



Urban Municipal
Development Fund
**Interim
Report
2021**



AFRICAN DEVELOPMENT BANK GROUP

UMDF | Urban and
Municipal
Development Fund
Improving the quality of life in African cities

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Executive Summary

Africa is experiencing unprecedented urban growth. A significant amount of investments are needed in soft and hard infrastructure to manage such growth and guide African cities towards sustainable development. Two years ago (2019), the Bank established the Urban and Municipal Development Fund (UMDF), a thematic multi-donor trust fund, to improve its ability to support integrated urban development and support cities on the continent. The present document gives an overview of the UMDF operations as of 31st August 2021, following the approval of the first annual work program in 2021.

Activities Report 2020 & Work Program 2021

The UMDF began piloting the AfDB Cities Program in 2020 with the commissioning of city diagnostics in five selected cities. In the City of Addis Ababa (Ethiopia), the UMDF started the Sheger River Infrastructure and Investment Plan project. Institutional development of the UMDF advanced in 2020, with the operationalization of the Small Grants Initiative (SGI), advertisement of a new long-term consultancy position, and the implementation of 13 of 15 OC recommendations. 2021 is the first full year of the Urban and Municipal Fund operations, with the UMDF fully institutionalized, the first projects under implementation, and a continuous pipeline under consideration from partner cities, countries, and departments of the Bank. The Work Program included four new projects and normative activities.

Interim Report September 2021

The year 2021 is now eight months old and still overshadowed by the Pandemic. Nevertheless, the UMDF operations have picked up pace in the course of 2021 the following report is meant to give an update on the status of implementation of the Work Program and achievements to date, a full overview of the administrative advancements, and financial status.

The signature projects are all progressing as planned. The Bank's Sustainable Urban Development Action Plan is progressing now to the development of the background papers, the City diagnostics and action plans products are being prepared in our first five partners cities and investment priorities are emerging. Interested candidates for the batch of the next five cities are emerging at the same time to expand the City Program. The Addis Ababa urban development project around the Sheger River is nearing finalization, as are the preparations to start the next three pre-investment projects in Tunisia, Cameroon, and South Africa. Through the small grants initiative, the UMDF is reacting to emerging needs across urban Africa.

Important foundational documents to guide the expansion process have been prepared, our staff is expanding, the UMDF is being promoted in cities across Africa, and new partnerships are being made continuously. The first financial transactions have been completed and the fund is now fully operational and engaged in the everyday business as it was meant to do: to support the African Development Bank's engagement with and in cities across the African continent.

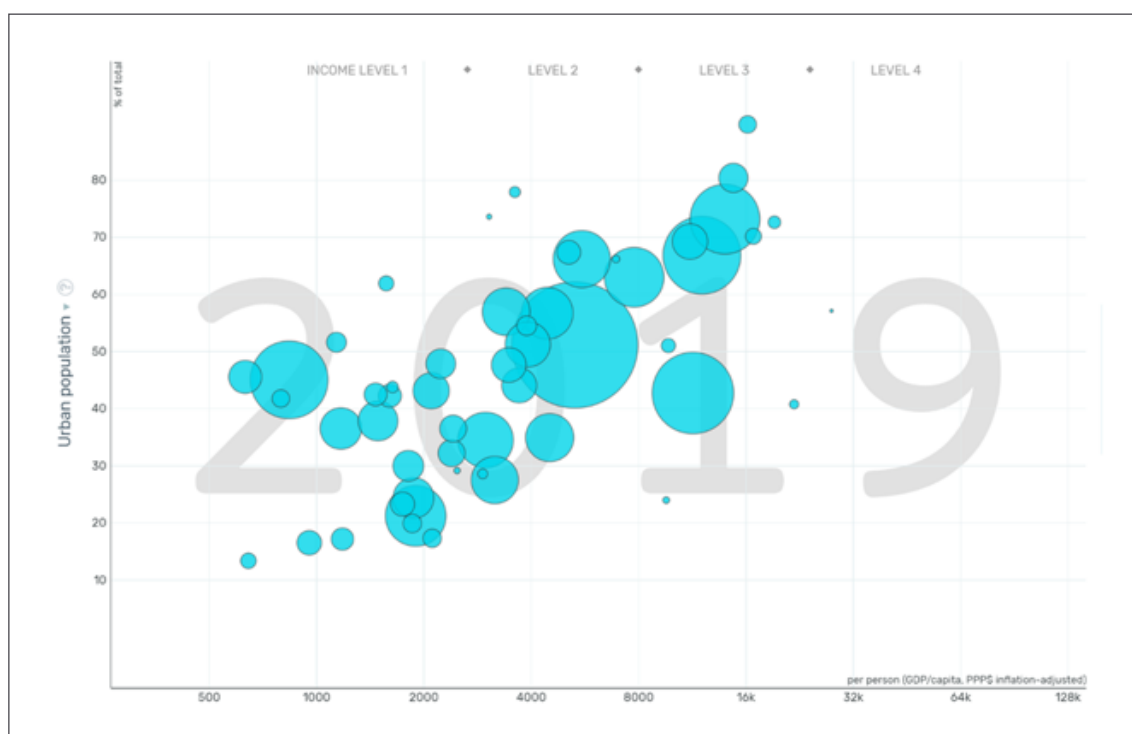


1. Introduction

1. Introduction

Africa is experiencing unprecedented population growth. Its current total population of 1.3 billion is expected to nearly double by 2050, reaching 2.49 billion people, the continent is undergoing a pronounced and accelerated urban transition. Illustration 1 demonstrates that the urbanization path of Regional Member countries is extremely diverse, ranging from low levels of urbanization in small low-income countries to high levels of urbanization in large upper-middle-income countries. Africa's fast and diverse urbanization, therefore, required local and national solutions, while also facing some common challenges such as the need for capacity development of subnational authorities, improving urban planning and management, and preparing and financing adequate infrastructure while maintaining environmental, social, and economic sustainability and addressing climate change.

