UN-HABITAT ERSO Expert Consultation Process 19 October – 5 November, 2007

I. Background
UN-HABITAT is the United Nations agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.

The Governing Council (GC) of UN-HABITAT is a high-level forum that meets bi-annually to set UN-HABITAT’s policy and approve the agency's work programme and budget. At its most recent meeting in April 2007, the GC approved GC Resolution 21/10 regarding “Strengthening the Habitat and Human Settlements Foundation: experimental financial mechanisms for pro-poor housing and infrastructure”.

GC Resolution 21/10 of 20 April 2007 requests, inter alia, the Executive Director of UN-HABITAT to:

(i) Establish a trust fund within the Foundation for a four-year experimental period from 2007 to 2011, to support the introduction of experimental reimbursable seeding operations as well as other innovative financial mechanisms. The purpose of the trust fund is to:
   - Field-test experimental and reimbursable seeding operations and other innovative operations for financing for the urban poor for housing, infrastructure and upgrading through community groups, including where there is an expectation of repayments, mobilizing capital at the local level;
   - Strengthen the capacity of local financial and development actors to carry out those operations and to support the capacity of the United Nations Human Settlements Programme to enhance those operations.

(ii) Submit for the consideration of the Committee of Permanent Representatives (CPR) proposed operational procedures for such experimental activities;

(iii) Prepare a working operations manual to describe the processes for different reimbursable seeding operations and other finance mechanisms in consultation with the Committee of Permanent Representative; and

(iv) Establish a steering and monitoring committee of 12 to 14 persons in consultation with the CPR, representatives of Governments, international financial institutions, United Nations bodies, the private sector and major non-governmental organizations may be invited as participants.

UN-HABITAT is currently underway, preparing the implementation of this Resolution. It is planned to present the Draft ERSO Operational Procedures and the ERSO Operations Manual to the CPR on November 19 2007.

In order to ensure that these documents reflect best practices and to help strengthen and to inform the operational design of ERSO, UN-HABITAT seeks to consult with a select group of internationally-recognized experts in the area of pro-poor housing and infrastructure finance.
II. Purpose and Design of the Expert Consultation Process

The Human Settlements Financing Division of UN-HABITAT organises a consultation process on ERSO between 19 October and 5 November, 2007. Consulted Experts are asked to review the Draft ERSO Operational Procedures (16 pages) and the ERSO Operations Manual (41 pages) and provide written recommendations to strengthen them, drawing upon best practices in human settlements financing in particular and upon sound operational procedures in general.

The purpose of the Expert Consultation is to strengthen the ERSO Operational Procedures (OP) and the ERSO Operations Manual (OM) by ensuring that the proposed procedures and guidelines are technically and financially sound and provide workable methodologies based on best practices. Experts and organisations consulted range from the World Bank, Regional Development Banks and Private Financial Institutions.

III. Experts consulted

Below is the list of experts who will review the draft OP and OM between 19 October and 5 November, 2007. The list covers representatives from IFIs and private financial institutions that have agreed on short notice to review the documents. As indicated, further attempts will be made in coming weeks to broaden the range of organisations and expertise covered.

List of Experts Reviewing Draft ERSO Documents 19 October to 5 November

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<tr>
<th>Name</th>
<th>Organization</th>
<th>Experience and Expertise</th>
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<tbody>
<tr>
<td>Allan Gill</td>
<td>Ex-Asian Development Bank</td>
<td>Executive Director for Canada, the Netherlands and the Nordic countries; Treasurer; Director of Private Sector Development, Member of the Board of Directors of the Inter-American Development Bank.</td>
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<tr>
<td>Anil Kumar</td>
<td>Barclay Bank</td>
<td>Head of Micro-finance; previously with ICICI Bank India</td>
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<td>Carmen Foglietta</td>
<td>Canada Mortgage and Housing</td>
<td>CMHC Manager, International Relations &amp; Operations. Participated in Canadian Delegation to GC21. Can draw on CMHCs expertise in financing through community groups</td>
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<td>Corporation</td>
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<tr>
<td>Michael Dyson</td>
<td>Independent Consultant</td>
<td>Economics and Infrastructure Consultant with consultant with over 30 years of international and domestic experience. Ex-partner of PricewaterhouseCoopers LLP, responsible for international development assignments in government reform, transport, renewable energy, housing and public/private sector partnerships.</td>
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<tr>
<td>Bernd Riessland</td>
<td>Vienna Business Agency, Austria</td>
<td>CEO, Vienna Business Agency. Ex-Manager, Bank One Austria</td>
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<td>Göran Henriksson</td>
<td>Swedbank</td>
<td>Senior Advisor and head of international cooperation at Swedbank</td>
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Additional organisations to be consulted

Asian Development Bank: Regional Expertise and networks to country partners

African Development Bank: Regional Expertise and networks to country partners

KfW: Expertise with setting up national housing and infrastructure funds

Equity Bank: First micro-finance institution to be listed on an African stock exchange
IV. Continuation of the Expert Consultation Process with a formal workshop in early 2008

To continue the consultation process into the start of ERSOP projects, it is planned to host a workshop in the first quarter of 2008 in Nairobi.

The purpose of the workshop is to:

(i) Inform the design and requirements of the ERSO Experimental Financial Operations: Provide recommendations on innovative financial mechanisms that could be incorporated into ERSO projects, with reference to best practices;

(ii) Review the TORs for the ERSO Steering and Monitoring Committee (SCM) and provide recommendations on the specific activities that the SCM should be called upon to undertake, functional considerations, the specific areas of expertise of SCM members and recommendations for candidates to the SCM;

(iii) Provide recommendations on strategies for developing partnership arrangements with institutional partnerships with IFI’s, governments, local authorities, the private sector and major non-governmental organizations;

(iv) Review and provide recommendations relating to targeting, credit enhancements and to risk management including currency exchange risk to assure proper risk management and to enhance local markets.