

Cities Alliance Financial and Budget Report

FY10-FY11

As of November 1, 2010

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INTRODUCTION

This report provides FY10 financial results for the Cities Alliance fiscal year ending June 30, 2010, and the FY11 operating budget agreed with the Executive Committee at the July 7-8, 2010 meeting in Paris. A financial summary is also provided for FY05-FY10.

The report introduces changes resulting from the more programmatic and results-oriented approach the CA has taken subsequent to adoption of the Medium-Term Strategy during 2008 and the MTS Update and repositioned CA business model from the Mumbai CG meetings in January 2010.

One of the most significant changes is the introduction of a budget for the total CA programme for the year. In previous years, approval would be requested for only the Secretariat budget and a few Secretariat-managed funding allocations. The remainder of CA funding would not be budgeted but rather available for the open-access grant facility, with its ebbs and flows of demand.

One of the changes introduced in the MTS and the new business model is that the CA would strategically programme an increased portion of its funds instead of making them available through the grant facility. During FY09-FY10, the focus was on establishing joint work programmes with CA members around strategic knowledge and analytical work (e.g., environment and climate change) and on bringing more strategic approach to portfolios in Brazil, Philippines and India.

During the current medium-term, the main strategic foci for programmatic funding are to improve results in low income countries, improve strategic coherence, and for advocacy on city/urban issues. To free up funds for the strategic work programme, the grant facility is being repositioned into a Catalytic Fund with fixed budget envelope and proposal cycles. The FY11 budget proposed in this report reflects these new strategic orientations.

FINANCIAL SUMMARY

(In US\$ millions)

As of June 30, 2010

| | FY05 | FY06 | FY07 | FY08 | FY09 | FY10* | FY10- FY09 % Change |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------------|
| Contributions Paid In: | | | | | | | |
| Core | 7.264 | 6.689 | 7.782 | 10.158 | 7.001 | 7.101 | 1% |
| Facilities* | 3.375 | 4.371 | 4.565 | 1.355 | 16.844 | 2.000 | -88% |
| Other Non-Core | 5.762 | 2.605 | 3.244 | 4.404 | 0.788 | 1.955 | 148% |
| Total Paid In | 16.401 | 13.665 | 15.591 | 15.917 | 24.633 | 11.056 | -55% |
| Disbursements: | | | | | | | |
| Core | 4.926 | 6.474 | 8.264 | 7.145 | 7.451 | 8.503 | 14% |
| Facilities* | 3.186 | 3.562 | 1.559 | 3.583 | 3.417 | 3.804 | 11% |
| Other Non-Core | 4.066 | 2.035 | 2.888 | 4.250 | 0.870 | 2.416 | 178% |
| Total Disbursements | 12.178 | 12.071 | 12.711 | 14.978 | 11.738 | 14.723 | 25% |
| Approved Funding Allocations: | | | | | | | |
| Core | 7.816 | 11.811 | 4.641 | 7.662 | 8.983 | 10.746 | 20% |
| Facilities* | 3.575 | 8.538 | 4.392 | 0.392 | 1.515 | 3.274 | 116% |
| Other Non-Core | 3.042 | 8.709 | 0.626 | 1.578 | 0.475 | 2.000 | 321% |
| Total Allocations | 14.433 | 29.058 | 9.659 | 9.633 | 10.973 | 16.020 | 46% |

** Facilities include: Africa Facility; CLIFF; Slum Upgrading Facility; Land Services & Citizenship (Gates); and Community W&S Facility (closed). The large FY09 Facilities contribution included \$15m from Gates Foundation.*

Excludes In-kind contributions for staff secondments to Secretariat.

FY10 FINANCIAL SUMMARY

The CA allocated more than \$16m in funding during FY10, the highest amount since FY06. As the table on the following page shows, this includes \$10.7m of allocations from CA Core funds, also the most since FY06, of which \$5.9m are for country-specific projects.

Included in this total are the projects that were approved from the final batch of proposals processed under the old grant facility. That facility was closed on 31 March 2010. Twenty nine proposals for Core funds received in the final batch, requesting more than \$9.3m. Of these, 24 proposals passed threshold screening and were processed, with nine proposals approved during FY10 and 15 carried into FY11 (estimated \$4.3m).

Among the March 31 batch of proposals and other FY10 funding allocations, previous preparatory grants resulted in proposals for \$2.75m, and \$1.9m for the India portfolio, under development by CA members the past two years with assistance of the CA regional advisor for South Asia. See page 6 for a listing of approved funding for FY10.

The heavy demand for the CA grant facility during the close-down period will deplete the \$6.7m unallocated Core funds carried into the start of FY10. Core contributions received from donors during the year totaled \$7.1m, same as the FY09 level. Investment income was down due to low yields.

Actual expenditures for FY10 Secretariat costs are expected to be approximately \$0.2m less than was budgeted, largely because of delays in hiring staff into approved positions. See page 10 for a report on the Secretariat budget for FY10.

