

Cities Alliance

Cities Without Slums

Executive Committee Meeting

Kampala, Uganda

6 June 2012

Agenda Item No. 4: Business Plan FY12-FY14 Update

Support Document: Financial and Budget Report, FY12-FY13

Background:

The CA has been operating under the Programme and Secretariat budgets approved by EXCO at its July 2011 meeting in Accra and ratified by the CG at its November 2011 meeting in Maputo.

This report provides estimated FY12 financial results (projected to June 30, 2012) and operational highlights from the year. The report also includes proposed Programme and Secretariat budgets for FY13, along with a summary of Outputs budgeted for the year.

Recommended Action:

- Approve Programme and Secretariat budgets for FY13.

Cities Alliance Financial and Budget Report
FY12-FY13

As of May 16, 2012

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FINANCIAL SUMMARY
(In US\$ millions)

FY12 estimated as of May 16, 2012 ^

	FY07	FY08	FY09	FY10	FY11	FY12^	FY12- FY11 % Change
Contributions Paid In:							
Core	7.782	10.158	7.001	7.101	7.075	7.352	4%
Facilities*	4.565	1.355	16.844	2.000	0.000	0.000	0%
Other Non-Core	3.244	4.404	0.788	1.955	1.274	0.037	-97%
Total Paid In	15.591	15.917	24.633	11.056	8.348	7.389	-11%
Disbursements:							
Core	8.264	7.145	7.451	8.503	8.023	8.528	6%
Facilities*	1.559	3.583	3.417	3.266	0.929	2.104	127%
Other Non-Core	2.888	4.250	0.870	2.954	1.921	2.175	13%
Total Disbursements	12.711	14.978	11.738	14.723	10.873	12.808	18%
Approved Funding Allocations:							
Core	4.641	7.662	8.983	10.746	8.604	6.949	-19%
Facilities*	4.392	0.392	1.515	3.274	2.047	1.420	-31%
Other Non-Core	0.626	1.578	0.475	2.000	1.681	0.532	-68%
Total Allocations	9.659	9.633	10.973	16.020	12.332	8.901	-28%

* *Facilities include: Africa Facility; Land Services & Citizenship (Gates); and three closed facilities: Community-Led Infrastructure Finance Facility (CLIFF), Slum Upgrading Facility (SUF); and Community W&S Facility.*

Excludes In-kind contributions for staff secondments to Secretariat.

FY12 FINANCIAL SUMMARY

This past year was the first managed under the new Cities Alliance business planning process. The FY12 programme budget was made against the CA Business Plan for FY12-FY14 that was approved by EXCO and ratified by the CG at its November 2011 meeting.

The contributions received and funding allocations made during FY12 were substantially as had been budgeted. The biggest variance in the Core budget was in the Catalytic Fund, for which approved allocations were \$624,500 less than had been budgeted. See below and page 8 for more details - Notes on Variances.

Highlights from the year include:

The first cohort of **Catalytic Fund** proposals was approved, resulting from the FY11 Call for Concept Notes. Seventy two projects had been proposed and seven were invited to submit full proposals, and six were approved, totaling \$1.5m.

Proposals totaling \$1.4m for the Ghana country programme were approved from the **Land, Services & Citizenship Programme** (funded by the Gates Foundation), and \$0.4m in Core funds for the CDS component of the Uganda secondary cities country programme. FY11 approved projects for Mozambique and Vietnam CPs began implementation during the year, and on-going projects in Uganda were supported. In addition, development of the country programme for Burkina Faso was initiated, and Mozambique and Vietnam CPs were further developed, with additional project approvals expected during FY13.

A set of small proposals supporting the CA's **country partnership programme** with Brazil were approved, including TA funding (\$0.15m) to formulate a national involuntary resettlement policy. Funding for a knowledge management and exchange system for city managers of the Philippines was approved (\$0.25m).

Regional work programme activities were approved for Middle East and North Africa (MENA) and Sub-Saharan Africa regions. In **MENA**, CA members active in the region, in collaboration with the Centre for Mediterranean Integration (CMI), have formed a partnership to support cities and national partner institutions to design and implement strategies on inclusive economic growth, accountability and subsidiarity. CA members include Italian, French and German development cooperation, UCLG, UN-Habitat and WB. Funding was approved for an urbanization review in Tunisia (\$0.2m), the first activities agreed under the joint work programme. The CMI is funding two other activities under the programme.

In **Sub-Saharan Africa**, joint work with UCLGA to improve enabling environments for sustainable urbanization was initiated (\$0.32), State of Cities Reports were funded for Ethiopia and Ghana, as part of the joint work programme with the African Centre for Cities (ACC) and Africa Association of Planning Schools (AAPS). Funding was also approved for ACC/AAPS to revitalize planning education in Africa in partnership with SDI (\$0.13).

