

FINANCIALS

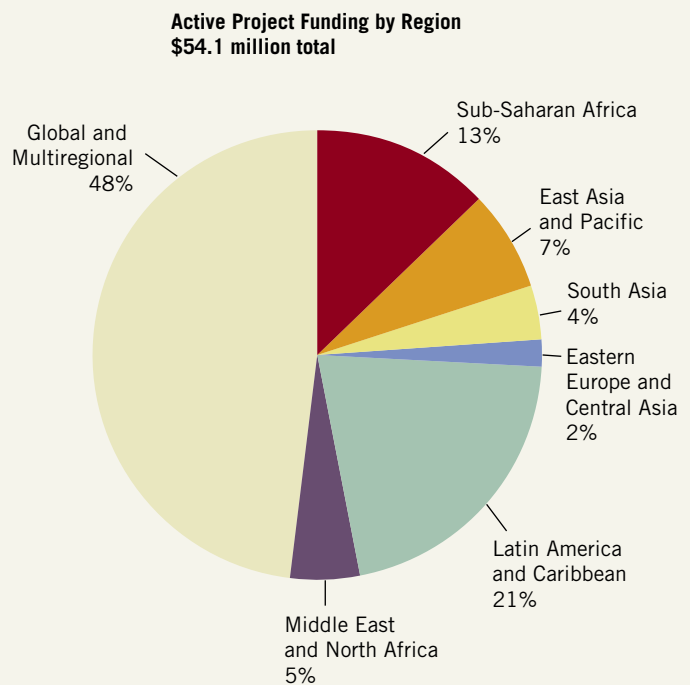
Fiscal Year 2007 Highlights

Cities Alliance members sponsored 18 new CDS and slum upgrading projects as part of the \$10.1 million work programme approved during fiscal year 2007, including \$4.7 million approved from core funds. More than \$13 million was disbursed during the year, including \$8.3 million from core funds. As of 30 June 2007, funding committed to active projects totalled \$54.1 million. (See figure 2 for active project funding by region.)

Nearly \$43.8 million in core funding has been paid in to date by Cities Alliance members. An additional \$52.7 million has been paid in for non-core (ear-marked) purposes.

A distinctive feature of the 2007 work programme was that direct project beneficiaries (cities and local government associations) will receive the Cities Alliance grant funds for nearly half of the approved activities. A Cities Alliance member will receive and implement the funding, on behalf of the beneficiaries, for the remainder of the projects. This trend reflects the Cities Alliance secretariat's increased advocacy for "client execution" of Cities Alliance grant funds. During the first eight years of Alliance operations, less than 20 percent of all Cities Alliance projects have

Figure 2. Active project funding by region



Data as of 30 June 2007

been directly executed by cities or their local development partners.

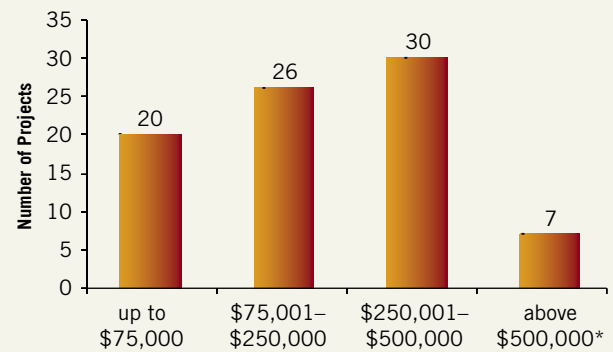
Another feature of the 2007 work programme was the large number of small grants approved for assistance to help cities and national local government associations to prepare CDS and slum upgrading programmes. Half of the 2007 approvals for new projects were for these preparatory assistance grants—five in Sub-Saharan Africa and four in Asia (see figures 3 and 4 for data by grant size). Most of these will result in full funding applications to the Cities Alliance over the coming year or two. Combined with a pipeline of proposals totalling more than \$8 million at the end of fiscal year 2007, the 2008 work programme is expected to rival the record levels approved during 2006.