Approved Funding Allocations -- Summary of FY10 Actuals

As of June 30, 2010

Unaudited

| | FY10 Actuals | FY 10 Actuals | | |
|--|-------------------|-------------------|-------------------|------------------|
| | | Core | Gates | Other* |
| FUNDS AVAILABLE FOR ALLOCATION | | | | |
| Balance Forward - Unallocated Funds | 24,971,384 | 6,728,890 | 13,541,932 | 4,700,562 |
| Contributions Received** | 7,101,356 | 7,101,356 | 0 | 0 |
| Investment Income Received | 467,060 | 290,255 | 176,805 | 0 |
| Allocation Cancellations, Reflows & Adjustments | | 1,319,337 | 0 | 78,936 |
| Less WB TF Admin Fees Paid | (68,671) | (68,671) | 0 | 0 |
| FUNDS AVAILABLE FOR ALLOCATION | 32,471,129 | 15,371,167 | 13,718,737 | 4,779,498 |
| ALLOCATION OF FUNDS | | | | |
| Partnership Operations (incl Secretariat Costs) | 3,260,000 | 3,260,000 | 0 | 0 |
| Global Programme Operations: | | | | |
| Grant Facility (old) - Country/Regional Activities*** | 3,830,650 | 3,830,650 | 0 | 0 |
| Catalytic Fund (new) | 0 | 0 | 0 | 0 |
| Knowledge & Learning | 2,215,000 | 715,000 | 0 | 1,500,000 |
| Communications & Advocacy | 665,000 | 665,000 | 0 | 0 |
| Monitoring & Evaluation | 0 | 0 | 0 | 0 |
| Country Programming: | | | | |
| Land, Services & Citizenship Programme | 2,915,000 | 229,500 | 2,685,500 | 0 |
| Other Country Programming and Support | 763,000 | 175,000 | 0 | 588,000 |
| Country Partnership Programmes (Brazil, Phil, & India) | 2,370,851 | 1,870,851 | 0 | 500,000 |
| BUDGETED ALLOCATION OF FUNDS | 16,019,501 | 10,746,001 | 2,685,500 | 2,588,000 |
| ENDING BALANCE - UNALLOCATED FUNDS | 16,451,628 | 4,625,166 | 11,033,237 | 2,191,498 |

* Other funding includes Africa Facility and Japan Non-Core funds for Asia.

** Only new contributions available for allocation are reported.

*** Allocations approved from proposals received by March 31, 2010 closing date of old grant facility.

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

| Country | Activity Title | Allocation Amount (USD) | Core | Gates Found. | Africa Facility | Japan Non-Core |
|--|--|-------------------------------|------------------|-----------------|--------------------|-------------------|
| Partnership Operations | | 3,260,000 | 3,260,000 | 0 | 0 | 0 |
| Management, finance and administrative operations | | 1,900,000 | 1,900,000 | 0 | 0 | 0 |
| | Secretariat - Management, finance and administrative operations | 1,900,000 | 1,900,000 | 0 | 0 | 0 |
| Technical, knowledge, communications and M&E operations | | 1,260,000 | 1,260,000 | 0 | 0 | 0 |
| | Secretariat - Technical, knowledge, communications and M&E operations | 1,150,000 | 1,150,000 | 0 | 0 | 0 |
| | Independent Technical Assessment | 10,000 | 10,000 | 0 | 0 | 0 |
| | South Asia Regional operations | 100,000 | 100,000 | 0 | 0 | 0 |
| Governance and Administration | | 100,000 | 100,000 | 0 | 0 | 0 |
| | Consultative Group/ EXCO Meetings | 100,000 | 100,000 | 0 | 0 | 0 |
| Global Programme Operations | | | | | | |
| Country/Regional Project Allocations (old Grant Facility) | | 3,830,650 | 3,830,650 | 0 | 0 | 0 |
| Projects supporting the implementation of policies and strategies | | 758,200 | 758,200 | 0 | 0 | 0 |
| Indonesia | Making Urban Investment Planning Work: Building on the Indonesian CDS Process | 488,200 | 488,200 | 0 | 0 | 0 |
| Kiribati | Kiribati Sustainable Towns Program Supporting The Implementation Of Town Development Strategies | 200,000 | 200,000 | 0 | 0 | 0 |
| Swaziland | Supporting the Implementation of the Comprehensive Urban Upgrading Program for Mbabane, Swaziland | 70,000 | 70,000 | 0 | 0 | 0 |
| Projects supporting the elaboration of policies and strategies | | 1,857,950 | 1,857,950 | 0 | 0 | 0 |
| Indonesia | Indonesia Slum Alleviation Policy and Action Plan (SAPOLA) | 500,000 | 500,000 | 0 | 0 | 0 |
| Jordan | Programmatic Regional City Development Strategy for Secondary Cities (Jordan) | 500,000 | 500,000 | 0 | 0 | 0 |
| Mexico | Green Growth in the Face of Climate Change Support to the Municipality of Othon P. Blanco, Mexico for A Sustainable Development Strategy | 75,000 | 75,000 | 0 | 0 | 0 |

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

| Country | Activity Title | Allocation Amount (USD) | Core | Gates Found. | Africa Facility | Japan Non-Core |
|--|--|-------------------------------|------------------|-----------------|--------------------|-------------------|
| Mongolia | Support for Public Consultation and Dissemination of Economic Sector Work: Mongolia Enhancing Policies and Practices for Ger Area Development in Ulaanbaatar | 74,450 | 74,450 | 0 | 0 | 0 |
| Mozambique | Support for Upgrading the Chamanculo C Neighbourhood Maputo Municipality - Preparatory Grant | 73,500 | 73,500 | 0 | 0 | 0 |
| Namibia | Namibian City Development Strategies (CDS) Pilot | 250,000 | 250,000 | 0 | 0 | 0 |
| Syria | Urban Upgrading Strategy for Rief Damascus (Syria)Territories | 310,000 | 310,000 | 0 | 0 | 0 |
| Tazania | Dar es Salaam: Investment Resource Mobilization for Metronolitan Development | 75,000 | 75,000 | 0 | 0 | 0 |
| Projects providing country specific data and knowledge | | 1,214,500 | 1,214,500 | 0 | 0 | 0 |
| Ethiopia | Integrated Urban Database | 248,500 | 248,500 | 0 | 0 | 0 |
| Syria | Syria State of Cities Report | 450,000 | 450,000 | 0 | 0 | 0 |
| Vietnam | Urbanization Review | 250,000 | 250,000 | 0 | 0 | 0 |
| LAC Multi-Country | State of Latin American and Caribbean Cities Report | 191,000 | 191,000 | 0 | 0 | 0 |
| ECA Region Multi-City | East Europe and Central Asia Urban Regeneration & Community of Practice | 75,000 | 75,000 | 0 | 0 | 0 |
| Pacific Island Proposals | | 0 | 0 | 0 | 0 | 0 |
| Global knowledge and advocacy activities | | 2,880,000 | 1,380,000 | 0 | 0 | 1,500,000 |
| Theme: Slum Upgrading | | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 |
| Theme: City Development Strategy | | 75,000 | 75,000 | 0 | 0 | 0 |
| | Brazil City Statue Publication (in English, for international dissemination) | 75,000 | 75,000 | 0 | 0 | 0 |
| Theme: Environment/ Climate Change/ Disaster Risk Reduction | | 1,915,000 | 415,000 | 0 | 0 | 1,500,000 |
| | Supporting Cities and Disaster Management (with GFDRR) | 75,000 | 75,000 | 0 | 0 | 0 |
| | First Urban Climate Change Research Network (UCCRN) Assessment Report on Climate Change in Cities (ARC3) | 75,000 | 75,000 | 0 | 0 | 0 |

