

Cities Alliance

Cities Without Slums

Executive Committee Meeting
Maputo, Mozambique
6 November 2011

Agenda Item No. 4: Cities Alliance Business and Partnership Matters
Support Document: Financial and Budget Report, FY11-FY12

Background:

At its July 2011 meeting in Accra, EXCO reviewed estimated FY11 financial reporting and proposed FY12 program and secretariat budgets.

Actual FY11 financial reporting was subsequently completed, resulting in some modest adjustments to the reporting reviewed by EXCO in July. These adjustments also have some impact on FY12 budgets.

This note gives a short briefing to EXCO on these adjustments. The actual FY11 reporting and adjusted FY12 budgets are included in the financial reporting issued as part of the Consultative Group documentation.

Recommended Action:

- Confirm approval for FY12 budget adjustments.

BRIEFING to EXCO

Update of FY11 financial reporting and FY12 Budget

1. Financial reporting for FY11 has now been completed. The following adjustments were made from the estimated FY11 reporting provided to EXCO for its July 2011 meeting. The main variances are:
 - a. **Core funding allocations** were \$8.6m instead of \$10.4m as had been previously estimated. This is mostly attributable to the decision to report approvals for the Catalytic Fund only after the final funding allocation is approved, rather than when the Concept Notes were approved for further processing. During the previous reporting, Catalytic Fund approvals were shown based approval of the Concept Notes; these approvals have been deducted. Also, a Philippines project shown as approved in FY11 was actually approved early in FY12; it also has been removed.
 - b. **Non-Core allocations** are \$1.7m greater than that previously estimated. Most of this results from an increase for the Bahia, Brazil slum upgrading project funded through Italian non-core funds.
 - c. Contributions paid in were \$0.5m less than estimated, because Sweden's 2011 contribution was received early in FY12 rather than late in FY11, as had been anticipated.
 - d. Actual Secretariat costs were \$0.2m less than estimated, resulting from a correction in how regional advisor costs were reported. The costs of regional advisors are in the midst of being transferred to the Secretariat budget from other sources of funds. This adjustment has increased the carry-forward budget into FY12 from the original estimate of \$699,625 to an actual amount of \$923,489.
2. **An adjustment in FY12 Secretariat budget is proposed** based on the increased carryforward from FY11 (see 1.d.), partially offset by an adjustment (increase) in staff costs for FY12 for regional advisors that are being transferred to Secretariat budget. In addition, the subsidy for a Junior Program Officer being funded by Italy through the WB's JPO program will cover only 50% of costs starting from mid-FY12. The net changes proposed in the budget are:
 - a. **\$100,000 decrease in Core funds approved** for FY12 budget, reduced from \$2,850,000 to \$2,750,000.
 - b. **\$125,000 increase in Secretariat staff costs, travel and overheads.**
3. **A reduction of \$100,000 in CA Program budget for FY12**, resulting from decrease in Core funds for the FY12 Secretariat budget (see 2.a.).
4. The actual unallocated fund balance carried from FY11 into FY12 was \$1.2m more than estimated. However, no increase has been made to FY12 program budget to utilize this additional carryforward, which resulted mainly from the timing of approvals for the Catalytic Fund.
5. See adjusted FY11 and FY12 reporting on following pages, cross-referenced with the notes above. .

