

CITIES ALLIANCE

Financial Reporting to Executive Committee

September 1, 2009

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NOTE:

The proposed FY10 Secretariat budget assumes one new post at this time, Operations Coordinator.

CITIES ALLIANCE
FINANCIAL SUMMARY

As of June 30, 2009

	FY04	FY05	FY06	FY07	FY08	FY09	FY09- FY08 % Change
Contributions Paid In:							
Core	6.462	7.264	6.689	7.782	10.158	7.001	-31%
Facilities	6.665	3.375	4.371	4.565	1.355	16.844	1143%
Other Non-Core	1.712	5.762	2.605	3.244	4.404	0.788	-82%
Total Paid In	<u>14.839</u>	<u>16.401</u>	<u>13.665</u>	<u>15.591</u>	<u>15.917</u>	<u>24.633</u>	<u>55%</u>
Disbursements:							
Core	5.056	4.926	6.474	8.264	7.145	7.518	5%
Facilities	5.812	3.186	3.562	1.559	3.583	3.417	-5%
Other Non-Core	2.386	4.066	2.035	2.888	4.250	0.803	-81%
Total Disbursements	<u>13.254</u>	<u>12.178</u>	<u>12.071</u>	<u>12.711</u>	<u>14.978</u>	<u>11.738</u>	<u>-22%</u>
Approved Funding Allocations:							
Core	4.712	7.816	11.811	4.641	7.662	8.983	17%
Facilities	1.028	3.575	8.538	4.392	0.392	1.515	286%
Other Non-Core	0.525	3.042	8.709	0.626	1.578	0.475	-70%
Total Allocations	<u>6.265</u>	<u>14.433</u>	<u>29.058</u>	<u>9.659</u>	<u>9.633</u>	<u>10.973</u>	<u>14%</u>

Facilities include: Africa Facility; CLIFF; Slum Upgrading Facility; Land Services & Citizenship (Gates); and Community W&S Facility (USAID).

Excludes In-kind contributions for staff secondments to Secretariat.

CITIES ALLIANCE - SOURCES & USES OF FUNDS (unaudited)
SECRETARIAT
- FY09 ACTUALS versus BUDGET --
(US\$ '000s)

See Notes	FY09 BUDGET	FY09 ACTUALS	VARIANCE	
SOURCES OF FUNDS				
	2,600.0	2,600.0	0.0	
1	Core Trust Fund, carry-forward	87.0	-23.3	-110.3
2	Norway Non-Core - YP Programme	112.5	20.8	-91.7
2	Brazil Non-Core - YP Programme	112.5	0.0	-112.5
3	SIDA Non-Core - for Secondment	0.0	0.0	0.0
4	WB/misc. funding	26.7	6.8	-19.9
4	Travel Rebate	60.0	31.4	-28.6
5	Other - In-Kind for staff support	380.0	380.0	0.0
	Total Secretariat Funding	3,378.7	3,015.8	-362.9
USES OF FUNDS				
<u>Management & Administration</u>				
Staff Costs:				
	>Management and Administration	796.5	768.5	-28.0
	>Grant Fiduciary Management	180.9	206.1	25.2
	Operating Costs	347.3	338.3	-9.0
6	Travel	375.0	432.1	57.1
	Sub-Total - Base Costs	1,699.7	1,745.1	45.4
<u>Programmatic Activities</u>				
Staff Costs:				
7	>Urban Specialists - Core funded	452.4	368.7	-83.7
5	>Urban Specialists - Secondments	380.0	380.0	0.0
2	>YPs - Norway non-core funded	225.0	20.8	-204.2
8	>Communication & KM - Core funded	490.6	453.8	-36.8
	Other Communications & KM costs	25.0	21.4	-3.6
9	Other Consultants, Other Labour	106.0	205.8	99.8
	Sub-Total - Programmatic Costs	1,679.0	1,450.4	-228.5
	TOTAL USES OF FUNDS	3,378.7	3,195.5	-183.2
	ENDING BALANCE	0.0	-179.8	-179.8

SEE NOTES NEXT PAGE

CITIES ALLIANCE - SOURCES & USES OF FUNDS (unaudited)
PROJECT STAFF
– FY09 ACTUALS versus BUDGET --
(US\$ '000s)

See Notes		FY09 BUDGET	FY09 ACTUALS	VARIANCE
	SOURCES OF FUNDS			
10	France Non-Core for Africa Finance study	200.0	200.0	0
	Total Project Staff Fund Sources	200.0	200.0	277.0
	USES OF FUNDS			
10	Financing of African Cities study	200.0	200.0	0
	Total Project Staff Fund Uses	200.0	200.0	277.0

NOTES to Secretariat Budget Reporting – FY09 Actual vs. Budget

Note 1 – The FY09 Budget was developed nearly four months before the end of FY08, with a budget carryover at the end of FY08 estimated at \$87,000. This carryover did not materialize, however, and instead a budget deficit of \$23,253 was carried into FY09. Thus, the Secretariat started FY09 with over \$110,000 less than had been budgeted.

