

Development Finance Readiness Guide

A lender needs evidence that the project can survive its own assumptions.

PURPOSE	Prepare a development for a structured lender conversation.
EDITION	2 July 2026
GEOGRAPHY	Kenya core with an East Africa country overlay.
COMPANION	Editable Excel readiness pack and debt-capacity screen.
AUTHOR	Raphael Mwito / The Development Playbook

This guide is not a credit opinion, finance offer, legal opinion, valuation, tax opinion or assurance of financial close.

Bankability is not a document count.

It is the degree to which sponsor capability, lawful control, delivery, repayment and recoverability connect into one coherent case. A polished data room cannot rescue a weak repayment source; a strong feasibility cannot replace clean land or committed equity.

Gate	What the lender needs to understand
Sponsor & governance	Who owns, controls and can deliver the project?
Borrower & transaction	What is being financed, through which entity, with what equity and facility?
Land & security	Does the borrower control the site and can enforceable security be created?
Approvals & E&S	Can the project lawfully proceed and manage environmental and social risk?
Market & revenue	Who pays, how much, how quickly, and what happens in the downside?
Design & delivery	Can scope, cost, programme and contractor performance be controlled?
Model & debt capacity	Can cash flow service and repay the proposed debt under stress?
Closing & monitoring	Can conditions be satisfied and lender controls maintained after drawdown?

Know which conversation you are ready for.

Stage	Test	Minimum evidence
Screening	The proposition is intelligible.	Sponsor note, project summary, site control, concept, initial feasibility and facility request.
Credit review	Risk, repayment and recovery can be tested.	Legal, market, technical, financial, E&S and security evidence in a controlled data room.
Approval	Material risks are allocated, quantified or conditional.	Negotiated structure, diligence reports, equity evidence, approvals path and credit conditions.
Financial close	Commitment and drawdown mechanics are operable.	Executed documents, security, CP evidence, accounts, insurances and reporting protocol.

Approach early, submit formally when ready

Relationship conversations can begin before every document is complete. A formal request is stronger when the sponsor can explain the facility, equity, land, approvals, market case, delivery plan, repayment source, downside protection and remaining evidence gaps.

Make gaps visible before the lender does.

01 / SPONSOR & STRUCTURE

Ownership chart, track record, KYC, audited accounts, SPV, facility request, sources and uses, equity evidence and transaction chart.

02 / LAND, APPROVALS & E&S

Title or lease, search, survey, valuation, encumbrances, approvals matrix, environmental pathway, utilities, fire, access and stakeholder risks.

03 / MARKET & DELIVERY

Independent market study, pricing or rent evidence, absorption, coordinated design, area schedule, QS cost plan, programme, procurement and contractor capability.

04 / MODEL & FINANCE

Integrated cash flow, debt draw, interest, fees, tax, LTC, LTV, DSCR, covenants, sensitivities, repayment source and funding-gap analysis.

05 / SECURITY, CPS & MONITORING

Security perimeter, account control, assignments, insurance, sponsor support, legal opinions, conditions precedent, draw process and reporting.

A readiness percentage never overrides an unresolved critical land, legal, equity, approval, E&S, market, technical or repayment gap.

Fully funded is not the same as supportable debt.

A credible model tests at least three constraints: how much debt fits the project cost, how much fits the security value, and how much the project's cash flow can actually service.

Metric	Question
Loan to cost (LTC)	What proportion of total project cost is funded by debt?
Loan to value (LTV)	How does the facility compare with current or completed security value?
Debt service coverage (DSCR)	How much operating cash flow exists for each unit of scheduled debt service?
Equity contribution	Is sponsor equity sufficient, committed, evidenced and timed ahead of or alongside debt?
Funding gap	Do all uses, interest, fees, reserves, tax and contingencies have identified funding?
Repayment source	Will debt be repaid from sales, refinancing, operating cash flow or another clearly evidenced source?

The workbook screen is indicative

It demonstrates the discipline but does not replace a full monthly development cash-flow model with draw timing, capitalised interest, fees, collections, taxes, grace periods, reserves, currency and covenants.

The credit logic travels. The legal mechanics do not.

Topic	Country-specific confirmation
SPV and enforceability	Local borrower, foreign-lender, guarantee, insolvency and enforcement rules.
Land and security	Tenure, registration, priority, valuation, mortgage or charge and enforcement route.
Approvals	Actual authorities, licences, timelines, dependencies, appeals and expiry.
Tax	Income tax, VAT, stamp duty, withholding, interest limitations and treaty effects.
Currency	Revenue/debt mismatch, convertibility, transfer, availability and hedging.
E&S and community	Host-country law plus applicable lender standards, consultation and action plans.
Accounts and assignments	Collection control, receivables, insurance, contracts and sponsor support.

Complete this overlay with country counsel, tax advisers, technical advisers and the proposed lender. Do not copy Kenyan authority names or security assumptions into another jurisdiction.

Grounded in recurring project-lender appraisal themes.

Source	Use
Trade and Development Bank - Project & Infrastructure Finance	Regional lender information request: borrower, facility, management, market, financial analysis and security.
International Finance Corporation - Project Cycle	Financial, economic, E&S, disclosure, covenant, monitoring and disbursement discipline.
IFC Performance Standards	Identification and management of environmental and social risks where applicable.
Equator Principles - Independent ESDD Review guidance	Independent project-finance E&S review and action-plan context.
Central Bank of Kenya - Prudential Guidelines	Kenyan prudential context for secured lending; not a project-finance checklist.

Method note

The pack converts recurring appraisal themes into an editable preparation workflow. It is not a universal lender checklist. Requirements vary by lender, facility, asset, sponsor, country, legal structure, E&S category and risk appetite. Source list checked 2 July 2026.

USE THE COMPLETE PACK

Prepare. Test. Close.

Use the online guide to understand the logic. Use the workbook to assign evidence owners, score readiness, screen debt capacity, track conditions precedent, control lender questions and complete the host-country overlay.

ONLINE GUIDE	developmentplaybook.co.ke/resources/guides/development-finance-readiness-kenya-east-africa
EXCEL PACK	development-finance-readiness-pack-kenya-east-africa.xlsx
RELATED MODEL	Apartment Underwriting Model

Decision rule

Do not ask whether the folder is complete. Ask whether the lender can understand, test, document and monitor the risk.

Disclaimer

General educational material only. Obtain lender-specific requirements and independent legal, tax, valuation, environmental, technical and financial advice before committing capital or entering finance documents.