FY11 Sources & Uses of Funds -- Combined Sources

FY11 Totals, as of 30 June 2011

UNAUDITED

<u>COMBINED CORE & NON-CORE FUNDS</u>	<u>FY11 Actuals</u>	<u>FY 11 Actuals by Funding Source</u>		
		<u>Core</u>	<u>Gates (LSC)</u>	<u>Other*</u>
FUNDS AVAILABLE FOR ALLOCATION - Estimated				
Balance Forward from FY10 - Unallocated Funds	17,849,811	4,625,166	11,033,237	2,191,408
<i>1.c</i> Contributions Received	7,074,623	7,074,623	0	0
Investment Income	255,560	156,272	99,288	0
Allocation Cancellations, Reflows & Adjustments **	2,168,758	555,778	0	1,612,980
Less WB TF Admin Fees Paid	(64,595)	(64,595)	0	0
FUNDS AVAILABLE FOR ALLOCATION	<u>27,284,157</u>	<u>12,347,244</u>	<u>11,132,525</u>	<u>3,804,388</u>
ALLOCATION OF FUNDS				
Partnership Operations (incl Secretariat Costs)	3,459,152	3,260,000	0	199,152
Global Program Operations:				
<i>1.b.</i> Grant Facility (old) - Country/Regional Activities	5,076,147	3,594,427	0	1,481,720
<i>1.g.</i> Catalytic Fund (new)	125,000	125,000	0	0
Knowledge & Learning Work Programme	323,500	323,500	0	0
Communications & Advocacy Work Programme	250,000	250,000	0	0
Monitoring & Evaluation Work Programme	125,000	125,000	0	0
Country / Regional Partnership Programming:				
Land, Services & Citizenship Programme	1,272,855	145,855	1,127,000	0
Country Partnership Programmes (Brazil, Phil, & India)	574,500	574,500	0	0
Other Country/ Regional Programming & Support	1,126,207	206,207	0	920,000
<i>1.a.</i> BUDGETED ALLOCATION OF FUNDS	<u>12,332,361</u>	<u>8,604,489</u>	<u>1,127,000</u>	<u>2,600,872</u>
ENDING BALANCE - UNALLOCATED FUNDS	<u>14,951,796</u>	<u>3,742,755</u>	<u>10,005,525</u>	<u>1,203,516</u>

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

* Cancellations include allocations for Abomey, Benin CDS (\$250,000) and partial cancellation for Doualla, Cameroon CDS \$285,000).

CITIES ALLIANCE SECRETARIAT
FY11 BUDGET REPORT - Core Funds
Actual Costs as of June 30, 2011
(US\$)

See Notes	CORE FUNDS	FY11 Original Budget Plan	FY11 Actuals	Utilization rate (%)
	SOURCES OF FUNDS - Secretariat Budget			
	Core Funds - Approval Requested for FY11	3,300,000	3,200,000	
#1	Core Funds, carry-forward (estimated)	102,000	203,387	
	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	15,000		
	Travel Rebate	0		
	Total Sources of Funds - Secretariat	3,417,000	3,403,387	
	USES OF FUNDS - by Secretariat Funding Source*			
	Staff costs (salary + benefits) - HQ	2,297,761	1,757,126	76%
	Staff costs (salary + benefits) - Field	104,500	23,337	133%
#2	Total Staff Costs	2,402,261	1,780,463	79%
#3	Travel	315,000	124,745	42%
#4	Short-term consultants / other labor costs	110,000	114,329	110%
#5	Contract. Services (e.g. publishing costs, food services)	62,000	12,338	20%
#6	Overhead Costs	327,500	293,194	90%
	<i>Meeting & Events:</i>		0	
	- CG/PPF/EXCO Meetings	170,000	154,828	91%
	- WUF/ Africities / Urban Forum / Others	30,000	0	0%
	Total Meetings & Events:	200,000	154,828	77%
	Total Uses of Funds - Secretariat	3,416,761	2,479,899	73%
#7	Ending Balance - Secretariat (to FY12)	239	923,489	

t.d.

Note 1. The Secretariat had finished FY10 with savings of \$203.4K vs. originally planned \$102K, or surplus of 99%

Note 2. Actual staff costs totaled 79% of the planned amount due to slow filling of vacant staff slots

Note 3. Travel expenses totaled 42% of estimated FY11 budget due to lower staffing set up and fewer number of trips
 FY12 budget plan will include higher volume of operational travel though

Note 4. t The new CA business model as well as the WB recently introduced requirements for the grant processing increased the demand in highly-qualified professionals (Clare Short, Martha Jarosewich-Holder). The interim consulting arrangements for the CA secretariat staff (mostly GPO and Communications teams) during their conversion to term staff added to the increase of STC original balance. Actual costs exceeded original budget by 4%

Note 5. Contractual services (designing of the CA materials, printing, copying, shipping, freight, other communications and publishing costs) totaled 20% of originally planned budget due to fewer number of printing materials produced in FY11

