

BRIEFING TO EXCO

Closing of old Grant Facility And Transition to Catalytic Fund

April 14, 2010

At its 21-22 January 2010 meetings, the Cities Alliance Consultative Group agreed to begin the transition to a new Catalytic Fund effective 1 April 2010. All proposals in process or submitted by 31 March were to be “considered in a final batch, evaluated against current CA criteria and taking into consideration the forward direction” of the repositioned CA business model, and then the batch would be submitted to EXCO for decision.

The following briefing summarizes the 31 March batch of proposals and the Secretariat’s recommendations to EXCO for moving forward. **A funding envelope of \$6.0m from Core Funds is requested for this batch of proposals.** EXCO members are **not** being requested to evaluate individual proposals, but rather to endorse the overall approach taken by the Secretariat, and the associated budgetary implications, and to allow this batch of proposals to be processed through the regular Cities Alliance procedures and due diligence.

SUMMARY OF 31 MARCH 2010 BATCH OF PROPOSALS

As of 31 March 2010, the secretariat had received 29 proposals for Core funds requesting a total of \$9.3m. Two other proposals totaling \$2.0m for funding from Japan Non-Core funds were also received. See detailed listing of proposals, including secretariat’s recommendations, starting from page 3.

Of the 29 Core proposals, 24 pass Threshold screening (\$6.9m) and are recommended for continued processing according to normal procedures, and 5 proposals (\$2.4m) are recommended for rejection or for consideration in a future year under new business practices.

The proposals recommended for continued processing consist of:

- 10 proposals from Low Income countries (\$3.2m)
- 11 proposals from Middle Income countries (\$3.0m)
- 1 proposal for regional Pacific Island programme support (\$0.5m, linked to 3 proposals for LIC/MIC activities included above)
- 2 proposals for regional/global knowledge & learning (\$0.3m)

In each of these proposals, proponents have worked to prepare funding applications according to the long-established CA criteria and procedures. In some cases, proposals have been in the CA proposal process for many months (eg, Indonesia CDS Process), and in others the proposals have come in after publication of the closing of the old grant facility (eg, Central Africa Republic).

The continued processing of this 31 March portfolio, however, has implications on the funds available for programming over the medium term. The indicative transitional budget brought to Mumbai CG had included \$4.25m in unallocated funding as of 31 December 2009. Approximately \$1m in new allocations were approved during the first quarter of 2010 for proposals which had been advanced stage of processing, leaving \$3.25m unallocated as of 31 March. This is less than half of the requested value of the 31 March proposals that passed threshold (\$6.9m).

Given the good faith that proposal proponents have invested, the balance and overall quality of proposals received, and the lack of definitive additional criteria, the Secretariat recommends that this batch of 24 proposals moves forward. However, it proposes to reduce the portfolio request from \$6.9m to \$6.0m by processing a few proposals at amounts lower than requested. This would include:

- Restructuring a \$500,000 Colombia project to \$225,000 or less because of delays caused by a court challenge to a slum upgrading programme linked to the proposed CA project.
- Propose a more incremental approach to an interesting new proposal received from Central Africa Republic (ie, start with \$300,000 instead of \$500,000).
- Trim approximately \$100,000 each from a newly submitted \$500,000 proposal for Kenya and from a set of two proposals for Malawi (totaling \$750,000).
- Reduce by \$150,000 the regional knowledge proposal among a set of four proposals totaling \$1.45m for the Pacific Islands. The set of proposals was previously reduced by \$0.5m through adjustments to the three country-specific proposals (Fiji, Samoa and Papua New Guinea). A similar reduction in the regional knowledge and support proposal is also recommended.

Of the five proposals that did not pass Threshold, three are for Low Income Countries and are proposed to be referred to In-Country Programming processes to become effective in FY11 (from July 2010). One proposal is from a Middle Income Country (Jamaica), which can be invited to apply to the new Catalytic Fund when it becomes effective during FY11. Finally, a \$250,000 proposal for an “innovations network” in the Asia and Pacific region did not pass threshold and is not a priority at this time.

TRANSITION TO CATALYTIC FUND

The closing of the old grant facility was first step in the transition to the Catalytic Fund – to shut down the old processes so that staff has time for the new processes.

It is expected that most if not all old grant facility business has been captured in this 31 March batch of proposals. However, in the event that other proposals come forward in the next several weeks for which there is clear evidence that the proposals were under development before the announcement of closing the old grant facility, a second and smaller batch of proposals is tentatively scheduled for June 30, 2010. A similar process would be used for this 30 June batch as for the 31 March batch. This 30 June batch will be used **only** as a contingency, and given the large funding requests for the 31 March batch, there will be little funding available for any proposals in that batch.

Meanwhile, as agreed at Mumbai, the secretariat will continue elaborating the conceptual and operational design for in-country programming for cities and local governments, and for the Catalytic Fund. Drafts will be presented to EXCO for its June/July 2010 meeting.

