

Cities Alliance

Cities Without Slums

Executive Committee Meeting
Hanoi, Vietnam
30 October 2012

Agenda Item No. 2: Budget Update
Support Document: Briefing Note, FY13 Budget

Background:

At its June 2012 meeting in Kampala, EXCO reviewed estimated FY12 financial reporting and the proposed FY13 programme and secretariat budgets.

Actual FY12 financial reporting has subsequently been completed, resulting in some modest adjustments to the reporting reviewed by EXCO in June. These adjustments also impact on the FY13 budget. In addition, new funding from German cooperation has been mobilized in support of development of a CA strategy for Sub-Saharan Africa, for which budget adjustments are requested.

This note gives a short briefing to EXCO on these adjustments. The actual FY12 reporting and adjusted FY13 budgets are included in the financial reporting issued as part of the Consultative Group documentation.

Recommended Action:

- Confirm approval for FY13 budget adjustments.

BRIEFING TO EXCO

Update of FY12 financial reporting and FY13 Budget

Note 1.

FY12 ending balance of Core Funds Available for Allocation has been reduced from \$4.3m to \$2.9m. Most of this change results from a refund of Contributions made by Netherlands after its withdrawal from the CA, and by the Asian Development Bank after the closure of the CA-ADB trust fund.

Note 2.

Actual Secretariat costs for FY12 were \$0.2m less than had been previously reported due largely to lower final payroll costs than had been estimated.

Note 3.

As a result of lower FY12 Secretariat costs, the carry-forward into the FY13 budget (\$558,349) was more than estimated, which results in a reduction of the proposed FY13 Secretariat budget allocation, from \$3.325m to \$3.150m.

Note 4.

The FY13 Core budget includes expected contributions that are \$0.5m greater than had been originally proposed (\$7.75m instead of 7.25m), resulting from an unplanned financial contribution from GIZ of EUR400,00.

Note 5.

The revised FY13 budget proposes that these increased funds from the GIZ contribution be allocated towards in increased budget for Country/Regional Programming & Support, to \$1.5m from \$1.0m. These funds would be used for development of CA strategic plans for Sub-Saharan Africa, including mobilization of members.

See following pages for cross-reference of Notes.

CITIES ALLIANCE
Sources & Uses of Funds - SUMMARY
As of 30 June 2012 (Not Final)

CORE FUND			NON-CORE FUNDS	
Cumulative	FY12		FY12	Cumulative
82,602,483	7,461,130	Contributions Received	108,838	74,764,429
-	-	In-Kind Contributions	477,094	9,603,579
(1,966,526)	(1,966,526)	Contribution Adjustments *	(369,827)	(369,827)
5,836,496	104,465	Investment Income	81,178	922,969
<u>86,472,453</u>	<u>5,599,069</u>	Total Sources of Funds	<u>297,283</u>	<u>84,921,150</u>
(72,683,035)	(8,068,649)	Project Disbursements	(3,282,443)	(57,423,475)
-	-	In-Kind Disbursements	(477,094)	(9,603,579)
(1,146,182)	(83,646)	Trust Fund Administration Fees	(1,633)	(1,522,976)
32,001	-	Foreign Exchange Gain (Loss)	(70,330)	239,899
<u>(73,797,216)</u>	<u>(8,152,295)</u>	Total Uses of Funds	<u>(3,831,500)</u>	<u>(68,310,131)</u>
<u>12,675,237</u>		Fund Balance \$		<u>16,611,019</u>
(9,727,223)		Less: Undisbursed Allocations		(8,269,221)
<u>2,948,014</u>		Funds Available for Allocation		<u>8,341,798</u>

* Contributions adjustments for Core funds consist of refunds to ADB (\$295,251), DFID (\$6,675), and Netherlands (\$1,664,600, to be booked in FY13). Non-Core adjustments consist of re-allocations from Non-Core to Core funds for USAID (\$69,503), SIDA (\$71,526), and Italy (EUR 180,000 or \$228,798).

