

Cities Alliance Financial and Budget Report

FY10-FY11

As of June 14, 2010

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INTRODUCTION

This report provides estimated FY10 financial results for the Cities Alliance fiscal year ending June 30, 2010, and proposed budgets for FY11. 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 increasing share 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 coming medium-term, the main strategic foci for programmatic funding are to improve results in low income countries, 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 reflect these new strategic orientations.

FINANCIAL SUMMARY
(In US\$ millions)

FY10 estimated as of June 10 2010

	FY05	FY06	FY07	FY08	FY09	FY10*	FY10- FY09 % Change
Contributions Paid In:							
Core	7.264	6.689	7.782	10.158	7.001	7.604	14%
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	11.559	-53%
Disbursements:							
Core	4.926	6.474	8.264	7.145	7.451	8.533	15%
Facilities*	3.186	3.562	1.559	3.583	3.417	3.554	4%
Other Non-Core	4.066	2.035	2.888	4.250	0.870	2.181	151%
Total Disbursements	12.178	12.071	12.711	14.978	11.738	14.268	22%
Approved Funding Allocations:							
Core	7.816	11.811	4.641	7.662	8.983	14.493	61%
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	19.766	80%

* **Facilities include:** Africa Facility; CLIFF; Slum Upgrading Facility; Land Services & Citizenship (Gates); and Community W&S Facility (closed).

Excludes In-kind contributions for staff secondments to Secretariat.

FY10 FINANCIAL SUMMARY

As the Tables on the following page shows, the CA is expected to have allocated more than \$19.7m in funding during FY10, the highest amount since FY06. This amount includes \$14.5m of allocations from CA Core funds, the most in CA history, of which \$9.7m are for country-specific projects (also a record).

Included in this total are the projects approved or in process from the final batch of proposals processed under the old grant facility rules. That facility was closed on 31 March 2010. Most of this final batch will finish processing in FY10, but some could slip into FY11.

Among FY10 funding allocations, previous preparatory grants resulted in proposals approved for \$2.75m, and \$1.25m was approved 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 complete listing of approved funding expected for FY10.

The heavy demand for the CA grant facility will deplete the \$6.7m unallocated Core funds carried into the start of FY10. Core contributions from donors will be an estimated \$7.0m, same as the FY09 level. Investment income was down due to low yields.

Actual expenditures for FY10 Secretariat costs are expected to be approximately \$102,000 less than was budgeted, largely because of delay in hiring staff into approved positions. See page 10 for a report on the Secretariat budget for FY10.

FY10 FUNDING ALLOCATIONS - SUMMARY

Projected as of 10 June 2010

	FY10 Actuals	Core	Gates	Other*
FUNDS AVAILABLE FOR ALLOCATION				
- Projected				
Balance Forward - Unallocated Funds	24,872,884	6,728,890	13,541,932	4,602,062
Contributions Received **	7,604,104	7,604,104	0	0
Investment Income Received	421,921	263,790	153,562	4,570
Less WB TF Admin Fees Paid	(126,186)	(69,061)	0	(57,125)
FUNDS AVAILABLE FOR ALLOCATION	32,772,723	14,527,723	13,695,494	4,549,507
ALLOCATION OF FUNDS				
Partnership Operations (incl Secretariat Costs)	3,260,000	3,260,000	0	0
Global Program Operations:				
Grant Facility (old) - Country/Regional Activities	7,435,877	7,435,877	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
In Country Programming:				
Land, Services & Citizenship Programme	2,915,000	229,500	2,685,500	0
Other In-Country Programming and Support	763,000	175,000	0	588,000
Country Partnership Programmes (Brazil, Phil, & India)	2,512,143	2,012,143	0	500,000
BUDGETED ALLOCATION OF FUNDS	19,766,020	14,492,520	2,685,500	2,588,000
ENDING BALANCE - UNALLOCATED FUNDS	13,006,703	35,203	11,009,994	1,961,507