Note 6. There is 10% saving on Overhead expenses (office rent, IT and communications, representation and hospitality, supplies and miscellaneous) primarily due to reduced secretariat office space and subsequently lower rent payments

Note 7. The Balance of FY11 Core Allocation for Secretariat Costs - to be carried over to FY12 budget

Sources & Uses of Funds -- FY 12 Program Budget

Approved by EXCO at July 2011 meeting in Accra

<u>COMBINED CORE & NON-CORE FUNDS</u>	<u>FY12 TOTAL</u>	<u>FY 12 Budget by Funding Source</u>		
		Core	Gates (LSC)	Other*
FUNDS AVAILABLE FOR ALLOCATION - Estimated				
4. Balance Forward from FY10 - Unallocated Funds	14,951,796	3,742,755	10,005,525	1,203,516
Contributions Expected	8,000,000	8,000,000	0	0
Investment Income	255,000	150,000	105,000	0
Allocation Cancellations, Reflows & Adjustments	0	0	0	0
Less WB TF Admin Fees Paid	(88,500)	(88,500)	0	0
FUNDS AVAILABLE FOR ALLOCATION	23,118,296	11,804,255	10,110,525	1,203,516
ALLOCATION OF FUNDS				
3. Partnership Operations (incl Secretariat Costs)	2,750,000	2,750,000	0	0
Global Program Operations:				
Grant Facility (old) - Country/Regional Activities	350,500	350,500	0	0
Catalytic Fund (new)	2,200,000	2,200,000	0	0
Knowledge & Learning Work Programme	500,000	500,000	0	0
Communications & Advocacy Work Programme	300,000	300,000	0	0
Monitoring & Evaluation Work Programme	100,000	100,000	0	0
Country / Regional Partnership Programming:				
Land, Services & Citizenship Programme	6,500,000	500,000	6,000,000	0
Country Work Programmes (Brazil, Phil, & India)	500,000	500,000	0	0
Other Country/ Regional Programming:				
> Sub-Saharan Africa Regional action plans	1,250,000	500,000		750,000
> Other regional action plans	500,000	500,000		
BUDGETED ALLOCATION OF FUNDS	14,950,500	8,200,500	6,000,000	750,000
ENDING BALANCE - UNALLOCATED FUNDS	8,167,796	3,603,755	4,110,525	453,516

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

**CITIES ALLIANCE SECRETARIAT
FY12 BUDGET
(US\$)**

Approved by EXCO at July 2011 meeting in Accra

See Notes		Core	Non-Core	In-Kind	TOTAL
	SOURCES OF FUNDS - Secretariat Budget				
	Core Funds - Approval Requested for FY12	2.9 2,750,000	0	0	2,750,000
	Core Funds, FY11 balance carry forward	923,489	0	0	923,489
#1	Staff secondments and JPO programs	0	0	546,113	546,113
#2	On-going Regional Staff allocations	0	157,661	0	157,661
#3	Funding from other Non-Core sources	0	578,555	0	578,555
	WB/misc. funding	0	0	0	0
	Total Sources of Funds - Secretariat	3,673,489	736,216	546,113	4,955,818
	USES OF FUNDS - by Secretariat Funding Source*				
#4	Staff costs (salary + benefits) - HQ	2,241,471	135,510	546,113	2,923,094
#4	Staff costs (salary + benefits) - Field	247,849	157,661	0	405,510
	Total Staff Costs:	2,489,320	293,171	546,113	3,328,604
#5	Travel	306,220	200,000	0	506,220
#6	Short-term consultants / other labor costs	217,000	99,045	0	316,045
#7	Contractual Services (e.g., printing, graphics)	62,000	41,500	0	103,500
#8	Overhead Costs	383,949	102,500	0	486,449
#9	Meeting & Events:				
	- CG/PPF/EXCO Meetings	185,000	0	0	185,000
	- WUF/ Africities / Urban Forum / Others	30,000	0	0	30,000
	Total Uses of Funds - Secretariat	2.b. 3,673,489	736,216	546,113	4,955,818
	Budgeted Ending Balance-Secretariat	0	0	0	0