NOTE 1

CITIES ALLIANCE SECRETARIAT
FY12 BUDGET REPORT - CORE
FY12 Actual Costs
(US\$)

See Notes	CORE FUNDS	FY12 Original Budget Plan	Actuals - June 30, 2012	Utilization rate (%)
	SOURCES OF FUNDS - Secretariat Budget			
	Core Funds - Approval Requested for FY12	2,750,000	2,750,000	100%
#1	Core Funds, FY11 carry-forward	923,489	923,489	100%
	Staff secondments and JPO programs	0		
	On-going Regional Staff allocations	0		
	On-going Norway MTS Support	0		
	Funding from other Non-Core sources	0		
	WB/misc. funding	0		
	Travel Rebate	0		
	Total Sources of Funds - Secretariat	3,673,489	3,673,489	100.00%
	USES OF FUNDS - by Secretariat Funding Source*			
	Staff costs (salary + benefits) - HQ	2,241,471	1,946,268	87%
	Staff costs (salary + benefits) - Field	247,849	181,967	73%
#2	Total Staff Costs	2,489,320	2,128,236	85%
#3	Travel	306,220	203,601	66%
#4	Short-term consultants / other labor costs	217,000	195,294	90%
	Contract. Services (e.g. printing, publishing, food services, internal training)	62,000	(1,918)	-3%
#5	Overhead Costs	383,949	295,053	77%
#6	<i>Meeting & Events:</i>			
	- CG/PPF/EXCO Meetings	185,000	285,392	154%
	- WUF/ Africities / Urban Forum / Others	30,000	9,484	32%
	Total Meetings & Events:	215,000	294,876	137%
	Total Uses of Funds - Secretariat	3,673,489	3,115,140	85%
#7	Ending Balance - Secretariat (to FY13)	0	558,349	

- Note 1. The Secretariat had finished FY11 with savings of \$923,489 , which was carried forward to FY12
- Note 2. FY12 actual staff costs we less than budgeted because of unfilled staff positions.
- Note 3. Travel expenses totalled 66% of the original FY12 budget, due to low staff travel/(both operational and fundraising)
- Note 4. Costs to cover procurement consultant and other fiduciary support for grant-making.
- Note 5. Overhead costs include office space, IT and communications, representation and hospitality, supplies and miscellaneous
- Note 6. Costs were considerably higher than had been planned, resulting largely from a major Policy Advisory Forum held in conjunction with July 2011 EXCO meeting in Accra, and associated with the Ghana Urban Forum.
- Note 7. Balance of Secretariat Budget Core Funding will be carried forward to FY13 budget

NOTE 2

NOTE 3

NOTE 2
NOTE 3

**CITIES ALLIANCE SECRETARIAT
FY13 PROPOSED BUDGET**
(US\$)

See Notes

	Core	Non-Core	In-Kind	TOTAL
SOURCES OF FUNDS - Secretariat Budget				
Core Funds - Approval Requested for FY13	3,150,000	0	0	3,150,000
Core Funds, FY12 balance carry forward	558,349	0	0	558,349
#1 Staff secondments and JPO programs	0	0	420,977	420,977
#2 On-going Regional Staff allocations	0	155,390	0	155,390
#3 Funding from other Non-Core sources	0	364,929	0	364,929
WB/misc. funding	0	0	0	0
Total Sources of Funds - Secretariat	3,708,349	520,319	420,977	4,649,645
USES OF FUNDS - by Secretariat Funding Source*				
#4 Staff costs (salary + benefits) - HQ	2,394,847	49,929	420,977	2,865,752
#4 Staff costs (salary + benefits) - Field	250,300	155,390	0	405,690
Total Staff Costs:	2,645,147	205,319	420,977	3,271,442
#5 Travel	200,000	176,000	0	376,000
#6 Short-term consultants / other labor costs	184,000	100,000	0	284,000
#7 Contractual Services (e.g., printing, graphics)	27,202	18,000	0	45,202
#8 Overhead Costs	327,000	21,000	0	348,000
#9 Meeting & Events:				
- CG/PPF/EXCO Meetings	125,000	0	0	125,000
- WUF/ Africities / Urban Forum / Others	200,000	0	0	200,000
Total Uses of Funds - Secretariat	3,708,349	520,319	420,977	4,649,644
Budgeted Ending Balance-Secretariat	0	0	0	0

