

Submission of Proposals: Application Form

rec'd 30 March 2010
DATE: March 30, 2010

1. TITLE of PROPOSAL: Baseline “State of the City” survey

2. PROPOSAL SUBMITTED BY¹:

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Contact person for questions on the application:

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3. CITIES ALLIANCE MEMBER(S) SPONSORING THE APPLICATION:

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Organisation: Rockefeller Foundation
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4. RECIPIENT ORGANISATION: – organisation that will receive and execute the grant:

Task Manager Name & Title: Sumila Gulyani, Sector Leader, Sustainable Development Network, AFTUW
Organisation: The World Bank
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Contact Person/Title: World Bank Country Office, Nairobi, Kenya
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5. OTHER IMPLEMENTING PARTIES (if any):

Task Manager Name & Title: Veronica Maundu
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¹ Country-specific proposals typically originate from local authorities, but must be sponsored by at least one member of the Cities Alliance (see [Cities Alliance Charter](#), Section D.14).

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6. INFORMATION ON PROPOSED PROJECT:

Type of project (*check one*):

City Development Strategy__ Slum Upgrading Both__ X

Geographic scope of project (*specify*):

City: 7 of Kenya's largest cities participating in the Kenya Municipal Program

Country: Republic of Kenya

Global/Regional/Multi-country:

Expected duration: Two years

7. BUDGET SUMMARY:

Amount of total budget requested from Cities Alliance funding: **US\$ 500,000 (2 years)**

Co-financing amount of total budget, including local partners: US\$250,000 from Sida under the Urban Knowledge and Implementation Program (confirmed). Other potential partners—including, AFD, Rockefeller Foundation, and the Gates Foundation—have also expressed interest in co-financing the project.

Total project budget cost: US\$1,150,000 (2 years), in support of a multi-donor investment operations of US\$430 million for the Kenya Municipal Program, the Kenya Informal Settlements Improvement Program, and the Nairobi Metropolitan Services Program, will comprehensively address core issues that are constraining the development potential, efficiency, equity, and competitiveness of Kenya's urban areas.

8. DESCRIPTION OF PROPOSED PROJECT:

Background – issues to be addressed and scope of project

The urban transition is well under way in Kenya and urbanization is projected to continue at a rapid pace. It is estimated that urban areas will account for 45 percent of the population or 16.5 million people by 2015, and for 54 percent of the population or 23.6 million people by 2030. The urban transition in Kenya will play an important role in determining the country's growth prospects and social stability. However, Kenyan cities are not currently able to meet the rapidly growing demands of residents and firms for services because they are suffering from major infrastructure bottlenecks, weak finances, and poor management. The government is convinced that transformation of municipal management will require deeper institutional reforms and much more intensive training and capacity building in finance, participatory planning, project management, and service delivery. It is also acutely aware of the infrastructure shortfalls and the need to step up capital investment in these municipalities. For this reason, this project supports a comprehensive and systematic program for enhancing the capacity of urban municipalities and improving local service delivery.

To address the issues, the government of Kenya has requested the World Bank, Sida, and the AFD (hereafter referred to as development partners) for assistance in bringing about a systematic transformation of the urban and local government sector in the country. The development partners are currently preparing three related programs to in support of the government's objectives. These are the Kenya Municipal Program (KMP), with the Ministry of Local Government as lead agency (scheduled for World Bank Board approval on April 29, 2010); the Kenya Informal Settlement Improvement Program (KISIP), a multi-sector operation with Ministry of Housing as lead agency (scheduled for World Bank Board approval in October 2010); and Nairobi Metropolitan Services Project (NMSP), a multi-sector operation with Ministry for Nairobi's Metropolitan Development as lead agency (scheduled for World Bank Board approval in July 2011).

The KMP is envisaged as the first in the series of programs that will support the government in the urban and local government sector. The KMP will address institutional constraints—municipal capacity for budgeting, financial management, and participatory planning—and, simultaneously, provide support investments to improve infrastructure and local service delivery. The KISIP will tackle the rapid growth of slums in urban Kenya; it will focus on improving living conditions in slums by enhancing security of tenure and investing in basic infrastructure, while supporting

mechanisms to prevent the emergence of new slums. The NMSP will provide support for strengthening of newly created metropolitan institutions and improved service delivery in the Nairobi metro area, the country's largest and economically most important urban conurbation. This strategy has strong endorsement from the AFD and Sida, and they are partnering with the Bank to jointly prepare and co-finance all three programs.

