



ERSO

'experimental reimbursable seeding operations'

Expert Group Meeting, Swedbank, Stockholm
21-22 April 2008

The experience of **SUF**

- the UN-HABITAT Slum Upgrading Facility (SUF)

Michael Mutter Senior Adviser

Human Settlements Financing Division, UN-HABITAT



UN-HABITAT Slum Upgrading Facility **SUF** UN Global Headquarters at Nairobi, KENYA

Relationships

What is SUF?

The Slum Upgrading Facility at UN-HABITAT was set up in 2004 in order to increase access by slum dwellers and their local governments to formal credit arrangements from local capital markets and commercial banks for their slum upgrading projects

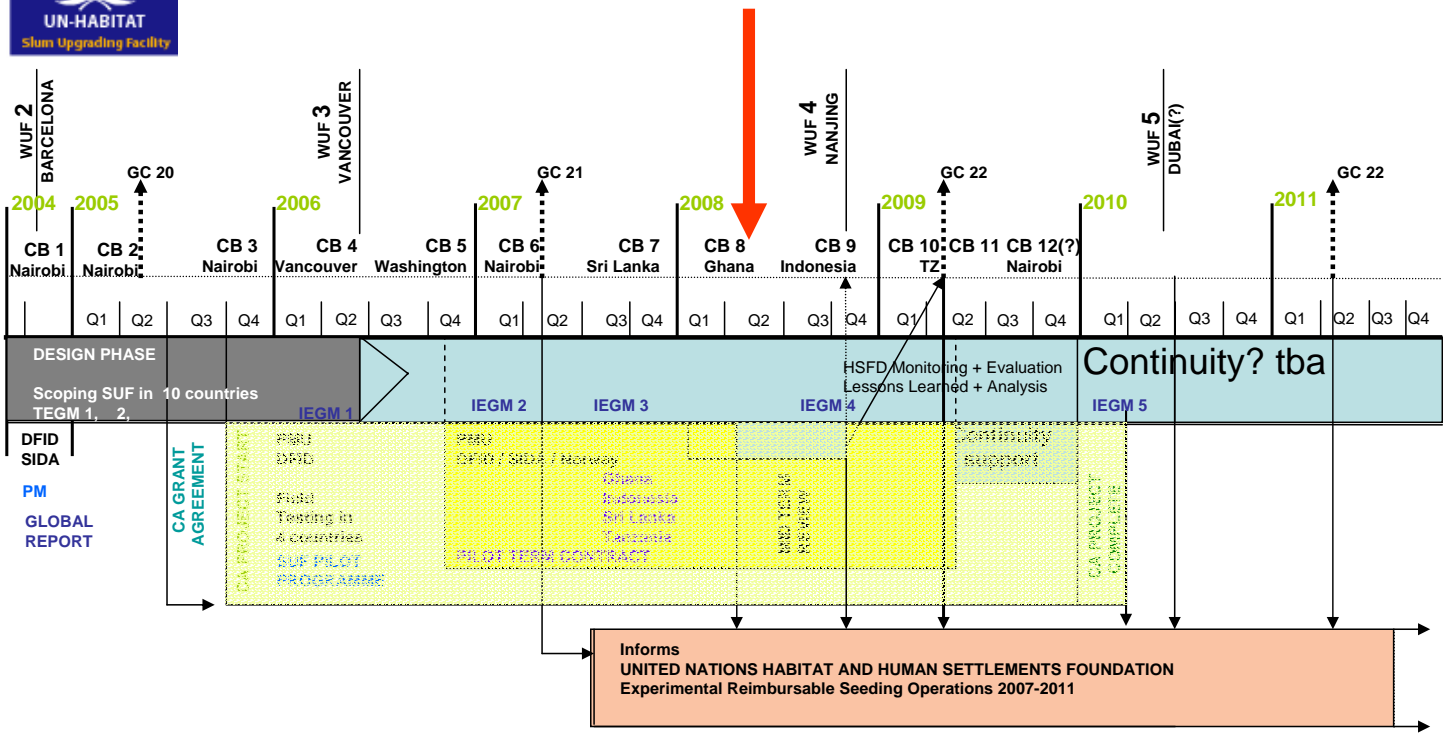
SUF is conducting a 3 year Pilot Programme 2006-2009 in order to test the potential for increased access to formal credit for slum dwellers' organisations implementing slum upgrading projects

How does SUF relate to ERSO?

