

**CASE STUDY** Author: Eleni Polychroniadou

# Climate Mitigation, Adaptation & Green Finance

Embedding Green Standards in Affordable Housing  
Finance. The EDGE Prescriptive Approach

The IFC EDGE Home Prescriptive Certification simplifies green standards for self-built housing and embeds them within affordable housing finance. For the Commonwealth Sustainable Cities Coalition, it offers a scalable, finance-linked model to mainstream low-carbon construction across informal and incremental housing markets.



Goyal Intercity, Ahmedabad, Gujarat. *halbergman/iStock*

## 1. Executive Summary

A major barrier to sustainable housing in many Commonwealth countries is that low-income households often build their homes incrementally through informal, self-managed processes. These homes rarely meet sustainability standards, not because households lack interest, but because green building frameworks are often too complex, costly, or inaccessible for self-build markets. In India, the EDGE Home Prescriptive Certification (EDGE HPC)<sup>1</sup> approach has demonstrated a practical alternative: simplifying sustainability into clear, achievable measures that align with how low-income homeowners actually build.

Since 2020, the International Finance Corporation (IFC) partnered with Aavas Financiers<sup>2</sup>, the first home finance institution to adopt EDGE HPC, to pilot affordable green home finance for self-built housing. The programme combined market research, community engagement, staff training, and financial incentives to enable borrowers to construct EDGE-certified homes while allowing lenders to classify loans as green finance. By early 2026, Aavas alone had supported 500 EDGE-certified self-built green homes, and the model has since expanded to additional financial institutions. The key lesson is that prescriptive, finance-linked certification pathways can translate sustainability into mainstream practice for underserved housing markets.

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<sup>1</sup> EDGE Home Prescriptive Certification: <https://edgebuildings.com/edge-home-prescriptive-certification/>

<sup>2</sup> Aavas Financiers: <https://www.aavas.in/>

## 2. Context and Challenge

India's housing landscape includes a large segment of low-income households who build their homes themselves, often in small towns, peri-urban areas, or rural settlements. These households frequently rely on informal income sources and incremental construction, making them difficult to reach through conventional mortgage products or developer-led green building programmes. As a result, much affordable self-built housing is constructed without energy- or water-efficiency measures, despite its cumulative environmental footprint.

This challenge is highly relevant across Commonwealth countries where informal or semi-formal self-build housing remains a dominant mode of urban expansion. The sustainability gap is not only technical but institutional: households lack access to credible guidance, and financial institutions have limited tools to support or verify greener construction practices.

EDGE Home Prescriptive Certification was developed to address this gap. Unlike traditional certification pathways that require complex modelling or developer capacity, EDGE HPC offers a simplified route designed for affordable housing and self-build contexts. It translates sustainability into practical, standardised requirements that can be communicated directly to households and verified through lenders and local actors.

In 2020, IFC partnered with Aavas Financiers to catalyse affordable green housing finance for low-income borrowers, positioning Aavas as the first housing finance institution to operationalise EDGE HPC in India.

### 3. Approach or Experience

The core innovation of this case lies in applying EDGE Home Prescriptive Certification to self-built affordable housing through the housing finance system.

#### What was done

Rather than beginning with certification alone, the programme started with a strong community- and market-driven foundation. IFC and Aavas first conducted a market survey to understand which customer segments might be interested in green housing, what sustainability features were perceived as valuable, and what barriers existed in awareness and affordability. This ensured that the approach responded to household realities rather than imposing external standards.

Following this research phase, the programme prioritised customer engagement and education. Borrowers were introduced to the idea that sustainability could deliver tangible benefits such as lower utility costs, improved comfort, and healthier indoor environments before being advised on specific construction choices.

EDGE HPC itself was designed to simplify green building into prescriptive, achievable measures suitable for incremental self-build housing. These measures typically focus on resource efficiency across:

- Energy use, through improved natural ventilation, efficient lighting, and better building envelope choices
- Water savings, through low-flow fixtures and reduced household water demand
- Materials efficiency, by encouraging lower-impact materials and reduced embodied carbon options

Women-led federations provide durable governance Because the certification pathway is prescriptive, households do not need complex design modelling; instead, they can follow clear technical guidance aligned with local construction practices.

#### Who was involved

The programme was led by IFC in partnership with Aavas Financiers, a retail housing finance company serving low- and middle-income borrowers in semi-urban and rural India. Aavas was the first home finance institution to adopt EDGE HPC, demonstrating how sustainability certification could be embedded within affordable housing finance portfolios.

#### How the approach worked in practice

A key feature was the bottom-up operational model. Loan officers and frontline staff were trained in EDGE sustainability principles so that guidance could be delivered directly through existing borrower relationships. This was critical because self-built housing decisions are shaped by households, local masons, and community norms rather than formal developers.

The programme also linked certification to financial incentives. By achieving EDGE HPC certification, loans could be classified within green lending portfolios, strengthening the business case for sustainability in low-income housing markets.

By early 2026, Aavas alone had supported 500 EDGE-certified self-built green homes, and the approach has since expanded beyond the initial pilot toward additional housing finance institutions.

## 4. Insights and Lessons

Several lessons emerge from the EDGE HPC experience.

### What worked well

The prescriptive certification approach was effective because it aligned with the realities of self-build housing. EDGE HPC created an accessible entry point where sustainability could be achieved through clear, practical steps rather than complex compliance processes.

Working through housing finance institutions proved particularly powerful. Banks and lenders are often one of the only formal actors consistently engaging with low-income self-build households, making them scalable channels for sustainability uptake across Commonwealth contexts

Partnership models were essential: IFC provided technical expertise and credibility, while Aavas delivered local reach and borrower trust. Together, they were able to design incentives that made sustainability both desirable and feasible.

### Challenges and constraints

Cultural and societal influences shaped uptake. Preferences for traditional materials such as red brick, and concerns about community perceptions, constrained willingness to adopt alternative construction practices. Local regulations could also negatively impact implementation where informal building norms and certification requirements were misaligned.

### Transferable lessons

For other Commonwealth cities, the key insight is that sustainability in affordable housing requires more than standards. It requires education, engagement, incentives, and trusted intermediaries. Certification systems like EDGE HPC can drive uptake when they are linked to finance mechanisms and grounded in community realities.

## 5. Key Takeaways

- EDGE Home Prescriptive Certification provides a simplified pathway for green housing in self-build markets.
- Aavas Financiers was the first housing finance institution to operationalise EDGE HPC in affordable lending.
- Banks and housing finance institutions can drive sustainability uptake at scale across Commonwealth countries.
- Partnership models are required to align technical expertise, incentives, and borrower trust.
- Education and engagement across households, lenders, and local builders are critical for adoption.
- Cultural norms and societal perceptions can constrain uptake and must be addressed in programme design.

**This Case Study was prepared by Ms Eleni Polychroniadou, CEO and Co-Founder, Sintali<sup>3</sup>, by way of contribution to the work of the CSCC Housing Action Group, March 2026.**

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<sup>3</sup> Sintali: <https://sintali.com/>



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