The three proposed programs can be summarized as follows:

	Municipal Program	Informal Settlements	Nairobi Metro
Lead Agency	Ministry of Local Government	Ministry of Housing	Ministry of Metro Development
IDA	US\$100 million	US\$100 million	US\$82.5 million
Government of Kenya	US\$10 million	US\$10 million	US\$17.5 million
Sida, AFD	US\$55 million	US\$55 million	To be determined
Total	US\$165 million	US\$165 million	US\$100 million
<i>Phase 1 Locations</i>	14 munis+Nairobi Special focus on 4–8 cities (that meet minimum performance criteria)	10 municipalities, must qualify for KMP phase 1	Nairobi Metro (Nairobi City Council and 14 municipalities)
<i>World Bank Board Date</i>	April 2010	October 2010	July 2011
<i>Instrument</i>	Adaptable Program Loan	Adaptable Program Loan	Specific Investment Loan
<i>APL 1 (FY)</i>	2010–2015	2011–2016	2012–2016
<i>APL 2 (FY)</i>	2015–20120	2017–2021	2017–2021
<i>Content</i>	a) Municipal reforms, finance and capacity b) Planning c) Investment in infrastructure and improving service delivery.	a) Ministry of Housing, Ministry of Lands and local capacity; policy b) Infrastructure and tenure c) Delivery of serviced land for future housing.	a) Development of metro institutions; b) Infrastructure investment and reforms in high-priority sectors, including solid waste and transport.

Note: The 14 munis included in the Nairobi program (NMSP) are those surrounding Nairobi City. Of these, only two—Thika and Machakos—are included in KMP.

9. Objectives

The objective of the proposed Cities Alliance grant is to produce baselines of the demographic, infrastructure, economic, and management profile of seven of the fifteen large Kenyan cities participating in the Kenya Municipal Program. Financing from development partners will be used to prepare this baseline in the remaining eight cities.

The findings of the surveys are expected to be presented in a variety of formats, including a main report summarizing the data from all seven cities, detailed city-specific reports, and a two-page summary of key data called “State of the City” to allow readers to quickly compare the situation across municipalities.

These results will: (a) be a key input for and will be coordinated with the preparation of strategic urban development plans in all 15 cities; and (b) provide a basis for more detailed community-level designs for the proposed multi-donor Kenya Informal Settlements Improvement Program.

10. Methodology and sequencing of activities

Methodology. The methodology involves four major tasks. The first is to identify the relevant information that is already available from primary sources on the demographic, economic, and infrastructure profile of cities to be covered. The second is to develop and administer a representative household survey to fill the data gaps. The third is to analyze the data and compile the results. The fourth is to analyze the data in collaboration with universities to explore a variety of questions on urban development.

Phases. One methodology and terms of reference will be used for the baseline survey for all 15 cities. It is envisaged that the work will be split among two consulting firms, covering seven and eight cities respectively. The first firm will be responsible for more of the survey design and pre-testing work. This packaging also allows for

phased financing; Sida and Cities Alliance funding will support the first package of seven cities, and funds from other development partners such as AFD and Rockefeller will support the second package.

In addition to the work of a firm, the Cities Alliance and Sida grants will support the work of an independent consultant to undertake detailed analysis of the data to serve as inputs to academic papers exploring a range of issues related to urban development in Kenya. This work will be carried out under a separate terms of reference.

The initiative covering all 15 cities will be conducted over approximately two years. Activities will start soon after the Cities Alliance grant is approved. Activities under the second package are expected to start by October 2010.

11. Deliverables

- Clean data set with the results of the surveys carried out in five cities
- Main report, summarizing the findings
- City-specific reports covering the five cities covered
- Two page “state of the city” reports
- Methodology paper.
- Detailed analyses of the data to serve as inputs to academic papers.

12. Expected outcomes and related monitoring indicators and plans

Outcomes

- Baseline prepared that together with the results of follow up surveys will allow for assessment of the effectiveness of the KMP, KISIP, and NMSP in meeting their objectives.
- Deeper understanding of the cities’ growth dynamics and specific challenges to improving delivery of services and quality of life for residents, which is essential to preparing city development strategies.
- Creation of a stronger empirical basis for dialogue among stakeholders and for design of interventions to promote good governance and improve service delivery.