The **knowledge** budget was used to support city-to-city learning around urban planning within the UCLG network, for dissemination of the Financing of African Cities research that was published during the year from the joint work programme with AFD, and for dissemination of the Housing Quick Guides published in partnership with UN-Habitat.

The **communications and advocacy** budget was allocated to a joint work programme led by UCLG to increase visibility and knowledge on the role of cities and local authorities in sustainable development and poverty reduction, and promote UCLG's third Global Report on Decentralization and Local Democracy.

CITIES ALLIANCE
Sources & Uses of Funds - SUMMARY
 Estimated as of 30 June 2012

CORE FUND			NON-CORE FUNDS	
<u>Cumulative</u>	<u>FY12 (est.)</u>		<u>FY12 (est.)</u>	<u>Cumulative</u>
82,492,353	7,351,000	Contributions Received	(196,688)	74,458,903
-	-	In-Kind Contributions	420,977	9,547,462
5,848,031	116,000	Investment Income	88,751	930,542
<u>88,340,384</u>	<u>7,467,000</u>	<u>Total Sources of Funds</u>	<u>313,040</u>	<u>84,936,907</u>
(73,138,994)	(8,527,986)	Project Disbursements	(4,279,728)	(58,420,760)
-	-	In-Kind Disbursements	(420,977)	(9,547,462)
(1,062,536)	(78,765)	Trust Fund Administration Fees	(1,633)	(1,522,976)
32,001	-	Foreign Exchange Gain (Loss)	(75,158)	235,071
<u>(74,169,529)</u>	<u>(8,606,751)</u>	<u>Total Uses of Funds</u>	<u>(4,777,496)</u>	<u>(69,256,127)</u>
<u>14,170,855</u>		<u>Fund Balance \$</u>		<u>15,680,780</u>
(9,911,764)		Less: Undisbursed Allocations		(6,592,008)
<u>4,259,091</u>		<u>Funds Available for Allocation</u>		<u>9,088,772</u>

FY12 Sources & Uses of Funds -- Combined Sources

FY12 Totals, estimated as of 14 May 2012

UNAUDITED

<u>COMBINED CORE & NON-CORE FUNDS</u>	<u>FY12 Actuals (Est.)</u>	<u>FY 12 Actuals by Funding Source</u>		
		Core	Gates (LSC)	Other*
FUNDS AVAILABLE FOR ALLOCATION - Estimated				
Balance Forward from FY11 - Unallocated Funds	14,951,796	3,742,755	10,005,525	1,203,516
Contributions Received	7,459,836	7,351,000	0	108,836
Investment Income	190,500	116,000	74,500	0
Allocation Cancellations, Reflows & Adjustments	150,000	150,000	0	0
Less WB TF Admin Fees Paid	(80,397)	(78,765)	0	(1,632)
FUNDS AVAILABLE FOR ALLOCATION	<u>22,671,735</u>	<u>11,280,990</u>	<u>10,080,025</u>	<u>1,310,720</u>
ALLOCATION OF FUNDS				
Partnership Operations (incl Secretariat Costs)	2,857,204	2,750,000	0	107,204
Global Program Operations:				
Grant Facility (old) - Country/Regional Activities	0	0	0	0
Catalytic Fund (new)	1,575,500	1,575,500	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	75,000	75,000	0	0
Country / Regional Partnership Programming:				
Land, Services & Citizenship Programme	1,895,055	475,000	1,420,055	0
Country Partnership Programmes (Brazil, Phil, & India)	624,000	624,000	0	0
Other Country/ Regional Programming & Support	1,073,550	649,000	0	424,550
BUDGETED ALLOCATION OF FUNDS	<u>8,900,309</u>	<u>6,948,500</u>	<u>1,420,055</u>	<u>531,754</u>
ENDING BALANCE - UNALLOCATED FUNDS	<u>13,771,426</u>	<u>4,332,490</u>	<u>8,659,970</u>	<u>778,966</u>

