



TERMS OF REFERENCE FOR A CONSULTANCY TO DEVELOP THE BUSINESS PLAN FOR HABITAT FOR HUMANITY KENYA TECHNICAL SERVICE PROVISION FOR AFFORDABLE HOUSING DEVELOPMENT PROGRAM

1. BACKGROUND AND RATIONALE

Kenya has an estimated accumulated housing deficit of over 2 million units, and nearly 61 percent of urban households live in slums. This is because 244,000 housing units in different market segments are needed annually to keep up with demand, while current production is less than 50,000 units¹. However, housing supply continues to fall more and more behind the demand for housing due to the challenge of affordability. According to the Kenya National Housing Survey (2013) affordability is exacerbated by the country's high poverty levels (50%), high cost of financing housing development, high cost of building materials, shortage of planned land, and low investment in housing by government. However, limited supply of housing finance remains a major constraint for low and middle income buyers to own housing. According to the Kenya Integrated Household Budget Survey 2005/06, only 4.2 per cent of Kenyan households were able to borrow money for purchase or construction of housing. There are currently 24 458 mortgages in the country, with the average mortgage size being US\$ 81 717. The cheapest newly built house by a developer recorded by CAHF is US\$ 15 753, which is for a 30 square metre unit.² Formal government intervention in housing provision has targeted civil servants through home-ownership schemes. This situation has resulted in the poor and low income groups resorting to provide what they can afford mainly in the informal settlements and slums.

Habitat for Humanity Kenya (HFHK) is a non-for-profit, non-governmental organization that was established in 1982 with the goal of enabling low income families in Kenya to access decent and affordable shelter. As an affiliate of Habitat for Humanity International (HFHI), HFHK approach has evolved from direct provision of homes to families who have access to land- mostly in rural areas and peri-urban areas- to organising microfinance groups dedicated to housing construction as well as improvement of member houses.

HFHK started implementing the Housing Microfinance (HMF) Programme in 2007, targeting low-income households with Housing Micro-loans to undertake incremental housing or home improvement. This was done through a 'modified village bank model' as a primary method of operation involving 15-30 members living in a neighbourhood and are in need of improved housing and also are organized into Self Help Groups (SHGs). These SHGs also have smaller groupings of 5 members (watano) to enable smooth transactions and develop a feeling of mutual liability, each sub group appoints a leader who collects savings and loan payments and deposits with the larger SHG which in turn is led by a chairperson,

1 World bank, 2017. Kenya Economic Update

2 Centre for Affordable Housing Finance (CAHF) 2017. Housing Finance in Africa Yearbook 2016.

secretary and a treasurer. The SHGs are legally registered and self-governed entities with a well-defined constitution. HFHK supports the SHGs through several orientation sessions for at least 4 weeks before members loan applications are accepted. The model fully embraces the concept of “Incremental housing” whereby low-income housing is not a product but a process in which a family builds a house in stages over a period of time. This makes it possible for a family to realistically plan for resources and borrow smaller amounts that could be easily paid back. Home improvements are also funded through this model. Nearly 10,000 families in Kenya have been served through provision of housing loans for home improvement and incremental construction. HFHK has been working in eight counties of Bungoma, Homa Bay, Kisii, Bomet, Baringo (Eldama Ravine Sub County), Nakuru (Mai Mahiu are of Naivasha Sub County), Machakos, and Meru (Maua and Chuka Sub counties). HFHK had a gross housing loan portfolio of Kshs 83 million by 2010 which dropped to Kshs 60m in 2013 through repayment and write off.

HFHK conducted an evaluation of the Retail Lending programme in March 2014. The evaluation revealed that HFHK was operating with a huge shortfall of nearly 300M in its loan portfolio and with huge costs in general operations that rendered RL unsustainable. The advise then was to either improve the portfolio, sell it off or set up a microfinance institution to carry out the lending business.

In the subsequent review during the development of the Business Plan (2016-2020), the merits and demerits of all these options were analysed. In the Business Plan 2016-2020 Market Development Line of Business provides for Technical Assistance (TA) as a key strategy for the development of housing markets for the communities in HFHK's target regions. In line with this strategy, the current HFHK Retail Lending programme will transform in to Technical Service Provider (TSP). The TSP strategy is borne of the awareness that a lack of affordable finance is only one of the barriers to greater supply of affordable housing. Other ‘levers’ include land tenure, ancillary costs associated with putting up utilities, building materials, design and other technical skill services, among others. Hence the rationale for TSP is the provision of services in these other areas and eliminate barriers to affordable housing alongside financing.

This ToR has been generated to obtain the services of a housing and human settlement professional with expertise in the housing value chain capable of translating the organisation's Housing MicroFinance experience and guide towards a sustainable business model for access to affordable housing to the Bottom of the Pyramid (BoP) demographics based on technical service provision.

2. PURPOSE AND OBJECTIVE

The main purpose of this assignment is to develop a viable and technically sound business plan for HFHK Technical Service Provision approach to affordable shelter provision for Bottom of the Pyramid clients.

3. SCOPE OF WORK

During the timeframe of this assignment, the consultancy aims to achieve the following:

3.1 Design a five year TSP Business plan and its implementation road map while focusing on the following, among others:

- Review of organizational and other documents, relating to the structure, finances, staff, management, history, activities, performance and policies in order to identify current status of the retail lending programme in HFHK regions of operation as well as the legislation, laws,

mandates and jurisdiction of organisations practicing or implementing the affordable housing sector.