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

| Country | Activity Title | Allocation Amount (USD) | Core | Gates Found. | Africa Facility | Japan Non-Core |
|---|--|-------------------------------|------------------|------------------|--------------------|-------------------|
| | Strengthening Climate Adaptation & Disaster Risk Management in Latin American & Caribbean Cities | 65,000 | 65,000 | 0 | 0 | 0 |
| | Climate Change and the Urban Poor | 200,000 | 200,000 | 0 | 0 | 0 |
| | The First Eco2 East Asia Program: Proposal of Knowledge Management and Capacity Building | 1,500,000 | 0 | 0 | 0 | 1,500,000 |
| Other Learning & Knowledge Sharing | | 225,000 | 225,000 | 0 | 0 | 0 |
| | Learning & Knowledge Dissemination | 150,000 | 150,000 | 0 | 0 | 0 |
| | World Urban Forum | 75,000 | 75,000 | 0 | 0 | 0 |
| Theme: Communications & Advocacy | | 665,000 | 665,000 | 0 | 0 | 0 |
| | Places We Live Exhibit: World Habitat Day, National Building Museum | 150,000 | 150,000 | 0 | 0 | 0 |
| | World Urban Campaign Support for Set up and Launch | 250,000 | 250,000 | 0 | 0 | 0 |
| | Cities Alliance Branding, Graphic Standards and Corporate Videos | 115,000 | 115,000 | 0 | 0 | 0 |
| | Pan-African Electoral Assembly of United Cities And Local Governments | 150,000 | 150,000 | 0 | 0 | 0 |
| Theme: Monitoring & Evaluation | | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 |
| In-Country Programming Allocations | | 6,048,851 | 2,275,351 | 2,685,500 | 588,000 | 500,000 |
| Land, Services & Citizenship Programme | | 2,915,000 | 229,500 | 2,685,500 | 0 | 0 |
| Uganda | A Strategy for Transforming Settlements of the Urban Poor in Uganda: A Secondary Cities Support Programme | 2,685,500 | | 2,685,500 | 0 | 0 |
| Uganda | UAAU/ICMA Partnership Proposal – Achieving the Urban Management Components of the STSUPU program in Uganda | 229,500 | 229,500 | 0 | 0 | 0 |
| Other In-Country Programming & Support | | 763,000 | 175,000 | 0 | 588,000 | 0 |
| Africa Regional | Defining Africa s Emerging Urban Agenda - Central Program Operations (State of Cities Report initiative) | 498,000 | 0 | 0 | 498,000 | 0 |

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

| Country | Activity Title | Allocation Amount (USD) | Core | Gates Found. | Africa Facility | Japan Non-Core |
|---------------------------------------|---|-------------------------------|-------------------|------------------|--------------------|-------------------|
| | > Support and oversight for data collection and quality (UN Habitat) | 45,000 | 0 | 0 | 45,000 | 0 |
| | > Support and oversight for capacity building and knowledge sharing (WBI) | 45,000 | 0 | 0 | 45,000 | 0 |
| Africa Regional | Country programme development and support - Francophone Africa | 75,000 | 75,000 | 0 | 0 | 0 |
| Global | Expert support for country programme development and operations - financial sustainability; programme design | 100,000 | 100,000 | 0 | 0 | 0 |
| Country Partnership Programmes | | 2,370,851 | 1,870,851 | 0 | 0 | 500,000 |
| Brazil | Improving the Managerial Skills of Social Interest Housing Programmes | 249,605 | 249,605 | 0 | 0 | 0 |
| Brazil | Consolidation of the Social Work Methodology for Slum Upgrading | 75,000 | 75,000 | 0 | 0 | 0 |
| India | Citywide Slum Upgrading Plan (CSUP) for the Heritage City of Agra (India) | 499,987 | 499,987 | 0 | 0 | 0 |
| India | Supporting and Operationalising the National Urban Sanitation Policy (NUSP) in India | 75,000 | 75,000 | 0 | 0 | 0 |
| India | India International Workshop: Scaling up Upgrading and Affordable Housing: From National Policies, to State Programs, and City-Wide Slum-Free Interventions | 75,000 | 75,000 | 0 | 0 | 0 |
| India | Knowledge Support for PEARL Programme under JNNURM | 500,000 | 500,000 | 0 | 0 | 0 |
| India | Planning Support Unit: An Initiative to Support City Development Planning in the State of Madhya Pradesh | 249,519 | 249,519 | 0 | 0 | 0 |
| India | Interim Phase: India Knowledge Support on Slum Upgrading, Urban Poverty Reduction and Affordable Housing | 71,740 | 71,740 | 0 | 0 | 0 |
| India | India Portfolio Supervision and Support | 75,000 | 75,000 | 0 | 0 | 0 |
| Philippines | Philippines Traffic and Transport Management for CDS Cities | 500,000 | 0 | 0 | 0 | 500,000 |
| TOTAL ALLOCATIONS | | 16,019,501 | 10,746,001 | 2,685,500 | 588,000 | 2,000,000 |

