plural and vice versa, unless the context requires otherwise.

ABC Bank

African Banking Corporation Limited Group (ABC Banking Group), providing regulated banking rails and related services relevant to custody, payments and reporting.

ABC Capital

The investment/asset management capability associated with ABC Banking Group, referenced in this report as a potential provider of investment management and/or liquidity structuring support, subject to governance and ring-fencing requirements.

Active Guarantee Book

The number of households with an active Tier 8 guarantee at a point in time (i.e., guarantees that are in force and could be called, subject to policy rules).

Allocation

The formal matching and assignment of a specific household to a specific housing unit, supported by an executed allocation pack and the initiation of the transaction process (rent-to-own or equivalent), as applicable.

Allocation Pack

The complete documentary and data set required to confirm allocation of a unit to a household, including household identity verification, unit metadata, deposit confirmation, payment schedule, and the guarantee activation checklist where applicable.

Appeals Process

The documented mechanism through which a household can request review of a tier outcome, data correction, or dispute resolution, following defined timelines and escalation paths.

Assisted Onboarding

A supported enrolment process (in-person, phone, WhatsApp, or other channels) designed to convert partial registrations into complete, verified records.

Assurance (Independent)

A structured programme of sampling reviews and audits (process and/or financial) to test compliance with tier rules, claims discipline, conflict-of-interest controls, and ring-fenced fund management.

Bounded Guarantee

A guarantee designed with strict limits on duration, payable months, coverage amounts, and eligibility, intended to cover short-duration payment interruption risk rather than long-term cashflow risk.

Claims Evidence Pack

The mandatory documentary and data requirements that must be submitted for a claim to be payable, governed by the principle “no pack, no payout.”

Claims Ratio

A measure of claims frequency and/or claims cost relative to the active guarantee book, used for monitoring and stress testing.

Complete Onboarding / Complete Record

A household record that meets minimum data completeness and verification requirements to progress beyond early waiting list tiers and to support matching, including reconciled records across onboarding tools where applicable.

Conversion Engine

The operational capability (people, process, and tools) used to convert registrations into complete records and progress households through readiness tiers, including follow-up and data reconciliation.

Cure Window

The policy-defined period (typically 3–4 months) during which arrears management, engagement, and enforcement actions must occur before a guarantee claim becomes payable (subject to deposit-first loss).

Data Governance

Policies and controls governing consent, collection, use, access, storage, retention, privacy, audit logging, and sharing of household and unit data across stakeholders.

Deduplication

Processes and controls used to prevent or reconcile duplicate household records, ensuring one household has one master record in the system.

Default (Non-recoverable)

A loss outcome where, after enforcement, replacement actions, deposit application, and reasonable recoveries, an arrears or loss amount is not recovered and is treated as a net loss for provisioning and reporting purposes.

Delegation of Authority (DoA)

A documented matrix specifying who may approve which decisions, at what thresholds, and with what evidence requirements, including escalation rules and dual-control requirements for payouts.

Deposit

An upfront lump sum paid by a household towards a housing unit, which serves both as affordability leverage (reducing financed balance) and as the first-loss buffer against non-payment.

Deposit-first Loss

A rule requiring that household deposit amounts are applied and exhausted against arrears before any guarantee payout may be made.

Developer

A party that constructs and sells housing units and/or contributes units into the supply pipeline that can be matched to households through THWG.

Effective Demand

Households that can be converted into complete, usable records and progressed sufficiently through tiers to become matchable and potentially allocatable within real unit supply constraints.

Empowa

The platform stakeholder referenced as providing unit pipeline ingestion and matching functionality and related workflow enablement.

Exception

A decision or outcome that departs from standard tier rules, matching rules, guarantee rules, or claims rules, permitted only under defined categories, limits, documentation, and review processes.

F (Financed Balance)

The portion of the unit price remaining after deposit: **F = Unit Price (U) – Deposit (D)**. This report applies off-taker profit multiples to F, not to U.

FSD Kenya

Financial Sector Deepening Kenya, the programme sponsor and primary intended audience for this report.

Guarantee Activation

The process of issuing and making effective a Tier 8 guarantee for a specific household and a specific unit at the point of allocation, subject to policy rules and evidence requirements.

Guarantee Facility

The ring-fenced structure (vehicle and governance) that administers Tier 8 guarantees, monitors performance, processes claims, and manages reserves/liquidity facilities under trustee oversight.

