Draft Resolution on Future UN-Habitat activities in urban economy and financial mechanisms for urban upgrading, housing and basic services for the urban poor

The Governing Council,

Recalling General Assembly ...resolution 56/206 of 21 December 2001 in which the General Assembly, inter alia, encouraged the Executive Director of the United Nations Human Settlements Programme to strengthen the United Nations Habitat and Human Settlements Foundation in order to achieve its primary operative objective, as set out in General Assembly resolution 3327(XXIX) of 16 December 1974,

Also recalling its own resolution 19/11 of 9 May 2003 in which it requested the Executive Director to continue to work with the World Bank Group, regional development banks, other development banks, the private sector and other relevant partners to field-test approaches through pilot projects, and its resolution 20/18 of 8 April 2005 in which it called upon the Executive Director to strengthen the Habitat and Human Settlements Foundation’s Slum Upgrading Facility (SUF),

Also recalling General Assembly resolution 61/206 of 18 December 2006 in which the General Assembly noted the Secretary-General’s bulletin on the special annex for the United Nations Habitat and Human Settlements Foundation appended to the financial regulations and rules of the United Nations and requested the Governing Council of UN-Habitat to address, in a comprehensive manner, any issues relating to the United Nations Habitat and Human Settlements Foundation at its twenty-first session, bearing in mind the need to effectively mobilize resources for the Foundation,

Recalling further its own resolution 21/10 of 20 April 2007 in which it requested the Executive Director to continue the work of strengthening the Foundation so as to accelerate the provision of finance for the mobilization of seed capital, domestic and other financial resources for shelter and related infrastructure with due priority to the needs of low-income households,

Taking note of the Secretary-General’s bulletin ST/SGB/2006/8, “Special annex for the United Nations Habitat and Human Settlements Foundation (Series 300) to the Financial Rules and Regulations of the United Nations (series 100)” and, in particular, Rule 304.3.2 (c), Recognizing its responsibilities to issue policy directives with a view to ensuring that the resources of the Habitat and Human Settlements Foundation are utilized with maximum efficiency and effectiveness in pursuance of the Foundation’s objectives,

Conscious of paragraph 56 (m) of the 2005 World Summit Outcome, which calls upon Member States of the United Nations to achieve a significant improvement in the lives of at least 100 million slum-dwellers by 2020, recognizing the urgent need for the provision of increased resources for affordable housing and housing-related infrastructure, prioritizing slum prevention and slum upgrading,
Taking note of the report by the Executive Director, HSP/GC/23/5/Add.3, on the implementation of its resolution 21/10 on Strengthening the Habitat and Human Settlements Foundation: experimental financial mechanisms for pro-poor housing and infrastructure (ERSO),

Welcoming the external evaluation of the experimental financial mechanisms for pro-poor housing and infrastructure implemented from 2007 to 2011,

1. Requests the Executive Director, in building on the lessons learnt from the experimental reimbursable seeding operations (ERSO) and slum upgrading facility (SUF) programmes, to shift the focus of UN-Habitat’s work in the area of human settlements financing towards strengthening its normative approaches to urban economy and promotion of finance for urban upgrading, housing and basic services for the urban poor;

2. Also requests the Executive Director, in building on recommendations (c) and (d) contained in document HSP/GC/23/5/Add.4, to explore a partnership model with development finance institutions for future lending, guarantee and financial advisory services in the urban upgrading and housing finance sectors;

3. Further requests the Executive Director, in building on the lessons learnt from and the recommendations of the external evaluation of ERSO, to consider transferring either the ERSO portfolio or the management of the ERSO portfolio, as the Executive Director may determine most financially feasible, and the technical loan guarantee oversight responsibilities of the SUF programme, to an appropriate external development finance partner;

4. Calls upon governments to support UN-Habitat in its effort to maximize its comparative advantage around normative work, partnership and regional presence and to strengthen UN-Habitat’s efforts to effectively collaborate with institutions dedicated to and primarily focused on development finance in the design and execution of finance projects and programmes;

5. Requests the Executive Director to establish a reserve for the existing ERSO loan portfolio equal to 20 per cent of disbursed funds (USD 550,000) in order to address potential credit risks inherent in an experimental lending portfolio for low income housing, operational and legal risks and potential exposure to adverse currency movements with respect to the non USD denominated currency loans;

6. Also requests the Executive Director to report to the Governing Council at its twenty-fourth session on the implementation of the present resolution.