CA Proposals in Process as at March 31, 2010

Analysis of Progress and Recommendation for Further Processing

| | No. of Proposals | Core Request | Indicative Adjust | Japan N-C |
|--|-------------------------|---------------------|--------------------------|------------------|
| Recommended to Move Forward: | | | | |
| Country Project Allocations: | | | | |
| - LDCs | 6 | 1,814,000 | -325,000 | |
| - Other Low Income Countries | 2 | 784,927 | -100,000 | |
| - Lower Middle Income | 7 | 1,945,800 | -335,000 | |
| - Upper Middle Income | 1 | 0 | 0 | 500,000 |
| - Pacific Island set of proposals of which 1 LDC, 1 OLIC, 1 UMIC and 1 regional MIC partnership projects (India, Brazil) | 4 | 1,450,500 | -150,000 | |
| Knowledge & Learning | 3 | 613,032 | 0 | |
| | 3 | 274,973 | 0 | 1,500,000 |
| SUB-TOTAL - RECOMMENDED FORWARD | 26 | 6,883,232 | -910,000 | 2,000,000 |
| Failed Threshold, recommended to ICP Pipeline: | | | | |
| - LDCs | 1 | 748,117 | 0 | |
| - Other Low Income Countries | 2 | 995,880 | 0 | |
| Failed Threshold, refer to Catalytic Fund: | | | | |
| - Lower Middle Income (Jamaica) | 1 | 424,161 | 0 | |
| Failed threshold, refer to global work programming: | | | | |
| - Knowledge networking (Asia & Pacific) | 1 | 249,000 | 0 | |
| SUB-TOTAL - FAILED THRESHOLD | 5 | 2,417,158 | 0 | 0 |
| Total Proposals - March 31, 2010 | | | | |
| Batch | 31 | 9,300,390 | -910,000 | 2,000,000 |

31 MARCH 2010 BATCH OF PROPOSALS

| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|

LEAST DEVELOPED COUNTRIES (LDC)

Recommended to Move Forward

| | | | | | | |
|--|--------------------------|------------|-------------|---------------|------------------|-----------------|
| Tanzania State of the Cities Report | Tanzania | <i>LDC</i> | 38.7 | Andrea Zeman | 250,000 | 0 |
| Malawi City Development Strategy and Slum Upgrading Programme Framework | Malawi | <i>LDC</i> | 13.1 | Julian Baskin | 500,000 | -100,000 |
| Malawi Lilongwe CDS Development Grant | Malawi | <i>LDC</i> | 13.1 | Andrea Zeman | 250,000 | |
| Strengthen the Institutionalization and Support the Operation of the Ethiopian Cities' Network | Ethiopia | <i>LDC</i> | 83.3 | | 74,000 | 0 |
| Central African Republic Bangui CDS | Central African Republic | <i>LDC</i> | 0.6 | | 500,000 | (200,000) |
| The UAAU/ICMA Partnership Proposal – Achieving the Urban Management Components of the STSUPU program in Uganda | Uganda | <i>LDC</i> | 28.5 | Julian Baskin | 240,000 | -25,000 |
| SUB-TOTAL | | | | | 1,814,000 | -325,000 |

Failed Threshold - refer to ICP Pipeline

| | | | | | | |
|--|--------|------------|-------------|---------------|----------------|----------|
| Angola Towns Without Irregular Settlements | Angola | <i>LDC</i> | 16.3 | Julian Baskin | 748,117 | ??? |
| SUB-TOTAL | | | | | 748,117 | 0 |

| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|

OTHER LOW INCOME COUNTRIES (OLIC)

Recommended to Move Forward

| | | | | | | |
|--|---------------|------------------|-------------|----------------------|----------------|-----------------|
| Facilitating Consensus for the Kenya Slum Upgrading Program | Kenya | <i>Other LIC</i> | 36.9 | William John Cobbett | 500,000 | -100,000 |
| Cote d'Ivoire Restructuring of Slums in the 13 Municipalities of the District of Abidjan | Cote d'Ivoire | <i>Other LIC</i> | 4.1 | | 284,927 | |
| SUB-TOTAL | | | | | 784,927 | -100,000 |

Failed Threshold and/or refer to ICP Pipeline

| | | | | | | |
|--|---------|------------------|--------------|------------------------|----------------|----------|
| Okpoko Slum Upgrading, Anambra State, Nigeria | Nigeria | <i>Other LIC</i> | 144.4 | Julian Baskin | 500,000 | |
| Vietnam Thanh Hoa City CDS in a Regional Development Context | Vietnam | <i>Other LIC</i> | 85.1 | Jean-Christophe Adrian | 495,880 | ??? |
| SUB-TOTAL | | | | | 995,880 | 0 |

LOWER MIDDLE INCOME COUNTRIES (LMIC)