Note 2 – Both Brazil and Norway had indicated interest in providing funding one of the four “young professional” positions proposed as part of the CA’s Medium Term Strategy. Funding from Brazil did not materialize, but Norway agreed to fund two YPs from its 2008 Non-Core support for the MTS. The YP recruitments, however, did not occur until the latter part of FY09, so only a small portion of Norway funds were utilized for the year. The balance will be rolled over into future years.

Note 3 – Sida funding for the secondment of a Senior Programme Officer expired in FY08 (Pelle Persson). Discussions about renewing a secondment agreement were negotiated and signed during FY09, but World Bank trust fund and HR policies caused cancellation of the agreement.

Note 4 – The WB absorbed more than \$6,800 in Secretariat expenses during FY09. In addition, the CA received refunds totaling more than \$31,000 from the WB based on rebates of airfares from its contract airlines.

Note 5 – There were two Secretariat staff secondments during FY09 – Günter Meinert from GTZ (working primarily on M&E) and Jean-Christophe Adrian from UN-Habitat (working on CDS and environment/ climate change). The secondment of Thierry Paulais from AFD has been reclassified as Project rather than as Secretariat staff, because his work programme is devoted primarily to a special study on finance (see Note 10 below) rather than on the regular day-to-day operations of the Secretariat.

Note 6 – Travel was \$57,000 more than budgeted during FY09 primarily due to travel costs of regional advisors and Project Evaluation costs that were posted to Secretariat budget rather than to regional advisor and Project Evaluation funding allocations. This posting was done for administrative reasons late in the fiscal year so as to utilize “use or lose” funds provided by the WB from its DGF funding.

Note 7 – Actual staff costs for urban specialists were nearly \$84,000 less than budgeted because the post of slum upgrading team leader was budgeted for a full year but was not hired until the second half of the fiscal year.

Note 8 – Staff costs for communications and knowledge management staff was nearly \$37,000 less than budgeted because of a staff member who left the Secretariat during the second half of the fiscal year.

Note 9 – Consultants and other labour costs were nearly double what was budgeted for FY09. Most of this overrun resulted from the hiring of a high-level consultant to backstop the CDS team in the absence of a CDS team leader and during the transition of the UN-H secondment into the CDS team. In addition, a high-level operational consultant was hired to backstop the Sr. Operations Officer as part of the implementation rollout of the Medium Term Strategy.

Note 10 – Thierry Paulais of AFD has been seconded to the Cities Alliance to work on a special study, Financing of African Cities. The secondment is not included as part of the regular Secretariat staff and budget because he does not have responsibilities for the day-to-day work programme of the Secretariat.

CITIES ALLIANCE - SOURCES & USES OF FUNDS (unaudited)
SECRETARIAT
--FY10 Proposed Budget--
(US\$ '000s)

See Notes		FY08 ACTUALS	FY09 ACTUALS	Draft FY10 Budget
SOURCES OF FUNDS				
1	Core Trust Fund	1,900.0	2,600.0	3,050.0
1	Core Trust Fund, carry-forward	220.0	-23.3	-179.8
	Norway Non-Core -Urban Finance	101.7	0.0	0.0
2	Norway Non-Core - YP Programme	101.7	20.8	140.4
	SIDA Non-Core - for Secondment	197.4	0.0	0.0
	WB/misc. funding	28.6	6.8	8.0
	Travel Rebate	34.2	31.4	40.0
3	Other - In-Kind for staff support	580.0	380.0	460.0
	Total Secretariat Funding	3,163.7	3,015.8	3,518.6
USES OF FUNDS				
<u>Management & Administration</u>				
Staff Costs:				
4	>Management and Administration	848.2	768.5	912.8
5	>Grant Fiduciary Management	0.0	206.1	219.7
6	Operating Costs	335.0	338.3	310.1
7	Travel	420.1	432.1	400.0
	Sub-Total - Base Costs	1,603.2	1,745.1	1,842.6
<u>Programmatic Activities</u>				
Staff Costs:				
8	>Urban Specialists - Core funded	379.2	368.7	444.1
3	>Urban Specialists - Secondments	580.0	380.0	380.0
2	>YPs - Norway non-core funded	0.0	20.8	140.4
3	>YPs- WB-Italy JPO Secondment	0.0	0.0	80.0
9	>Communication & KM - Core funded	217.1	453.8	506.2
10	Other Communications & KM costs	50.1	21.4	25.0
11	Other Consultants, Other Labour	255.7	205.8	100.0
	Sub-Total - Programmatic Costs	1,482.0	1,450.4	1,675.8
	TOTAL USES OF FUNDS	3,085.2	3,195.5	3,518.4
	ENDING BALANCE	78.5	-179.8	0.2