Guarantee Facility Committee (GFC)

The governance body responsible for approving guarantee policy, monitoring solvency and performance, and overseeing claims discipline and liquidity posture.

Guarantee Facility Manager (GFM)

The operational role/team responsible for guarantee activation checks, monitoring, claims processing, reporting, and submitting payout requests to trustee controls.

Guarantee-ready Household

A household that has reached Tier 8 at allocation: it is allocating to a specific unit, meets readiness evidence requirements, and requires a bounded guarantee under policy.

Guarantee Term

The period during which the guarantee remains in force for a household (typically limited to 3–5 years in this report).

Grievance Mechanism

A structured channel for households to lodge complaints, request corrections, or challenge outcomes, with defined resolution timelines.

Household

An individual or group living together as a unit for housing purposes, represented as a single record in the waiting list system.

Institutional Off-taker

An entity that purchases, aggregates, or intermediates housing units (or their cashflows) at scale, often requiring risk containment mechanisms to participate in affordable housing markets.

Liquidity Facility / Revolving Line

A pre-arranged financing line available to the guarantee facility to cover clustered claim payouts in stress periods without requiring excessive permanent capital.

Liquidity Posture

The combined set of reserve funds and liquidity facilities available to ensure timely payment of valid claims.

Matching

The process of aligning households to units based on geography, typology, price band, delivery timing, and readiness evidence.

NACHU

National Cooperative Housing Union (NACHU), referenced as the cooperative mobilisation and member support channel, supporting onboarding and readiness progression.

No pack, no payout

The governance rule that guarantee claims are paid only when the full claims evidence pack is submitted and validated.

Off-taker / Landlord

The party that allocates the unit to the household and receives payments, and who may submit claims under the guarantee policy where eligible.

OPEX (Operating Expenditure)

The recurring cost of operating the waiting list pipeline and guarantee facility, including staffing, governance, reporting, assurance, and operational processes.

Payable Months

The maximum number of monthly payments the guarantee will cover for a valid claim, after deposit-first loss and within policy rules (typically 3–4 months in this report).

Pilot

The Year-1 implementation approach recommended in this report, targeting 50,000 complete onboardings and 2,000 guarantees issued under strict governance and controlled scope.

Pipeline Utility

The waiting list system and associated operations that convert interest into verified readiness and matching capacity (Tier 1–7).

Pngme

The analytics stakeholder referenced as providing affordability/risk profiling, model calibration, and reporting inputs to tier progression decisions.

Provisioning

The process of setting aside financial resources (reserves) to cover expected guarantee payouts based on claim frequency and payable-month assumptions.

Replacement Discipline

The operational requirement to replace persistently non-paying households within the cure window (target 3–4 months) to prevent arrears drift and keep guarantee costs bounded.

Ring-fenced Funds

Funds held under governance restrictions and protected from commingling, typically under trustee/fiduciary oversight, used for guarantee reserves and/or related obligations.

SiliconEnterprise

The digital rails / platform stakeholder referenced in this report as a potential provider of wallet-enabled savings journeys, member communications, and customer-facing payment support, operating alongside - not instead of - regulated banking custody and controls.

Standby-ready Household

A Tier 7 household that has met readiness evidence requirements and is able and willing to allocate within a defined time window, making it suitable for matching and rapid replacement.

Standby Ratio

The planning and operating ratio of standby-ready households (Tier 7) to units expected to be allocated (e.g., 5× standby-ready households per unit).

Stress Scenario

A planning scenario in which claims frequency clusters or rises due to economic shocks, used to test reserve adequacy and liquidity facility sizing.

Tier

A defined stage in the waiting list progression system, representing increasing evidence of readiness, from Tier 1 entry to Tier 8 guarantee-ready allocation.

Trustee / Fiduciary

An independent party controlling ring-fenced funds and authorising payouts under dual control, ensuring claims discipline and protecting the integrity of the guarantee facility.

U (Unit Price)

The purchase price of a housing unit (KES), before deposit. In this report, profit multiples and payment schedules are applied to the financed balance F, not to U.

Unit Pipeline

The set of housing units available for matching, including units under construction and ready for allocation, with required metadata for matching.

Waiting List

The structured system of household records progressing through tiers (Tier 1–8), used to create verified demand readiness and enable matching and guarantee discipline.

Waiting List Operator (WLO)

The operational role/team responsible for managing onboarding, data quality, tier progression processes, matching support, reporting, and decision registers for Tier 1–7.