In membership news, Ethiopia became the fourth developing country to join the Alliance, signing a five-year agreement. The Netherlands renewed its membership, signing a three-year agreement, and France renewed for two years.

A major new non-core funding contribution of nearly \$2.4 million was made by Sweden for the continuation and expansion of the Community-Led

Infrastructure Finance Facility (CLIFF). This funding will be implemented by Homeless International and its partner organizations in India, Kenya and the Philippines; and, by Shack / Slum Dwellers International (SDI) for the design of a “global urban poor development fund.”

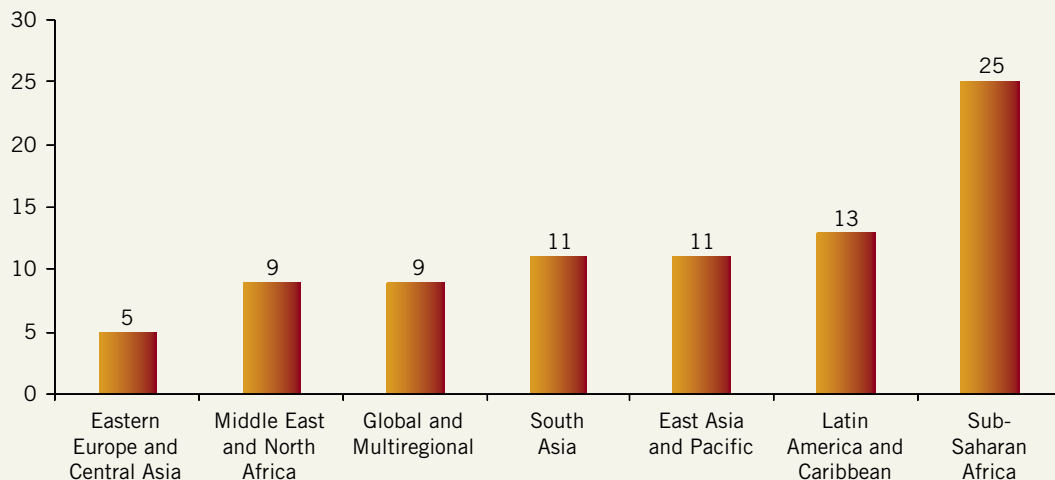
Figure 3. Active Projects by Grant Size: 83 Total



Data as of 30 June 2007

*includes non-core funds

Figure 4. Active Projects by Region: 83 Total



Data as of 30 June 2007

SOURCES OF FUNDS FY00–FY07 (Unaudited)

(US\$ as of 30 June 2007)

SUMMARY

Type of funding	Pledges	Paid-in
Core funding	48,910,000	43,799,711
Non-core funding	54,774,000	45,306,847
Non-core Secretariat funding	7,945,600	7,390,002
Total Funding	111,629,600	96,496,560

