



Consultative Group Meeting  
Maputo, Mozambique  
8 November 2011

Handout #5: Cities Alliance Business Plan  
Support Document: Draft Cities Alliance Business Plan

Background:

At its March 2011 meeting, EXCO asked the Secretariat to draft a Business Plan based on the recommendations from the GHK Evaluation on the Implementation Modalities of the Cities Alliance. EXCO reviewed the plan at its July 2011 meeting, made comments and is expected to review the revised draft at its 6 November meeting in Maputo.

The Business Plan aims to capture important changes and shifts agreed by the Consultative Group in the Charter and provide direction to the partnership over a three-year period.

Recommended Action:

- Review and comment on the Business Plan.
- Ratify the Cities Alliance's FY12 Work Programme.



## BUSINESS PLAN

JULY 2011 – JUNE 2014

DRAFT FOR THE CONSULTATIVE GROUP  
MAPUTO, MOZAMBIQUE

7 OCTOBER 2011

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# 1 Introduction

This three-year Business Plan, our first, marks the end of an intense period of internal debate about the nature and direction of the Cities Alliance. Commencing with the adoption of the Medium Term Strategy (2008-2010), the organisation has been substantially redesigned and repositioned. In November, 2010, the Consultative Group adopted a wholly new Charter for the Cities Alliance, and approved a new business model for its implementation. The purpose of this redesign was to build upon the success of the Cities Alliance in its first decade, resolve some outstanding issues, and enable the Cities Alliance to significantly scale up its operations and its impact.

Once approved, this Business Plan, based on a results-based framework, will guide the work of the organisation over the next three years, but be reviewed and updated on an annual basis, maintaining a three-year outlook and work programme.

First and foremost, the new Charter provides welcome clarity on the Cities Alliance's overarching objectives:

- To strengthen and promote the role of cities in poverty reduction, and in sustainable development;
- To capture and strengthen the synergies between and among members and partners; and
- To improve the quality of urban development cooperation and lending.

In line with the Charter and the new business model, the Secretariat is now focused on leveraging the capabilities of CA members, and on actively facilitating the Cities Alliance as a partnership. Together, these should greatly enhance both the coherence of effort amongst CA members, and the effectiveness of CA assistance in our four business lines:

- Country Programmes;
- Catalytic Fund and Grants;
- Knowledge and Learning; and
- Advocacy and Communication.

Secondly, the Consultative Group decided to strengthen and deepen the role of the Cities Alliance as a Partnership, and instructed the Secretariat to act as a facilitator. Combined, these two elements of the Charter will drive the Cities Alliance forward during the period of this Business Plan.

Financially, this has been a difficult time for the Cities Alliance and its members. The impact of the global financial crisis, and many competing demands for declining international development budgets, both challenge the Cities Alliance to deliver more with its modest resources, and to be able to point very clearly to results achieved.

Before looking in more detail at the current and future challenges confronting developing cities, a quick review of events during the first ten years of the Cities Alliance underscores how rapidly the global situation has evolved. Amongst the most significant developments has been the astonishing growth rates in East Asia, largely driven by the transformation of the cities located

on China's eastern seaboard. It was largely East Asia's growth that was responsible for the unprecedented reduction in rates of urban poverty, with over 227 million slum dwellers seeing significant improvements in their living conditions.

With a number of countries in the lead, such as Brazil, Colombia and Thailand, there has also been increased attention to national slum upgrading programmes and, more significantly, with the attention that urban development is now receiving in India. In Sub-Saharan Africa, the focus on urban development is more mixed, with many national economies growing at 5 and 6 per cent per annum, although inequality and social exclusion remains a large and growing challenge.

Yet, for all of these signs of progress, the world has now entered the final phase of the rural/urban transformation, signalling one of the most significant structural changes in human history. Properly managed, this urbanisation process will have profound transformative effects on population growth, economic and social development, education and health, but also massive implications for patterns of consumption, environmental degradation, and climate change.

The time span is also extremely short, with the world's cities expected to absorb an additional 3 billion people by 2050. Almost all of this growth will take place in the developing world, where the preponderance of the challenge will be found in secondary and tertiary cities, whose Mayors are seldom invited to the many conferences debating our urban future. At the same time, the urban poor continue to be systematically excluded from the urban services and opportunities they seek, and need.

The population of the world's countryside will stop growing around the end of this decade, and will fall by some 600 million by 2050. Sixty per cent of urban growth is already from within the city itself, with only 40 per cent resulting from rural-urban migration.<sup>1</sup>

The key to success for African and Asian cities and economies, therefore, will be planning for this growth, rather than trying to manage the consequences after the event, which unfortunately still remains the predominant policy response in Africa and Asia. The fact that the bulk of this growth will take place in secondary cities, highlights the huge challenges that will be associated with this transition, with these local governments already facing infrastructure backlogs, limited capacity, resources, as well as lacking the recognition of their national governments, or the understanding of most international development agencies. Particularly in Africa, the current outlook is extremely bleak – the joint AFD / Cities Alliance research programme into Financing Africa's Cities (forthcoming January 2012) suggest that African cities need investments of the order of \$25 billion a year, but are currently attracting \$1 billion per annum, or less than 5 per cent of their needs.

These are the cities that will determine the economic future of their countries – they will need help with both short and long-term planning, policies, access to capital, and help with attracting investment. Even where resources are limited, significant progress can be made through adopting a pro-active planning approach that anticipates and prepares for future urban growth by identifying well-located land for settlement, ensuring access for future services, and planning for future commercial, recreational and educational needs. To better respond to these challenges, the Cities Alliance has begun the process of transforming its primary operations from single-city activities, into Country Programmes that engage with national policies and multiple

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<sup>1</sup> Doug Saunders, *Arrival City*, Random House, Canada, 2010.

cities simultaneously, focusing on what the World Bank has identified as 'Systems of Cities'. Central to this approach is also strengthening the role of the national associations of local government, building their capacity to ensure learning and replication.

While there is already robust evidence that the Country Programme approach is fundamentally sound, Cities Alliance's resources are limited and generally targeted towards national dialogue, policy formulation and planning, all of which are essential as a basis for progress. For country programmes to become the transformative vehicles that Governments and the urban poor need, however, they need to be further strengthened to become platforms for investment, both public and private. As we have seen in very different scenarios in Brazil, China, South Africa, Ethiopia and Thailand, new policies and approaches can only become transformative – and reach the necessary scale – through mobilising completely new levels of investment, from a variety of sources.