Illustration 1: Urbanization levels and GDP of regional member countries



Source: Gapminder.org

A significant challenge for the region is that urbanization is taking place at low levels of income, meaning the available resources to activate for urban investments are limited. Intermediary cities only spend about \$1 per capita per year. Even large cities with more resources, like Addis Ababa with \$124, or Nairobi with \$118, do not have the levels needed to respond to the rapidly growing populations.

¹ The vertical axis shows the level of urbanization in percent of total population, the horizontal axis the country GDP. The size of the bubble represents the total population of the country in question.

1.1 U MDF at a glance

In April 2019, the Bank Group, launched the U MDF with the generous support provided by the Nordic Development Fund (NDF), the Belgium Agence Wallonne a l'Exportation et aux Investissements estranges (AWEX), and the State Secretariat for Economic Affairs (SECO), Switzerland as the initial donors. Through the establishment of the U MDF, the Bank is better positioned to play a catalytic role in helping RMCs build their capacity and ensure adequate infrastructure development (SDG 9) and inclusive, integrated, resilient, and sustainable urban development (SDG 11), and more resilient cities, and infrastructure that supports low-carbon development (SDG 13). Further, the objectives of the U MDF in infrastructure project preparation, capacity development, and technical assistance to improve urban policy and management align closely with the 10-Year Strategy's operational priorities and the High-5's.



Build resilient infrastructure, promote inclusive and sustainable industrialization and faster innovation



Make cities and human settlements inclusive, safe, resilient and sustainable



Take urgent actions to combat climate change and its impacts

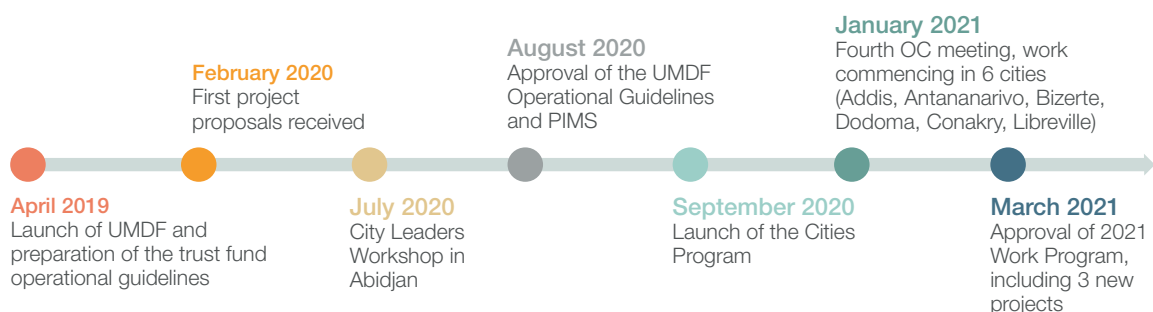
African Union, Agenda 2063: The Africa We Want.

We aspire that by 2063, Africa shall be a prosperous continent, with the means and resources to drive its own development, and where: [...] Cities and other settlements are hubs of cultural and economic activities, with modernized infrastructure, and people have access to all the basic necessities of life including shelter, water, sanitation, energy, public transport, and ICT; Economies are structurally transformed to create shared growth, decent jobs and economic opportunities for all.

Source: <https://au.int/en/agenda2063/overview>



1.2 Key Urban Achievements relevant to the U MDF



1.3 Partners

The Nordic Development Fund (established and owned by Denmark, Finland, Iceland, Norway, and Sweden), the Wallonia Export and Investment Agency (AWEX) and the Swiss State Secretariat for Economic Affairs (SECO) have generously pledged resources totaling US \$ 6 million to the UMDF, as well as providing valuable experience and guidance. The UMDF is managed by a Secretariat within the Infrastructure and Urban Development Department (PICU) of the AfDB. An Oversight Committee (OC) which meets Quarterly provides general policy direction and ensures effective governance of the Facility's activities. The OC consists of five representatives (as of 26/11/2020): three appointed by Donors, two by the AfDB. The current OC is chaired by the NDF. The AfDB provides in-kind contributions as host and manager of the Facility. More and more partners are expressing interest in the UMDF, with a first such partnership formalized with the Spanish regional Basque trade and investment agency (BTI) in November 2020.

1.4 Areas of work

The UMDF's overall development objective is to support African cities and municipalities to improve resilience and better manage urban growth and development by improving planning, governance, and quality of basic services. The UMDF is structured around four main pillars that will define the Fund's mandate and work program: (i) improved urban planning, (ii) improved project preparation (i.e., pre-investment phase), (iii) improved governance, municipal finance, and fiscal management, and (iv) increased Bank capacity to support integrated urban development. Support under the UMDF will enhance the ability of cities and municipal governments and the Bank to be more active in the upstream phases of the project preparation cycle in order to reinforce pipeline quality of bankable projects.

Figure 1 : Stage 1 represent the City Diagnostic process ending in the Action Plan. Bank sectors get involved in Stage 2 from pre-investments to finance to monitoring and evaluation.





2. Activities Report 2021

2. Activities Report 2021

The UMDF Oversight Committee meeting in January gave general directions on the operationalization of the UMDF and subsequently approved the detailed 2021 Work Program in March, including several new projects to start in 2021.

UMDF operations in 2021 are therefore characterized by the focus on (a) oversight and delivery of previously approved projects, (b) start-up of new approved operations, and (c) further operationalization and development of the UMDF.