Indicators

- Production of city development strategies, drawing on input from the surveys.
- Stakeholders, including the World Bank, using the reports and data in their dialogue with the government and others, measured by reports in the media clicks on the website.
- Researchers using the data, measured by the number of peer-reviewed journal articles that cite the data within five years of its release.

13. Sources of investment to implement the CDS or slum upgrading programme

As mentioned above, the US\$165 million Kenya Municipal Program is scheduled to be approved by the World Bank’s Board on April 29, 2010. This program includes substantial financing for preparation and implementation of participatory city development strategies and related annual capital investment plans. In addition, the US\$165 million Kenya Informal Settlements Improvement Program, expected to be approved by the World Bank’s Board in October 2010, will provide financing to upgrade infrastructure, housing, and services in Kenya’s informal settlements.

14. Partnerships

Both Sida and AFD are partners in financing the preparation and implementation of the KMP, KISIP, and NMSP. Sida has already provided trust funds, managed by the Bank, to facilitate preparation and implementation of the three programs. Of these trust funds, an estimated US\$ 250,000 can be used for this baseline study.

The Ministry of Local Government is the primary national stakeholder of the KMP and will be fully engaged in all stages of this task. Both the AFD and Rockefeller Foundation have signaled an interest in contributing to the financing of baseline surveys in the remaining eight cities (package 2). The foundation is also expected to contribute to the preparation and implementation of the Kenya Informal Settlements Improvement Program and the Nairobi Metropolitan Services Improvement Program.

15. Government commitment and approval

The government through the Ministry of Local Government (MoLG) is committed to producing and implementing participatory city development strategies linked to capital investment plans and has included this activity in the KMP. The government is equally committed to carrying out the baseline survey to generate critical information required for preparing the strategies and assessing the results of the three municipal programs. Individual cities are also committed to preparing and implementing the city development strategies and to facilitating the successful conduct of the baseline survey. The majority have already adopted municipal council resolutions stating their intention to participate in the KMP and to be involved in the preparation of the baselines.

The government has asked the World Bank to lead the baseline survey because for two main reasons. The first is that the Bank has considerable experience in managing the execution of complex household surveys and in ensuring high-quality results; the MoLG currently does not have this capacity in-house. The MoLG is eager to develop this capacity and plans to be involved at each stage of the process. The second reason is that the results of the surveys will be used to establish the baseline for all three urban programs, and the Bank can serve as an honest broker to ensure that the three ministries are able to access the data.

IMPLEMENTATION AND FINANCING PLANS:

16. Implementation arrangements

The World Bank will manage the proposed Cities Alliance grant in close collaboration and coordination with the Ministry of Local Government, Sida, and AFD. The World Bank is coordinating the preparation and implementation of the three urban programs, and has created an effective coordination structure which it will draw on in managing the proposed grant.

17. Project schedule and delivery targets

The initiative will start in August 2010 and is expected to last for about two years. A tentative schedule of deliverables is presented below. The final schedule will be determined once the grant has been approved.

	Task/Output to be submitted to the Bank for clearance	Target date
1	Signing of contract	August 1, 2010
2	Inception report based on review of background material	August 21
3	Draft of study design and survey questionnaires	September 21
4	Pilot testing	October 21
5	Finalization of study design and survey questionnaires	November
6	Administration of surveys	Dec 2010- February 2011
7	Submission of clean data set to the Bank	April 1, 2011
8	Submission of first draft of results and other reports	May 15
9	Submission of final draft of all reports: (a) main report, (b) city-specific reports, (c) two page "state of the city" reports, and (d) methodology paper.	July 15
10	Acceptance of reports by the government and satisfactory completion of assignment.	September 15, 2011
11	Advanced data analysis and reports in collaboration with universities	July 31, 2012