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

** Only new contributions available for allocation are reported.

*** Includes only specific M&E funding allocations. Other M&E activities integrated with other budget lines.

Approved and Recommended Funding Allocations – Detailed FY10 - Budgeted Totals

Estimated as of 10 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core	FY10 Status
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	Approved
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	Approved
	Independent Technical Assessment	10,000	10,000	0	0	0	Approved
	South Asia Regional operations	100,000	100,000	0	0	0	Approved
Governance and Administration		100,000	100,000	0	0	0	
	Consultative Group/ EXCO Meetings	100,000	100,000	0	0	0	Approved
Global Programme Operations							
Country/Regional Project Allocations (old Grant Facility)		7,435,877	7,435,877	0	0	0	
Projects supporting the implementation of policies and strategies		1,095,000	1,095,000	0	0	0	
Colombia	Strengthen And Scaling-Up the Medellin's Integrated Urban Programs	75,000	75,000	0	0	0	March 31 Batch, in process
Indonesia	Making Urban Investment Planning Work: Building on the Indonesian CDS Process	500,000	500,000	0	0	0	March 31 Batch, in process
Kiribati	Kiribati Sustainable Towns Program Supporting The Implementation Of Town Development Strategies	200,000	200,000	0	0	0	Approved
Malawi	Malawi Lilongwe CDS Development	250,000	250,000	0	0	0	March 31 Batch, in process
Swaziland	Supporting the Implementation of the Comprehensive Urban Upgrading Program for Mbabane, Swaziland	70,000	70,000	0	0	0	Approved
Projects supporting the elaboration of policies and strategies		3,417,877	3,417,877	0	0	0	
Central African Republic	Bangui CDS	300,000	300,000	0	0	0	March 31 Batch, in process
Colombia	Colombia National Low-income Megaprojects: Developing a Policy and Program Framework	225,000	225,000	0	0	0	March 31 Batch, in process
Cote d'Ivoire	Cote d'Ivoire Restructuring of Slums in the 13 Municipalities of the District of Abidjan	284,927	284,927	0	0	0	March 31 Batch, in process
Indonesia	Indonesia Slum Alleviation Policy and Action Plan (SAPOLA)	500,000	500,000	0	0	0	Approved
Jordan	Programmatic Regional City Development Strategy for Secondary Cities (Jordan)	500,000	500,000	0	0	0	Approved
Malawi	Malawi City Development Strategy and Slum Upgrading Programme FrameworkDevelopment Strategy	400,000	400,000	0	0	0	March 31 Batch, in process

Approved and Recommended Funding Allocations – Detailed FY10 - Budgeted Totals

Estimated as of 10 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core	FY10 Status
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
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	Approved
Mozambique	Support for Upgrading the Chamanculo C Neighbourhood Maputo Municipality - Preparatory Grant	73,500	73,500	0	0	0	Approved
Namibia	Namibian City Development Strategies (CDS) Pilot	250,000	250,000	0	0	0	Approved
Palestine	Cities as Guarantors of Stability: Scaling-Up of Strategic Development and Investment Planning (SDIP) in the Palestinian Territories	350,000	350,000	0	0	0	March 31 Batch, in process
Syria	Urban Upgrading Strategy for Rief Damascus (Syria)Territories	310,000	310,000	0	0	0	March 31 Batch, in process
Tazania	Dar es Salaam: Investment Resource Mobilization for Metronolitan Development	75,000	75,000	0	0	0	Approved
Projects providing country specific data and knowledge		1,613,500	1,613,500	0	0	0	
Ethiopia	Integrated Urban Database	248,500	248,500	0	0	0	Approved
Ethiopia	Strengthen the Institutionalization and Support the Operation of the Ethiopian Cities' Network	74,000	74,000	0	0	0	March 31 Batch, in process
Kenya	Kenya Baseline "State of the City" Survey	400,000	400,000	0	0	0	March 31 Batch, in process
Syria	Syria State of Cities Report	450,000	450,000	0	0	0	Approved
Tanzania	Tanzania State of the Cities Report	250,000	250,000	0	0	0	March 31 Batch, in process
LAC Multi-Country	State of Latin American and Caribbean Cities Report	191,000	191,000	0	0	0	Approved
ECA Region Multi-City	East Europe and Central Asia Urban Regeneration & Community of Practice	75,000	75,000	0	0	0	Approved
Pacific Island Proposals		1,309,500	1,309,500	0	0	0	
Regional	Regional Institutional Strengthening and Knowledge Management Support to Pacific Island Countries to Strengthen Implementation	359,000	359,000	0	0	0	March 31 Batch, in process
Fiji	Fiji's City Development Strategy and Settlement Upgrading Programme	350,500	350,500	0	0	0	March 31 Batch, in process
Papua New Guinea	Papua New Guinea City Development Strategy and Settlement Upgrading Programme	350,000	350,000	0	0	0	March 31 Batch, in process
Samoa	Samoa City Development Strategies and Settlement Upgrading Programme	250,000	250,000	0	0	0	March 31 Batch, in process