During the course of this Business Plan, therefore, the Cities Alliance and its members need to focus on the mechanisms to help local and national governments to focus on policies designed to attract investment, private and public, national and international. In particular, transforming Cities Alliance's Country Programmes into vehicles for public and private investment is, therefore, a central challenge of this Business Plan.

Broadly speaking, there are a number of sources of investment that are relevant to a Country Programme. These include the national budget; local sources of revenue, such as land value capture; domestic capital investment, public and private; regional and international public and private investment; and the investments (in energy, time and money) of the urban poor themselves.

#### **At A Glance: The Business Plan FY12-14**

**The Business Plan for 2012-2014 is built around four sets of activities:**

- **Leveraging the impact, and the learning, of the current portfolio, which requires ongoing management for the next few years;**
- **Supporting innovation and new directions through the modest resources allocated to the Catalytic Fund;**
- **Maximising the impact of the Country Programmes as vehicles for supporting transformation, deepening partnerships and attracting investment; and**
- **Exporting Cities Alliance's mission through improved communications and advocacy.**

In the first year of this Business Plan, assisted by the Policy Advisory Board (PAB) and interested members, the Secretariat will identify and engage with private sector partners, both at global and country level. At a global level, the Secretariat will seek to provide its members with an overview of the major and emerging private sector partners focusing on cities, and identify their main areas of interest, their assessment of the challenge and the priorities, and their goals and objectives. At a country level, the Secretariat will identify mechanisms and tools to integrate investment planning into the work of the Cities Alliance, particularly (and initially) into the Country Programmes. To ensure maximum leverage of CA resources, prevent duplication and to learn from existing centres of excellence, the Cities Alliance is establishing partnerships with Global Programmes that have an investment focus and a strong track record: the Public-Private Infrastructure Advisory Facility (PPIAF) and the Global Programme on Output-Based Aid (GPOBA).

As agreed in Mexico City, the new Cities Alliance Charter and business model are predicated on the belief that the role of development assistance is designed to be catalytic in nature, and that the key to sustainable urban development in the long-term lies in country ownership and

leadership, and in mobilising domestic resources, both public and private. To maximise its impacts, the Cities Alliance needs to be far more strategic in leveraging additional resources to supplement its own modest resources. At the core of this approach, lies the philosophy of Partnership.

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## 2 Review of Operations: A Decade of Catalysing Change

This chapter provides a snapshot of Cities Alliance achievements since its inception and highlights some of the main reasons behind re-positioning for scale and impact.

### 2.1 Financial Summary – Sources and Uses of Funds

As indicated in Table 1, the Alliance mobilised \$162.7 million over the last 11 years of its existence. Of this amount, \$25.5 million was earmarked for CLIFF (\$16.3 million) and SUF (\$9.2 million) projects. The remaining amount funded numerous projects at the country, regional and global level, implemented by the CA members and their partners, and also supported Secretariat costs. Section 2.2 provides a highlight of the results achieved.

**Table 1: Sources and Uses of Funds\***

	<u>Inception through FY10</u>	<u>FY11</u>	<u>Cumulative</u>
<b><u>SOURCES OF FUNDS</u></b>			
Contributions Received	150,052,208	8,700,000	158,752,208
Investment Income Received	6,316,071	265,000	6,581,071
Trust Fund Admin. Fees Paid	(2,493,031)	(107,762)	(2,600,793)
<b>TOTAL SOURCES OF FUNDS</b>	<b>153,875,248</b>	<b>8,857,238</b>	<b>162,732,486</b>
<b><u>USES OF FUNDS</u></b>			
Country / Regional Funding Allocations	73,859,269	8,767,289	82,626,558
Global / Multiregional Funding Allocations	43,226,787	668,500	43,895,287
Secretariat Costs	24,313,579	3,030,000	27,343,579
Allocation Reflows/ Cancellations/ Adjustments	(6,264,150)	(750,000)	(7,014,150)
<b>TOTAL USES OF FUNDS</b>	<b>141,399,635</b>	<b>12,465,789</b>	<b>153,865,424</b>
<b>ENDING BALANCE - UNALLOCATED FUNDS</b>	<b>12,475,613</b>	<b>(3,608,551)</b>	<b>8,867,062</b>

\*NOTE: Unaudited. Includes Core, Non-Core and In-Kind funding sources. FY11 figures are estimated.

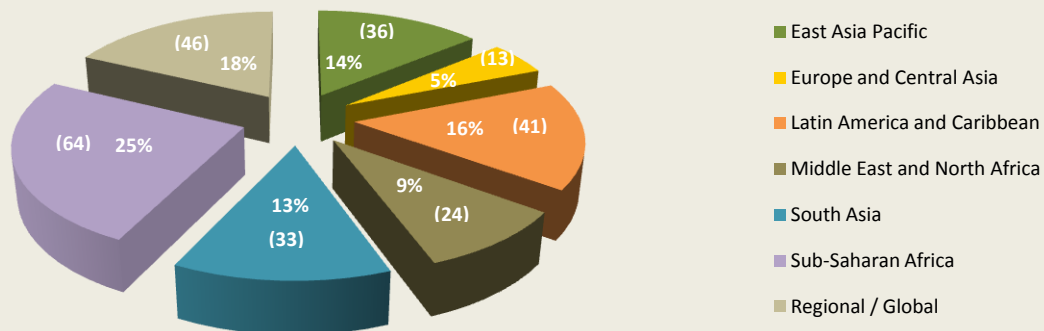


## 2.2 Grant-Funded Activities and Results

### 2.2.1 A Global Portfolio of Grant Funding Support

Over the period FY2000 – FY2010, the Cities Alliance has approved 257 projects in over 70 countries. Most of these projects related to the founding mandate of the Cities Alliance: to scale up slum upgrading, and support city development strategies. While the reach is global – actively operating in 6 regions – the Cities Alliance has retained a relatively strong focus on Sub-Saharan Africa, which accounts for 25 per cent of country-specific projects as indicated in Figure 1.