Donor	Pledges	Duration	Paid In ^a	
			FY07	Cumulative
Core funding				
ADB	1,250,000	2002–2003, 2005–2007	500,000	1,000,000
Brazil	150,000	2004–2006	100,000	150,000
Canada	1,500,000	2000–2001, 2003–2006	0	1,585,293
Ethiopia	250,000	2006–2010	50,000	50,000
France	1,850,000	2000, 2002–2007	417,213	1,607,540
Germany	2,200,000	2000–2007	320,450	2,064,502
Italy	3,580,000	2000–2007	506,720	3,139,625
Japan	2,000,000	2000–2006	0	1,750,000
Netherlands	3,500,000	2000–2004, 2006–2008	250,000	3,000,000
Nigeria	50,000	2005	0	50,000
Norway	3,055,000	2000–2006	560,296	3,172,382
South Africa	250,000	2006–2010	50,000	50,000
Sweden	4,125,000	2000–2007	1,455,020	4,284,404
UNEP	1,000,000	2003–2006	100,000	1,000,000
UN-HABITAT	200,000	2004–2005	0	200,000
United Kingdom	7,100,000	2000–2007	266,247	7,243,546
United States	2,000,000	2000–2007	250,000	1,750,000
World Bank	14,850,000	2002–2008	2,956,093	11,702,419
Total core	48,910,000		7,782,039	43,799,711
Non-core funding^b				
Canada	75,000	2004	0	73,608
Italy	13,135,000	2001–2008	2,545,068	10,007,016
Japan	5,000,000	2000–2006	0	4,250,000
Netherlands	350,000	2003–2004	0	350,000
Norway	2,300,000	2002–2006	240,127	2,371,929
Sweden	8,454,000	2003–2008	3,110,283	8,655,144
UNEP	15,000	2007	15,000	15,000
United Kingdom	22,620,000	2001–2008	1,334,414	18,129,150
United States	2,125,000	2003–2007	290,000	755,000
World Bank	700,000	2001	0	700,000
Total non-core	54,774,000		7,534,892	45,306,847
Non-core Secretariat funding^c				
World Bank	3,050,600	2000–2002, 2006–2007	7,600	3,050,600
UN-HABITAT	1,983,000	2000–2008	150,000	1,783,000
Sweden	685,000	2005–2007	273,996	729,402
Other	2,227,000	2001–2009	270,000	1,827,000
Total	7,945,600		701,596	7,390,002

Note: Fiscal year covers the period 1 July through 30 June.

(a) Amounts may vary from amounts pledged because of exchange rate fluctuation.

(b) Non-core funding is earmarked for a specific facility, region, or activity. The facilities include the Community-Led Infrastructure Finance Facility, the Cities Without Slums Facility for Sub-Saharan Africa, the Community Water & Sanitation Facility, and the Slum Upgrading Facility.

(c) Secretariat funding includes in-kind funding for staff secondments from UN-HABITAT, Germany, the United Kingdom and the World Bank Staff Exchange Program with the Caisse des dépôts et consignations.

USES OF FUNDS FY00–FY07 (Unaudited)

(US\$ as of 30 June 2007)

SUMMARY

Funding source	Allocations	FY07		Cumulative ^a	
		Disbursements	Allocations	Disbursements	
Core activities	4,714,625	8,264,149	45,673,425	33,535,866	
Non-core activities	5,371,299	4,874,676	57,755,206	39,611,055	
Total Uses of Funds	10,085,924	13,138,825	103,428,631	73,146,921	

APPROVALS BY TYPE OF ACTIVITY

Type of activity	Core Funds	FY07		Cumulative ^a	
		Non-core funds	Core funds	Non-core funds	
City development strategies	962,006	56,775	13,686,249	3,069,495	
Scaling up upgrading	205,000	3,864,000	11,981,111	40,829,492	
CDS and upgrading	2,047,619	847,924	12,956,065	5,998,119	
Secretariat	1,500,000	602,600	7,050,000	7,858,100	
Total approved grants	4,714,625	5,371,299	45,673,425	57,755,206	

APPROVALS BY REGION

Region	Core funds	FY07		Cumulative ^a	
		Non-core funds	Core funds	Non-core funds	
Sub-Saharan Africa	238,281	818,450	8,861,521	3,491,070	
Asia	806,644	14,775	10,414,720	3,216,775	
Eastern Europe & Central Asia	0	0	2,159,227	0	
Latin America & the Caribbean	1,344,700	0	7,412,865	14,377,475	
Middle East & North Africa	245,000	0	3,858,231	0	
Global/Multiregional	580,000	3,935,474	5,916,861	28,811,786	
Secretariat	1,500,000	602,600	7,050,000	7,858,100	
Total approved grants	4,714,625	5,371,299	45,673,425	57,755,206	

SECRETARIAT EXPENDITURES

Expense	FY07	FY06	FY05	Cumulative
Operational				
Secretariat staff	1,040,371	910,708	885,442	5,152,942
Consultants, other labour	104,053	52,387	951	570,969
Travel	332,892	342,524	374,504	1,938,356
Other costs	35,374	36,798	24,945	733,784
Subtotal	1,512,690	1,342,417	1,285,842	8,396,051
Management and administration				
Secretariat staff	859,494	772,551	782,318	4,970,281
Rent, computing, other costs	259,544	293,068	273,658	1,351,414
Subtotal	1,119,038	1,065,619	1,055,976	6,321,695
TOTAL	2,631,728	2,408,037	2,341,818	14,717,747

(a) Data adjusted to include allocations for in-kind Secretariat contributions.