Approved and Recommended Funding Allocations – Detailed FY10 - Budgeted Totals

Estimated as of 10 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core	FY10 Status
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	Approved
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	Approved
	First Urban Climate Change Research Network (UCCRN) Assessment Report on Climate Change in Cities (ARC3)	75,000	75,000	0	0	0	Approved
	Strengthening Climate Adaptation & Disaster Risk Management in Latin American & Caribbean Cities	65,000	65,000	0	0	0	Approved
	Climate Change and the Urban Poor	200,000	200,000	0	0	0	March 31 Batch, in process
	The First Eco2 East Asia Program: Proposal of Knowledge Management and Capacity Building	1,500,000	0	0	0	1,500,000	March 31 Batch, in process
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	Approved
	World Urban Campaign Support for Set up and Launch	250,000	250,000	0	0	0	Approved
	Cities Alliance Branding and Graphic Standards	65,000	65,000	0	0	0	Approved
	Cities Alliance Corporate Video	50,000	50,000	0	0	0	Approved
	Pan-African Electoral Assembly of United Cities And Local Governments	150,000	150,000	0	0	0	Approved
Theme: Monitoring & Evaluation		0	0	0	0	0	
		0	0	0	0	0	
Other Learning & Knowledge Sharing		225,000	225,000	0	0	0	
	Learning & Knowledge Dissemination	150,000	150,000	0	0	0	Approved
	World Urban Forum	75,000	75,000	0	0	0	Approved

Approved and Recommended Funding Allocations – Detailed FY10 - Budgeted Totals

Estimated as of 10 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core	FY10 Status
In-Country Programming Allocations		6,190,143	2,416,643	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	Approved
Uganda	UAAU/ICMA Partnership Proposal – Achieving the Urban Management Components of the STSUPU program in Uganda	229,500	229,500	0	0	0	Approved
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
	> Support and oversight for data collection and quality (UN Habitat)	45,000	0	0	45,000	0	Approved
	> Support and oversight for capacity building and knowledge sharing (WBI)	45,000	0	0	45,000	0	Approved
Africa Regional	Country programme development and support - Francophone Africa	75,000	75,000	0	0	0	Approved
Global	Expert support for country programme development and operations - financial sustainability; programme design	100,000	100,000	0	0	0	Approved
Country Partnership Programmes		2,512,143	2,012,143	0	0	500,000	
Brazil	Brazil Improving the Managerial Skills of Social Interest Housing Programmes	249,605	249,605	0	0	0	Approved
India	Citywide Slum Upgrading Plan (CSUP) for the Heritage City of Agra (India)	499,987	499,987	0	0	0	Approved
India	Supporting and Operationalising the National Urban Sanitation Policy (NUSP) in India	75,000	75,000	0	0	0	Approved
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	Approved
India	Knowledge Support for PEARL Programme under JNNURM	500,000	500,000	0	0	0	Approved
India	Planning Support Unit: An Initiative to Support City Development Planning in the State of Madhya Pradesh	249,519	249,519	0	0	0	Approved
India	India State of the Cities Report	363,032	363,032	0	0	0	March 31 Batch, in process
Philippines	Philippines Traffic and Transport Management for CDS Cities	500,000	0	0	0	500,000	Approved
TOTAL ALLOCATIONS		19,766,020	14,492,520	2,685,500	588,000	2,000,000	
		1,334,927	1,334,927 Of Which are March 31 Batch with approval expected during Q1 of FY11				