**Figure 1 Geographical Distribution of Approved Projects - Total of 257 projects as of 30 June 2010**



**Notes:**

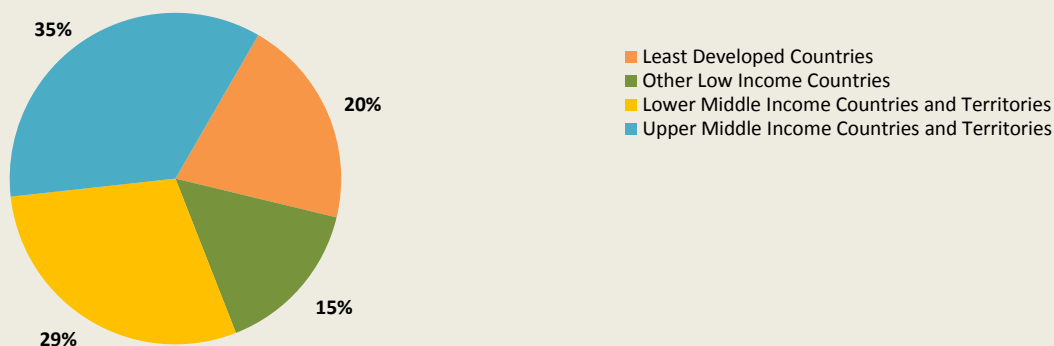
A. Figures reflect both country-specific projects and regional/global projects.

B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.

C. Projects cancelled during preparation or implementation were included in the calculation.

In addition to its global reach, a large proportion of the portfolio has had a strong focus on Low Income Countries (35 per cent) and Lower Middle Income Countries and Territories (33 per cent) in which urbanisation challenges and urban poverty are prevalent. Figure 2 shows the allocation of approved grants by country income groups.

**Figure 2 Overall Allocation of Approved Grant Amount by Country Income Groups (Fiscal Years 2000 – 2010)**



**Notes:**

A. Classification of Cities Alliance projects has been based on the most current list available at the time of project approval.

B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional- Global Projects.

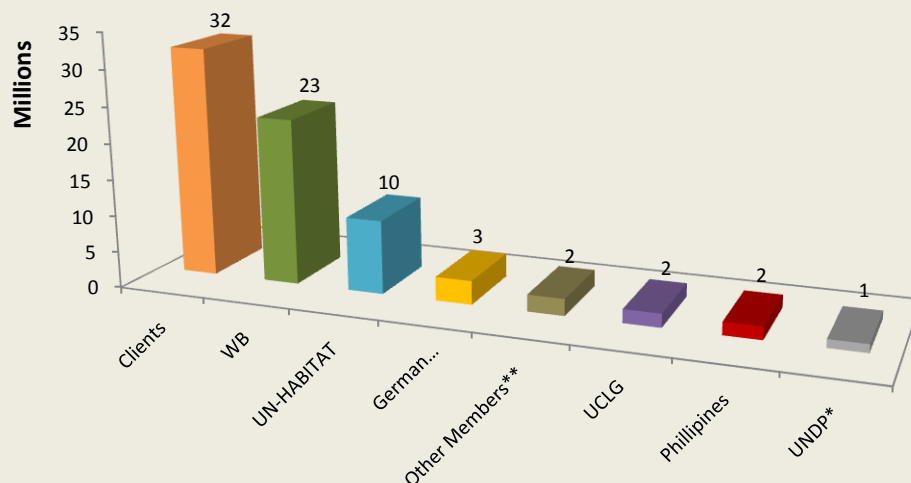
### 2.2.2 Working Together: Cities Alliance Members and Their Partners

In line with the Cities Alliance core objectives, the majority of activities were funded through the Open Access Grant Facility to support members and their partners promote urban poverty reduction, and inclusive cities. In the first decade, most proposals were initiated by CA members, or by partners with CA member support, while the Secretariat was responsible for managing the approval process, and promoting improved collaboration between members. The Cities Alliance provided over US\$ 75 million<sup>2</sup> to support its members and their partners in taking forward innovative and participatory approaches to inclusive city development and transformation.

Figure 3 below shows the grant funding provided to and executed by CA members and other development partners during the first ten year of operations.

**Figure 3 Grant Execution for Country-Specific and Regional/Global Projects**

*Fiscal Years 2000 - 2010*



\* Associate member

\*\*Other Members: SDI, ADB (Former Member), Brazil, UNEP, Ethiopia and ILO

**Notes:**

A. Figures reflect both country-specific projects and regional/global projects

B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) activities; and (2) Slum Upgrading Facility (SUF) activities.

In addition to the support provided through the Open Access Grant Facility, members and their partners have made significant resources available by co-financing project activities. For every \$1 of Cities Alliance grant funding provided, our members and their partners contributed an additional \$1.14 in co-financing.

Cities Alliance funded projects have also contributed directly or indirectly to the preparation and/or implementation of important and significant member operations. For example, between

<sup>2</sup> Excluding funding for CLIFF and SUF

FY 2009 and 2011, World Bank task teams utilised the funding from the Open Access Grant Facility to initiate participatory processes, gather critical data and information needed for the preparation of at least 13 projects. **Grant funding of only \$5.7 million was leveraged for investment projects worth \$1.5 billion**, demonstrating the huge potential of the Alliance in catalysing urban development and contributing to poverty reduction. The examples below show how seed funding can be leveraged for remarkable results.

Cities Alliance members and their partners have identified a growing demand for access to lessons and good practices from cities and countries that have dealt with challenges of urbanisation. Countries such as Brazil and South Africa, both members of the Alliance and beneficiaries of grants, have been at the forefront of finding innovative ways to deal with slum backlogs and rethinking of models of city governance.

These lessons and good practices are now being shared with other cities and countries. For example, the city of Johannesburg has been mentoring the city of Lilongwe for some years, and Brazil is actively engaged in transferring knowledge and expertise to Mozambique in a tri-lateral collaboration with Italy and the Cities Alliance.

#### Catalysing Change: The South African National Upgrading Programme (\$600,000)

Cities Alliance support to the National Upgrading Support Programme (NUSP) played a significant role in catalysing the debate around creating sustainable human settlements in South Africa, most notably through the inclusion of informal settlement upgrade as a core component of the groundbreaking Delivery Agreement between the Presidency and the Minister of Human Settlements.

The initial investment of \$600,000 from USAID and CA, with support from WBI, was influential in leveraging public investment for human settlement upgrading and municipal services to the amount of ZAR 4.9 billion.

### 2.3 Re-positioning the Cities Alliance as a Partnership

The rationale for re-positioning the Cities Alliance as a Partnership was based on a combination of the Secretariat's assessment, evidence from on-going evaluations and the deliberations of the Working Group on Governance. Specifically, the following factors informed the need to reposition the Cities Alliance:

- The need to better reflect the advantages of the Cities Alliance's location at the World Bank, while still retaining the distinct identity of the organisation;
- The importance of actively engaging more Members in the range of activities supported by the Cities Alliance and building strong partnerships for better results;
- Evidence that coherence of effort is far more effective through a more programmatic approach to member collaboration;
- The need to leverage public and private investment as a core function of Cities Alliance activities;
- The importance of making a major contribution to improving aid effectiveness; and

- The need to improve financial and programme accountability by adopting a results-based framework.