NEW AND ON-GOING ALLOCATIONS

(as of 30 June 2007)

	Grant Amount (US\$)	Start Date	Country	Activity
SUB-SAHARAN AFRICA REGION				
	380,640	Mar-03	Burkina Faso	CDSs and local Poverty Reduction Strategy Papers for the local governments of Bobo-Dioulasso, Banfora and Ouahigouya
	330,000	Apr-06	Burkina Faso	Strategy for Developing Greater Ouagadougou and Improving Basic Infrastructure and City Services in Underprivileged Areas
	330,000	Apr-06	Benin	Development Strategy for Greater Cotonou
	500,000	Feb-07	Cameroon	Urban Development and Poverty Reduction Strategy: City of Douala and its Greater Urban Area
	580,000	Jul-04	Ethiopia, South Africa	Participation of Johannesburg and Addis Ababa in the Johannesburg – Addis Ababa Partnership Programme
	75,000	Jul-03	Ghana	Preparing for a CDS in the Kumasi Region
	75,000	Oct-05	Ghana	Preparatory Assistance for Ghana Municipal Finance and Management Initiative
FY07	75,000	May-07	Kenya	Preparation of Cities Development Strategy (CDS) and State of the Cities Report (SoCR) Programme for Kenyan Urban Local Authorities
	75,000	Oct-05	Mozambique	Slum Improvement Demonstration Project for Maputo City
	500,000	May-06	Mozambique	Improving Water and Sanitation in Quelimane City
FY07	42,000	Apr-07	Mozambique	Preparatory Grant for the Development of a CDS and Slum Upgrading Strategy for Chimoio
FY07	42,000	Apr-07	Mozambique	Preparatory Grant for the Development of a CDS for Vilankulo
FY07	89,325	May-07	Namibia	Preparatory Study: Participatory City Development Strategies in Namibia
FY07	364,450	Mar-07	Regional	Building Partnerships for Cities Without Slums in Eastern and Southern Africa increase
FY07	270,000	Mar-07	Regional	Cities Without Slums: Toward Implementing a Support Program for Countries and Cities of Western and Central French-speaking Africa Increase
	246,600	Dec-04	Regional	Housing Upgrading Finance Initiative
	240,000	May-06	Rwanda	Financial Management Modernization and Development Strategy for Kigali
	380,000	Apr-06	Senegal	Greater Dakar Urban Development Strategy
	430,000	Feb-07	Senegal	National Programme for Slum Improvement and Slum Upgrading in Senegal's Cities: "Senegalese Cities without Slums"
	500,000	Jun-06	South Africa	Upgrading for Growth: Implementing the Breaking New Ground Policy within Ekurhuleni's City Development Strategy

NEW AND ON-GOING ALLOCATIONS—continued

(as of 30 June 2007)