Highlights in 2021 include the finalization of the Sustainable Urban Development Action Plan (SUDAP) and other key normative outputs, the delivery of the City Program pilot phase and roll-out to new cities, as well as municipal project preparation activities and operational roll-out of the Fund.

| PROJECT DELIVERY (PREVIOUSLY APPROVED PROJECTS) | |
|--|-----------------|
| Finalize the Sustainable Urban Development Action Plan (SUDAP) | 150.000 \$US |
| Piloting City Program with 5 cities | 500.000 \$US |
| Sheger River Development Project | 500.000 \$US |
| Small Grants Initiative | 200.000 \$US |
| NEW PROGRAM ELEMENTS 2021 | APPROVED BUDGET |
| Roll-out of Cities Program to 5 more cities in 2021. | 600.000 \$US |
| Develop Tunis Municipal Waste project | 500.000 \$US |
| Implement Cameroon PNDU Investment planning project | 120.000 \$US |
| South African Investment program for intermediate cities. | 100.000 \$US |
| Finalize city program methodology, tools, and approach | 60.000 \$US |
| ORGANIZATIONAL ELEMENTS | |
| Long Term Consultant (approved 2020) | 400.000 \$US |
| Organize 'Majors Roundtable' and study tour with 5 city Mayors + | 30.000 \$US |
| Broaden and improve partnerships of the UMDF, | 10.000 \$US |
| Present and promote UMDF | 30.000 \$US |
| Prepare and organize bi-annual OC meetings | 10.000 \$US |
| Develop communication strategy, and website | 40.000 \$US |

The present interim activities report is meant to give a comprehensive overview of the state of implementation of the 2021 UMDF Work Program, the operationalization and financial situation, as of 31 August 2021.

²2020 OC approved Budget is 200.000 \$US, costs foreseen to date are lower.

2.1 Programmatic Progress

Outcome area 1:

Improve Urban Planning

The UMDF City Program Pilot Phase with five cities was approved by the OC in July 2019 and contracts were signed in December 2020. The city-level work and the Bank's engagement with partner municipalities commenced early 2021 and to date, all city teams have completed the inception phase and delivered the Phase 1 Report or 'City Diagnostics'. The pilot phase is on track to be completed in 2021. Important lessons learned are being systematically captured and reviewed and will inform the to-be-developed methodology, guide, and Terms of Reference to improve the delivery of the regular roll-out and expansion to the next batch of cities. Below is a progress report from the pilot phase and the status of shortlisting of cities for the next program phase (subject to final OC endorsement).

In close collaboration with other Bank departments, Regional and Country offices, a short listing of potential program cities for phase two has commenced and preliminary discussions on the selection of the next five cities are underway.

North Africa: Marrakesh, Alexandria (potentially in synergy with EBRD Green Cities) Port Said (stand-alone). West Africa, Municipalities in Togo, Cabo Verde (Praia). Southern Africa: Mauritius (Port Louis metro). East Africa (tbc). Central Africa: Bangui (letter of request received in May 2020).

Table 2: Progress overview of the five Pilot Cities

Antananarivo (Madagascar): Consultants are currently finalizing the 3 analytic reports (environment, transport / urban development and governance). The consultants had also indicated that due to COVID related issues in terms of convening with the government that they may request for a minor extension to their final submission.

Bizerte (Tunisia): Bizerte completed Phase 1 and 2 and is currently in the process of developing its Action Plan, further detailing the city priorities. The Diagnostics has been received and approved by the city, indicators have been collected and priorities identified with city administration, stakeholders, and civil society. Bizerte is also being assisted to define steps to improve its credit rating (currently B+). Preliminary planning priorities are (i) port infrastructure and (ii) a suite of 'smart city initiatives (tbc), (iii) development of a land use plan

Conakry (Guinea): The city of Conakry is in phase 1 of the study due to the COVID 19-related travel restrictions the consultant was facing. The date for submitting the deliverable for the first phase should take place in mid-August 2021 but at this stage the main challenges identified with the city concern sanitation, transport, precarious housing and especially access to basic social services. The recent field mission made it possible to meet all the stakeholders and hold very fruitful working sessions with the city authorities who proposed a vision on the theme "a healthy, safe and open city".

Dodoma (Tanzania): Phase 1 report and the Traffic Light matrix have been presented to the AfDB Sector Specialist Country team for inputs. A public survey in Kiswahili is being undertaken to solicit the City residents views to form part of the prioritization and the Action Plan of the City.

Libreville (Gabon): Libreville is in Phase 1: Diagnostic presented by the consultant first week of August.

Outcome Area 2: Improved project Preparation

The Sheger River Infrastructure and Investment Plan project is dedicated to providing a roadmap for the city of Addis Ababa (Ethiopia) as a gateway for effective urban growth and economic prosperity. The Sheger Study is on track and anticipated to close by August 4th 2021. Most recently the consultants submitted a revised Month 4 Report which contains the bulk of the work in terms of providing the Preliminary Cost Estimate and the Preliminary Investment Packages (IP) options. Earlier this month, the Ethiopia Office and consultants met with the coordinators of the Sheger Beautification project (River Basin Agency), to present these findings and in order to carry out a site visit for ground truthing of the IP options. The aim was to identify the most impactful site for the Bank's subsequent 30 million UA investment as a next phase and this was narrowed down to two sections of the 64km stretch. These findings along with the most recent investment information will be presented to stakeholders in a closing workshop planned for July 29th 2021. The consultants will then have until August 4th to integrate these comments and submit the final report.



Tunis Waste Management. Following the approval of the Project and subsequent discussion with the Tunisian Ministry of Finance and Tunis Municipality, the Project Information memorandum has been developed and approved. Consultant(s) have been hired to commence the work over an estimated 12-month project preparation timeframe, including updating the waste management plan, technical, environmental, and economic studies. An amount of 2-3 Million \$US has been mobilized and earmarked from the GEF in support of the project through the TRACE Program.



