

**Cities Alliance
Steering Committee Meeting
Electronic Meeting, September 2003**

-- DRAFT --

The Steering Committee conducted an electronic meeting during the period 3-12 September 2003. The business of the meeting was presented in Mark Hildebrand's email to the SC on 3 September 2003 (see Attachment One), which including items of business for response on a no-objection basis by 12 September 2003.

The outcomes of the meeting are as follows:

1. DATE/TIME of next Meeting of the SC. It was agreed that meeting would be held from 15:00 – 17:00 at the InterContinental Hotel in Sao Paulo.
2. Secretariat Budget. The SC approved the proposed \$1.7 million budget, including the proposed \$1.25 million Core contribution.
3. Large Scale Proposals for Recommendation. The SC recommended approval of two proposals:
 - South African Municipal Water & Sanitation Partnership Initiative
 - Slum Upgrading and Land Tenure Regularization project for Cali, Colombia

UN-Habitat provided comments on the South African proposal with a request they be considered in the finalization of the proposal. Habitat's comments and response of the proposal proponent is attached to this report (see Attachment Two).

4. Secretariat Staff Recruitment. The SC endorsed the candidacy of Mr. K. Rajivan for the Senior Urban Finance Advisor position.

6 October 2003

ATTACHMENT ONE

EMAIL 03/Sept/2003 05:07 PM

FROM: Mark Hildebrand

TO: Daniel.Biau@Unhabitat.Org, John W. Flora, Konukiew@Bmz.Bund.De, Alan.Lloyd@Swansea.Gov.Uk, Apanehal@Usaid.Gov

CC: Dpainter@Usaid.Gov, Rcarlson@Usaid.Gov, Petra.Stremlat-Platte@Gtz.De, Gerd.Juntermanns@Kfw.De, S.Obrien@Iula.Org, Emilia Saiz <E.Saiz@Iula.Org>, Marcelo.N@Fmcu-Uto.Org, Bresso@Provincia.Torino.It, Paolo.Morello@Fmcu-Uto.Org, Ca Tech

Subject: Cities Alliance Steering Committee (IMPORTANT)

Dear Steering Committee,

There are several items of business for your consideration outlined below. The first is a proposal for the SC to meet in person prior to the start of the São Paulo PPF/CG meetings. The remainder of the items below are proposed for your immediate action in an electronic meeting format.

But first, I would like to introduce everyone to Ms. Alexi Panehal of USAID, who has succeeded David Painter as head of USAID's urban programs. USAID is completing the first year of its two year term on the Steering Committee. As you are all aware, David has made a major contribution to the development of the Alliance since its inception in 1999. Through David's leadership, USAID has also become one of the most active of the Alliance's bilateral members and most successful in building coherence of effort at the country level. We want to thank David for his contribution and welcome Alexi, wishing her well in building on this momentum.

1. DATE/TIME of next Meeting of the Steering Committee. We have separately sent out logistical information for the PPF/CG meetings, which are scheduled to begin the evening of Monday, October 13. We suggest the SC meet from 15:00 - 17:00 in the *Malfatti Room (SALA 8) of the hotel on the afternoon of the 13th*. This will give us all time to prepare for the PPF opening session that is scheduled to begin at 19:00 in a building across the street from the hotel. For your information, we are also suggesting that the Policy Advisory Board meet from 11:00 - 18:00 that day.

ACTION: Please confirm if you are agreeable to this date and time for the SC meeting, and who will be representing your organization.

2. Secretariat Budget. Attached is a report showing the actual results compared to the budget for the Secretariat in FY03, as well as a proposed budget for FY04. Please note the following:

a. The actual expenditures in FY03 were \$96,000 less than budgeted primarily due to the time lag in replacing Mohini Malhotra (who transferred out of the Secretariat in February 2003), and because the anticipated mid-year hire of a Communications Officer did not materialize due to a delay in recruitment.

b. The proposed expenditures budget for FY04 is 6% higher than what was budgeted for FY03 (\$100,000), which is primarily due to the annual pay/inflation increases as well as a small increase in the amount budgeted for grant supervision costs.

ACTION: Steering Committee approval of the proposed \$1.7 million budget, including the proposed \$1.25 million Core contribution, is requested by September 12 so that it can be included as part of the FY04 Work Programme circulated to the CG in advance of the São Paulo meetings.

3. Large-Scale Proposals for Recommendation. The following Large Scale proposal is being recommended by the Secretariat for approval:

a. The *Slum Upgrading and Land Tenure Regularization* project for Cali, Colombia (Upgrading, \$324,120, requesting Core Funds).

b. The *South African Municipal Water and Sanitation Partnership Initiative* (Upgrading, \$500,000, requesting Non-Core Funds of the Community Water and Sanitation Facility).

ACTION: The SC's recommendation is requested by 12 September 2003.