4,281,459

4,281,459 PLUS: March 31 Batch proposals
not approved by end FY10

20,300,960

15,027,460

CITIES ALLIANCE SECRETARIAT
FY10 BUDGET REPORT
(US\$'000s)
 30 June 2010

Unaudited

| See Notes | FY10 Budget | FY10 ACTUALS | FY10 actuals vs budget | % FY10 actual costs vs budget |
|--|------------------|------------------|---------------------------|-------------------------------------|
| SOURCES OF FUNDS - Secretariat Budget | | | | |
| | 3,050,000 | 3,050,000 | 0 | |
| | (179,764) | (179,764) | 0 | |
| | 140,400 | 147,982 | 7,582 | 5% |
| | 8,000 | 30 | (7,970) | -100% |
| #1 | 40,000 | 24,394 | (15,606) | -39% |
| #2 | 460,000 | 404,063 | (55,937) | -12% |
| | | | 0 | |
| | 3,518,636 | 3,446,705 | (71,931) | -2% |
| USES OF FUNDS - Secretariat Budget | | | | |
| Management & Administration | | | | |
| Staff Costs: | | | | |
| #3 | 912,789 | 850,887 | (61,902) | -7% |
| | 219,747 | 130,831 | (88,916) | -40% |
| #4 | 310,100 | 329,662 | 19,562 | 6% |
| #5 | 400,000 | 361,187 | (38,813) | -10% |
| | | | 0 | |
| | 1,842,636 | 1,672,567 | (170,069) | -9% |
| Programmatic Activities | | | | |
| Staff Costs: | | | | |
| #6 | 444,100 | 528,588 | 84,488 | 19% |
| #2 | 380,000 | 350,000 | (30,000) | -8% |
| | 140,400 | 148,000 | 7,600 | 5% |
| #2 | 80,000 | 54,100 | (25,900) | -32% |
| #7 | 506,233 | 365,385 | (140,848) | -28% |
| #8 | 25,000 | 22,751 | (2,249) | -9% |
| | 100,000 | 101,927 | 1,927 | 2% |
| | | | 0 | |
| | 1,675,733 | 1,570,751 | (104,982) | -6% |
| | | | 0 | |
| | 3,518,369 | 3,243,318 | (275,051) | -8% |
| ENDING BALANCE | | | | |
| | 267 | 203,387 | | |

See Notes on Following Page

CITIES ALLIANCE SECRETARIAT
PROJECT STAFF ACTIVITIES - FY10
(US\$'000s)
 30 June 2010

Unaudited

| See Notes | FY10 Budget | FY10 ACTUALS | FY10 actuals vs budget | % FY10 actual costs vs budget |
|---|---|-----------------|---------------------------|-------------------------------------|
| SOURCES OF FUNDS - Project Staff | | | | |
| #9 | 200,000 | 200,000 | 0 | 0% |
| | 77,000 | 59,943 | (17,057) | -22% |
| | Total Project Staff Sources of Funds | 277,000 | (17,057) | -6% |
| USES OF FUNDS - Project Staff | | | | |
| | 200,000 | 200,000 | 0 | 0% |
| | 77,000 | 59,943 | (17,057) | -22% |
| | Total Project Staff Uses of Funds | 277,000 | (17,057) | -6% |

CITIES ALLIANCE SECRETARIAT
NOTES ON FY10 BUDGET

- Note 1.** The WB has special arrangements with its travel agency allowing to receive rebates from air tickets to reduce units' total travel costs. Amount of rebate varies by year based on overall WB travel portfolio.
- Note 2.** In-kind Contribution/Non-Core for staff support declined by \$55.9K (-12%) due to early termination of the UN-Habitat secondment's contract with the CA, Jean-Christophe Adrian, working on CDS and environment/ climate change, and delayed hiring of Italian Young Professional, who came on board 4 months later expected date.
- Note 3.** Management & Administration staff costs below budget due primarily to move of the CA transaction processor to another region for training, which picked up her costs starting October 2009. She was temporarily replaced with the field CA staff member starting in February 2010, resulting in cost reductions.
- Note 4.** Operating costs raised by 7% due to un-planned translation costs and increased printing/meetings expenses.
- Note 5.** Actual annual Travel costs were 10% less than budgeted due to aggressive efforts to find lowest cost travel options and due to lower travel commitments during latter part of year as efforts were focused on implementing changes in business model.
- Note 6.** Core-funded staff costs were higher than budgeted because less staff time was charged to Non-Core projects than was budgeted, including for CLIFF.
- Note 7.** Communication and Knowledge Management Team's staff costs lower than budgeted because of an unfilled vacancy (writer/ communications associate) and other staffing adjustments in the team.
- Note 8.** FY10 budget for Other Communications and Knowledge Management support primarily allocated for basic corporate communication products (eg, brochures, web maintenance).
- Note 9.** Staff assigned primarily to work on non-core funded special projects are included in this section. Budgeted for FY10 was the on-going special secondment (in-kind) of Thierry Paulais from AFD for the Financing of African Cities study. In addition, CA hired an urban specialist during FY10 to support the Land, Services and Citizenship programme (funded by the Gates Foundation) and the new phase of CLIFF (funded by UK-DFID). The CLIFF portion of staff costs was charged to the Core budget because the project did not materialise.

FY11 PROPOSED BUDGET and STRATEGIC WORK PROGRAMME

The proposed FY11 budget and work programme focuses on:

- (i) extending the Land, Services & Citizenship programmes utilising unallocated Gates Foundation resources;
- (ii) completing development and roll out of the Catalytic Fund and in-country programmes;
- (iii) development of an advocacy work programme;
- (iv) improving internal processes for managing the knowledge, learning and communications work programmes; and,
- (v) adapting to changing World Bank administrative processes for trust funds and grants.