The endorsement of a new Charter by the Cities Alliance Consultative Group during the past year was the culmination of a three-year period of reflection, debate and change in the organisation. Assessments were made about the comparative advantages and value added of the Cities Alliance and what produced the best and most cost-effective results. The Secretariat developed a Theory of Change, to guide its interventions. Questions were asked about how to improve impacts, especially in low income countries and under-resourced secondary cities, and about how to better engage CA members. A medium-term strategy was formulated and implemented, which had the desired result of decisively moving the organisation in a more strategic and programmatic direction, and the consequential evolution of its products and instruments.

The new Charter, adopted unanimously by the Consultative Group in November 2010, has greatly clarified the organisation's objectives by promoting and strengthening the role of cities and local governments, which had previously been ignored by national governments and development agencies. As a result of this process, the Cities Alliance will also play particular attention to supporting the role of national associations of local government, particularly in its Country Programmes. To achieve these goals, and signal the importance of improving aid effectiveness, members decided to reposition the Cities Alliance as a Global Partnership, and ensure that they complement and leverage each others' unique strengths.

This decisive shift to a Partnership requires significant changes in the CA's business model, and a substantial redefinition of the role of the Secretariat. Overall, this transition seeks to build upon the excellent reputation achieved by the Cities Alliance in its first decade, and move to new levels of operation. Even at this early stage, the Secretariat has been able to identify major advances associated with the new business model.

The purpose of this document, the Cities Alliance's first business plan, is to lay out the next steps for implementing the Charter, significantly increasing the CA's contribution to urban poverty reduction and for realising the vision of cities without slums that Nelson Mandela articulated at the launch of the Cities Alliance in Berlin in 1999.

## 2.4 Operationalising the Charter: Strategic Challenges and Choices

The business plan addresses several key strategic challenges central to operationalising the Charter and increasing results, among them:

- Making the Cities Alliance the effective global partnership focused on cities, and urban poverty reduction
- Supporting those African cities and national governments wishing to respond effectively to rapid urbanisation;
- Maximising outcomes from the on-going Cities Alliance grant portfolio (more than \$60m allocated over past five years);
- Ensuring that Cities Alliance activities are designed to maximise the potential of public and private investment;
- Continually improving the efficiency of grant-making instruments;

- Effectively implementing the CA results framework; and
- Mobilising the additional resources necessary to invest in the business plan.

The Cities Alliance now occupies a prominent niche in the international development aid architecture, supporting city and national and local governments to optimise the role of cities in inclusive economic development and poverty reduction, on a budget of US \$15 million per year. While much can be – and has been – achieved with even small amounts of funding, it is vital that Cities Alliance members mobilise new levels of resources to implement the Business Plan.

This Business Plan seeks to use the enhanced relationship with the World Bank as a platform, developing new partnerships with different Global Programmes and units located within the Bank. Besides the recent developments with PPPIAF and GPOBA, excellent opportunities for collaboration also exist with the Global Facility for Disaster Reduction and Recovery (GFDRR); the Energy Sector Management Advisory Program (ESMAP); and the Water and Sanitation Program (WSP).

Ultimately, this Business Plan is predicated upon our ability to grow the Cities Alliance through improved outcomes from its existing capacities and funding stream, and through the mobilisation of significant new resources for the new CA service lines.

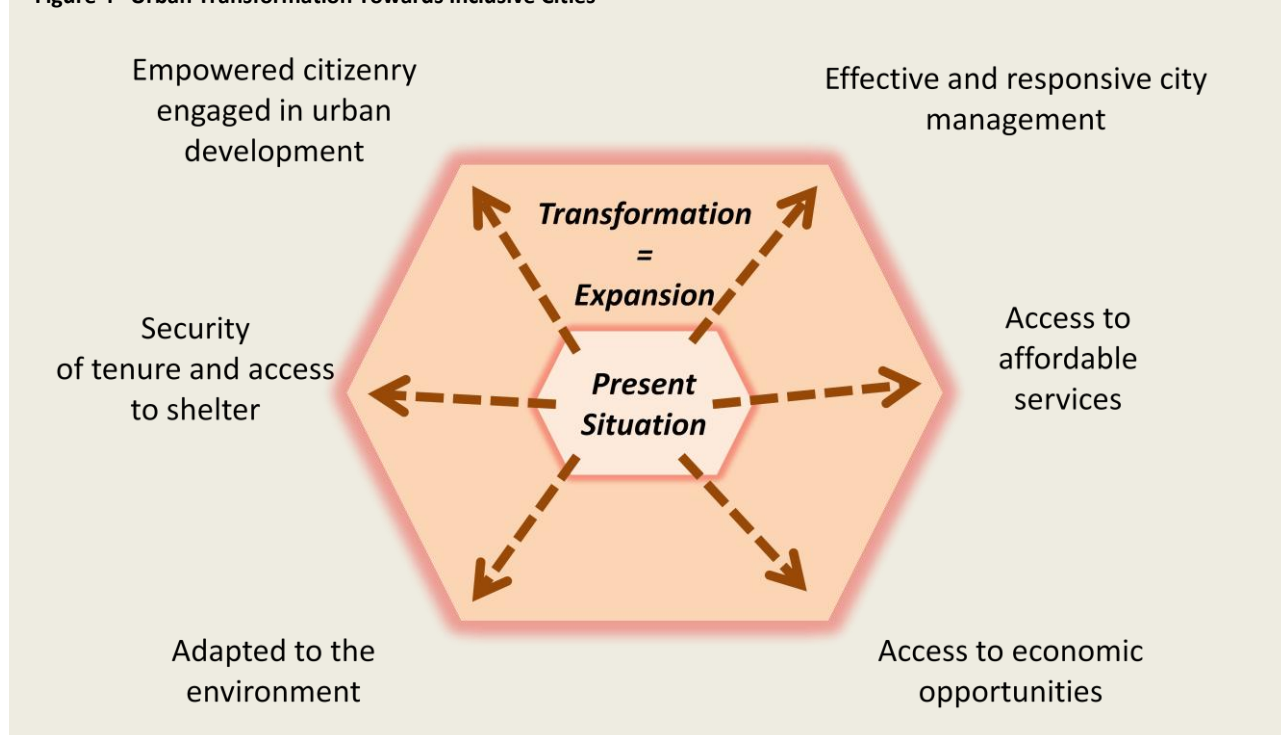
The Secretariat believes that these resources can be mobilised by demonstrating the significant advantages of the new business model:

- The demonstrable advantages of the Country Programme approach, particularly as a vehicle for public and private investment;
- The flexibility, innovation and improved quality associated with the Catalytic Fund; and
- The enormous potential of leveraging CA members where their work programme complements the agreed priorities of the Cities Alliance.