4. Update on Secretariat Staff Recruitment. Further to our previous communications to you, below please find a status report on the Secretariat's recruitment efforts:

a. *Senior Urban Finance Advisor.* A total of 185 applications were received for this position, which was advertised internationally beginning with our 8 April email to the CG and included an advertisement in the Economist magazine. We are pleased to present for your approval the Secretariat's nomination for this post -- Mr. Krishnaswamy Rajivan (Indian). Mr. Rajivan's qualifications and experience are nearly a perfect match with the TOR for this post and include experience in both the policy and implementation aspects of urban development and finance. His experience in managing a municipal corporation and in establishing and serving as chief executive of the Tamil Nadu Urban Development Fund were considered highly relevant to the objective of the urban finance initiative being championed by the Cities Alliance - 'to more systematically support municipal creditworthiness and fiscal sustainability as an outcome of city development strategies'. He demonstrated a thorough knowledge of urban finance topics from both the demand side (working with cities of all sizes) and the supply side (working with a wide range of public and private sector financial institutions). He has a Ph.D. in economics from the University of Southern California, and was the only developing country candidate short-listed for the position.

ACTION: Please confirm your endorsement of Mr. Rajivan's candidacy by 12 September 2003. His CV and the TOR for the position are attached.

b. *Communications Officer.* Unfortunately we have had to re-advertise this position as our top two candidates for the position ultimately withdrew from consideration. Our first choice was a Kenyan who is currently an information officer for an ILO programme based in Harare, but she withdrew her candidature

for family reasons. The Brazilian candidate presented to the SC on 18 June, also withdrew after he received a promotion and other incentives to remain in his post in External Affairs for the World Bank's country office in Brasilia.

ACTION: No action requested at this time. The Secretariat hopes to nominate a new candidate for consideration at the 13 October meeting of the SC.

Look forward to hearing from you in the coming days and to seeing you next month in São Paulo.

Best regards,

Mark



Steering Committee - Secretariat budget FY03-F



Colombia Slum Upgrading and Land Tenure proposal revised 27 .



South African Municipal Water & Sanitation Partnership proposal revised 1



CV - KR.doc



TOR Urban Finance Advisor Mar03.

South African Municipal Water & Sanitation Partnership Initiative

***Comments from Steering Committee Review
and
Response by Proposal Proponents***

Following are the five questions/comments raised by UN-Habitat in Daniel Biau's email to the SC of 9 September 2003, and the 12 September responses of James Leigland of the Municipal Infrastructure Investment Unit (MIIU), which submitted the proposal.

Each Habitat comment is presented, with each MIIU response indented.

1. The problem of water and sanitation is being addressed through several initiatives in South Africa. The proposal has not outlined these to indicate the need for this new application. This background element should be incorporated.

RESPONSE: Over the last four years, the MIIU has interacted with virtually every water and sanitation programme in SA because of our relationships with the Department of Water Affairs and Forestry (DWAF) and the Department of Provincial & Local Government (DPLG), MIIU's patron department. MIIU has proposed, and DPLG has accepted, that our Cities Alliance water and sanitation work become a special activity under a new, nation-wide programme conceived by DPLG, in consultation with DWAF, to deal with municipal service delivery improvement and revenue enhancement. This support guarantees coordination with other DPLG and DWAF programmes, as well as assistance from those departments in introducing the Cities Alliance activities to targeted municipalities, and easing the normal red tape that sometimes slows municipal council decision making.

2. The need to attract investment funds is also being outlined in the Integrated Development Plans (IDP) which each local authority is required to prepare and submit to Government for resources allocation. The proposal should recognise the IDP process which is critical to services development at local level.

RESPONSE: IDPs are the starting points for each of our feasibility studies. Specifically, the Water Service Development Plans (WSDPs) that are key elements of the IDPs guide us with regard to water and sanitation infrastructure planning. Unfortunately, many IDPs are incomplete, or done by consultants simply in order to meet government planning requirements, so much of the planning must be re-done in our feasibility work. But if the IDPs exist, and are well done, they are essential to our work.

3. It is not clear from the proposal how the poor will be reached. The proposal should include consulting with the Peoples' Dialogue and South Africa Homeless Peoples Federation. How will they and, more broadly, the civil society be involved?

RESPONSE: I think the proposal already covers this. Our Community Relations Specialist, funded by DFID, will have responsibility for ensuring that demand management features are adequately covered in our feasibility studies. The proposal notes that the specialist will also liaise with People's Dialogue, the SA Homeless People's Federation, etc., for support with community attitude surveys, willingness and ability to pay studies, etc. Community involvement in the development of plans for infrastructure projects is now required by law in SA, at several steps in the planning process. The MIIU incorporates that kind of dialogue into all of its projects.

4. The Department of Provincial Administration and Local Government (DPLG)'s comments and support of the proposal are important. It is not clear if this has already been secured.

RESPONSE: DPLG is the MIIU's patron department and single shareholder. DPLG determines who sits on the MIIU Board of Directors, and receive regular reports regarding MIIU programmes, plans, budgets, etc. They have been briefed on the Cities Alliance initiative, and are pleased that it will support the department's municipal revenue enhancement and service delivery improvement project mentioned above.

5. Regarding the financial plan, CA is requested to add US\$500,000 to a pre-investment budget of US\$1,670,000. USAID is contributing US\$750,000 and DFID US\$100,000 while MIIU is putting in US\$700,000. The need for specific CA support (consultants) could be more clearly justified.

RESPONSE: Basically, we need every penny we can get to make this work. The proposal describes a labour-intensive series of activities that include extensive status quo assessments, community interaction, assessments of service delivery alternatives, contracting with service providers, as well as work with lenders to structure loan agreements with performance clauses. It will be a challenge to achieve everything we hope to accomplish, within the indicated budget.