- Conduct interviews and consultations with HFHK Retail Lending staff, HFHI Current Housing Support Services programme, Housing Micro Finance Institutions, members of the Savings and Loans Groups, other relevant stakeholders, either by in-person interview or phone-interviews so as to identify current status, future challenges and individual recommendations on the opportunities for TSP
- Develop the TSP Business Plan, consisting of the following main sections:
 - TSP SWOT analysis
 - Analyse and recommend Value Proposition, strategic priorities and action plans relating to:
 - ✓ Re-organisation and development of the current HMF groups in HFHK regions in to housing-focused entities
 - ✓ Innovative approaches to provision of technical assistance for housing and essential housing infrastructure
 - ✓ Explore appropriate market facilitation products and services that HFHK can partner with HMFIs
 - ✓ Analyse and recommend private sector partnerships that can enhance institutional arrangements to lower housing costs for low income groups
 - ✓ Analyse and recommend mechanisms for partnership with public sector institutions, particularly Ministry of Land and Housing for opportunities for low-cost building materials and elimination of barriers relating to land
 - ✓ Analyse and propose innovative approaches to elimination of gender and other discriminatory cultural constraints to housing
 - ✓ Develop and effective communication and partnership plan

3.2. The Business plan should have a comprehensive and clear description of what needs to be done, including when and how to implement. This will include generating institutional and organisational structure and Staff capacity development necessary to implement the plan. It should itemize and describe the projections of returns as well as the costs that will be incurred. The plan should include any requirements for achieving its implementation, and a mechanism to gauge performance, including information needs.

3.3 Financial Projections, and with a clear road map for Organization Self-Sufficient (OSS) in respect to TSP.

4. DESCRIPTION OF TASKS AND METHODOLOGY

The consultant should present the draft methodology and approach to the assignment together with his/her technical proposal. This will serve to help HFHK understand how the consultant approaches the assignment stated in the ToR. However, in general, the consultant will be expected to:

- Consult and discuss with a wide range of stakeholders including HFHK and HFHI staff, MFIs, HMF group members and other stakeholders in the housing sector.

- Review and analyse key documents including HFHK constitution, strategic plan, guidelines, policies and procedures; Review management and financial reports; work plans, Retail Lending Reports, evaluations etc.
- Consult with and report to HFHK's Head of Programs from time to time. All logistical work for the assignment will be organized by the consultant in consultation with HFHK.
- The consultant is expected to conduct an initial ideation workshop involving HFHK and HFHI market development programme staff and preliminary selected individuals from the housing value chain that work closely with HFHK/HFHI programmes. The outcome of the ideation workshop is an inception report that thoroughly reviews the proposed assignment, tools and methodology and indication of immediate communication of the TSP programme direction

5. QUALIFICATIONS AND EXPERIENCE

The selected consultant should be an individual with knowledge of national and international affordable housing value chain and with tested experience of similar assignments in developing countries. A consultant who has been involved in shelter and micro finance, housing market development, sustainable financing and business development for housing, capacity development and training in affordable housing will be ideal for the assignment.

This assignment requires, but is not limited, to the following qualifications:

- Advanced Degree in Finance, economics, engineering/architecture, planning, business administration, international development or a related field.
- At least 7 years professional experience of applying market systems development approaches for shelter development programs or as part of a consulting firm.
- A demonstrated interest in the role of private sector actors, the functioning of housing markets and the opportunities for housing financing and development .
- Knowledge of affordable housing and the challenges inherent in the country and/or professional experience working in the housing sector is a plus.
- Good communication and interpersonal skills, such as a proven ability to deal with field staff, collaborators and partners from a wide range of backgrounds and cultures.
- Facilitation skills, including being able to articulate the participation of diverse market actors in a meaningful way.
- Excellent skills in formulating a business financial model, with an emphasis on development sector (NGO).
- Excellent computer and information and communication technology as well as presentation skills.

6. DELIVERABLES AND TIME-LINE

- The Consultancy work will commence May 01st 2017 and end on the 30th May 2017. The expected outputs from the consultant and their duration are shown in the following table.

No.	Deliverables	Duration (days)	Documents
	Signing of Agreement	1	

1	The Inception report: the inception report shall indicate the initial desk review, early observations from ideation workshop, revised methodologies and approaches to the assignment, revised schedules of field visits, and expert to be contacted and duration used for the study. The inception report shall be presented to Senior Management Team by 14th May 2017	8 (Report ready by 14th May 2017)	3 hard copies and soft copies
2	Conduct Stakeholder Ideation Workshop	2 (10-12th May)	ditto
2	Field Offices visits and consultations: the consultant will visit HFHK regional offices and conduct interviews and assessments the share a summary of findings and present the existing institutional landscape and its main weaknesses and strengths to the proposed TSP Business Plan,	10	PPT soft copies and agreed minutes
3	Draft Business Plan 2017-2021: The consultant will submit a draft report BY 26th May to the Head of Programmes. HFHK will read and provide feedback to the report by 26th May 2017.	5 (26th May)	soft copies
4	Validation Workshop: The consultant will present the findings of the study to Key HFHK/HFHI staff.	1	Prepare PPT
5	FINAL Business Plan 2017-2021:	3	3 hard copies and soft copies

7. APPLICATION PROCESS AND SELECTION CRITERIA

The application is open to individual consultants. Applicants must provide:

- A detailed CV and professional background relevant to the assignment. The CV should include a minimum of 10 similar assignments that the consultant has undertaken, with appropriate contacts.
- A detailed work-plan based on the scope of the Consultancy and methodology.
- A financial proposition for the Consultancy work including withholding tax

Applications should be submitted by email to:

Procurement

Email: procurement@hfhkenya.org

Any clarification question should be sent to the same email at least 24 hours before the deadline

Deadline: **28th April 2017** , 5pm (GMT +3)