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

FY12 Sources & Uses of Funds -- Core Fund

FY12 Totals, estimated as of 14 May 2012

UNAUDITED

Notes	<u>CORE FUNDS</u>	<u>CORE FUNDS</u>		Variance
		FY12 Budget	FY12 Actuals To Date	
FUNDS AVAILABLE FOR ALLOCATION				
	Balance Forward from FY11 - Unallocated Funds	3,742,755	3,742,755	0
1	Contributions Expected	8,000,000	7,351,000	(649,000)
	Investment Income Received	150,000	116,000	(34,000)
2	Allocation Cancellations, Reflows & Adjustments	0	150,000	150,000
	Less WB TF Admin Fees Paid	(88,500)	(78,765)	9,735
	FUNDS AVAILABLE FOR ALLOCATION	11,804,255	11,280,990	(523,265)
ALLOCATION OF FUNDS				
	Partnership Operations (incl Secretariat Costs)	2,750,000	2,750,000	0
Global Program Operations:				
3	Grant Facility (old) - Country/Regional Activities	350,500	0	350,500
4	Catalytic Fund (new)	2,200,000	1,575,500	624,500
5	Knowledge & Learning Work Programme	500,000	500,000	0
6	Communications & Advocacy Work Programme	300,000	300,000	0
7	Monitoring & Evaluation Work Programme	100,000	75,000	25,000
Country / Regional Partnership Programming:				
8	Land, Services & Citizenship Programme	500,000	475,000	25,000
9	Country Partnership Programmes (Brazil, Phil, & India)	500,000	624,000	(124,000)
10	Other Country/ Regional Programming & Support	1,000,000	649,000	351,000
	BUDGETED ALLOCATION OF FUNDS	8,200,500	6,948,500	1,252,000
	ENDING BALANCE - UNALLOCATED FUNDS	3,603,755	4,332,490	728,735

FY12 Sources & Uses of Funds -- Non-Core Funds

FY12 Totals, estimated as of 14 May 2012

UNAUDITED

Notes	<u>NON-CORE FUNDS</u>	<u>Gates (LSC) Funding</u>		<u>Other Non-core*</u>	
		<u>FY12 Budget</u>	<u>FY12 LSC Actuals (Est.)</u>	<u>FY12 Budget</u>	<u>FY12 Actuals (Est.)</u>
	FUNDS AVAILABLE FOR ALLOCATION				
	Balance Forward from FY10 - Unallocated Funds	11,033,237	10,005,525	2,191,498	1,203,516
	Contributions Expected	0	0	0	108,836
	Investment Income Received	150,000	74,500	0	0
	Allocation Cancellations, Reflows & Adjustments	0	0	0	0
	Less WB TF Admin Fees Paid	0	0	0	(1,632)
	FUNDS AVAILABLE FOR ALLOCATION	<u>11,183,237</u>	<u>10,080,025</u>	<u>2,191,498</u>	<u>1,310,720</u>
	ALLOCATION OF FUNDS				
	Partnership Operations (incl Secretariat Costs)	0	0	0	107,204
	Global Program Operations:				
	Grant Facility (old) - Country/Regional Activities	0	0	0	0
	Catalytic Fund (new)	0	0	0	0
	Knowledge & Learning Work Programme	0	0	0	0
	Communications & Advocacy Work Programme	0	0	0	0
	Monitoring & Evaluation Work Programme	0	0	0	0
	Country / Regional Partnership Programming:				
11	Land, Services & Citizenship Programme	8,000,000	1,420,055	0	0
	Country Partnership Programmes (Brazil, Phil, & India)	0	0	0	0
12	Other Country/ Regional Programming & Support	0	0	1,000,000	424,550
	BUDGETED ALLOCATION OF FUNDS	<u>8,000,000</u>	<u>1,420,055</u>	<u>1,000,000</u>	<u>531,754</u>
	ENDING BALANCE - UNALLOCATED FUNDS	<u>3,183,237</u>	<u>8,659,970</u>	<u>1,191,498</u>	<u>778,966</u>

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

NOTES to FY12 Sources & Uses of Funds reporting

CORE FUNDS

1. The FY12 Contributions are expected to be 8% less than budgeted, including a reduction of expected Italian contribution to the minimum \$250,000.
2. Project allocations approved in prior years expected to be cancelled during FY12.
3. A budget of \$350,500 had been reserved for proposals still in the pipeline from the closing of the old grant facility, but this reserve was not needed.
4. The first cohort of Catalytic Fund proposals were processed during FY12. Only six projects totaling \$1,450,500 were approved for funding from the Cat Fund, less than the \$1,800,000 budgeted. A seventh proposal was cancelled because of local implementation issues. In addition, only two small grants ("Kitty Fund") totaling \$125,000 were approved, against a \$400,000 budget.
5. The focus of knowledge and learning work programme during FY12 was implementation/supervision of previously funded knowledge projects, as well as consolidation of lessons and outputs from the CA's grant-funded country portfolio. In addition, new phases of three on-going knowledge projects were approved.
6. Most of the communications and advocacy budget was utilized for joint activities with UCLG.
7. The M&E budget was allocated for senior consultant to assist finalization of the CA results framework and begin development of a Performance Management System.
8. The Core fund budget was used to support components of LSC country programmes that were not eligible from Gates Foundation funding.
9. New allocations in support of country partnership programmes with Brazil and Philippines were approved. The \$124,000 budget overrun will be deducted from FY13-FY14 budgets.
10. Joint work programmes with members were under development during FY12 for the MENA and Sub-Saharan Africa regions with initial activities approved. The budget under-run of \$351,000 will be rolled over into FY13-FY14 budgets.