A \$19.15m budget to support the work programme was endorsed by the Executive Committee at its July 2010 meeting -- \$10.15m from Core funds, \$8m from unallocated Gates funds and \$1m from the Africa Facility. To fully implement the work programme, an increase of \$2.5m in Core funds is needed for the year (to a total of \$10m). The budget summary is shown on the next page, with main work programme priorities described on following pages.

Included in the budget is \$3.2m in Core funds for Secretariat costs and for other partnership activities (including CG/EXCO meeting costs), up 5% from the FY10 Core request, and at same staffing level. See page 16 for the detailed Secretariat budget request, followed by a summary of priorities for each of the Secretariat teams and main product lines for the year.

Proposed Funding Allocations -- FY11 Budget

As of July 1, 2010

| | FY11 Budget | FY 11 Budget | | |
|--|-------------------|-------------------|-------------------|------------------|
| | | Core | Gates | Other* |
| FUNDS AVAILABLE FOR ALLOCATION | | | | |
| Balance Forward - Unallocated Funds | 17,849,901 | 4,625,166 | 11,033,237 | 2,191,498 |
| Contributions Received** | 10,000,000 | 10,000,000 | 0 | 0 |
| Investment Income Received | 480,000 | 330,000 | 150,000 | 0 |
| Allocation Cancellations, Reflows & Adjustments | | 0 | 0 | 0 |
| Less WB TF Admin Fees Paid | (111,750) | (111,750) | 0 | 0 |
| FUNDS AVAILABLE FOR ALLOCATION | 28,218,151 | 14,843,416 | 11,183,237 | 2,191,498 |
| ALLOCATION OF FUNDS | | | | |
| Partnership Operations (incl Secretariat Costs) | 3,200,000 | 3,200,000 | 0 | 0 |
| Global Programme Operations: | | | | |
| Grant Facility (old) - Country/Regional Activities*** | 4,281,500 | 4,281,500 | 0 | 0 |
| Catalytic Fund (new) | 2,400,000 | 2,400,000 | 0 | 0 |
| Knowledge & Learning | 500,000 | 500,000 | 0 | 0 |
| Communications & Advocacy | 1,500,000 | 1,500,000 | 0 | 0 |
| Monitoring & Evaluation | 250,000 | 250,000 | 0 | 0 |
| Country Programming: | | | | |
| Land, Services & Citizenship Programme | 8,600,000 | 600,000 | 8,000,000 | 0 |
| Other Country Programming and Support | 1,600,000 | 600,000 | 0 | 1,000,000 |
| Country Partnership Programmes (Brazil, Phil, & India) | 1,100,000 | 1,100,000 | 0 | 0 |
| BUDGETED ALLOCATION OF FUNDS | 23,431,500 | 14,431,500 | 8,000,000 | 1,000,000 |
| ENDING BALANCE - UNALLOCATED FUNDS | 4,786,651 | 411,916 | 3,183,237 | 1,191,498 |

* Other funding includes Africa Facility.

** Only new contributions available for allocation are reported.

*** Allocations approved from proposals received by March 31, 2010 closing date of old grant facility.

Approved Funding Allocations – Detailed FY11

As of 1 November 2010

| Country | Activity Title | Allocation Amount (USD) | Core | Gates Found. | Africa Facility | Japan Non-Core | FY11 Status |
|---|--|-------------------------|------------------|--------------|-----------------|----------------|--------------------------|
| Partnership Operations | | 3,200,000 | 3,200,000 | 0 | 0 | 0 | |
| Management, finance and administrative operations | | 1,700,000 | 1,700,000 | 0 | 0 | 0 | |
| | Secretariat - Management, finance and administrative operations | 1,700,000 | 1,700,000 | 0 | 0 | 0 | Approved |
| Technical, knowledge, communications and M&E operations | | 1,330,000 | 1,330,000 | 0 | 0 | 0 | |
| | Secretariat - Technical, knowledge, communications and M&E operations | 1,330,000 | 1,330,000 | 0 | 0 | 0 | Approved |
| Governance and Administration | | 170,000 | 170,000 | 0 | 0 | 0 | |
| | Consultative Group/ EXCO Meetings | 170,000 | 170,000 | 0 | 0 | 0 | Approved |
| Global Programme Operations | | | | | | | |
| Country/Regional Project Allocations (old Grant Facility) | | 2,091,077 | 2,091,077 | 0 | 0 | 0 | |
| Projects supporting the implementation of policies and strategie | | 0 | 0 | 0 | 0 | 0 | |
| Projects supporting the elaboration of policies and strategies | | 941,827 | 941,827 | 0 | 0 | 0 | |
| Malawi | Grant for Lilongwe City Development Strategy (Phase 3) | 249,000 | 249,000 | 0 | 0 | 0 | Approved |
| Palestine | Cities as Guarantors of Stability: Scaling-Up of Strategic Development and Investment Planning (SDIP) in the Palestinian Territories | 357,900 | 357,900 | 0 | 0 | 0 | Approved |
| Ukraine | Supporting Kiev for City Vision and Long-Term Development Strategy | 50,000 | 50,000 | | | | Approved |
| Cote d'Ivoire | Cote d'Ivoire Restructuring of Slums in the 13 Municipalities of the District of Abidjan | 284,927 | 284,927 | | | | Recommended for Approval |
| Projects providing country specific data and knowledge | | 1,149,250 | 1,149,250 | 0 | 0 | 0 | |
| Bangladesh | Bangladesh's Urban Transformation: Exploring the Demographic and Economic Dimensions | 75,000 | 75,000 | 0 | 0 | 0 | Approved |
| Ethiopia | Strengthen the Institutionalization and Support the Operation of the Ethiopian Cities Network | 74,000 | 74,000 | 0 | 0 | 0 | Approved |
| India | India State of the Cities Report | 350,250 | 350,250 | 0 | 0 | 0 | Approved |
| Kenya | Kenya Baseline State of the City Surve | 400,000 | 400,000 | 0 | 0 | 0 | Approved |
| Tanzania | Tanzania State of the Cities Report | 250,000 | 250,000 | 0 | 0 | 0 | Approved |
| Global knowledge and advocacy activities | | 868,500 | 868,500 | 0 | 0 | 0 | |
| Theme: Slum Upgrading | | 75,000 | 75,000 | 0 | 0 | 0 | |