South Africa. The intermediary cities program in South Africa is currently under development and before project start.

Cameroon : Programme National de Développement Urbain-PNDU. Following the approval of the Project and subsequent discussion with the Ministry of Habitat and Urban Development (MINHDU), the Project Information memorandum is under preparation and will be submitted to the Technical committee. TOR is being prepared by the Ministry of Housing and Urban Development to prepare the launch of the study in the second half of the year.

New Proposal : Marrakesh Bus Rapid transit system.

In June 2021, the City of Marrakesh has requested AfDB and the UMDf to support the development of its Bus Rapid Transit System. Preliminary discussions are being held with EBRD and EIB for joint financing of the preparation and project, potentially to be the first electric BRT system on the African Continent. The UMDf secretariat has reviewed the request and considers it to be highly relevant, fully aligned to UMDf objective and of high impact for sustainable urban development.

Table 3: Small Grants Initiative – Active and received proposals

Network of Subnational Finance Institutions (20.000 \$US, completed):

In light of the rejected project proposal to strengthen RIAFCO (Réseau des Institutions Africaines de Financement des Collectivités locales), the UMDf Approved a small grant to RIAFCO on a small intermediary project preparation facility. This small grant helped build the capacity of RIAFCO for project preparation and formulation, and AfDB and RIAFCO subsequently submitted a 20 M funding proposal on Strengthening National Development Bank for improved urban investments to the German BMUB International Climate Initiative (IKI). No funding decision by Germany has been made.

Financial performance of African Cities Database (26.400 \$US, approved, ongoing) :

The financial situation of Municipalities in Africa is very diverse, but generally characterized as weak compared to the investment needs. This grant will provide in-depth data capturing and analysis in order to better define AfDB's implementation strategy for the Guidelines for subnational finance and in support of municipal finance. The analysis will also be used to contribute to a landmark publication between OECD, UNECA, and AfDB.

Intermediary & NDB Database and Network (20.000 \$US, approved, ongoing):

Intermediary financial institutions and national development banks are a crucial actors to support investment into to cities in Africa, and a potential business partner for the African Development Bank. They also have the potential to stand as transformative instruments to pave the way for the development of stronger municipal credit markets, to get local and regional governments' creditworthiness strong enough to directly tap into domestic and international capital markets, especially for medium-size cities. The landscape of these institutions in Africa is rapidly changing and emerging, and this grant is tailored to develop a comprehensive analysis of these actors in Africa and develop a network with them.

Affordable Housing ESW (30.000 \$US, approved, under development).

In collaboration with Shelter Afrique (SHAF), AfDB is preparing a "toolkit" to be used by municipalities in the design and implementation of affordable housing public and private sector projects, in a critical, but challenging area of local policies. The toolkit is expected to be ready in Q4 and used in dialogue with RMC to identify and prepare projects in the affordable housing sector.

TOGO Municipal training (30.000 \$US, approved and under development).

The Government of Togo has placed an increased focus on Urban Development, and requested the UMDf to organize a training for the newly appointed city managers in terms of urban development, financing infrastructure and municipal finance. Preparations for the training are ongoing for the second half of the year.

Angola E-Mobility Study (30.000 \$US, under consideration)

The objective of the study is to analyse the current conditions in Angola in terms of current policies, programs, laws, regulation, market, industry related to electric mobility. This study should have a comparative analysis and recommended action plan to develop the best regulatory market framework recommendation as possible for basis of high-level dialogue with different stakeholders in Angola to introduce e-vehicles.

Freetown Waste Management (30.000 \$US, under consideration).

The Municipality of Freetown requested support extending the capacity and lifespan of their existing waste management facility, while in parallel planning for a long-term sustainable solution. Through a small grant the UMDf is supporting the construction of small-scale station to more efficiently manage the waste, create jobs, reduce harmful pollution. The project forms part of the Freetown transformation agenda.

Outcome Area 3:

improved governance, municipal finance, and fiscal management

Municipal Finance Offering:

Cities in Africa are generating, receiving, and spending very small fractions of what is needed to ensure socially equitable and environmentally sustainable development. This financing gap is growing each year as urban populations increase, with more infrastructure needed to provide basic services whilst still limiting emissions and adapting to existing and impending effects of climate change. Furthermore, with limited financial resources available, inadequate maintenance of existing infrastructure translates into unnecessary high costs for rehabilitation or reconstruction, further compounding cities' financing gap.

To support cities accessing financing, the AfDB launched its Sub-National Finance Guidelines in 2019 which outline how sub-national entities can access financing. However, the majority of cities in Africa are still not able to do so due to inadequate creditworthiness. Therefore, the focus of UMDf's work on municipal finance will be to work with cities to identify and prioritize specific needs in this area that can be strengthened through support with technical assistance, training, and capacity building more generally. This will be supplemented by the design of three specific activities:

- 1.** Developing a financial benchmarking platform with key to support both the cities themselves as well as the AfDB more generally to prioritize interventions that can improve creditworthiness.
- 2.** Analysis from the financial benchmarking platform to develop knowledge products, including analytic reports, that highlight prevalent issues/trends and help position the AfDB as a knowledge hub in this area
- 3.** Designing a flagship Municipal Finance Academy, to train officials on the fundamentals of city financing, guide participants through a basic self-assessment of their preparedness for private financing; and support cities with the prioritization of a preliminary action plan to strengthen their creditworthiness.

Initial discussions are already underway with the cities of Bizerte and Antananarivo to roll out this support to them. A Project proposal and/or PIM will be submitted to the OC to request funds to support these activities together with those in the CFO Network (see below) during the next OC meeting (OC6).