NON-CORE FUNDS

11. LSC country programme approvals were made for the Ghana country programme during the year, but unutilized budget for Burkina Faso, Mozambique and Vietnam will be rolled over into FY13.
12. Approvals were made from the Africa Facility in support of national State of Cities Reports, in partnership with the African Centre for Cities and the Africa Association of Planning Schools. Funding for the Ethiopia report and well as a preparatory grant for the Ghana report were approved. Unutilized budget will be rolled over into FY13-FY14.

Approved Funding Allocations – Detailed FY12

FY12 Totals, estimated as of 14 May 2012

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Other Non-Core	Approval Date
Partnership Operations		2,857,204	2,750,000	0	0	107,204	
Management, finance and administrative operations		1,600,000	1,600,000	0	0	0	
	Secretariat - Management, finance communication and administrative operations	1,600,000	1,600,000	0	0	0	7/11/2011
Technical, knowledge, communications and M&E operations		1,042,204	935,000	0	0	107,204	
	Secretariat - Technical, knowledge, and M&E operations	935,000	935,000	0	0	0	7/11/2011
	Regional Advisors, East & Southern Africa - increase (Sweden Non-Core)	107,204	0	0	0	107,204	12/31/2011
Governance and Administration		215,000	215,000	0	0	0	
	Consultative Group/ EXCO Meetings	185,000	185,000	0	0	0	7/11/2011
	WUF/ Africities / Urban Forum / Others	30,000	30,000	0	0	0	7/11/2011
Global Programme Operations							
Catalytic Fund (New grant facility)		1,575,500	1,575,500	0	0	0	
Kitty Fund		125,000	125,000	0	0	0	
Asia regional	Institutionalizing urban reforms in India by integrating the Indo-FIRE(D) experience into the regional training network: knowledge	50,000	50,000	0	0	0	8/5/2011
Global	Catalytic Fund administration and peer-to-peer learning support	75,000	75,000	0	0	0	In Process
Catalytic fund		1,450,500	1,450,500	0	0	0	
Cameroon	Urban Development Strategy of Yaounde and its metropolitan areas of Yaounde-CDS	240,000	240,000				1/17/2012
Chile	Strategic Plan of the Southern Association of Municipalities of Santiago of Chile: Processing, territorial approach and citizen participation	250,000	250,000				In Process
Ethiopia	Housing Sector Development: Making Shelter Assets Work	250,000	250,000				3/13/2012
Sierra Leone	Promoting affordable and sustainable sanitation services in Freetown	0	0				Cancelled
Sub-Saharan Africa region	Tenure Security Facility Southern Africa: the provision of technical assistance and advisory services on incrementally securing tenure in slum upgrading	250,000	250,000				11/2/2011
Sri Lanka	Promoting Climate Resilient City Development and Settlements Upgrading Strategies for Sri Lankan Cities	240,500	240,500				In Process

Approved Funding Allocations – Detailed FY12

FY12 Totals, estimated as of 14 May 2012

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Other Non-Core	Approval Date
Uzbekistan	Sustainable Development Strategy for the Historic Cities of Bukhara, Samarkand and Nukus	220,000	220,000				9/13/2011
Global knowledge and advocacy activities		997,587	875,000	0	0	0	
Theme: Slum Upgrading		100,000	100,000	0	0	0	
Africa region	Development and Adaptation of Quick Guides for Policy Makers on Housing the Poor in African Cities - Dissemination and Training phase	100,000	100,000	0	0	0	In Process
Theme: Strategic City Development		200,000	200,000	0	0	0	
Global	City Future: manage and apply practical knowledge (urban planning) of and for cities	200,000	200,000	0	0	0	In Process
Theme: Environment/ Climate Change/ Disaster Risk Reductio		0	0	0	0	0	
Theme: Finance		100,000	100,000	0	0	0	
Africa region	Financing of African Cities - Phase II (Marketing & Dissemination)	100,000	100,000	0	0	0	10/8/2011
Other Learning & Knowledge Sharing		100,000	100,000	0	0	0	
Global	General Learning & Knowledge Sharing (FY12 increase)	100,000	100,000	0	0	0	7/11/2011
Theme: Communications & Advocacy		422,587	300,000	0	0	0	
Global	The Governance of basic local public services - 3rd Global Report on Decentralization and Local Democracy (GOLD III)	90,844	50,000	0	0	0	10/28/2011
Global	Advocacy campaign: Cities Contributing to The future we want towards Habitat II	241,008	200,000	0	0	0	4/9/2012
Global	General Communications & Advocacy (FY12 increase)	90,735	50,000	0	0	0	7/11/2011
Theme: Monitoring & Evaluation		75,000	75,000	0	0	0	
Global	Development and Implementation of Cities Alliance M&E system	75,000	75,000	0	0	0	1/5/2012
Country / Regional Programming Allocations		3,592,605	1,748,000	1,420,055	424,550	0	
Land, Services & Citizenship Programme		1,895,055	475,000	1,420,055	0	0	
Burkina Faso	Formulation of the Burkina Faso Country-Programme	75,000	75,000	0	0	0	2/6/2012
Ghana	Ghana LSC: Building the Capacity of the Urban Poor for Inclusive Urban Development in Ghana Phase I	250,000	0	250,000	0	0	10/2/2011