CITIES ALLIANCE SECRETARIAT
FY10 BUDGET REPORT
(US\$)
Estimated as of 10 June 2010

Unaudited

See Notes	FY10 Budget	FY10 ACTUALS	FY10 budget vs actuals	% FY10 actual costs vs budget
SOURCES OF FUNDS - Secretariat Budget				
	3,050.0	3,050.0	-	
	(179.8)	(179.8)	-	
	140.4	140.4	-	
	8.0	8.0	-	
#1	40.0	35.0	5.0	-13%
#2	460.0	404.1	55.9	-12%
			-	
	3,518.6	3,457.7	60.9	-2%
USES OF FUNDS - Secretariat Budget				
Management & Administration				
Staff Costs:				
#3	912.8	848.7	64.1	-7%
	219.7	222.4	(2.6)	1%
#4	310.1	330.0	(19.9)	6%
#5	400.0	350.0	50.0	-13%
			-	
	1,842.6	1,751.0	91.6	-5%
Programmatic Activities				
Staff Costs:				
#6	444.1	508.0	(63.9)	14%
#2	380.0	350.0	30.0	-8%
	140.4	140.4	-	
#2	80.0	54.1	25.9	-32%
#7	506.2	405.4	100.8	-20%
#8	25.0	59.0	(34.0)	136%
	100.0	87.7	12.3	-12%
			-	
	1,675.7	1,604.6	71.1	-4%
	3,518.4	3,355.7	162.7	-5%
ENDING BALANCE				
	0.3	102.0	(101.7)	-3%

See Notes on Following Page

CITIES ALLIANCE SECRETARIAT
PROJECT STAFF ACTIVITIES - FY10
(US\$)
Estimated as of 10 June 2010

Unaudited

See Notes	FY10 Budget	FY10 ACTUALS	FY10 budget vs actuals	% FY10 actual costs vs budget
SOURCES OF FUNDS - Project Staff				
#9	200.0	200.0	-	
	77.0	57.8	(19.2)	
	Total Project Staff Sources of Funds	277.0	257.8	(19.2)
USES OF FUNDS - Project Staff				
	200.0	200.0	-	
	77.0	57.8	(19.3)	
	Total Project Staff Uses of Funds	277.0	257.8	(19.3)

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/press conference/meetings expenses.
- Note 5.** Actual annual Travel costs are expected to be \$50K (13%) less FY10 estimated budget, 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 one project staff was expected to be partially charged to the next phase of CLIFF, which did not materialise.
- 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) was exceeded by \$34K (136%) due to increased production of CA publications for CG annual meetings and WUF 2010.
- Note 9.** Staff assigned to work on non-core funded special projects are included in this section. Budgeted for FY10 is the on-going special secondment (in-kind) of Thierry Paulais from AFD for the Financing of African Cities study. In addition, CA hired the 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) scaling up the advocacy work programme; and,
- (iv) improving internal processes for managing the knowledge, learning and communications work programmes.

A \$19.25m budget is proposed to support the work programme -- \$10.25m 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 following page. **EXCO decision on the total budget and budget allocations among the main product lines is requested.**

Included in the budget is \$3.4m in Core funds proposed for Secretariat costs and for other partnership activities (including CG/EXCO meeting costs). This is up 12% from FY10 budget for normal inflation increases. No additional staffing is proposed for the year. See page 14 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.

FY11 PROPOSED BUDGET

	FY11 Budget	Core	Gates	Other*
FUNDS AVAILABLE FOR ALLOCATION				
- Projected				
Balance Forward - Unallocated Funds	13,006,703	35,203	11,009,994	1,961,507
Contributions Received **	10,000,000	10,000,000	0	0
Investment Income Received	480,000	330,000	150,000	0
Less WB TF Admin Fees Paid	(111,750)	(111,750)	0	0
FUNDS AVAILABLE FOR ALLOCATION	23,374,953	10,253,453	11,159,994	1,961,507
ALLOCATION OF FUNDS				
Partnership Operations (incl Secretariat Costs)	3,300,000	3,300,000	0	0
Global Program Operations:				
Grant Facility (old) - Country/Regional Activities	0	0	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
In Country Programming:				
Land, Services & Citizenship Programme	8,600,000	600,000	8,000,000	0
Other In-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	19,250,000	10,250,000	8,000,000	1,000,000
ENDING BALANCE - UNALLOCATED FUNDS	4,124,953	3,453	3,159,994	961,507

* Other funding includes Africa Facility.