Approved Funding Allocations – Detailed FY11

As of 1 November 2010

| Country | Activity Title | Allocation Amount (USD) | Core | Gates Found. | Africa Facility | Japan Non-Core | FY11 Status |
|---|---|-------------------------------|------------------|-----------------|--------------------|-------------------|-----------------------------|
| Global | Making the Case for Incremental Housing (increase to FY09 allocation) | 75,000 | 75,000 | 0 | 0 | 0 | |
| Theme: Strategic City Development | | 0 | 0 | 0 | 0 | 0 | |
| Theme: Environment/ Climate Change/ Disaster Risk Reductio | | 0 | 0 | 0 | 0 | 0 | |
| Theme: Finance | | 48,500 | 48,500 | 0 | 0 | 0 | |
| Global | Capital Investment Planning and Financing | 48,500 | 48,500 | 0 | 0 | 0 | Approved |
| Theme: Communications & Advocacy | | 375,000 | 375,000 | 0 | 0 | 0 | |
| Ghana | Ghana Cities Awareness and Advocacy Framework | 325,000 | 325,000 | 0 | 0 | 0 | Recommended for Approval |
| Global | General Communications & Advocacy (FY11 increase) | 50,000 | 50,000 | 0 | 0 | 0 | Recommended for Approval |
| Theme: Monitoring & Evaluation | | 120,000 | 120,000 | 0 | 0 | 0 | |
| Global | Cities Alliance Independent Evaluation 2011 | 120,000 | 120,000 | 0 | 0 | 0 | Recommended for Approval |
| Other Learning & Knowledge Sharing | | 250,000 | 250,000 | 0 | 0 | 0 | |
| Global | Establishment of an Inclusive Cities Network among members and partners. | 150,000 | 150,000 | 0 | 0 | 0 | Recommended for Approval |
| Global | General Learning & Knowledge Sharing (FY11 increase) | 100,000 | 100,000 | 0 | 0 | 0 | Recommended for Approval |
| In-Country Programming Allocations | | 500,000 | 0 | 0 | 500,000 | 0 | |
| Land, Services & Citizenship Programme | | 0 | 0 | 0 | 0 | 0 | |
| Other In-Country Programming & Support | | 500,000 | 0 | 0 | 500,000 | 0 | |
| Africa Regional | Urbanization in Sub-Sahara Africa: Development and implementation of strategic plans and partnerships | 500,000 | | | 500,000 | | Recommended for Approval |
| Country Partnership Programmes | | 0 | 0 | 0 | 0 | 0 | |
| TOTAL ALLOCATIONS | | 6,659,577 | 6,159,577 | 0 | 500,000 | 0 | |

**CITIES ALLIANCE SECRETARIAT
FY11 APPROVED BUDGET
(US\$)**

| See Notes | | Core | Non-Core | In-Kind | TOTAL |
|--------------|---|------------------|------------------|----------------|------------------|
| | SOURCES OF FUNDS - Secretariat Budget | | | | |
| | Core Funds - Approval for FY11 | 3,200,000 | 0 | 0 | 3,200,000 |
| | Core Funds, carry-forward (actual) | 203,400 | 0 | 0 | 203,400 |
| #1 | Staff secondments and JPO programs | 0 | 0 | 654,000 | 654,000 |
| #2 | On-going Regional Staff allocations | 0 | 358,300 | 0 | 358,300 |
| #3 | On-going Norway MTS Support | 0 | 149,500 | 0 | 149,500 |
| #4 | Funding from other Non-Core sources | 0 | 580,289 | 0 | 580,289 |
| | WB/misc. funding | 15,000 | 0 | 0 | 15,000 |
| #5 | Travel Rebate | 0 | 0 | 0 | 0 |
| | Total Sources of Funds - Secretariat | 3,418,400 | 1,088,089 | 654,000 | 5,160,489 |
| | USES OF FUNDS - by Secretariat Funding Source* | | | | |
| #6 | Staff costs (salary + benefits) - HQ | 2,297,761 | 289,789 | 654,000 | 3,241,550 |
| #6 | Staff costs (salary + benefits) - Field | 104,500 | 358,300 | 0 | 462,800 |
| #7 | Travel | 315,000 | 245,000 | 0 | 560,000 |
| | Short-term consultants / other labor costs | 110,000 | 15,000 | 0 | 125,000 |
| #8 | Contractual Services (e.g., printing, graphics) | 62,000 | 61,500 | 0 | 123,500 |
| #9 | Overhead Costs | 327,500 | 118,500 | 0 | 446,000 |
| #10 | Meeting & Events: | | | | |
| | - CG/PPF/EXCO Meetings | 170,000 | 0 | 0 | 170,000 |
| | - WUF/ Africities / Urban Forum / Others | 30,000 | 0 | 0 | 30,000 |
| | Total Uses of Funds - Secretariat | 3,416,761 | 1,088,089 | 654,000 | 5,158,850 |
| | Budgeted Ending Balance - Secretariat | 1,639 | 0 | 0 | 1,639 |

See distribution of costs by Secretariat team on following page.

**CITIES ALLIANCE SECRETARIAT
NOTES ON FY11 BUDGET**

- Note 1.** In-kind contribution of \$654K represents secondments from France (AFD), Germany (GTZ), and a newcomer from UN-Habitat (to replace Jean-Christophe Adrian whose assignment with the CA terminated in May, 2010), and funding from the World Bank's Junior Professional Officer program with Italy, for a young professional who joined the CA in January of 2010.
- Note 2.** On-going non-core allocations for regional advisory staff are funded from from Sida, Italy and the Africa Facility.
- Note 3.** Norway provides financing of two young professional staff positions, due to expire in FY11.
- Note 4.** This primarily includes Secretariat costs covered by the Land, Services & Citizenship programme.
- Note 5.** Travel rebates are no longer being treated as a revenue source but rather netted against the relevant travel budget lines.
- Note 6.** The proposed budget includes no additional staff slots beyond those already approved. Regional advisors are now included in the budget; most are funded from Non-core sources. See notes above.