Approved Funding Allocations – Detailed FY12

FY12 Totals, estimated as of 14 May 2012

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Other Non-Core	Approval Date
Ghana	Ghana LSC: Support to Develop a National Urban Agenda Focused on Inclusive Urban Development Policies and Strategies	755,895	0	755,895	0	0	11/11/2011
Ghana	Ghana LSC: Sustainable Urban Local Government Capacity Building in Ghana: An Enabling Platform for Effective Governance and Enhancement of Service Delivery	414,160	0	414,160	0	0	11/11/2011
Uganda	City development strategies for Uganda's secondary cities	400,000	400,000	0	0	0	In Process
Country Partnership Programmes		624,000	624,000	0	0	0	
Brazil	Technical Assistance to structure the National Monitoring System for Urban Settlement	74,000	74,000	0	0	0	12/12/2011
Brazil	Development of a methodology for the customization and implementation of a Social Housing Information System in Brazilian municipalities based in the experience of the municipality of São Paulo	75,000	75,000	0	0	0	10/10/2011
Brazil	Technical Assistance to the Ministry of Cities in formulating an Involuntary Resettlement Policy and Guidelines to improve social sustainability in urban development and infrastructure projects	150,000	150,000	0	0	0	10/8/2011
Brazil	Brazil / LAC Support Office (increase)	75,000	75,000	0	0	0	3/13/2012
Philippines	Developing A Knowledge Management and Exchange System for City Managers	250,000	250,000	0	0	0	8/18/2011
Other Country / Regional Programming & Support		1,073,550	649,000	0	424,550	0	
Africa Region	Promoting City Enabling Environments in Africa (UCLGA JWP)	75,000	75,000	0	0	0	3/2/2012
Africa Region	Creating enabling environments for sustainable urbanization (UCLGA JWP)	244,000	244,000	0	0	0	In Process
Africa Region	Urban Planning Education and Applied Research in Sub-Saharan Africa	130,000	130,000	0	0	0	3/5/2012
Ethiopia	Ethiopian State of the Cities Report - Good Governance for Growth & Transformation	351,700	0	0	351,700	0	In Process
Ghana	Preparation for the State of Ghanaian Cities Project 2012	72,850	0	0	72,850	0	2/6/2012
MENA Region	MENA JWP: Tunisia- Urbanization Review	200,000	200,000	0	0	0	4/5/2012
TOTAL ALLOCATIONS		9,022,896	6,948,500	1,420,055	424,550	107,204	

CITIES ALLIANCE SECRETARIAT
FY12 BUDGET REPORT
Estimated FY12 Totals (as of 8 May 2012)
 (US\$)

CORE FUNDS

See
Notes

CORE FUNDS	FY12 Original Budget Plan	Estimated 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	2,023,000	90%
Staff costs (salary + benefits) - Field	247,849	260,000	105%
#2 Total Staff Costs	2,489,320	2,283,000	92%
#3 Travel	306,220	160,000	52%
#4 Short-term consultants / other labor costs	217,000	228,000	105%
Contract. Services (e.g. printing, publishing, food services, internal training)	62,000	19,000	31%
#5 Overhead Costs	383,949	295,000	77%
#6 <i>Meeting & Events:</i>			
- CG/PPF/EXCO Meetings	185,000	300,000	162%
- WUF/ Africities / Urban Forum / Others	30,000	9,500	32%
Total Meetings & Events:	215,000	309,500	144%
Total Uses of Funds - Secretariat	3,673,489	3,294,500	90%
#7 Ending Balance - Secretariat (to FY13)	0	378,989	

Cost Groups	Actuals	Share of total Secretariat costs	Description
Program Management and Admin. Costs (PMA)	\$ 1,307,331	40%	Costs associated with the program management, related administrative support, strategy development, donor relationship, planning, program communication and outreach, budgeting and overall monitoring
Operational Costs	1,382,669	42%	Costs associated with the oversight and supervision of recipient managed activities, financial management and procurement services, project preparation, monitoring and evaluation
Overhead/Meeting Events	604,500	18%	Household expenses, design and publishing of materials, translation costs, food services, governance meetings
Total	\$ 3,294,500	100%	

Note 1. The Secretariat had finished FY11 with savings of \$923,489, which was carried forward to FY12

Note 2. FY12 actual staff costs were less than budgeted because of unfilled staff positions.