Whereas SUF provides grants to the local financial facilities and institutions for their revolving credit enhancement purposes, ERSO will expect that funding to be reimbursed on a credit arrangement that can take into account advantageous interest rates and relevant grace periods



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Timetables and Meeting Expectations

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Explaining the SUF Approach



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SUF Monitoring and Logical Framework

	Objectively Verifiable Indicators	Assumptions
Goal: better quality of life for slum dwellers	<ul style="list-style-type: none"> MDG goal 7, target 11 indicators (MoV is UN Habitat GUO reports) 	
Purpose: to test the potential for increased access to formal credit for slum dwellers' organisations implementing slum upgrading projects	<ul style="list-style-type: none"> Amount of domestic capital leveraged through the credit enhancement instruments (\$ equivalent) Amount of domestic capital disbursed as loans (\$ equivalent) (MoV is SUF monitoring reports) 	<ul style="list-style-type: none"> The Slum Upgrading Facility will endure beyond the life of the pilot project Banks are open to the possibility of lending to slum upgrading projects on a commercial basis Slums can be upgraded successfully when existing residents are involved in the planning and design of upgrading activities Slum dwellers have the ability to pay for a portion of costs of upgraded housing themselves The political will to upgrade slums exists at all levels Upgrading projects can be produced at a price that is affordable for slum dwellers
Objectives: 1. To test the potential for expanded private sector finance and public sector involvement in slum upgrading 2. Local institutional capacity for slum upgrading financing is developed in pilot countries 3. Loans for slum upgrading disbursed and projects implemented successfully in pilot countries	<ul style="list-style-type: none"> Total amount lent by private sector as a result of SUF activities Total amount made available by the public sector including in-kind contributions Leverage achieved through use of credit enhancement funds for guarantees Number of projects financed Number of projects where implementation has started Number of unsuccessful projects with lessons analysed and recommendation made 	<ul style="list-style-type: none"> There is potential for the development of institutional capacity The political environment is stable enough to support innovative SUF approaches There is community capacity to implement projects The private sector is willing to include low income clients and has sufficient liquidity to do so Local government has budgeted plans for physical and economic infrastructure upgrading Local government can and will make land available for pro-poor settlement upgrading

SUF Consultative Board SUF-AIP 2008 SUF Operations Manual

1. SUF Consultative Board includes representation of stakeholders, chaired by Executive Director, UN-HABITAT
2. Direction and Annual Budgets agreed by the SUF Consultative Board every six months
3. SUF Operations Manual includes methodologies for Credit Enhancement Applications



PMU Field Activity

Ghana

- CHF / HFC Bank BOAFO Microfinance - Home Improvement Loan Product
- Old Fadama Community Urban Poor Fund
- Ghana Federation of the Urban Poor Fund (GHAFUP)

Indonesia

- Yogyakarta Housing Resource Centre
- Surakarta Housing and Urban Resource Centre
- Padang Housing and Urban Resource Centre
- Jakarta Housing and Urban Resource Centre

Sri Lanka

- Moratuwa – Usaviwatta Women's Bank Development Federation
- Moratuwa – Dandinyewatta Women's Bank Development Federation
- Moratuwa Urban Poor Fund

Tanzania

- Tanzania Women's Land Access Trust (TAWLAT) – Kinondoni Development
- Centre for Community Initiatives (CCI) support programme for development sites and their communities



The SUF Approach: Credit Enhancement Agreements for Local Finance Facilities / projects

1. Lanka Financial Services for Underserved Settlements (**LFSUS**), Sri Lanka
2. Yaysan Lembaga Pembiayaan Perkotaan (**YLP3**), Solo, Indonesia
3. Tema/Ashaiman Municipal Slum Upgrading Fund (**TAMSUF**), Ghana
4. Sekondi Takoradi Metropolitan Assembly Citywide Slum Upgrading Fund (**STMA-CSUF**), Ghana
5. Dar-es-Salaam City Slum Upgrading Projects Development Sites

The Credit Enhancement Agreements / Fund Manager Agreements



Coordination with other Finance Programmes and Events

1. PIDG Portfolio – GuarantCo (London), PPIAF (Nairobi)
2. Asia Housing Conference, Finance Group, CGAP, Singapore
3. ERSO Expert Group Meeting, Stockholm 21-22 April 2008
4. Global Surveyors Organisation (FIG) Working Week
Stockholm 16-17 June 2008
4. World Urban Forum 4, Nanjing, China, 3-7 November 2008
SUF Networking Event on Local Finance Facilities

