United Nations
Human Settlements Programme
Urban Finance Branch

Update on the ERSO and SUF activities
2nd June 2010
ERSO accomplishments

• Closing of 5 investment transactions in Uganda, Tanzania, Palestine, Nepal and Nicaragua (total disbursed amount USD 2,750,000)

• Establishment of the following processes:
  – loan origination
  – due diligence
  – credit review
  – loan documentation processes
## ERSO Current Status
### as of June 2nd, 2010

<table>
<thead>
<tr>
<th>ERSO Development Loan Transaction</th>
<th>Developmental quality screening</th>
<th>Due diligence in country (management, systems, etc.)</th>
<th>Credit quality/bankable transaction assessment</th>
<th>Government Approval</th>
<th>Final transaction structure agreed</th>
<th>Documentation approved</th>
<th>Final loan docs signed</th>
<th>Conditions Satisfied</th>
<th>Funded</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azania Bank/Mwanza peri-urban planning project-Tanzania</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
</tr>
<tr>
<td>AMAL/SAKAN affordable neighborhoods (OPIC, IFC, DFID) - Palestine</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
</tr>
<tr>
<td>Prodel-Microfinance Neighborhood development and microfinance-Nicaragua</td>
<td>Done</td>
<td>Best efforts agreed</td>
<td>Pending</td>
<td>Pending</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
</tr>
<tr>
<td>Habitat for Humanity Nepal-apex lending progressive build loans</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
</tr>
<tr>
<td>DFCU-Kasoli, Uganda loans to developers for community redevelopment</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
</tr>
<tr>
<td>RESERVE costs, fx exposure and credit risk coverage</td>
<td>Done</td>
<td>Done</td>
<td>n/a</td>
<td>n/a</td>
<td>Done</td>
<td>n/a</td>
<td>Done</td>
<td>As transactions close</td>
<td>( \text{TOTAL:} \ $3,600,000 )</td>
<td></td>
</tr>
</tbody>
</table>
ERSO: Work in Progress

• Complete loan administration and cash management with UN Treasury

• Develop evaluation proposals with prospective members of the Evaluation Panel, potentially including Homeless International, SIDA and Shorebank International
SUF Current Status
as of June 2nd, 2010

Efforts are focused on supporting the LFFs to achieve the following steps in 2010:

– 1. Hiring a long term local CEO;

– 2. Ratifying and signing the new form of Agreement with UN Habitat (form sent with our January donors' report), shifting ongoing management responsibility to LFF Board and LFF permanent staffing (CEO, CFO, community outreach and project team);

– 3. Distributing outstanding, undistributed D&A funds (each LFF is eligible for this once the first two steps are completed so it can pay staff and develop project pipeline to execution stage);

– 4. Hiring a long term CFO;

– 5. Preparing a detailed cash flow and risk analysis of pending projects, with risk mitigation analysis, along with establishing and demonstrating a robust internal process for developing, reviewing and analyzing new community projects and credit enhancement proposals as part of the long term business processes of the LFF;

– 6. Setting up new format banking arrangements as provided in the new Agreement;

– 7. Having UN Habitat credit staff review the project pipeline and process with a view toward determining whether the processes and pipeline can be certified as robust, and the LFF can then become eligible for release of new or remaining credit enhancement funding.
# SUF Current Status

as of June 2\textsuperscript{nd}, 2010

<table>
<thead>
<tr>
<th>Pilot LFF</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
<th>Step 7</th>
<th>Legal Formation (Yogy BLUD)</th>
<th>Other comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>LFSUS</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>By 30 June</td>
<td>Not needed</td>
<td>In Progress</td>
<td>n/a</td>
<td>Country advisor in place through August Permanent CEO and CFO in place</td>
</tr>
<tr>
<td>TAFSUS</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Following Step 1</td>
<td>In Progress</td>
<td>Form in UN Habitat legal for review</td>
<td>Follows Step 5</td>
<td>n/a</td>
<td>CEO in place TZ Country Advisor being considered by board CFO to be hired</td>
</tr>
<tr>
<td>Solo Indonesia</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Not needed</td>
<td>Done</td>
<td>n/a</td>
<td>Country advisor in place through August Permanent CEO and CFO in place</td>
</tr>
<tr>
<td>Solo Yogya</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Done</td>
<td>Not needed</td>
<td>Done</td>
<td>Sept.-Dec. latest</td>
<td>Country advisor in place through August Permanent CEO and CFO in place</td>
</tr>
<tr>
<td>Ghana</td>
<td>Under review</td>
<td>Agreed</td>
<td>Done</td>
<td>Done</td>
<td>In Progress</td>
<td>After Step 2</td>
<td>In Progress</td>
<td>n/a</td>
<td>Country advisor in place through August</td>
</tr>
</tbody>
</table>

Signing in June

Country advisor in place through August Permanent CEO and CFO in place

CEO in place TZ Country Advisor being considered by board CFO to be hired

Country advisor in place through August Permanent CEO and CFO in place

Country advisor in place through August Permanent CEO and CFO in place

Country advisor in place through August Permanent CEO and CFO in place
ERSO: Proposed Next Steps

• Work with IFC to establish pilot Global Microfinance Housing Fund Programme
  – Develop documentation and programme planning
  – Develop structure at IFC’s request for lending to domestic banks, MFI’s, apex organizations and for muni development projects
  – Set benchmarks and start to standardize loan products and approach

• Work with social and impact investors and organisations such as Rockefeller Foundation and Monitor Group’s Impact Investing Network promoting impact investing

• Assist in convening and establishing industry associations for MFH sector with industry participants and key partners

• Assess usefulness and needed sizing of a transitional fund for NGO’s and MFI’s, with concessional rates
SUF: Proposed Next Steps

• Continued on-going support to existing LFFs to enable them to “graduate” by end 2010
• Provide long term working capital facilities to LFFs graduating from SUF program through IFC program
• Sponsor new LFFs in post-disaster situations
  – LFF in Haiti with Capital One Bank and Development International Desjardins and Le Levier Foundation (DID’s principal partner in Haiti)
• Sponsor new and expanded LFF’s with partners in African context
  – Add city-wide program LFF’s in Africa in collaboration with Millennium Cities Program, AFD
  – Use LFF’s as part of national housing plans, in collaboration with Global Division, RTCD, Cities Alliance and Millennium Cities Program
    • Ghana, Uganda, Tanzania
Thank you for your support

Barbara Hewson
Angela Mwai
Saturnino Machancoses
Ludivine Cornille
Laura Cordero
Liz Case
Julio Norori