### 3 Towards Inclusive Cities: Our Goal, Objectives and Results

The Cities Alliance Theory of Change is based on its mandate, comparative advantages and track record. It follows a policy advisory approach with cities – local governments and key stakeholders – at the core. The concept of Inclusive Cities refers to the responsiveness of local governments, the engagement of citizens, accessibility of services, land, housing, and economic opportunities, and the adaptation to the environment through policies designed to promote Green Growth. Ultimately, inclusive cities are predicated upon the establishment of a policy environment – and local practices – that are conducive to public and private investment, from a variety of sources.

Figure 4 Urban Transformation Towards Inclusive Cities



#### 3.1 The Role of the Cities Alliance in International Urban Development Cooperation

The new Charter adopted in 2010 defines the Cities Alliance as “a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development”. It clearly states that the Cities Alliance is governed by three over-arching objectives:

- To strengthen and promote the role of cities in poverty reduction, and in sustainable development;
- To capture and strengthen the synergies between and among members and partners; and
- To improve the quality of urban development cooperation and lending.

At the core of the Cities Alliance mission is the challenge of contributing to new thinking about urbanisation, the proper management of which is potentially the single most important variable in sustainable development globally. Current approaches to urbanisation, and to poverty reduction generally, are still based on outdated development models, often resulting in the extensive social exclusion of women, youth and poor people, undermining spatial and economic efficiency and negatively impacting on the urban environment and climate change.

With its mandate and unique membership, the Cities Alliance is well placed to promote pragmatic solutions that work for the city and the poor alike – such as incremental housing, forward planning for urban expansion, or supporting the work of our members that seeks to raise the quality of the international debate, such as the Urbanisation Knowledge Platform.

To achieve this, the Cities Alliance needs to address some gaps in the Partnership. Specifically, the Cities Alliance should actively engage with, and seek to partner with, those private sector agencies (both global and national) that have demonstrated a real interest in the challenges of city development. Additionally, the Cities Alliance also needs to be more systematic in the manner in which it engages with universities and think tanks, both of which combine significant resources, research capacity and innovative thinking.

Finally, the Cities Alliance will take a more active role in promoting structured learning between countries and cities – such as the tripartite support with Brazil and Italy to Mozambique – as this is often the most effective form of international development assistance.

### 3.2 Demonstrating Progress and Results towards Inclusive Cities: Corporate Objectives for FY 12-14

With the adoption of a new business model and the identification of distinct business lines, the Cities Alliance has taken a major step in aligning its programming to a stronger impact orientation and created a profound basis upon which a future results-based monitoring is to be built. A stronger results-based management (RBM) geared to observing results at the corporate and operational level, will help keep the results in view at all times and steer our operations accordingly.

The current Business Plan is based upon a corporate goal reflecting a long-term outcome and seven distinct objectives for the work plan FY 2012 – 2014. These corporate objectives guide operations in our four business lines. During the following three years and particularly through its annual work plans, the Cities Alliance Secretariat will further intensify its results framework to build and maintain a robust monitoring and evaluation system. The initial set of indicators can be complemented and refined in parallel with the Alliance's capacity to both monitor progress towards their achievement and take corresponding managerial decisions.

Our goal is to achieve Inclusive Cities	
<i>that plan for urban growth, and promote the social, economic and environmental well-being of the city, and all citizens</i>	
Long-term and corresponding corporate objectives for FY12-14	
<ul style="list-style-type: none"> <li><b>To strengthen and promote the role of cities in poverty reduction, and in sustainable development</b></li> </ul>	
	<b>Corporate objectives (FY12-14)</b>
	<ol style="list-style-type: none"> <li>1. Cities and their Local Government Associations are empowered, and promote local policies that ensure sustainable development and poverty reduction;</li> <li>2. National governments improve their urban policy frameworks, planning for urban growth and ensuring clarity and resources for local government; and</li> <li>3. National and local governments collaborate to mobilise public and private investments for inclusive urban development and services for the urban poor.</li> </ol>
<ul style="list-style-type: none"> <li><b>To capture and strengthen the synergies between and among members and partners</b></li> </ul>	
	<b>Corporate objectives (FY12-14)</b>
	<ol style="list-style-type: none"> <li>4. Cities and their development partners have access to knowledge, experiences and financing facilitated by the Cities Alliance; and</li> <li>5. The Cities Alliance provides platforms for coordination, knowledge exchange and joint action for sustainable urban development and poverty reduction at the global, regional and national levels.</li> </ol>
<ul style="list-style-type: none"> <li><b>To improve the quality of urban development cooperation and lending</b></li> </ul>	
	<b>Corporate objectives (FY12-14)</b>
	<ol style="list-style-type: none"> <li>6. Cities Alliance programmes provide a platform for improved citywide financing of urban services, and for follow-up investment on a citywide basis; and</li> <li>7. Gender Mainstreaming and results-based management have been streamlined in all CA operations.</li> </ol>

Each of our business lines will follow these corporate objectives and formulate distinct activities to achieve them (indicators are further described in consecutive sections):

- **Country programmes** provide platforms for national and local development actors as well as CA partners to build long-term learning and action partnerships, establish a



consensus on proactive urban development frameworks and a provide a vehicle for mobilising national and international investment.

- **The Catalytic Fund** supports thematic innovations and new directions to initiate and consolidate urban transformation processes as well as capitalises the knowledge for the broader development community.
- **Knowledge and Learning** activities of the Cities Alliance improve knowledge and create learning opportunities for urban professionals and stakeholder representatives on topical issues – such as Incremental Housing, Finance, Climate Change and national slum upgrading – and inform policy dialogues as well as coordination at the global level.
- **Communications and advocacy** activities of the Cities Alliance are supporting CA members in aligning and formulating joint positions for inclusive urban development approaches.

