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Sent: Mon 6/27/2011 9:47:29 PM

Thanks for your kindness and patience. I know I don't make it easy sometimes.

I'm attaching below the note that my direct manager crafted with the assistance of their internal partners and I think Bill/Melinda have agreed to, so these are the basic marching orders meaning these are the grantmaking constraints that I have. Any suggestions welcome.

Urban Poverty Recalibration

Based on the guidance we received at the strategy refresh session in late April, we will institute a recalibration of our urban work that builds from existing investments, learnings, and partnerships. This would **be managed within the existing GD Special Initiatives budget.**

Goal

Our goal is to improve the quality of life of the urban poor through two primary interventions: improving the quantity and quality of municipal resource flows spent on urban poverty and increasing income-generating opportunities by addressing market failures with a particular focus on solid waste disposal. We also plan to devote a proportion of the portfolio to additional learning and potential partnerships in other areas.

We will be successful with our grantmaking over the next 5 years if we are able to demonstrate a clear increase in financial resources, livelihoods opportunities and municipal services available to the urban poor resulting from our interventions. While we are not yet able to offer specific targets we are confident that within this timeframe we will have data to support clear indicators to track and measure results.

Grantmaking targets

Building on the lessons from our existing portfolio, we will continue to support organizations that work on-the-ground with the urban poor as critical intermediaries to achieve success but with a clearer focus on specific results and outcomes in each along the following lines:

Sub-Initiative 1: More and Better Allocation of Municipal Resources to the Urban Poor

Covering approximately 45% of new grantmaking, this sub-initiative will seek to catalyze and focus resources spent on the urban poor. Building on existing investments such as the Global Initiative for Inclusive Municipal Governance or our partnership with the Cities Alliance, it will target areas like municipal finance, procurement, leveraging of community savings and other tools that both help catalyze additional resources from international and national funders and ensure those resources are targeted and spent more effectively against the needs of the poorest.

Sub-Initiative 2: Addressing Market Failures in Solid Waste

Covering approximately 30% of new grantmaking, this sub-initiative will deepen and expand our work in solid waste, where clear market failures exist that, with smart support, the working poor have a comparative advantage in addressing alongside their local governments.

Based on our existing portfolio, this currently looks quite different in Latin America, Asia, and Africa but we see growing convergence as Asia and Africa move "up" the waste value chain and strong potential for models that include innovative technologies and private sector partnerships from recycled plastics to methane recovery and the generation of additional

revenue through the carbon credit markets.

Sub-Initiative 3: Learning and Partnerships

Covering approximately 25% of new grantmaking, this sub-initiative will continue the “learning” component of our urban work – including the search for additional reversible market failures, and seek out promising interventions that could catalyze wider impact and/or leverage other work undertaken elsewhere in the foundation (e.g. The pilot collaboration we are currently pursuing with WSH around co-composting of sanitation and municipal waste in Bangladesh or better sanitation/waste removal and processing using our Urban partners in Dakar that could provide a replicable model for other cities).

Given the overlap with other foundation programs, there may be additional goals to pursue jointly including the integration of waste streams, cross-subsidy for sanitation/water/health programs generated from municipal solid waste revenue streams, and continued creation of clean development methodologies and subsequent carbon finance generation. While much of this will fall within the Urban work, there may be additional opportunities along these (or expanded) lines to pursue more generally under the GD Special Initiatives umbrella.

Metrics – How do we measure success?

As discussed in the refresh, this is a complex sector with relatively poor existing data, few accurate baselines, and a wide range of potential measurements both with regard to impact measures (e.g. access to shelter, services, and livelihood opportunities), municipal resource allocation, and savings. Rather than seeking a single imperfect proxy metric we recognize that in order to demonstrate an **increase in financial resources and municipal services available to the urban poor** we will need to rely on a collection of indicators that offer a more nuanced view into living conditions, governance, and potentially earnings.

In this context, we want to be very clear that while we will be able to track and report on the intermediate outcome of financial resources flows and that will be a central indicator of success, we will not have a single clear metric of direct impact on the lives of the poor comparable to other foundation strategies. Rather if we are successful, we will have examples of a range of interventions based on the proposed sub-initiatives, some of which will be manifest in better governance and improved access to services, others increased income and asset generation or perhaps even other indicators. As we and the field develop clearer baselines and get improved data – and we already have grantees working on this – we plan to further refine and focus this, but it will be a multi-year process.