	Grant Amount (US\$)	Start Date	Country	Activity
	535,000	Jun-06	South Africa	The Tshwane Sustainable Human Settlement Strategy and Financing Plan
	500,000	Jul-04	Swaziland	Development of a Comprehensive Urban Upgrading Program for Mbabane
	360,000	Sep-04	Tanzania	Action Plan to Upgrade All Informal Settlements in Dar Es Salaam by 2015
FY07	73,956	May-07	Tanzania	Establishment of Tanzania State of the Cities Report (Preparatory Phase)
	75,000	Jun-06	Zambia	Linking CDSs to Zambia's Emerging Intergovernmental Fiscal System
ASIA REGION				
	215,000	Nov-05	Bhutan	Bhutan National Urban Development Strategy and Thimphu City Development Strategy
FY07	14,775	Dec-06	Bhutan	UNEP Co-financing of Bhutan National Urban Development Strategy and Thimphu CDS
	298,450	Dec-05	China	Urban Upgrading Strategy, Yangzhou
	500,000	Oct-05	China	Economic Revitalization by Cities in Heilongjiang Province
	250,000	Sep-06	China	Shanghai Development Strategy in Regional Context
	450,000	Feb-03	India	Scaling-up the Provision of Universal Minimum Sanitation to Slums in Cities
	182,600	Jul-04	India	Community-Led Sangli Toilet Construction Activity
	495,000	Jul-05	India	Transformation of Mumbai into a World Class City
	180,700	Feb-05	India	Hyderabad City-Wide Slum Upgrading Action Plan
	154,700	Mar-05	India	Visakhapatnam City Development Strategy and Slum Upgrading Action Plan
	184,268	Dec-05	India	City Development Strategy for Hubli-Dharwad
	237,933	Nov-06	India	City Development Strategy for Pro-poor Economic Growth for the Heritage City of Agra
FY07	75,000	Jan-07	India	Urban Institutional Strengthening and Capacity Enhancement Project
FY07	75,000	Mar-07	India	Urban Strategy for India 2025 and Mega Cities Strategy
FY07	74,419	Apr-07	India	Bruhat Bangalore Comprehensive Development and Slum Upgradation Strategy
	500,000	Nov-05	Mongolia	Citywide Pro-poor Ger Upgrading Strategy and Investment Plan (GUSIP)
FY07	75,000	Mar-07	Nepal	Preparation of a Proposal—Nepal: Slum Upgrading Strategies and Investment Program
	500,000	Mar-05	Philippines	Integrated Approaches to Poverty Reduction at the Neighborhood Level—a Cities Without Slums Initiative

NEW AND ON-GOING ALLOCATIONS—continued

(as of 30 June 2007)

	Grant Amount (US\$)	Start Date	Country	Activity
	541,100	Oct-05	Philippines	City Development Strategies in the Philippines: An Enabling Platform for Good Governance and Improving Service Delivery
	500,000	Jul-06	Philippines	A Metro Manila 'Cities Without Slums' Strategy
FY07	357,225	Dec-06	Vietnam	City Development Strategy Focusing on Urban Environment Management in Haiphong City
FY07	75,000	Apr-07	Vietnam	Urban Planning in a Rapidly Urbanizing Setting—Danang
FY07	75,000	May-07	Vietnam	Preparation of a Proposal on "Viet Nam: City Development Strategy for Thanh Hoa City in a Regional Development Context"
EASTERN EUROPE AND CENTRAL ASIA REGION				
	500,000	Jul-05	Azerbaijan	City and Regional Development Strategies in Azerbaijan
	71,000	Mar-06	Moldova	Moldova—City Development Strategy
	230,000	Jul-05	Russian Federation	Vologda Development Strategy Alliance
	250,000	Sep-05	Russian Federation	Stavropol Regional Development Strategy—Financial Assessment and Investment Review
	250,000	Sep-05	Russian Federation	Chuvash Republic Regional Development Strategy—Financial Assessment and Investment Review
LATIN AMERICA AND THE CARIBBEAN REGION				
	450,000	Oct-05	Brazil	Strategies for the Sustainable Planning, Financing and Implementation of Low-Income Housing and Urban Development Policy (Municipality of São Paulo)
	7,208,280	Dec-05	Brazil	Bahia Integrated Urban Development Program—Viver Melhor/BIRD: Technical and Methodological Assistance Project
	232,000	Apr-06	Brazil	Enhancing Territorial Equity and Social Inclusion in Brasilia's Land Markets
FY07	75,000	Oct-06	Brazil	Preparation of Materials for Dissemination and Capacity-Building in Sustainable Land Regularization Actions—Regularization Toolkit
FY07	500,000	Apr-07	Brazil	Poverty-Focused City Development Strategy for the Metropolitan Region of Belo Horizonte
FY07	498,200	Jun-07	Chile	Support for the Implementation of the Programme to Recover 200 Neighbourhoods through Capacity Building and Strengthening among Local Actors and Public Services
	324,120	May-04	Colombia	Slum Upgrading and Land Tenure Regularization
	298,000	Apr-05	Colombia	Housing and Land for the Urban Poor