## 4 Work Plan 2012 – 2014: Baseline and Strategic Choices

### 4.1 Country and Regional Programming

The Medium-Term Strategy (2008-2010) led to the development of longer-term and more programmatic CA instruments. The first was the Country Work Programmes (CWP), where government counterparts and CA members developed a prioritised set of activities for SU and CDS activities in the country over a multi-year period. Funding from the Gates Foundation in 2009 spurred the development of an evolution of this instrument, Country Programmes (CP), which are designed to provide a framework for national policies for sustainable urban, pro-poor development. Regional work programmes are an adaptation of the CP approach, to support activities that cut across individual countries in a region.

#### 4.1.1 Country Work Programming

Country Work Programmes are structured around clearly identified priorities relative to the support that Cities Alliance can provide. To date, the Cities Alliance has initiated three such Country Work Programmes – in Brazil, South Africa and the Philippines (all members of the Cities Alliance) – with a fourth currently under development in India. The existing Country Work Programmes are all designed to build upon CA investments over the past decade, and benefit from the important lessons that have emerged from the experience of these three middle-income countries. In particular, Brazil has emerged as an internationally recognised repository of a range of important lessons and experiences at local, state and national levels.

In each case, CWP priorities are jointly identified and inform the CA investments in these countries. The work programmes are reviewed periodically to ensure that priorities are maintained and remain relevant.

#### ***Country Work Programming: Baseline Work Programme***

The baseline focus during FY12-14 will be to complete implementation of the previously-approved CWP portfolio, supplemented by a small amount of additional programming focused on leveraging outcomes from the portfolio and to share lessons and experiences through South-South cooperation.

- **Brazil.** Generating cutting-edge and internationally relevant knowledge and experience vital for the next phase of the Cities Alliance. This includes the lessons of integrating Brazilian cities through interventions such as the City Statute, the management of very large-scale upgrading programmes, and the management of resettlement challenges associated with global events such as the Football World Cup and the Olympic Games – all viewed from the perspective of the sustainable city, and the needs of the urban poor. Agreement has already been reached for trilateral cooperation between the Cities Alliance, Brazil and Italy in sharing slum upgrading lessons in Mozambique.
- **Philippines.** With the active support of the Government, the League of Cities of the Philippines turned City Development Strategies (CDS) into the primary development vehicle for transforming Filipino cities, with the majority of cities having undertaken their own CDS. The Cities Alliance and Government of Philippines have now developed a

Country Work Programme that moves these lessons to scale. The launch of the Philippines Urban Consortium (PUC) in 2010 created the platform for a new policy dialogue and for national replication. More recently, CA support was provided for very significant development of a national slum upgrading strategy, as part of the move towards a more programmatic approach and the need to deliver at scale.

- **South Africa.** Substantial Cities Alliance support for citywide slum upgrading strategies, city development strategies and innovative knowledge products, including the very influential State of the Cities Reports (2004 and 2006), are being leveraged nationally, regionally and globally. The Cities Alliance-supported National Upgrading Support Programme (NUSP) has led to the setting of new targets and budget for in-situ upgrading in South Africa's urban areas. Working with the Cities Alliance, South Africa's cities are becoming increasingly sought-after sources of support and knowledge exchange with cities in neighbouring countries, and know-how for State of Cities reporting is being transferred to other countries in the region.
- **India.** Supporting an increasingly ambitious urban agenda of the Government of India, including knowledge support to the Jawaharal Nehru National Urban Reform Mission (JNNURM) focused on city reform, and to the Rajiv Awas Yojana (RAY) focused on a national slum upgrading programme. The proposed Country Work Programme moves away from individual projects at the city level, and will focus on the provision of more targeted and effective support on national priorities such as city development and slum upgrading, knowledge products such as a State of the Cities Report, supporting the establishment of national networks of practitioners, and sharing and learning from national and international good practice.

#### 4.1.2 Regional Work Programming (RWP)

While country programming provides systematic and longer-term strategic assistance to a limited number of countries, and the Catalytic Fund provides short-term funding for a limited number of projects, regional work programming will provide systematic and longer-term strategic activities across a larger number of countries, focused on regional issues, opportunities and partnerships. Regional work programming will help fill the gaps between discrete country programming and city/country project funding.

Regional programming is approached through a similar process as Country Programmes, where CA members come together with local and national government representatives and partners to identify important strategic opportunities to promote and strengthen the role of cities in the region. This can include:

- South-South learning and knowledge sharing;
- Policy advocacy;
- Platforms for partnership and connecting networks; and
- Dissemination of CA/member knowledge, tools and other resources.

A RWP would also have the purpose of leveraging and mobilising resources for Country Programmes and other regional actions.

### ***Regional Work Programme: Sub-Saharan Africa***

At its meeting in Mexico City in 2010, the Consultative Group identified Sub-Saharan Africa as a region of priority focus for the Cities Alliance. The RWP for Sub-Saharan Africa has already commenced, and will be further developed and deepened during this Business Plan. The Africa Programme already has the following components:

- Agreement with the World Bank's Africa Region for a Joint Work Programme focused on a programmatic approach to supporting Africa's urban transition, supporting decentralisation policies and a national Systems of Cities approach;
- Engagement with the University of Cape Town's African Centre for Cities in support of country State of the Cities Reports and the establishment of an associated knowledge platform;
- The finalisation of the joint AfD / Cities Alliance research project to investigate the state of local government finance in Africa. The report will be published in English and French in early 2012, and a programme of dissemination;
- The co-production, with UN-HABITAT, of the *Quick Guides for Policy Makers for Low-Income Housing in Africa*;
- The publication of *The Case for Incremental Housing*, which will form the bulk of Africa's housing production over the next three decades;
- Collaboration with the Association of African Planning Schools (AAPS) to instigate the production of new teaching courses and curricula for African Planning Schools;
- Support to the United Cities and Local Governments of Africa (UCLGA) Secretariat in Rabat;
- Support to significant new national urban programmes, such as Kenya, and national Urban Forums, as in Malawi; and
- Country Programmes in Uganda, Ghana, Burkina Faso and Mozambique.

In addition to the activities listed above, the Cities Alliance has a significant portfolio of ongoing activities in Africa. However, it is clear that there is still a need and demand for a much expanded RWP in Sub-Saharan Africa (and in its sub-regions) to keep pace with the challenges of an extremely rapid urbanisation process. The existing portfolio and new activities initiated over the past year need to be augmented with additional resources to ensure the bold and strategic work programme envisaged by the CG in Mexico City. To this end, a vital next step in the evolution of the Regional Work Programme for Africa is the establishment by the CG of a committee of CA members that will work with the Secretariat to provide oversight to the programme, to maximise both learning and the identification of strategic opportunities.