Waiting List Steering Committee (WLSC)

The governance body responsible for pipeline utility performance, tier rules (Tier 1–7), data integrity, matching integrity, and operational compliance oversight.

Yield (Gross yield)

In this report, the implied annual return (IRR-style) to the off-taker on the financed balance, based on level monthly repayments and target profit multiples, before funding costs, admin costs, and losses.

References and sources

A. Primary project documents and stakeholder-supplied evidence

1. Pngme. (2026, February 26). Developing a Household Evaluation and Affordability Scoring Methodology to Strengthen Tenant Waitlist.

26.02.2026-Pngme-Household Evaluation and Affordability Scoring Methodology to Strengthen Tenant Waitlist-RJH.docx

Unlocking construction and institutional off-take financing for urban housing

2. Pngme / Placemakers. (2026, February 26). Affordable Housing Waitlist Dashboard and Index (updated workbook).

Pngme-AffordableHousing Waitlist and Dashboard - Updated 02.26.2026.xlsx

3. Pngme / Placemakers. (2026, February 26). Project Charter (updated workbook).

Pngme _ Placemakers_ Project Charter - Updated_ February 26th 2026.xlsx

Pngme / Placemakers. (2026, February 26). Annex 1: Activity Plan Outputs and Results (updated).

Annex 1- Activity Plan Outputs and Results.pdf

SiliconEnterprise / Silicon Capital. (n.d.). Presentation to ABC Banking Group (bank-fintech collaboration model).

Presentation to ABC Banking Group.pdf

4. Empowa Systems. (n.d.). *EmpowaPay SaaS Pricing* (pricing sheet). EmpowaPay SaaS Pricing

B. Kenya policy and regulatory sources

6. Government of Kenya. (2024). *Affordable Housing Act, 2024* (Kenya Gazette / Kenya Law). [Kenya Law](#)
7. Government of Kenya, State Department for Housing and Urban Development. (2024). *Affordable Housing Regulations, 2024* (draft / published regulations as applicable). [Housing and Urban Development](#)
8. Parliament of Kenya (Delegated Legislation Committee). (2025). *Report on consideration of the Affordable Housing Regulations (Legal Notice No. 114 of 2025)*. [Parliament of Kenya](#)
9. Central Bank of Kenya. (2013). *Risk Management Guidelines* (January 2013). [Central Bank of Kenya](#)
10. Central Bank of Kenya. (2013). *Prudential Guidelines* (revised edition). [Central Bank of Kenya](#)
11. Central Bank of Kenya. (2025). *Guidelines on Basel III Liquidity Standards and Leverage Ratio*. [Central Bank of Kenya](#)

C. International / comparative sources used for benchmarking (housing finance and guarantee/insurance logic)

12. World Bank. (n.d.). *Kenya – Affordable Housing Finance Project* (project overview page). [World Bank](#)
13. World Bank. (2025, November 3). *Project Information Document (PID): Kenya – Affordable Housing Finance Project* (project document). [World Bank](#)

14. World Bank. (2023). *Implementation Status & Results Report: Kenya Affordable Housing Finance Project (P165034)*. [World Bank](#)
15. International Finance Corporation (IFC). (2025). *Housing Finance – Factsheet*. [IFC](#)
16. International Finance Corporation (IFC). (n.d.). *Housing finance* (programme overview page). [IFC](#)

D. Sector reports and technical references used for “pipeline + guarantee” model design (operations, pricing, sustainability)

17. Society of Actuaries Research Institute. (2023). *Microinsurance in a Nutshell: Only for Africa?* (research report; includes practical discussion on cost structure, scale economics, and pricing process). [SOA](#)
18. International Association of Insurance Supervisors (IAIS). (2015). *Issues Paper on Conduct of Business in Inclusive Insurance* (consumer protection and market conduct considerations relevant to guarantee-like products). [IAIS](#)
19. Financial Conduct Authority (FCA). (2021). *General insurance pricing practices market study – Policy Statement PS21/5* (illustrative framing of pricing fairness and transparency in retail risk products). [FCA](#)
20. Housing Finance Africa. (n.d.). *Kenya's Affordable Housing Programme: Development framework guidelines* (context source for AHP framing and delivery considerations). [Housing Finance Africa](#)
21. Reall. (2021). *Affordable housing in Kenya: Market shaping indicators – Country profile* (market context on affordability and delivery constraints).