SEE NOTES NEXT PAGE

CITIES ALLIANCE - SOURCES & USES OF FUNDS (unaudited)
PROJECT STAFF
--FY10 Proposed Budget--
(US\$ '000s)

See Notes		FY08 ACTUALS	FY09 ACTUALS	Draft FY10 Budget
	SOURCES OF FUNDS			
12	France Non-Core for Africa Finance study	150.0	200.0	200.0
12	Gates Foundation for LSC project	0.0	0.0	60.0
12	UK-DFID for CLIFF new phase	0.0	0.0	17.0
	Total Project Staff Sources of Funds	150.0	200.0	277.0
	USES OF FUNDS			
12	Financing of African Cities study	150.0	200.0	200.0
12	Land, Services & Citizenship (LSC) project and CLIFF	0.0	0.0	77.0
	Total Project Staff Uses of Funds	150.0	200.0	277.0

NOTES to Secretariat Budget Reporting – FY10 Proposed Budget

Note 1 – The Core funding request of \$3,050,000 for the FY10 budget includes nearly \$180,000 for prior year budget overruns and under-budgeting, leaving \$2,870,000 available for FY10 disbursement.

Note 2 – Two young professional posts are being funded from Norway non-core funding support for the Medium Term Strategy.

Note 3 – In addition to the two Secretariat staff secondments carried over from FY09 – Günter Meinert from GTZ (working primarily on M&E) and Jean-Christophe Adrian from UN-Habitat (working on CDS and environment/ climate change) – a third in-kind staff contribution is expected during FY10. The Government of Italy is making a young professional available to the Cities Alliance secretariat through the Junior Professional Officer programme of the World Bank. The JPO programme will fund the first two years of the assignment while the CA will be required to finance a third year.

Note 4 – A budget increase is proposed for a senior level post, to serve as Operations Coordinator for the Programme Operations Team. This post will allow the Team leader (Deputy Programme Manager, Kevin Milroy) to focus more time and attention on driving implementation of the Medium Term Strategy.

Note 5 –The FY10 budget request reflects an increase in costs for the CA’s procurement specialist.

Note 6 – Operating costs are budgeted to decline from FY10 primarily because the costs of translating Cities Alliance documents are being moved from the Secretariat budget to funding allocations for knowledge and learning. This is consistent with EXCO guidance that the Secretariat greatly increases its efforts to translate and print key documents in client languages in addition to English. Also, office overhead costs for the YPs hired under the Medium Term Strategy will be charged to a special funding allocation made available to support implementation of the MTS.

Note 7 – FY09 travel actuals included costs of regional advisors and project final evaluations, which will not be charged to Secretariat budget in FY10.

Note 8 -- The FY09 actual costs included mid-year hire of the senior slum upgrading post. The FY10 budget request reflects the cost for maintaining this post for the full year.

Note 9 – The FY10 budget includes the full-year cost of an Information Assistant hired during second half of FY09. It also includes provision for mid-year hiring of a replacement for the knowledge management post.

Note 10 – The communication and knowledge management budget supports only basic corporate communication products (eg, brochures, web maintenance). All other printing, publishing and other communication and knowledge sharing costs are charged to funding allocations.

Note 11 – Costs of consultants and other labour is expected to be significantly less than FY09 because most regular staff positions are now filled. Considerable consultant support was required during FY09 because of staffing shortages.

Note 12 – Staff assigned to work on non-core funded special projects are included in this section. Budgeted for FY10 is the on-going special secondment (in-kind) of Thierry Paulais from AFD for the Financing of African Cities study. In addition, an urban specialist is expected to be hired on a two-year ETC appointment during FY10 to support the Land, Services and Citizenship programme (funded by the Gates Foundation) and the new phase of CLIFF (funded by UK-DFID).

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