Recommended to Move Forward

| Making Urban Investment Planning Work: Building on the Indonesian CDS Process | Indonesia | <i>Lower MIC</i> | 231.6 | Andrea Zeman | 500,000 | |
|---|-----------|------------------|-----------------------|---------------------|---------------|--------------------|
| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |

| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |
|--|----------------------|------------------|-----------------------|---------------------|------------------|--------------------|
| Green Growth in the Face of Climate Change – Support to the Municipality of Othon P. Blanco, Mexico for A Sustainable Development Strategy | Mexico | <i>Upper MIC</i> | 106.5 | Ricardo Jimenez | 75,000 | |
| Colombia National Low-income Megaprojects: Developing a Policy and Program Framework | Colombia | <i>Lower MIC</i> | 46.2 | Julian Baskin | 500,000 | -275,000 |
| Colombia Strengthen And Scaling-Up The Medellin’s Integrated Urban Programs | Colombia | <i>Lower MIC</i> | 46.2 | Julian Baskin | 75,000 | |
| Cities as Guarantors of Stability: Scaling-Up of Strategic Development and Investment Planning (SDIP) in the Palestinian Territories | Palestine | <i>Lower MIC</i> | 5.1 | Andrea Zeman | 410,800 | -60,000 |
| Urban Upgrading Strategy for Rief Damascus (Syria) | Syrian Arab Republic | <i>Lower MIC</i> | 19.9 | Julian Baskin | 310,000 | |
| East Europe and Central Asia Urban Regeneration & Community of Practice | ECA | REGIONAL | | Federico Silva | 75,000 | |
| | | | | SUB-TOTAL | 1,945,800 | -335,000 |
| Failed Threshold | | | | | | |
| Jamaica Funding of National Squatter Management Policy | Jamaica | <i>Upper MIC</i> | 2.7 | Federico Silva | 424,161 | |
| | | | | SUB-TOTAL | 424,161 | 0 |

| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|

UPPER MIDDLE INCOME COUNTRIES (LMIC)

Recommended to Move Forward - Japan Non-Core

| | | | | | | |
|---|-------------|------------------|-------------|--------------|----------------|----------|
| Philippines Traffic and Transport Management for CDS Cities | Philippines | <i>Lower MIC</i> | 88.7 | Andrea Zeman | 500,000 | |
| SUB-TOTAL | | | | | 500,000 | 0 |

PACIFIC ISLAND PROPOSALS

Recommended to Move Forward

| | | | | | | |
|---|------------------|------------------|------------|--------------|------------------|-----------------|
| Fiji's City Development Strategy and Settlement Upgrading Programme | Fiji | <i>Upper MIC</i> | 0.9 | Andrea Zeman | 350,500 | |
| Regional Institutional Strengthening and Knowledge Management Support to Pacific Island Countries to Strengthen Implementation of the Pacific Urban Agenda under the Pacific Plan | Pacific | REGIONAL | | Andrea Zeman | 500,000 | -150,000 |
| Papua New Guinea City Development Strategy and Settlement Upgrading Programme | Papua New Guinea | <i>Other LIC</i> | 6.3 | Andrea Zeman | 350,000 | |
| Samoa City Development Strategies and Settlement Upgrading Programme | Samoa | <i>LDC</i> | 0.2 | Andrea Zeman | 250,000 | |
| SUB-TOTAL | | | | | 1,450,500 | -150,000 |

| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|

MIC PARTNERSHIP COUNTRIES -- PROPOSALS in PROCESS

Recommended to Move Forward

| | | | | | | |
|---|-------|------------------|--------|--------------|---------|--|
| Planning Support Unit: An Initiative to Support City Development Planning in the State of Madhya Pradesh, India | India | <i>Upper MIC</i> | | Andrea Zeman | 250,000 | |
| India State of the Cities Report | India | <i>Upper MIC</i> | 1131.1 | Andrea Zeman | 363,032 | |

SUB-TOTAL **613,032** **0**

Failed Threshold

| | | | | | | |
|--|--------|------------------|-------|---------------|--------|--|
| Guide for the Implementation of the Instruments of the Brazil City Statute | Brazil | <i>Upper MIC</i> | 189.3 | Julian Baskin | 74,941 | |
|--|--------|------------------|-------|---------------|--------|--|

SUB-TOTAL **74,941** **0**

KNOWLEDGE, LEARNING & COMMUNICATIONS

Recommended to Move Forward

| | | | | | | |
|--|--------------|------------------|------|----------------|---------|--|
| Climate Change and the Urban Poor | Global | | | Federico Silva | 200,000 | |
| Building State and civil society capacity in land management and value capture for pro-poor urban development in South Africa and targeted Southern and East African countries | South Africa | <i>Upper MIC</i> | 47.9 | Andrea Zeman | 74,973 | |

SUB-TOTAL **274,973** **274,973**

| Title | Country | DAC List | Population (Millions) | Original CA Monitor | Grant Request | Indicative Adjust. |
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|
|-------|---------|----------|-----------------------|---------------------|---------------|--------------------|

Recommended to Move Forward - Japan Non-Core

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|--|------|--|--|------------------|------------------|----------|
| The First Eco2 East Asia Program: Proposal of Knowledge Management and Capacity Building | Asia | | | Federico Silva | 1,500,000 | |
| | | | | SUB-TOTAL | 1,500,000 | 0 |

Failed Threshold - refer to future global work programming

| | | | | | | |
|--|--------|--|--|------------------|----------------|----------|
| Innovations Network for Citizens and Local Government (Asia) | Global | | | | 249,000 | |
| | | | | SUB-TOTAL | 249,000 | 0 |