- Note 7.** The travel budget line excludes Secretariat travel to Events/Meetings, noted elsewhere in budget.
- Note 8.** Contractual services line item represents estimated cost of services to be provided by various vendors during the course of FY11. The services would include contractual designing of CA materials, printing, copying, shipping, freight, other communications & publishing costs.
- Note 9.** Estimated overhead costs are mostly based on FY10 actuals. They represent variable sustaining expenses such as office rent, IT equipment, communications, representation/hospitality, supplies and other miscellaneous.
- Note 10.** Effective with the FY11 budget, recurring event/meeting costs are being budgeted and managed as part of the Secretariat budget. This would include direct costs of staging the events but also travel for staff and specially-invited guests.

**CITIES ALLIANCE SECRETARIAT
FY11 PROPOSED BUDGET - BY SECRETARIAT TEAM
(US\$)**

| | Core | Non-Core | In-Kind | TOTAL |
|---|------------------|------------------|----------------|------------------|
| BUDGETED USES OF FUNDS - by Team | | | | |
| <u>Partnership Operations</u> | | | | |
| Staff costs (salary + benefits) - HQ | 631,177 | 24,023 | 0 | 655,200 |
| Staff costs (salary + benefits) - Field | 0 | 0 | 0 | 0 |
| Travel | 134,000 | 0 | 0 | 134,000 |
| Short-term consultants / other labour costs | 50,000 | 0 | 0 | 50,000 |
| Total | 815,177 | 24,023 | 0 | 839,200 |
| <u>GPO</u> | | | | |
| Staff costs (salary + benefits) - HQ | 181,000 | 0 | 654,000 | 835,000 |
| Staff costs (salary + benefits) - Field | 0 | 66,620 | 0 | 66,620 |
| Travel | 25,000 | 0 | 0 | 25,000 |
| Short-term consultants / other labour costs | 20,000 | 0 | 0 | 20,000 |
| Total | 226,000 | 66,620 | 654,000 | 946,620 |
| <u>ICPO</u> | | | | |
| Staff costs (salary + benefits) - HQ | 776,134 | 244,266 | 0 | 1,020,400 |
| Staff costs (salary + benefits) - Field | 91,400 | 266,480 | 0 | 357,880 |
| Travel | 123,000 | 245,000 | 0 | 368,000 |
| Short-term consultants / other labour costs | 10,000 | 15,000 | 0 | 25,000 |
| Total | 1,000,534 | 770,746 | 0 | 1,771,280 |
| <u>Program Admin.</u> | | | | |
| Staff costs (salary + benefits) - HQ | 709,450 | 0 | 0 | 709,450 |
| Staff costs (salary + benefits) - Field | 13,100 | 46,700 | 0 | 59,800 |
| Travel | 33,000 | 0 | 0 | 33,000 |
| Short-term consultants / other labour costs | 30,000 | 0 | 0 | 30,000 |
| Total | 785,550 | 46,700 | 0 | 832,250 |
| Total Uses of Funds - by Team | 2,827,261 | 908,089 | 654,000 | 4,389,350 |
| <u>Other variable costs:</u> | | | | |
| Contractual Services | 62,000 | 61,500 | 0 | 123,500 |
| Overhead Costs | 327,500 | 118,500 | 0 | 446,000 |
| Event/Meeting costs | 200,000 | 0 | 0 | 200,000 |
| Total Uses of Funds by Secretariat | 3,416,761 | 1,088,089 | 654,000 | 5,158,850 |

WORK PROGRAMME PRIORITIES – FY11

Partnership Operations

Partnership governance. Support to EXCO and CG to update CA membership and governance, and to identify other Charter revisions needed. Operationalize the Policy Advisory Forum.

Member relations. Deepening engagement with a broader range of the membership.

Resource mobilisation. Initiation of major fundraising effort in support of the CA's new strategic business plans.

Secretariat management. The Secretariat was reorganised during the last quarter of FY10 to support the revised CA business model and to improve staff effectiveness and accountabilities. These changes will be in full operation during FY11, with adjustments/fine-tuning as needed.

The proposed FY11 budget integrates the former Regional Advisors into the Secretariat. No staff increases were proposed for FY11. The focus will be to continue improving the efficiency and effectiveness of the existing staff complement and to put the reorganisation into full operation. Staffing needs will be actively reviewed during the course of FY11.

Resource management. Improve internal processes for financial administration and monitoring of CA own-managed work programme. Adapt CA financial reporting to new business model.

Global Programme Operations (GPO)

Grant Facility (old). The old CA grant facility was closed on March 31, 2010. There were 31 proposals received in the final batch (including two Non-core projects), which are being processed as agreed with EXCO in an April 15, 2010 report submitted for no objection. Fifteen of those projects were still in process going into FY11.

As part of the Secretariat's reorganization, the on-going portfolio from the old grant facility were allocated among teams for monitoring and supervision. The GPO team inherited 54 projects to supervise from the old Grant Facility, consisting of 17 knowledge projects and 37 country/region-specific projects. (The In-Country Programming team inherited 59 projects, consisting of the portfolios in Sub-Saharan Africa, Brazil, India and the Philippines.)

Objectives and major achievements planned for FY11 are:

- Effective monitoring of projects, including service backlogs eliminated and project portfolio database updated;
- Remaining proposals from March 31 batch processed and grants activated;
- All main project outputs from FY06-FY10 categorized and uploaded to project database.

