

A Brief on the Sustainable Human Settlements Foundation

1.0 In 2020, the Executive Director submitted to the Executive Board, UN-Habitat's Resource Mobilisation Strategy, which among other things, proposed innovative ways to raise both earmarked and non-earmarked resources to support the implementation of the UN-Habitat Strategic Plan 2020-2023. Whilst funding has been consistent in most income streams including the Regular Budget, Earmarked resources and the Programme Support Cost associated with it, core non-earmarked contributions from Member States have consistently fallen short of the budgets approved by the Executive Board.

2.0 In February 2020, as part of the Executive Director's efforts to garner support from the private sector and member states to ensure consistent multi-year funding for core activities and as a complement to non-earmarked contributions by member states, she held consultation events on the sidelines of the 10th World Urban Forum, bringing together private sector partners particularly those in the financial services sector.

3.0 Emanating out of that consultation was the idea of a financial vehicle in a form of a facility to allow for third party financial support to the organisation. As UN-Habitat does not have in-house capacity to secure, manage and administer such a facility, it was proposed that the idea of a third-party vehicle similar to, UNICEF USA, UNUSA and the UN Global Compact could be explored to assist with sourcing and managing resources. The idea here is for the vehicle, which will be investment-based, to liaise with other private donors & sovereign wealth funds to come together in support of the implementation of the UN-Habitat agenda. This is not necessarily a new concept because, as indicated earlier, other UN organisations such as UNICEF have done this and continue to do this through various means including with British Airways. The objective being to generate consistent annual funding to help support UN-Habitat's mandate. It is significant to note that UN-Habitat itself has benefited from private sector support in the past, for example the World Urban Campaign to date has mobilised about 1.5 M since 2010 for the campaign itself from the following companies: Arcadis, Doppelmayr, GDF-Suez, Veolia, Siemens and Lafarge; some 19 projects were funded by BASF for a total value of USD 4,217,309 from 2005 to 2014. In addition, many national projects have benefited over the years from funding support from Coca-Cola.

4.0 The consultations generated interests from the private sector in exploring the feasibility of such a vehicle. One notable Corporation is Bleinheim Capital, a UK registered Company, which offered to undertake a feasibility study and work towards establishing the special purpose vehicle in the form of an endowment model and the Corporation with the underwriting all costs associated with the study. It being understood that any action would be within the knowledge of the United Kingdom regulators, the undertaking of a risk management analysis and the development a business model to gauge the level of support such a vehicle or endowment would receive.

5.0 Specifically, and in the case of Bleinheim, the Corporation will establish a Sustainable Human Settlements Foundation (SHSF) with the sole purpose of creating an endowment with its sole beneficiary being UN-Habitat.

6.0 Moreover, any Corporations offering to assist in that regard would enter into a non-binding MOU to set up the accountability frameworks in accordance with UN rules and regulations. UN-Habitat's role would be to review the Terms of Reference of the SHSF, its business model and liaise with the Office of the UN Controller and the Office of Legal Affairs of the UN to ensure that the United Nations accountability frameworks and regulations are adhered with. In the case of Bleinheim, the proposal is currently being discussed with the UN Office of the Controller and the Office of Legal Affairs of the UN.

7.0 In terms of management, UN-Habitat will not be involved in the management or administration of the SHSF or partake in any investments of the funds raised. Instead, SHSF will have its own professional fund managers and will operate within the rules & regulations of the charities commission of the respective countries including in the United Kingdom in the case of Bleinheim. The Corporation is also actively seeking charitable status in the United States and will be subject to the regulations of the United States Internal Revenue Service (IRS).

8.0 The key responsibility of UN-Habitat is to ensure internal alignment and prioritisation of the allocation of donations made by SHFH. It must ensure that any donations received from SHSF is allocated, disbursed and reported in a systematic and credible manner. The Executive Director anticipates the establishment of a set of priorities associated with the use of the donation from the SHSF that will help to meet the resource gap between the various income streams. These include those that range from the most flexible (the endowment) to the least (earmarked funds). To date, we envision that when fully established, any resources generated by the SHSF will be allocated to bridge the gap arising from the approved budget and core un-earmarked resources. Ultimately, as we stabilise all funding sources, the endowment will allow the Executive Director to focus on areas the mandate that demonstrate UN-Habitat's commitment to multilateralism. This will include directing much needed technical support in times of emergency and address the needs of the most vulnerable communities living worldwide.

9.0 The Executive Director will be responsible for the receipt, allocation, disbursement and reporting of funds received from the SHSF. This will be based upon the work programme and budget that she will submit to the Executive Board for approval. Oversight of the use of the funds will be by the United Nations oversight bodies as well as the Executive Board. It is the intent of the Management to work with the Ad-hoc Working Group on Work Programme and Budget to ensure that all resources generated by this and other means are transparently allocated, disbursed and reported.

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