More recently, the Cities Alliance Secretariat and German Cooperation (BMZ & GIZ) have initiated preparation of a potential Regional Work Programme in the Middle East and North Africa, where cities have been at the forefront of an unprecedented process of political transformation. It is hoped that an outline document can be tabled at both the EXCO and CG meetings in Maputo.

#### 4.1.3 Country Programmes (CP)

The objective of a Country Programme is to offer to developing countries a medium to long-term partnership to respond to the challenges and opportunities associated with urbanisation, promoting a more effective urban agenda centred on sustainable, inclusive cities. Towards this end, Cities Alliance initially focuses on improving the partnerships among national and local governments, urban poor communities, CA members and other role players – this is vital in establishing a national and local consensus on a proactive and positive response to urbanisation. It also provides an excellent foundation for using the Country Programme as a vehicle for mobilising national and international investment.

CPs consist of three components:

1. A **Framework** to enhance the cooperation system among national and local governments, urban poor communities, Cities Alliance members and other partners;
2. **Funding** to complement CA member and partner activities by filling action or knowledge gaps; and
3. **Facilitating public and private investment** into cities and local communities

Designed to offer medium to longer-term support, a Country Programme will concentrate on helping all stakeholders to focus on the key areas that contribute to a successful urban transformation process, as outlined by the Cities Alliance Theory of Change.

Emphasis on, and achievement of, results will be a consistent theme throughout the implementation of a CP. Initially, there will be a strong focus on increasing awareness and knowledge; mid-way through a CP, it can be expected that dialogue and planning processes would be underway. Only during a second round of funding will policies, strategies, investment opportunities and plans reach actual implementation. The Cities Alliance currently has five CPs at various stages.

#### Our Aim in the Country Programme is:

*To mobilise Cities Alliance members and partners to help governments manage urban growth, provide services to all and create conditions conducive to improved quality of life and economic opportunities.*

**Uganda:** Uganda's secondary cities will double in size within 15 years, with the youth making up the majority of the population. At the national level, the Uganda CP is supporting the Government of Uganda to develop a national urban policy and strategic urban development plan to be able to respond to this urban transformation. One of the first steps to forge a policy consensus was the establishment of a National Urban Forum in May 2010. The CP is supporting five secondary cities – Arua, Jinja, Kabale, Mbale and Mbarara – to develop

leadership capacity, establish municipal development forums, and prepare city development strategies and slum upgrading strategies.

In those five cities the CP is supporting communities of the urban poor to mobilise through savings schemes and mapping and enumeration of slums, and to actively participate in city planning and development processes including the identification and release of land for settlement. The programme is also establishing Community Upgrading Funds in the five cities to support small-scale community improvement projects.

To date, the Uganda CP is helping to frame a World Bank investment programme of \$130 million in 13 secondary towns, including the five CP towns. It has also been independently replicated in Kampala, with support from DFID, Water Aid and slum dweller federations.

**Vietnam:** In support of the Government of Vietnam's agenda to scale up urban upgrading to a national scale, the CP includes several activities: a National Urbanisation Review; strengthening the Vietnam Urban Forum; and developing a framework to operationalise the Government's National Urban Upgrading Plan, the development of which was supported by a Cities Alliance grant in 2002.

The CP also includes training for local authorities in strategic urban management and capacity support for the Association of Cities of Vietnam (ACVN) to play a critical role in national knowledge dissemination and replication related to urban upgrading and city development. At the community level, the CP is supporting the expansion of the Community Development Fund Network to implement and scale up small-scale community upgrading projects.

**Ghana:** The Ghana CP, which focuses on the Greater Accra Metropolitan Area, aims to support the Government of Ghana as it develops a national urban agenda focused on inclusive urban development. With GIZ acting as the lead member, the CP will also support the Urban Development Unit in the Ministry of Local Government and Rural Development, the consolidation of the Ghana Urban Platform, and advocacy and awareness raising.

At the local government level, the CP will support a municipal training programme to build the institutional leadership of both the operational and political areas of local governments. The CP will support urban poor communities to establish slum dweller federations and the creation of a Community Social Investment Fund to support small-scale community improvement projects.

**Burkina Faso:** A number of CA members (UN-HABITAT, the World Bank, AfD, the French Ministry of Foreign and European Affairs and GIZ), working jointly and closely with the national and local governments and municipal association, have developed a concept note that is presently under review. The concept note identifies six focus areas as the basis for a framework document and formal proposals. These include: (i) a national urban policy; (ii) capacity building in secondary towns; (iii) building upon existing city development strategies; (iv) engaging civil society; (v) urban data; and (vi) South-South exchange.

**Mozambique:** At its meeting in Ghana in July 2011, EXCO selected Mozambique as the fifth Country Programme. The past and current portfolio of CA and member activities lends itself well to developing a strategic framework within which these initiatives fit and identifying gaps for additional assistance. In doing so, the centrepiece of the proposed CP would be the initiative of Brazil and Italy to bring the Bahia slum upgrading experience to upgrade a specific settlement of Maputo called Chamanculo C, which will also receive Cities Alliance support, and to ensure

synergy with the World Bank's ProMaputo project. The emerging framework for a CP could include:

- Documenting the lessons learned in Chamanculo C;
- Developing a national slum upgrading training programme;
- Linking the city development and slum upgrading work currently being supported by the Cities Alliance in Nampula to a national policy framework; and
- Mobilising investments for replication.

#### **Country Programmes: Initial Results**

- There are now active national urban fora in Uganda, Ghana and Vietnam, formulating national responses to rapid urbanisation.
- In Ghana and Burkina Faso, the country programme has mobilised a wide membership involvement including AfD, GIZ, Habitat for Humanity International (HFHI), Shack/Slum Dwellers International (SDI), UN-HABITAT, and the World Bank.
- In Ghana alternative solutions to forced relocation of large settlements are being sought.
- Slum dweller federations in Uganda, are actively engaged in local level dialogue with government and other stakeholders
- In Uganda local governments working with the Cities Alliance have released land for the urban poor.

#### ***Country Programmes: Baseline Work Programme***

The baseline priority during FY12-14 will be implementation of the five CPs noted above as part of the Land, Services and Citizenship Programme, utilising project funding provided by the Bill and Melinda Gates Foundation, supplemented by existing core funds from the Cities Alliance.