Note 3. Travel expenses are estimated to be at middle point of the original FY12 budget, or 52%, due to unusually low staff travel (both operational and fundraising)

Note 4. Costs were slightly higher than budgeted due to increased need for 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 - estimated at 77% by FY12 end

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

CITIES ALLIANCE SECRETARIAT

FY12 BUDGET REPORT

NON-CORE FUNDS

Estimated FY12 Totals (as of 8 May 2012)

(US\$)

See Notes	NON-CORE FUNDS	FY12 Original Budget Plan	Estimated Actuals June 30th	Over (-) / Under (+) Plan
	SOURCES OF FUNDS - Secretariat Budget			
	Core Funds - Approval Requested for FY12	0	0	
	Core Funds, carry-forward (estimated)	0	0	
#1	Staff secondments and JPO programs	546,113	411,000	75%
#2	On-going Regional Staff allocations	157,661	125,000	79%
#3	Funding from other Non-Core sources	578,555	520,000	90%
	WB/misc. funding	0	0	
	Travel Rebate	0	0	
	Total Sources of Funds - Secretariat	1,282,329	1,056,000	82%
	USES OF FUNDS - by Secretariat Funding Source*			
	Staff costs (salary + benefits) - HQ	135,510	166,000	123%
	Staff secondments and JPO programs	546,113	411,000	75%
	Staff costs (salary + benefits) - Field	157,661	125,000	79%
#4	Total Staff Costs	839,285	702,000	84%
	Travel	200,000	200,000	100%
#5	Short-term consultants / other labor costs	99,045	115,000	116%
#6	Contractual Services (e.g., printing, graphics)	41,500	18,000	43%
#7	Overhead Costs	102,500	21,000	20%
	Meeting & Events:			
	- CG/PPF/EXCO Meetings	0	0	0%
	- WUF/ Africities / Urban Forum / Others	0	0	0
	Total Uses of Funds - Secretariat	1,282,329	1,056,000	82%

- #1 In-kind contribution represents secondments from France (MFA & AFD), Germany (GTZ) and funding for Italian Junior Professional Officer (Program Officer).
- #2 On-going regional allocations for the CA regional staff, funded by Italy, SIDA and the Africa Facility. Savings are mostly due to vacancy of Regional Advisor in Ethiopia
- #3 This includes Secretariat staff costs (travel, consultants and contractual costs) covered by the Land, Services & Citizenship program (LCS), funded by Gates Foundation.
- #4 Actual staff costs are lower vs. planned due primarily to still unfilled secondment from UN-Habitat.
- #5 Most expenditures related to on-going short-term consulting arrangements under LSC program.
- #6 Actuals less than had been planned due largely to cost savings in Sao Paulo office.
- #7 Costs savings under overhead expenses (office rent, IT and communications, representation and hospitality, supplies and miscellaneous) due to reduced presence and occupancy costs in local offices.

FY13 PROPOSED BUDGET and SUMMARY OF OUTPUTS

The proposed FY13 CA program budget is drawn from the FY12-FY14 business plan approved by the EXCO and ratified by the CG during 2011, except for the minor variances noted on the following pages. The proposed Core budget is \$8.8m and non-core budget is \$9.6m.

FY13 begins a transition to results-based reporting, starting with this high-level summary of the strategic work programme and budget proposed for the year. Whereas the FY12 budget was reported against the CA product lines, this summary is made against the Outputs in the draft results framework for the CA Secretariat.

Output 1: Partnerships convened for strategic country, regional and global priorities

The budget for this output is embedded largely in the Secretariat budget for the year – staff time and travel to facilitate partnership frameworks. Small budget is allocated for consultant and other support for development of regional joint work programmes.

Country partnerships:

On-going partnerships supported in Ghana and Uganda country programmes, and partnerships to be formalized in the Burkina Faso, Mozambique and Vietnam CPs. A country partnership would be convened for Tunisia for a prospective CP included in regional WP for Middle East and North Africa (MENA).

On-going country work programmes continued in Brazil, Philippines and South Africa, and on-going programme in India repositioned.

Regional partnerships:

Newly formed partnership of CA members (including and other partners for MENA region operationalized and initial WP activities initiated. The partners will support resource mobilization efforts for implementation of a regional WP and related CPs, targeting initially the EU.

Partnership for Sub-Saharan Africa to be mobilized, focused initially around bringing greater coherence and scale of support for knowledge dissemination, capacity building and advocacy for cities of the region, with focus on secondary cities. Develop plans for mobilizing resources to fully operationalize a regional joint WP.