** Only new contributions available for allocation are reported.

*** Includes only specific M&E funding allocations. Other M&E activities integrated with other budget lines.

CITIES ALLIANCE SECRETARIAT
FY11 PROPOSED BUDGET
(US\$)

See Notes		Core	Non-Core	In-Kind	TOTAL
	SOURCES OF FUNDS - Secretariat Budget				
	Core Funds - Approval Requested for FY11	3,300,000	0	0	3,300,000
	Core Funds, carry-forward (estimated)	102,000	0	0	102,000
#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	3,417,000	1,088,089	654,000	5,159,089
	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	239	0	0	239

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.
- 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.

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

Resource mobilisation. Support to EXCO for 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 are 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, which are being processed as agreed with EXCO in the April 15, 2010 report submitted for no objection. It is anticipated that 26 proposals will be approved for funding (many already have), with grant agreements being set up over the next few months. It is expected that most of these proposals will be processed for approval by the end of June, although approximately \$1.0m-\$1.5m may not reach the approval stage until the first quarter of FY11. All are shown as allocated during FY10 in this reporting.

As part of the Secretariat's reorganization, the on-going portfolio from the old grant facility, plus the March 31 batch, 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.)

Catalytic Fund (new). A draft design of Catalytic Fund is being submitted to EXCO for review at its July 2010 meeting. Based on EXCO feedback, the team would then finalise and launch the approved design during FY11. This would include development of the criteria, application forms, appraisal process and approval procedures.

There is only one call for proposals budgeted for FY11, tentatively proposed for the third quarter of FY11 (Jan-Mar 2011). The large final batch of proposals under the old grant facility depleted the unallocated funding balance the CA had been carrying, leaving no excess funds available for budgeting in FY11. This large batch of proposals will also consume significant staff time to

process during the first months of FY11, leaving less time to implement the new Catalytic Fund and in-country programming. Pushing the first Call of proposals into early 2011 will give the team more time to prepare for successful implementation.

The Catalytic Fund also includes a small-grants window that is not subject to the call of funds cycle, and is proposed to become operational early in FY11.

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. Another priority will be to improve the knowledge management products and systems in the Secretariat to increase effectiveness and strengthen linkages with the CA results framework and in-country operations (particularly with the knowledge-focused India programme). This will be undertaken through internal process improvements, with no budget implications.

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 in-country programming in Low Income Countries. The other main priority will be to improve the communications products and systems in the Secretariat to increase effectiveness in support of the CA results framework and in-country operations (no budget implications).

Monitoring & Evaluation. The main activity during FY10 was the initiation of an Evaluation of CA Implementation Modalities (approved in FY09). The study will be completed during the first half of FY11, and will feed into design and implementation of the new instruments (Catalytic Fund and in-country programming). The next independent evaluation of the CA will also be commissioned during FY11. The Secretariat will work with EXCO to develop the TOR, to be reviewed at the November 2010 meeting of the CG. The other main priority during FY11 will be to integrate the results and monitoring framework into the new business model.

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 supervision of the Uganda programme, set-up of the Ghana and Vietnam programmes, and working with CA members and EXCO to identify and approve the fourth LSC country. Because of budgetary constraints, it is proposed that the number of LSC countries be reduced from five to four.

Other in-country programming and support. The in-country programming product-line will be further developed and piloted during the first half of FY11, with the CG to review the proposed design at its November 2010 meeting. 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.

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 has been substantially funded during FY09-FY10; India in FY10-FY11, and Philippines in 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 in-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-managed work. Train staff on maintenance and utilisation of PPDB.