C40-AfDB CFO Network: The UMDf is partnering with C40 Cities to launch the CFO Network of African Cities in recognition of the fact that participation of city Chief Financial Officers (CFOs) is vital to raising sufficient resources to support sustainable urbanisation in Africa, and successfully mainstream climate across city governance. The main objective of the Network is to support the accelerated development of climate-smart project pipelines and the creation of municipal environments favorable to investment, by:

- Building local capacity to improve municipal fiscal conditions in order to deliver equitable and inclusive sustainable urbanization;
- Creating a knowledge pool between financial departments of African cities on existing and emerging business models for climate infrastructure projects; and,
- Strengthening functional partnerships between municipalities and key stakeholders from government, the financial sector and relevant industries.

The initial membership for the CFO network is comprised of UMDf's African Cities Program as well as C40s African Cities CFOs. The first meeting was held on the 18th of May. Currently an Aide Memoire is being finalized between C40 and the AfDB to underpin this partnership and the initial fundraising to support network activities has commenced. This will also form part of the PIM that is being developed to submit to the OC in September.

SDBs thus appear as a relevant stakeholder/instrument to increase the financial capacity of local governments to address these needs. Besides being financial intermediaries, SDBs also have the potential to stand as transformative instruments to pave the way for the development of stronger municipal credit markets, to get local and regional governments' creditworthiness strong enough to directly tap into domestic and international capital markets, especially for medium-size cities. SDBs can also strengthen cities and regions' capacities on project preparation cycle and appraisal: financial planning, engineering, management, and follow-up. SDBs can mobilize domestic capital and aggregate data on an existing pipeline of projects and their maturity. Being well-established domestic players closely connected to the country's policy and development, they can provide early-stage support, professional engineering, and financing in local currency.



Outcome Area 4: **increased Bank capacity to support integrated urban development.**

The oversight committee approved the project to support the development of the **AfDB Sustainable Urban Development Action Plan (SUDAP)** in 2019. The service provider, Cities Alliance, has been contracted beginning of March. A bank-wide Interdepartmental Working Group (IWG) consisting of 16 staff has been set up and constituted itself early April in a meeting discussing and finalizing the Inception Report, outlining the thematic focus and process. The process to develop the six backgrounds is almost complete and AfDB is currently facilitating the parallel workshops to finalize the Background papers, and crystalize the relevant inputs for the main SUDAP report, which is on track to be finalized on October. The SUDAP will then be submitted and presented to the Board for final approval.

In Africa, SDBs are largely constrained by legal, technical, and financial barriers that restrict them to play this transformative role. However, in the last years, encouraging dynamics and supports showed positive signals to reinforce their roles to structure and deliver the infrastructure markets. An SGI of 20,000 USD was approved to FMDV to help the AfDB understand how it can best position itself to support these SDBs by providing an overview of existing SDBs in the region and an initial screening of their current project pipelines. This analysis would constitute the groundwork to further strengthen SDBs' role in the region in the second phase of support in order to fast-track AfDB support for investments of urban infrastructure projects through a more in-depth analysis. As part of this work, we are also looking to undertake a more in-depth analysis of the experiences in Sweden through the Komminvest municipal development bank.

2.2 Organizational Progress

Staffing: Recruitment of a long-term consultant, supported by the NDF, has been concluded and **Ms. Astrid Haas** has commenced her position 19th April 2021.

The envisioned meeting and study tour with a minimum of 4 of 5 Mayors and/or Chief Financial Officers is unlikely (as of Aug 2021) to take place this year. UMDF secretariat predictions for the ease of COVID restrictions might have been too optimistic. However, an online seminar with senior city representatives had been completed in May 2021 and regular online seminars with senior, financial, and also junior city representatives is taking place monthly. We are in discussions with the Association of Danish Industries (DI) to organize a study tour in 2022 to Copenhagen and potentially other Nordic cities.

The UMDF is in continuous discussion with existing and **new institutional partners** and recently the Global Center for Adaptation (GCA) and the UMDF entered into a pro-bono partnership agreement whereby the GCA will provide detailed climate risk and vulnerability assessments for all UMDF partner cities. The objective is to support systematic identification and integration of climate risk into the diagnostics and project preparation processes to climate-proof existing projects, and potentially identify more adaptation-focused projects in cities.

Further discussions are close to finalization with the **C40 Cities Network**, the **European Space Agency (ESA)**, and with **Danish Industries**

(DI). With the C40 Cities Network the UMDF is finalizing an agreement to jointly establish a CFO Network to improve the capacities of C40 and UMDF cities for developing bankable projects and a better connection with planning and project preparation and financing institutions, with a focus on access to climate finance. With ESA we are exploring the collaboration to use more earth observation data to overcome some of the data challenges in African cities and improve urban planning and decision making. With the Association of Danish Industries, the UMDF is discussing the organization of the 2022 Study tour and establishing a Nordic Hub as part of the UMDF cities Program.

Presentation to potential donors was held with the **Italian Cooperation**, the **German Development Cooperation** on a potential partnership in 2021/2022.

Promotion and presentation of the **UMDF at relevant events** were mostly done online in the first three Quarters of 2021. The UMDF was a sponsor to the [Dakar Forum](#), a high profile event in Senegal but also covering West Africa. AfDB Staff presented relevant Bank experiences in various session including intervention in Dakar mobility and PPP roads. Further the UMDF was presented at the following events. GCF Regional Consultations in Africa, FMDV Infrastructure Roundtable in Abidjan (April 2021), SDU Intensive Program on Urban Resilience (July 2021), Africa Climate Week (July 2021) and a couple of smaller webinars..