NEW AND ON-GOING ALLOCATIONS—continued

(as of 30 June 2007)

	Grant Amount (US\$)	Start Date	Country	Activity
FY07	216,500	Oct-06	Ecuador	Urban Expansion Strategy for Intermediate Cities in Ecuador
	500,000	Apr-06	El Salvador	Preparation of an Urban Development Strategy for the Region La Paz in the Department of La Paz and San Vicente
	75,000	Sep-05	Guatemala	Program for Slum Upgrading through Financing from the Private Banking Sector—Phase 1—Project Preparation
FY07	55,000	Sep-06	Jamaica	Preparation Grant for Squatter Management and Low-Income Housing Policy Development and Program Implementation
	879,195	Jul-04	Regional	Scaling Up Successful Methodologies in the Latin America and Caribbean Region (Italy)
MIDDLE EAST AND NORTH AFRICA REGION				
	350,000	Dec-05	Egypt	Alexandria City Development Strategy for Sustainable Development: Phase II
	200,000	Mar-04	Jordan	Greater Amman Development Strategy
	379,231	Oct-06	Lebanon	Al Fayhaa Sustainable Development Strategy
	245,000	Apr-03	Morocco	Metropolitan Cooperation in the Tetouan Region: the Role of the CDS
	490,000	Sep-05	Morocco	Partnership Framework Agreement for Ministry of Housing and Supporting and Monitoring of the Program Urban Development “Cities Without Slums”
	250,000	Feb-05	Regional	Establishing a Regional City Development Strategy Facility at the Arab Urban Development Institute (AUDI), Riyadh, Saudi Arabia
FY07	245,000	Jun-07	Tunisia	Greater Sfax Development Strategy—Phase 2
	200,000	Jan-05	Yemen	Medium to Long Term City Development Strategy for Local Economic Development for Hodeidah and Mukalla Cities
	250,000	Nov-06	Yemen	Sana’a City: Medium to Long-Term City Development Strategy for Sustainable Development
GLOBAL AND MULTIREGIONAL ACTIVITIES				
FY07	150,000	Dec-06	Global	Knowledge Dissemination—increase (Web site, publications, etc.)
FY07	150,000	Dec-06	Global	Knowledge Generation and Learning—increase
FY07	75,000	Dec-06	Global	Consultative Group and Public Policy Forum meetings—increase (Washington)
FY07	100,000	Dec-06	Global	Policy Advisory Board Semi-Annual Meeting increase
FY07	15,000	Dec-06	Global	Technical Peer Reviews—increase

NEW AND ON-GOING ALLOCATIONS—continued

(as of 30 June 2007)