NOTES ON FY13 BUDGET

- Note 1.** In-kind contribution represents secondments from France (MFA), Germany (GTZ) and 6 month funding for the Italian Junior Professional Officer who joined the CA in January of 2010.
- Note 2.** On-going non-core allocations for regional advisory staff are funded from SIDA and Africa Facility.
- Note 3.** This primarily includes Secretariat costs covered by the Land, Services & Citizenship programme.
- Note 4.** The proposed budget includes no additional staff slots beyond those already approved. Regional advisors for India and West Africa are now funded from the Core Fund, others (Latin America and South Africa) are funded from Non-core sources. See notes above.
- Note 5.** The travel budget line excludes Secretariat travel to Events/Meetings.
- Note 6.** The budget includes costs of writers for CA knowledge products, communications support, consultant for Policy Advisory Forum, and fiduciary services (procurement, safeguards), as well as local consultants for the LSC programme.
- Note 7.** Contractual services line item represents estimated cost of services to be provided by various vendors during the course of FY13. The services include contractual designing and production of CA materials, other communications & publishing costs, minor representation/hospitality costs.
- Note 8.** Estimated overhead cost budget is mostly based on FY12 actuals and covers expenses such as office space, IT costs, supplies and other miscellaneous.
- Note 9.** The meeting/events budget is greater than normal because of two major events during FY13 -- WUF and Africities. Budget includes travel for staff and specially-invited guests, speakers, participants.

Sources & Uses of Funds -- FY 13 Budget

PROPOSED

Notes On Budget	COMBINED CORE & NON-CORE FUNDS	FY 13 Budget by Funding Source			
		FY13 TOTAL	Core	Gates (LSC)	Other*
	FUNDS AVAILABLE FOR ALLOCATION - Estimated				
	Balance Forward, prior year - Unallocated Funds	11,788,804	2,802,328	8,129,658	856,818
1	Contributions Expected	7,750,000	7,750,000	0	0
	Contribution Adjustments	(136,282)	0	0	(136,282)
	Investment Income	155,000	105,000	50,000	0
	Allocation Cancellations, Reflows & Adjustments	0	0	0	0
	Less WB TF Admin Fees Paid	(84,750)	(84,750)	0	0
	FUNDS AVAILABLE FOR ALLOCATION	19,472,772	10,572,578	8,179,658	720,536
	ALLOCATION OF FUNDS				
2	Partnership Operations (incl Secretariat Costs)	3,150,000	3,150,000	0	0
	Global Program Operations:				
3	Catalytic Fund (new)	2,200,000	2,200,000	0	0
4	Knowledge & Learning Work Programme	750,000	750,000	0	0
5	Communications & Advocacy Work Programme	400,000	400,000	0	0
6	Monitoring & Evaluation Work Programme	200,000	200,000	0	0
	Country / Regional Partnership Programming:				
7	Land, Services & Citizenship Programme	8,500,000	500,000	8,000,000	0
8	Country Partnership Programmes (Brazil, Phil, & India)	425,000	425,000	0	0
9	Other Country/ Regional Programming & Support	2,220,536	1,500,000	0	720,536
	BUDGETED ALLOCATION OF FUNDS	17,845,536	9,125,000	8,000,000	720,536
	ENDING BALANCE - UNALLOCATED FUNDS	1,627,236	1,447,578	179,658	0

* Other funding sources include Africa Facility and non-core funding from Japan, Netherlands and Sweden.

NOTE 4

NOTE 3

NOTE 5