2.3 Financial Progress

The UMDF commenced financial transactions in March 2021 with the first payments for contracts related to the City Program and Addis Ababa projects. As of 30 June 2021, end of the second quarter, the UMDF has expended 284,184 \$US and committed 2,065,516 \$US. The Bank's Financial Control Department (FIC) advised in July 2021 that there was no Audit done in 2020 as there were no financial transaction. The next regular Audit will be completed end 2021, and attached to the subsequent Report. FIC completed a financial report (as of 30 June), please see below screenshots, the full report is annexed (via separate PDF document)

| <u>AFRICAN DEVELOPMENT BANK</u> | | |
|---|------------------|------------------|
| <u>URBAN MUNICIPAL DEVELOPMENT FUND</u> | | |
| <u>STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021</u> | | |
| (Expressed in USD) | | |
| | Jun-21 | Dec-20 |
| Contribution | | |
| AWEX | 559,832 | 559,832 |
| SECO | 200,900 | 200,900 |
| NDF | 4,549,600 | 4,549,600 |
| Total contribution | 5,310,332 | 5,310,332 |
| Net Income - Opening | 12,241 | |
| For the period | (11) | |
| | <u>12,230</u> | <u>12,241</u> |
| Total resources available | 5,322,562 | 5,322,573 |
| Less : Disbursements | | |
| Ongoing activities (Annex 1) | (284,814) | - |
| Total Disbursements | (284,814) | - |
| Funds available | 5,037,748 | 5,322,573 |
| <u>Represented by:</u> | | |
| Cash in bank | 5,097,748 | 5,322,573 |
| Less : Amount payable | (60,000) | - |
| Fund balance | 5,037,748 | 5,322,573 |
| Items of income and expenses | | |
| Interest income | - | 12,411 |
| Bank charges | (11) | (170) |
| Net income | (11) | 12,241 |

AFRICAN DEVELOPMENT BANK
URBAN MUNICIPAL DEVELOPMENT FUND

STATEMENT OF COMMITMENT AS AT JUNE 30, 2021
(Expressed in USD)


| | Jun-21 | Dec-20 |
|---|-------------------------|-------------------------|
| Total funds available | 5,322,562 | 5,322,573 |
| Less : Commitments | | |
| Ongoing activities (Annex 1) | <u>(2,065,516)</u> | <u>(1,800,000)</u> |
| Total funds available for commitment | <u>3,257,046</u> | <u>3,522,573</u> |

AFRICAN DEVELOPMENT BANK
URBAN MUNICIPAL DEVELOPMENT FUND
SUMMARY OF ONGOING ACTIVITIES AS AT JUNE 30, 2021
(Expressed in USD)

| Activity Code | Activity Name | Amount Allocated | Cumulative Disbursement as at 31/12/20 | Disbursements from 01/01/ - 31/03/21 | Disbursements from 01/04/ - 30/06/21 | Total Disbursement for the period | Cumulative Disbursement as at 30/06/21 | Undisbursed Balance |
|------------------|------------------------------|------------------|--|--------------------------------------|--------------------------------------|-----------------------------------|--|---------------------|
| G-ET-J00-SUP-001 | ADDIS SHEGER RIVERSIDE DEVEL | 500,000 | - | - | 58,818 | 58,818 | 58,818 | 441,182 |
| G-Z1-J00-STY-001 | UMDF CITIES DIAGNOSTICS | 530,000 | - | 60,000 | 95,496 | 155,496 | 155,496 | 374,504 |
| G-Z2-J00-ZZZ-001 | LTC -SUPPORT UMDF ACTIVITIES | 370,000 | - | - | 9,000 | 9,000 | 9,000 | 361,000 |
| G-Z2-J00-ZZZ-002 | UMDF SMALL GRANT INITIATIVE | 200,000 | - | 10,000 | 19,000 | 29,000 | 29,000 | 171,000 |
| G-Z2-J00-STY-001 | URBAN DVEPT STRATEGY 2021-25 | 200,000 | - | - | 32,500 | 32,500 | 32,500 | 167,500 |
| G-Z2-H00-ZZZ-091 | MANAGEMENT FEES | 265,516 | - | - | - | - | - | 265,516 |
| TOTAL | | 2,065,516 | - | 70,000 | 214,814 | 284,814 | 284,814 | 1,780,702 |

Adjustments: Please note the OC approved City diagnostics budget was raised from 500.000 to 530.000. This change was necessary due to an attribution error of interpreter costs that were incorrectly charged to this budget line in the early days and impeded the correct payment and contract registration under this activity code.





3.
**Requests
for OC
consideration**

3. Requests for OC consideration

The Work Program 2021 is well on track. No major changes are envisioned at this stage although the UMDF secretariat is actively and regularly monitoring implementation and adjust when necessary. The emerging character of the UMDF brings also rapidly changing environments and opportunities. We, therefore, seek approval of the following items, and additions to the approved work program

- We seek your approval of the Theory of Change and Results Matrix.
- We seek your approval of the UMDF Business Plan 2021-2026.
- We seek your approval of including the BRT Marrakesh into the work program.
- We seek the approval of reserving 120.000 USD to further explore a UMDF Green City program application to the Green Climate Fund.
- We seek approval of increasing the amount to finalize city program methodology, tools and approach up to 130.000 (from currently 60.000).
- We seek your approval of 200,000 USD to support the launching and expansion of our Municipal Finance activities including the CFO Network.
- We seek approval of the interim report, and authority to publish it on the AfDB Website.



A photograph of a water treatment plant featuring several large circular tanks and concrete walkways. A large yellow circle is overlaid on the top right corner, and a dark teal circle is overlaid on the bottom left, containing the text. The background shows a clear blue sky and some buildings in the distance.

