Drafting the terms of reference of the urban action funding window

Ad hoc working group on programmatic, budgetary and administrative matters
30 October 2023
Triad of innovative financing

- Scalability model
- Due diligence on SHSF
- Urban action funding window
HSP/HA.2/Res.10

3. Decides to establish an urban action funding window within the United Nations Habitat and Human Settlements Foundation to attract and manage funds from donors to fund the implementation of resolutions adopted by the United Nations Habitat Assembly that lack adequate financing; such funds may be raised from, among other sources, non-earmarked contributions designated for this purpose, as well as unspent balances of earmarked project contributions, with the permission of the donor.
4. Requests the Executive Director, in consultation with the Executive Board, to develop the terms of reference of the funding window, noting the need to achieve the implementation of United Nations Habitat Assembly resolutions in a balanced manner.

5. Encourages Member States with unspent earmarked contribution balances to consider redirecting those balances for the implementation of resolutions adopted by the United Nations Habitat Assembly.
The secretariat consults with the ad hoc working group on programmatic, budgetary and administrative matters.

The Executive Director will submit an in-session report on the draft terms of reference to the Executive Board for its considerations during its third session of 2023.

When the Executive Board takes note of the terms of reference, they will come into force. Any revisions will require the Executive Board to take note.
Key elements of the resolution

Name and structure

• Funding window is “within” the non-earmarked Foundation

Purpose

• To fund the implementation of UNHA resolutions “that lack adequate financing”, noting the need to implement resolutions “in a balanced manner”
• Mandate of the Foundation is to augment the regular budget in normative and core functions, normally recurrent
• Therefore, recommended that the funding window fills requirements that are non-recurrent, or projectized
Key elements of the resolution

Sources of funding

• Donors with unspent earmarked contribution balances (project balances)
• Such balances are unplanned but occur because budgets are based on assumptions that are different from the eventual reality of implementing a project
• Or contributions designated for the funding window
Key elements of the terms of reference

Resource mobilization

Recommendation

• Terms of reference request the revision of the contribution agreement template in accordance with the resolution that established the funding window

Financial reporting

Recommendation

• Terms of reference request the financial reporting of the funding window to follow the same requirements as that of the Foundation
Key elements of the terms of reference

Governance

Options

1. Executive Board retains authority on the allocation of funds from the funding window, with advice from this ad hoc working group

2. Executive Board delegates authority on the allocation of funds from the funding window to this ad hoc working group

3. Executive Board delegates authority to a steering committee

4. Executive Board delegates authority to the Executive Director
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