18. Financing plan and timeline

A. CITIES ALLIANCE GRANT REQUEST

Components / Main Activities	Total (US\$)	Type of Expenditure			
		Consulting Services (US\$)	Training/ Capacity Building (US\$)	Dissemination Costs (US\$)	Other (US\$)
PROJECT ACTIVITIES					
Baseline survey covering 7 cities	427,500	411,000			16,500
<i>Sub-Total – Project Activities</i>	<i>427,500</i>				
PROJECT ADMINISTRATION & SUPERVISION					
Independent Audit (1): assumed @ 2%	8,500				8,500
Supervision Costs (2): assumed @ 15%	64,000				64,000
<i>Sub-Total – Project Administration & Supervision</i>	<i>72,500</i>				<i>72,500</i>
TOTAL A (Cities Alliance Grant Request)	500,000	411,000			89,000

B. CO-FINANCING

Sida	250,000				
AFD	200,000 (TBC)				
Rockefeller Foundation	200,000 (TBC)				
Gates Foundation	If required (TBC)				
TOTAL B (Co-Financing)	650,000				

C. TOTAL

TOTAL PROJECT BUDGET COST (A + B)	1,150,000				
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See Guidelines for more information.

(1) An external audit is required upon completion or termination of project activities. Categorise this type of expenditure as “other.”

(2) Incremental costs associated with the management of the project, up to a maximum of 15 percent of the Cities Alliance grant request. Categorise this type of expenditure as “other.” Detailed cost break down required in Section 23 Costing Assumptions

D. TIMELINE OF FINANCING PLAN

There will be one Request for Expressions of Interest and one Request for Proposals, but two firms will be recruited to cover the 15 cities (one package of seven cities and preparatory work and a second package of eight cities). The first package of seven cities will be financed with the Cities Alliance and Sida grants. The second will be financed with grants from AFD/Rockefeller/Gates once the financing has been secured.

19. Costing assumptions. Provide details about the assumptions that were used to calculate the costs presented in the summary financing plan (18).

A. Cities Alliance Grant Request Details

Item	Unit (No./Days)	Rate (US\$)	Total (US\$)
1. Consulting			
Firm to carry out the survey (includes travel of the firm)	180	2,200	396,000
Independent consultant/statistician to analyze the data and prepare reports to be based at the World Bank	50	500	25,000
<i>Sub-total consulting</i>			<i>411,000</i>
2. Travel (under "other")			
Travel for independent consultant to be based at the World Bank (2 trips * 1 person * 1 year) (daily subsistence)	40	300	12,000
2 international flights			4,500
<i>Sub-total travel</i>			<i>16,500</i>
<i>Total</i>			<i>427,500</i>
Independent Audit (assumed @ 2% of total)			8,500
Supervision Costs (@ 15% of total)			64,000
<i>Subtotal – Project Administration & Supervision</i>			<i>72,500</i>
<i>Grand Total Cities Alliance</i>			<i>500,000</i>

Note: There will be several additional consultative meetings and workshops, financed under the project and by the Government of Kenya. This table lists only those that are to be financed by Cities Alliance.

20. Expected currency of expenditures: United States dollars (US\$)

21. Co-financing arrangements

Co-financing Source	Description of Co-Financing
1. Sida	Funding secured under the Urban Knowledge and Implementation Program
2. AFD	Under discussion
3. Rockefeller Foundation	Under discussion
4. Gates Foundation	Under discussion

Is all co-financing confirmed / committed? Cofinancing from Sida under the Urban Knowledge and Implementation Program is already available. Co-financing from AFD and the Rockefeller is at advanced stages of discussion.

22. Additional Financial Management Information from Recipient – Not Applicable

- a.) Is the Recipient a registered organization under the countries/cities legal requirement? - (Yes/No)
- b.) Can the recipient provide proof of registration and years of operation? -(Yes/No)
- c.) Does the recipient have prior experience managing other Donor funds and provide documentation to support this? (Yes/No)
- d.) Does the recipient have or can open a bank account?- (Yes/No)
- e.) Is the recipient audited annually? - (Yes/No)
- f.) Do you produce periodic financial reports for monitoring and evaluation? (Yes/No)

23. Attached documents

Terms of reference for the baseline survey

Sample household questionnaire

Gulyani, Sumila, Debabrata Talkadar, and Darby Jack. 2009. "Poverty, Living Conditions, and Infrastructure Access: A Comparison of Slums in Dakar, Johannesburg, and Nairobi." World Bank, Africa Infrastructure Country Diagnostic, Working Paper 10, February.

World Bank. 2006. "Kenya: Inside Informality: Poverty, Jobs, Housing and Services in Nairobi's Slums." Report 36347-KE, May 31.