4. Annexes

Annex 1: **Status of Implementation of the 2021 OC Recommendations**

Annex 2: **Financial Report (as of 30 June 2021), as received by FIFC.**

Annex 3: **Approved Work Program 2021, including new proposals (subject to OC approval)**

Annex 4: **UMDF financial Statement**

Annex 1

Status of Implementation of the 2021 OC Recommendations

STATUS OF IMPLEMENTATION

| | |
|--|-----------------|
| | Implemented |
| | In progress |
| | Not yet started |

| | RECOMMENDATIONS FROM THE OVERSIGHT COMMITTEE | STATUS | UMDF ACTIONS TAKEN |
|---|--|--------|--|
| 1 | OC members requested an updated Work Program 2021, with clear proposals which projects to support. | | Annual Work Program 2021 approved and published in March 2021. |
| 2 | UMDF Secretariat to circulate mid-year report with financial report, once received by financial department | | Interim Report, including financial report, circulated to OC 15 August 2021. |
| 3 | Develop Results framework for OC consideration | | Theory of Change and results Framework sent to OC for approval |
| 4 | UMDF Secretariat to finalize the Strategic business plan that should contain results framework, then such could be clearer. | | Updated Business plan sent to OC for approval |
| 5 | OC supportive of the evolution of business model towards cities program, would like to receive updates on Addis Ababa project. | | Evolution of business model towards cities program included in new Business Plan, AWEX periodically updated on Addis Ababa project. |
| 6 | To do: propose clearing process for proposals, for OC consideration | | Item for discussion at next OC meeting, more guidance sought from OC, to be completed at next OC meeting (OC6). |
| 7 | Connect the UMDF to the Sanitation Fund | | Contact established, periodic exchanges and agreement to jointly identify and support 1-2 concrete sanitation projects in 2021/2022 (pending prior OC approval). |

Annex 2

Approved detailed Work Program 2021 and budget

| EXPECTED OUTCOMES | WORKPLAN ACTIVITIES /OUTPUTS | TARGET / INDICATOR | ESTIMATED BUDGET (IN USD) |
|---|---|---|---------------------------|
| 1. Improve Urban Analysis and Planning in UMDf partner cities | 1 Implementation and roll-out of Cities Program to 5 more cities in 2021. Cities to be decided Q2/3 2021, by OC. | 1. Selection of Cities 6-10, contracts signed | 1: 600.000 |
| 2. Improved project preparation | 2a. Develop Tunis Municipal Waste project | 2a contract(s) signed, 3 of 5 outputs drafted in 2021 | 2a: 500.000 |
| | 2b. Implement Cameroon PNDU Investment planning project | 2b. contracts signed, draft investment plan ready, with focus on bankable projects, leveraging finance | 2b: 120.000 |
| | 2c. Support development of a South African Investment program for intermediate cities. | 2c. Contracts signed, Investment program ready | 2c. 100.000 |
| | 2d: Support development the Marrakesh BRT | 2d. contracts signed, work started | 2d. 500.000 |
| 3. Improved governance, municipal finance and fiscal management | 3a. launching and expansion of our Municipal Finance activities including the CFO Network. | 3a. PIM approved, CFO network formed and operating | 3a.: 200.000 |
| 4. Increased Bank capacity to support integrated urban development. | 4a. Finalize the Sustainable Urban Development Action Plan (SUDAP) | 4a. SUDAP ready for Board/President approval in Q3 | 4a. 150.000 |
| | 4b. Finalize city program methodology, tools and approach | 4b. Lessons from city diagnostics captured, Methodology refined and published, supporting tools etc published (if applicable) | 4b. 130.000 |
| | 4c. Develop a GCF green city program, mobilizing additional resources for the UMDf | 4c. Contracts signed, GCF concept note submitted | 4c. 120.000 |
| Programmatic Element: 9 Projects | | | 2.560.000 |
| 5. Partnerships | 5a. Organize 'Majors Roundtable' and study tour with 5 city Mayors + CFOs, as part of a 2021 Mayor Event if Health Situation allows (ie AfDB annual Meeting, COP26 etc)¹. | 5a meeting & study tour with min 4 of 5 Mayors +CFO completed | 5a. 30.000 |
| | 5b. Broaden and improve partnerships of the UMDf | 5b. Formalize at least 2 new UMDf partners | 5b. 10.000 |
| | 5c. Present and promote UMDf | 5c. Present UMDf at min 3 relevant events (ie. AfriCities) | 5c. 30.000 |
| | 5d. Prepare and organize bi-annual OC meetings | 5d. 2 OC meetings, at least 1 in person | 5d. 10.000 |
| 6. Administration | 6a. Develop communication strategy, and website | 6a. Draft comms strategy ready for OC endorsement in Q2 2021, website online and up-to-date | 6a. 40.000 |
| | 6b. Improve admin efficiency | 6c. Continuous reduction in transaction time for proposals and contracts. | 6c. - |
| Administrative Elements: 6 Projects | | | 120.000 |
| TOTAL: 15 PROJECTS | | | 2.680.000 |

Annex 3

Received requests for funding as per 31 July 2021

| | |
|--|---|
| | Fully Aligned to UMDF focus areas |
| | Aligned, but further clarification needed |
| | Not aligned to UMDF priorities |

| # | PROPOSAL | COUNTRY | CITY(IES) | PROPOSING INSTITUTION | TYPE | DATE RECEIVED | BUDGET | STATUS |
|---|------------------------------------|---------|-----------------------------|------------------------------|---------------------|---------------|---|---------------|
| 1 | Marrakesh Bus Rapid Transit System | Morocco | Marrakesh Metropolitan Area | City of Marrakesh, AfDB COMO | project preparation | 21.06.21 | 2 Million \$US AfDB: \$500.000 EBRD: 500.000 City of Marakkesh: Rest. | Project Brief |

All files can be found in the [UMDF Team](#) in the Folder Files / Projects / Proposals / 2020. If you have trouble with accessing the Teams or wish to receive the files via E-Mail, please contact m.mayr@afdb.org.