	Grant Amount (US\$)	Start Date	Country	Activity
	10,000,000	Oct-02	Global	Development of the Community-led Infrastructure Finance Facility (CLIFF)—UK-DFID
	2,300,000	Apr-03	Global	The Development of the Community-led Infrastructure Finance Facility (CLIFF)—Sida
FY07	2,364,000	Feb-07	Global	The Development of the Community-led Infrastructure Finance Facility (CLIFF)—increase in Sida funding
FY07	90,000	Dec-06	Global	Final Project Evaluations—increase
	75,000	Dec-04	Global	Capacity Enhancement for Direct Sub-Sovereign Borrowing
	127,000	Jul-05	Global	Municipal Finance Task Force
	75,000	Jan-05	Global	Strengthening CA Collaboration with UCLG
	250,000	Feb-06	Global	Developing MDG-based CDSs
	250,000	Feb-06	Global	UCLG Committee on Local Finance and Development (formerly Municipal Finance Commission)
	517,000	Apr-06	Global	Mainstreaming Cities Alliance Engagement with UCLG
	685,000	Feb-05	Global	Secondment to Cities Alliance Secretariat (Sweden)
	10,000,000	Jul-05	Multiregional	Slum Upgrading Facility (SUF)—Pilot Programme
	242,500	Mar-05	Global	Incubating Local Economic Development (LED) Partnerships
	525,000	Mar-05	Global	Advancing the Cities Alliance Knowledge Generation and Dissemination Agenda (DFID)—including MFTF and Urban Finance co-financing
	610,000	Oct-05	Global	Enhancing Urban Development in National Policy Dialogues
	100,000	Jan-06	Global	CA Urban Environment Initiative
	75,000	Jan-06	Global	Peer Review on Slum Estimations
FY07	71,474	Jul-06	Global	World Urban Forum: Sustainable Urban Financing
FY07	100,000	Aug-06	Regional	Optimising Cities Alliance Participation in Africities Summit 2006

ACTIVITIES CLOSED OR CANCELLED DURING FY07

	Grant Amount (US\$)	Completion Date	Country	Activity
SUB-SAHARAN AFRICA REGION				
	215,000	Mar-07	Regional	Building Partnerships for Cities Without Slums in Eastern and Southern Africa
	215,000	Feb-07	Regional	Cities Without Slums: Toward Implementing a Support Program for Countries and Cities of Western and Central French-speaking Africa
	500,000	Feb-07	South Africa	South African Municipal Water and Sanitation Partnership Initiative
	75,000	Sep-06	South Africa	Preparation of the South African National Upgrading Support Programme
	500,000	Dec-06	South Africa	Support for the Preparation of 2006 State of South African Cities Report
ASIA REGION				
	478,300	Cancelled	India	Cauvery Agamana—Extension of Water Supply and Sanitation Services to the Urban Poor in Bangalore City
	70,000	Jun-07	India	Tamil Nadu Urban Land Market Assessment for Chennai, Coimbatore, and Tiruppur
	75,000	Dec-06	Pakistan	Towards a CDS System in Punjab
	248,320	Aug-06	Democratic Republic of Timor Leste	City Upgrading Strategy for Urban Dili
	250,000	Jun-07	Vietnam	CDSs in Medium Cities
	500,000	Aug-06	Regional	City Networking and Investment Marketplace Development initiative in Asia
EUROPE AND CENTRAL ASIA				
	458,427	Jun-06	Latvia	Cities Programme—CDS for Economic Development
LATIN AMERICA AND THE CARIBBEAN REGION				
	500,000	Jun-06	Brazil	National Urban Development Policy: Support to the National Program for Land Tenure Regularisation and Socio-Environmental Risk Prevention in Precarious Settlements
	256,445	Mar-06	Jamaica	Kingston and St. Andrew Sustainable Development Plan

ACTIVITIES CLOSED OR CANCELLED DURING FY07—continued

	Grant Amount (US\$)	Completion Date	Country	Activity
MIDDLE EAST AND NORTH AFRICA REGION				
	74,000	Sep-06	Egypt	Preparatory Assistance Proposal for Egypt Urban Sector, Slum Upgrading and City Development Strategies
	75,000	Sep-06	Iran	Preparatory Assistance to the Ministry of Housing and Urban Development for the Institutionalization of the CDS into the Urban Planning Process in Iran
	250,000	Feb-07	West Bank and Gaza	Establishment of an Integrated Strategic Planning Process for the Neighboring Towns of Ramallah, Al-Bireh and Beitunia
GLOBAL AND MULTIREGIONAL ACTIVITIES				
	249,666	Apr-07	Global	Building a Solid Foundation: Overcoming the Obstacles to Scalability of Housing Microfinance for the Poor
	75,000	Oct-06	Global	CLIFF Independent Evaluation
	240,000	Dec-06	Global	CA Independent Evaluation 2006
	125,000	Jun-07	Global	CA Management Succession