



UN-HABITAT



Update: Sustainable Cities and Communities Foundation

Bureau of the Executive Board: 8th meeting of 2024
18 October 2024



Background on SCCF

WHAT

The Sustainable Cities and Communities Foundation is a **not-for-profit charitable foundation** that was conceived at WUF10 as an innovative financing solution for UN-Habitat. The Foundation is a regulated fund that will invest in external financial markets. Like an endowment, a portion of investment earnings will be contributed to UN-Habitat.

WHO

While any qualified investor may participate in SCCF, it is expected to be of particular interest to the **private sector**. The governance of SCCF includes an **advisory board** of Member States and independent experts.

WHY

The chartered purpose is to strengthen the core funding of UN-Habitat through **contributions to the non-earmarked Foundation**, which remains under the authority of the Executive Board.

2022 first session

[HSP/EB.2022/2/Add.2](#) Resource mobilization strategy

2022 second session

[HSP/EB.2022/15/Add.3](#) Resource mobilization strategy + [presentation](#)

[HSP/EB.2022/22](#) Decision 2022/5, paras. 19-21: reputational risk analysis

2023 first session

[HSP/EB.2023/INF/3](#) Risk analysis + [presentation](#)

[HSP/EB.2023/7](#) Decision 2023/1, paras. 7-8: due diligence assessment

2023 second session

[HSP/EB.2023/CRP1](#) Due diligence assessment + [presentation](#)

[HSP/EB.2023/9](#) Decision to defer to third session

Ad hoc working group on programmatic, budgetary and administrative matters

41st meeting on 27 September 2023: [annexes](#) + [presentation](#)

42nd meeting on 11 October 2023: [technical note](#) on scenarios + [presentation](#)

2023 third session

[HSP/EB.2023/13](#) Due diligence assessment with 12 provisions

[HSP/EB.202/CRP.7](#) Annexes

Discussed at five sessions

Named on the agenda of three sessions

Consultations at two ad hoc working group meetings



Documentation of informal consultations that focused on the first provision, evolving from a short-term agreement, subject to extension, to a longer-term agreement with a comprehensive exit strategy

(e) Due diligence assessment of the Sustainable Human Settlements Foundation

9. Recalls its decision 2023/1, in particular paragraph 7, and takes note of the report of the Executive Director on the due diligence assessment of the Sustainable Human Settlements Foundation;

10. Decides to authorize the Executive Director to enter into a contribution agreement with the Sustainable Human Settlements Foundation for an initial duration of 10 years, subject to an annual review by the Executive Board and with the guidance of the Risk Oversight and Advisory Committee;

11. Requests the Executive Director to engage with the Sustainable Human Settlements Foundation with the objective of reconsidering its name for the purpose of distinction from the United Nations Habitat and Human Settlements Foundation;



Agreed provisions

1. Investment prohibition in certain sensitive industries
2. Annual sustainability report
3. Sustainability certification
4. Listing on a sustainability index
5. Disclosure of investments and investors
6. Externally audited financial statements
7. UN-Habitat personnel prohibited from involvement in investment activities
8. Inclusion of an indemnity clause
9. Use of UN-Habitat name and logo only with permission
10. Sustainability leaders invited to join Advisory Board
11. Member States invited to join Advisory Board



Annual review

- ✓ In the *first* session of the EB each year, reporting on the prior fiscal year
- ✓ Oversight + exit opportunity

Advisory Board membership and role

- ✓ Voluntary and advisory only, without legal or fiduciary responsibility
- ✓ Five EB members + four recognized leaders in sustainability
- ✓ Meetings: minimum four hybrid per year
- ✓ Term length: minimum two years
- ✓ Consider investment proposals and performance
- ✓ Review and advise on other activities
- ✓ Opportunities for outreach



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