Catalytic Fund (new). A design of Catalytic Fund (CATF), including the small grants window, is being submitted to CG for review at its November 2010 meeting. Based on CG feedback, the Fund would be launched during the first quarter of 2011. The CATF also includes a small-grants window that is not subject to the call of funds cycle, and will also be operational in FY11.

Objectives and major achievements planned for FY11 are:

- Handbook on concept and procedures for CATF and small grants window is produced;
- First tranche of proposals selected following first call for application;
- Internal evaluation of CATF procedures after first call;
- Implementation of small grants window.

Knowledge & Learning Work Programme. More than \$4.7m were approved for knowledge and learning WP activities during FY09-FY10, including nearly \$3m for a variety of environment and climate change projects. A top priority for FY11 will be to optimise implementation of this work programme. Only a small budget is proposed for new K&L activities during FY11.

On-going work programme activities in FY11 include:

- Cities and climate change -- continued implementation of joint work programme by WB, UN-H and UNEP.
- Other on-going environment and climate change activities, including mainstreaming environment in CA activities (UNEP); Mayors task force dialogue on climate change, disaster risk and the urban poor (WB); and, Eco2 cities pilot (WB, Japan).
- Mainstreaming gender and youth in CA activities.
- CDS subgroup – working group of CA members

New or emerging work programme activities to be developed during FY11 include:

- State of Cities Reports task force – an internal working group to facilitate knowledge exchanges among SoCR partners.
- Incremental urbanization in Africa – with a broader perspective than incremental housing, activities include adaptation of the quick housing policy guides (UN-H); study on national slum upgrading policies in 15 countries (WBI); knowledge dissemination on incremental housing practices; and, formation of an Upgrading Network among CA members.
- “CDS reloaded” and “Inclusive Cities Network” – consolidate the on-going knowledge work programme to update the CDS concept to state-of-the-art planning concepts and methodology, in response to the new urban challenges and polycentric governance systems. Fully incorporate environment, climate change, and gender into the CA’s theory of change for “inclusive cities.” Develop participatory and system-oriented M&E for advocacy, learning and management purposes. Initiate development of an “inclusive cities network,” incorporating member-based organizations (SDI and others), UCLG, academia and interested CA members to develop, discuss and field test concepts and methods, and to develop a common understanding of inclusive cities.

Communications & Advocacy Work Programme. There are two main priorities for FY11. One is continued development and implementation of a CA advocacy WP, with two initial focuses -- one on donors and development agencies of the North, and the other in support of CA country programming in Low Income Countries. A country-level awareness and advocacy project will be implemented in conjunction with the Ghana country programme under development, and other Sub-Saharan Africa regional advocacy activities developed in conjunction with scaled up CA efforts in Africa. Additional guidance will be sought from EXCO on awareness and advocacy plans aimed at the European Union and its member states, pending funding availability.

The other main priority is to improve the communication products and systems in the Secretariat to increase effectiveness and efficiency in support of the CA results framework. Specific

activities in FY11 include review of CA branding, messaging and graphics standards, and streamlining of CA annual report.

Monitoring & Evaluation. The objectives and major achievements planned for FY11 are:

- Evaluation of project implementation modalities concluded, action plan for recommendations implemented;
- Independent external evaluation of CA in process;
- Lessons learned extracted from projects to refine Catalytic Fund and country programme design;
- M&E mechanisms for country programming, Catalytic Fund, knowledge/learning and communication/advocacy defined; and
- Results-based management framework for new business model/ business plan adopted.

In-Country Programme Operations (ICP)

Land, Services & Citizenship Programme. Rollout of LSC countries will be the main focus of the ICP team during FY11. This will include concluding implementation arrangements for the Uganda programme, and working with member on the design and set-up of the Ghana and Vietnam programmes. The secretariat will also work with CA members to identify the remaining country or countries for the LSC funding, to including Francophone Africa.

Other in-country programming and support. The in-country programming product-line will be further developed and piloted during FY11. Only a small budget is proposed for new Core allocation during FY11 while the design is completed and CA financial resources are mobilised to fund further in-country programming. Non-core funds from the Africa Facility are budgeted for State of Cities reports in Sub-Saharan Africa and to support mobilization of CA members around an action plan for Sub-Saharan Africa.

As part of Secretariat reorganisation, the in-country programming team inherited 37 projects in Sub-Saharan Africa to supervise from the old Grant Facility (plus 22 projects part of the Country Partnership Programmes). Many of the projects are early in implementation, and several have been stalled for various reasons. A FY11 priority is to provide intensive supervisory support to this portfolio to help ensure effective implementation; and, to assess the best opportunities for scaling up through in-country programming.

Country Partnership Programmes. Three country partnership programmes were developed during the first 18 months of MTS implementation --Brazil, India and Philippines. These will continue implementation during FY11. The Brazil programme was substantially funded during FY09-FY10, and India during FY10-FY11.

This partnership programme product was introduced with the MTS, but was modified with the repositioned CA business model endorsed at Mumbai CG meetings. Depending on funding availability, a new product targeted at promoting South-South exchange of learning and knowledge could be developed (e.g. MIC demonstration programme).

Programme Administration

Operational Support. Assist task teams to set up Land, Services & Citizenship and other country support programmes. Continue orientation and training of task teams on project financial

management, procurement, safeguards and the tools, systems and practices of the Bank for effective operations. Support project appraisal and financial supervision of on-going grants and for the new product lines.

Grant Administration. Collaborate with GPO and ICP teams to contribute to the development of revised project proposal formats to be used for the revised business lines. Continue engagement with WB legal, disbursement, TF policy, OPCS and other central units to adapt CA procedures with changing Bank internal control environment, while improving efficiencies in project cycle. Implement process improvements including recommendations coming from Evaluation of Project Implementation Modalities.

Information Management. Complete design of Proposal/Project Database (PPDB), ensuring increased utility and relevance to the new CA business model. Work with other teams in improving management of outputs from CA grants and own-m