³ If the Health/Travel situation permits, we intend do organize a city, potentially in combination with a study tour. The 2021 AfDB annual meeting (In Accra, Ghana), COP26 (In Glasgow, UK) or a similar type event could be the occasions for such a meeting, but we are monitoring the situation and evaluate virtual events where possible..

Annex 4

UMDF Financial Statement

AFRICAN DEVELOPMENT BANK

BANQUE AFRICAINE DE DEVELOPPEMENT



INTER-OFFICE MEMORANDUM

Ref: FIFC1/UMDF-7030/Q2021

Date: August 02, 2021

TO: Mr. Atchia Stefan
Manager, PICU2

FROM : Ben Othman Haithem
Manager, FIFC1

SUBJECT: **URBAN MUNICIPAL DEVELOPMENT FUND (UMDF)**
FINANCIAL STATEMENTS AT 30 JUNE 2021

Please find attached herewith, the unaudited financial statements of the above fund as at 30 June 2021.

If you require any further information, please do not hesitate to contact us.

Thank you.

For - Ben Othman Haithem
Manager, FIFC1

Cc: Mr. Marcus Mayr, Principal Urban Development Officer, PICU2

AFRICAN DEVELOPMENT BANK
URBAN MUNICIPAL DEVELOPMENT FUND

FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021
(Expressed in USD)

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| Summary of Ongoing Activities (Annex 1) | 3 |

AFRICAN DEVELOPMENT BANK
URBAN MUNICIPAL DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021
(Expressed in USD)

| | Jun-21 | Dec-20 |
|-------------------------------------|------------------|------------------|
| Contribution | | |
| AWEX | 559,832 | 559,832 |
| SECO | 200,900 | 200,900 |
| NDF | 4,549,600 | 4,549,600 |
| Total contribution | 5,310,332 | 5,310,332 |
| Net Income - Opening | 12,241 | |
| For the period | (11) | |
| | 12,230 | 12,241 |
| Total resources available | 5,322,562 | 5,322,573 |
| Less : Disbursements | | |
| Ongoing activities (Annex 1) | (284,814) | - |
| Total Disbursements | (284,814) | - |
| Funds available | 5,037,748 | 5,322,573 |
| | | |
| <u>Represented by:</u> | | |
| Cash in bank | 5,097,748 | 5,322,573 |
| Less : Amount payable | (60,000) | - |
| Fund balance | 5,037,748 | 5,322,573 |
| | | |
| Items of income and expenses | | |
| Interest income | - | 12,411 |
| Bank charges | (11) | (170) |
| Net income | (11) | 12,241 |

AFRICAN DEVELOPMENT BANK
URBAN MUNICIPAL DEVELOPMENT FUND

STATEMENT OF COMMITMENT AS AT JUNE 30, 2021
(Expressed in USD)

| | Jun-21 | Dec-20 |
|---|-------------------------|-------------------------|
| Total funds available | 5,322,562 | 5,322,573 |
| Less : Commitments | | |
| Ongoing activities (Annex 1) | <u>(2,065,516)</u> | <u>(1,800,000)</u> |
| Total funds available for commitment | <u>3,257,046</u> | <u>3,522,573</u> |

AFRICAN DEVELOPMENT BANK

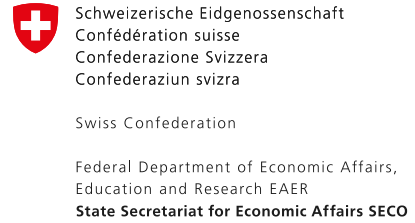
URBAN MUNICIPAL DEVELOPMENT FUND

SUMMARY OF ONGOING ACTIVITIES AS AT JUNE 30, 2021

(Expressed in USD)

| Activity Code | Activity Name | Amount Allocated | Cumulative Disbursement as at 31/12/20 | Disbursements from 01/01/- 31/03/21 | Disbursements from 01/04/- 30/06/21 | Total Disbursement for the period | Cumulative Disbursement as at 30/06/21 | Undisbursed Balance |
|------------------|-------------------------------|------------------|--|-------------------------------------|-------------------------------------|-----------------------------------|--|---------------------|
| G-ET-100-SUP-001 | ADDIS SHEGER RIVERSIDE DEVEL | 500,000 | - | - | 58,818 | 58,818 | 58,818 | 441,182 |
| G-Z1-100-STY-001 | UNMDF CITIES DIAGNOSTICS | 530,000 | - | 60,000 | 95,496 | 155,496 | 155,496 | 374,504 |
| G-Z2-100-ZZZ-001 | LTC -SUPPORT UNMDF ACTIVITIES | 370,000 | - | - | 9,000 | 9,000 | 9,000 | 361,000 |
| G-Z2-100-ZZZ-002 | UNMDF SMALL GRANT INITIATIVE | 200,000 | - | 10,000 | 19,000 | 29,000 | 29,000 | 171,000 |
| G-Z2-100-STY-001 | URBAN DVEPT STRATEGY 2021-25 | 200,000 | - | - | 32,500 | 32,500 | 32,500 | 167,500 |
| G-Z2-H00-ZZZ-091 | MANAGEMENT FEES | 265,516 | - | - | - | - | - | 265,516 |
| TOTAL | | 2,065,516 | - | 70,000 | 214,814 | 284,814 | 284,814 | 1,780,702 |

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For more info, contact:
Marcus Mayr, UMDF coordinator
m.mayr@afdb.org