Global partnerships:

Develop next phase of joint WP on Cities and Climate Change, with aim to moving the partnership (UNEP, UN-H and WB) to more sustainable platform.

Mobilize the partnership working on the joint WP on case studies on national slum upgrading policies to prepare for an advocacy driven dissemination and utilization of the research findings.

Output 2: Quality technical assistance funding delivered

New TA grant approvals of \$12m expected during the year, including over \$3m from Core funding.

TA for country programmes:

The TA components for the Burkina Faso, Mozambique and Vietnam CPs are expected to be developed and approved during the year, to be funded mostly from the Land, Services & Citizenship Programme (Gates Foundation), estimated at \$8,000,000, with supplementary support

from Core funds (\$500,000). The on-going programmes in Ghana and Uganda will be monitored and supported.

Additional TA support for the India and Philippines country work programmes is also expected to be approved (estimated total of \$400,000). The on-going portfolios in these countries plus Brazil and South Africa will be monitored and supported – 38X projects totaling \$18.4m.

State of Cities Reports (SoCR) and Urbanization Reviews

Steps will be taken to better support and promote cross-learning from the SoCR portfolio (10 projects, \$2.2m), and to rationalize with country urbanization reviews. New approval is expected for a Ghana SoCR, and the Tunisia urbanization review will begin implementation. The Brazil and Latin America regional SoCRs and Vietnam urbanization review will be disseminated.

Catalytic Fund TA:

The FY12 call for concepts notes closed on April 30, 2012, on the theme of Youth and the City, and the winning proposals will be approved during FY13 (estimated 8 projects totaling \$2.0m). The approved projects from the FY11 Catalytic Fund will be under implementation during FY13 (seven projects, \$1.5m).

Legacy Portfolio – old grant facility:

Projects from the old grant facility will continue to be monitored and supported during the year. There will be 30 active standalone projects under implementation (totaling \$8.6m), and another 20 projects (\$13.7m) that have closed but for which final assessment and reporting will be completed.

Output 3: Cities Alliance knowledge products delivered to targeted audiences

A primary focus in FY13 will be to disseminate and utilize knowledge outputs coming from prior-year knowledge work programme, as well extract and disseminate lessons and outputs from the on-going and completed portfolio of country/regional projects. New knowledge approvals are expected in support of the Africa action plan and in developing analytic foundation for evidence-based advocacy on the CA strategic focus on secondary cities.

Another primary focus in FY13 will also be to develop an advocacy strategy with CA members, and communication plans in support of the strategy.

Major knowledge and communications activities for FY13 are highlighted below.

Financing African Cities

This major research was published during FY12 and will be the focus of systematic efforts to disseminate the findings and promote policy and programmatic changes in Sub-Saharan Africa during FY13.

Quick Guides for Policy Makers on Housing the Poor in African Cities

This knowledge tool was published during FY12 and will be the focus of systematic efforts to disseminate the findings and promote policy and programmatic changes in Sub-Saharan Africa during FY13.

Successful Approaches to National Slum Upgrading and Prevention

The findings from this research project, which is developing case studies from 15 countries, is expected to be completed during FY13. Plans will be developed during the year for promoting and disseminating the findings.

Strengthening CA's Knowledge Management Systems

The CA knowledge management system will continue to be strengthened during FY13 to better extract, package and disseminate CA knowledge and tools for targeted city/local government and other audiences. This includes development of distinct periodical knowledge products aimed at specific target audiences; improved systems for feeding CA knowledge into those knowledge products; and, improved systems for dissemination and support for utilization of the knowledge products.

Strengthening City Enabling Environments in Africa and UCLG's Knowledge Management System

As a foundation for a CA action plan for Sub-Saharan Africa, the CA will support UCLGA to strengthen its knowledge management system as a vehicle for disseminating CA knowledge products. These knowledge products will be targeted, in particular, at city professionals (city managers, finance directors and planning/urban services staff). The knowledge management and advocacy capacity of UCLGA's network of national local government associations will also be strengthened. As a framework for the knowledge system, an assessment will be made of "city enabling environments" of countries in the region, and knowledge and other programmes of action will be developed to help countries/cities in the region improve the enabling environment for cities.

Strengthening CA communications and advocacy capacity

CA members will be engaged to agree on a set of global and thematic key messages that will form the strategic foundation of more systematic CA work programme for communications and advocacy. The global messages would include, for example, CA's position on strengthening secondary cities. Thematic messages might include, for example, the need to mobilize private as well as public resources around strategic city development priorities. Plans for promoting these messages at key targeted and global audiences will be developed, as well as a work programme for improved delivery.

Management of on-going knowledge and communications/advocacygive m portfolio

Knowledge rojects from the old grant facility will continue to be monitored and supported during the year. There will be 26 active or recently closed standalone knowledge or communication projects under implementation or in dissemination phase (totaling \$5.9m).

Output 4: Effective and responsive management of Cities Alliance

The budget for this output is embedded in the Secretariat budget for the year – staff time and travel to program management and administration. The main priorities for FY13 are:

- Finalizing CA results framework, and developing baseline data for monitoring and evaluation indicators.
- Develop performance management system.
- Review CA membership.
- Resource mobilization.
- Continue adapting to WB grant-making procedures

Sources & Uses of Funds -- FY 13 Budget

PROPOSED

UNAUDITED

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				
1	Balance Forward from FY10 - Unallocated Funds	13,771,426	4,332,490	8,659,970	778,966
2	Contributions Expected	7,350,000	7,250,000	0	100,000
	Investment Income	255,000	150,000	105,000	0
	Allocation Cancellations, Reflows & Adjustments	0	0	0	0
	Less WB TF Admin Fees Paid	(78,750)	(77,250)	0	(1,500)
	FUNDS AVAILABLE FOR ALLOCATION	21,297,676	11,655,240	8,764,970	877,466
	ALLOCATION OF FUNDS				
3	Partnership Operations (incl Secretariat Costs)	3,423,500	3,325,000	0	98,500
	Global Program Operations:				
4	Catalytic Fund (new)	2,200,000	2,200,000	0	0
5	Knowledge & Learning Work Programme	750,000	750,000	0	0
6	Communications & Advocacy Work Programme	400,000	400,000	0	0
7	Monitoring & Evaluation Work Programme	200,000	200,000	0	0
	Country / Regional Partnership Programming:				
8	Land, Services & Citizenship Programme	9,431,752	500,000	8,795,470	136,282
9	Country Partnership Programmes (Brazil, Phil, & India)	425,000	425,000	0	0
10	Other Country/ Regional Programming & Support	1,642,684	1,000,000	0	642,684
	BUDGETED ALLOCATION OF FUNDS	18,472,936	8,800,000	8,795,470	877,466
	ENDING BALANCE - UNALLOCATED FUNDS	2,824,740	2,855,240	(30,500)	0

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

NOTES to FY13 Proposed Budget

The proposed budget is consistent with the FY13 budget projected in the FY12-FY14 business plan, except as noted below.

1. The Core balance forward was greater than projected because FY12 new funding allocations are expected to be \$728,000 less than had been budgeted. Some of the cumulative unallocated balance will be utilized as part of FY13 budget, but most will be carried forward to FY14 as contingency against the loss of WB DGF funds (FY13 is last year for WB DGF).
2. The Core contributions projected for the year are less than the \$8.0m that had been projected in the FY12-FY14 business plan due to expected reduction in contributions from Italy and USA.
3. The proposed Core secretariat budget is less than the \$3.5m that had been projected in the business plan, due largely to reduced travel and staffing costs.
4. The budget for Catalytic Fund includes \$2.0m for the 2012 call for proposals on theme of Youth and the City. The balance of budget is for structured learning associated with Catalytic Fund projects and small, discretionary projects.
5. A \$250,000 increase in Core knowledge budget is requested, to be invested in improved packaging and dissemination of CA knowledge products, and for activities of the Policy Advisory Forum.
6. The communications and advocacy budget includes funds for the advocacy joint work programme with UCLG.
7. The M&E budget is \$100,000 more than had been projected in business plan to support development of indicators and baseline data for the CA results framework.
8. The remaining unallocated LSC funds are expected to be programmed during FY13.
9. The Country Partnership Programmes budget is \$100,000 less than had been projected in business plan, reduced to partially offset a over-run in FY12.
10. The budget will primarily support the regional programmes in Sub-Saharan Africa and Middle East & North Africa.

**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	3,325,000	0	0	3,325,000
Core Funds, FY12 balance carry forward	378,989	0	0	378,989
#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	3,703,989	520,319	420,977	4,645,284
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)	22,842	18,000	0	40,842
#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	3,703,989	520,319	420,977	4,645,284
Budgeted Ending Balance-Secretariat	0	0	0	0

Cost Groups	Costs	Share of total Secretariat costs	Description
Estimated Program Management and Admin. Costs (PMA)	\$ 961,654	26%	Costs associated with the program management, strategy development, donor relationship, planning, budgeting and overall monitoring
Estimated Operational Costs	2,067,493	56%	Costs associated with the oversight and supervision of recipient managed activities, financial management and procurement services, project preparation, monitoring and evaluation
Estimated Overhead/Meeting Events	674,842	18%	Household expenses, design and publishing of materials, translation costs, food services
Total	\$ 3,703,989	100%	

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.
- 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.