OUR KEY DELIVERABLES		
FY 2012	FY 2013	FY 2014
<ul style="list-style-type: none"> <li>• Develop a CP framework for <b>fourth CP: Burkina Faso</b></li> <li>• Develop a CP framework for <b>fifth CP: Mozambique</b></li> <li>• <b>Finalise</b> grant funding agreements for <b>third CP: Ghana</b></li> <li>• <b>Finalise</b> grant funding agreements for <b>second CP: Vietnam</b></li> <li>• <b>Deepen</b> Dialogue and planning for <b>First CP: Uganda</b></li> <li>• <b>Monitor progress</b> in each CP</li> <li>• <b>Monitor programmatic progress</b> of CP</li> <li>• <b>Engage with private sector partners</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Finalise</b> grant funding agreements for <b>fourth CP: Burkina Faso</b></li> <li>• <b>Finalise</b> grant funding agreements for <b>fifth CP: Mozambique</b></li> <li>• <b>Deepen</b> Dialogue and planning for <b>second CP: Vietnam</b></li> <li>• <b>Deepen</b> Dialogue and planning for <b>third CP: Ghana</b></li> <li>• <b>Leveraging</b> public and private investment for <b>first CP: Uganda</b></li> <li>• <b>Monitor progress</b> of CP in each country</li> <li>• <b>Monitor programmatic progress</b> of CP</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Deepen</b> dialogue and planning for <b>fourth CP: Burkina Faso</b></li> <li>• <b>Deepen</b> dialogue and planning for <b>fifth CP: Mozambique</b></li> <li>• <b>Leverage investment</b> for second CP: <b>Vietnam</b></li> <li>• <b>Leverage investment</b> for third CP: <b>Ghana</b></li> <li>• <b>Leverage investment</b> for first CP: <b>Uganda</b></li> <li>• <b>Monitor progress</b> of CP in each country</li> <li>• <b>Monitor programmatic progress</b> of CP</li> </ul>

### ***Country Programmes: Strategic Choice – Increased Budget; Scaling Up***

Presently with the resources available, the Cities Alliance is able to package a Country Programme in five countries: one in Asia and four in Sub-Saharan Africa. While effective on a country-by-country basis, it does not begin to capture the scale of the total challenge.

On the basis of both the concept and the early results, significant demand has been expressed from CA members for additional Country Programming in a wide range of countries. This provides the opportunity to focus on SSA while simultaneously globalising the programme.

In order to increase the number of active countries, the CA Secretariat will work with CA members to help mobilise new resources to meet the demand for this powerful instrument of development cooperation. The effect of scaling up will be wider impact than possible under the five-country baseline and ultimately to develop regional synergies between countries.

#### **Three Arguments for Scaling up the Country Programme**

- ✓ **Better responds to the global scale of the need**
- ✓ **Better enables pre-emptive programming**
- ✓ **Opens the possibility of effective regional cooperation**



#### OPTIONAL DELIVERABLES (subject to funding availability)

- The development of the 5<sup>th</sup> Country Partnership Programme in Africa
- The development of a 7<sup>th</sup> Country Partnership Programme in a new region such as MENA
- The development of a 8th Country partnership Programme deepening Africa or Asia

The following outcomes and results are expected from the Country Programmes:

- Improved governance and accountability through institutional reforms and dialogue;
- Strengthened role and capacity of local government;
- Improved management of urbanisation through long-term planning, and inclusive policies;
- Improved housing and community services through the release of land for settlement and community initiatives;
- Enhanced political and economic role of women, especially in respect to land rights and credit;
- Increased investment in service provision, and in local enterprise; and
- Improved citywide service delivery through resource mobilisation and partnership.

Results	Description	Indicators
<b>Result 1</b>	8 countries are engaged in meaningful dialogue and cooperation	Number of national and municipal forums institutionalised
<b>Result 2</b>	500 national and 1,250 local elected representatives have increased awareness of the situation of the urban poor	Number of community inputs to forums; number of positive media stories
<b>Result 3</b>	200 national and 900 local government officials have enhanced knowledge of inclusive urban development	Number of participants in trainings, cross visits
<b>Result 4</b>	30 municipal level and 5 national level processes to elaborate inclusive urban strategies, policies and plans underway	Evidence of strategies, policies and plans
<b>Result 5</b>	5 countries have mobilised new finance in support of inclusive urban development	Amount of increase in investment in inclusive development (programmed and/or executed)
<b>Result 6</b>	5 national level and 20 municipal level institutions have adjusted their organisations to support inclusive urban development	Number of institutional changes initiated

### ***Country Programmes: Risks and Mitigation Measures***

Country Programmes are designed to address some of the most difficult development challenges in urban policy, particularly the reluctance or inability of many governments to respond to rapid urbanisation. Typical risks associated with this approach include the proliferation of slums, often in dangerous locations; the lack of essential services; overcrowding; insanitary living conditions; and limited economic opportunities. The result is often significant urban environmental degradation, the inefficient use of limited resources, and widespread social exclusion that includes the marginalisation of youth.

Quite simply, the mismanagement of the urbanisation process has the potential to dramatically exacerbate the incidence of both urban and rural poverty, and expose the poor to increased risks, both natural and man-made.

The primary external risk mitigation strategy of the Country Programme is the identification of partner governments committed to addressing the challenges of urbanisation in a proactive and inclusive manner, and through the honest assessment of the major difficulties and challenges.

In addition, a number of mitigation measures will be standard across CPs. These include:

- Financial management and procurement assessments of grant recipients;
- Application of World Bank environmental and social safeguards policies;
- Multi-layered programme management/monitoring system consisting of In-Country Steering Committee, Lead CA Member, CA Secretariat; and
- The sharing of lessons and experiences, especially from amongst the CA's middle income members and partners.

A key internal risk is the ability to provide grants in a timely manner. One mitigation measure is to seek partnerships to provide upfront co-financing for selected activities.

#### **4.2 The Catalytic Fund: Improving Quality and Promoting Innovation**

After ten years of operation, the open grant facility of the Cities Alliance has been replaced by the Catalytic Fund (CATF). The underlined concept of both instruments is the same: to provide financial and technical support to local or national efforts for strategic planning and slum upgrading initiatives. The Catalytic Fund refined the selection criteria and tools, introduced a competitive selection process and the possibility for thematic calls. The open grant facility supported more than 200 projects over ten years. The Catalytic Fund was launched only recently. It secures the global reach of the Cities Alliance, focuses on cities, and strengthens the partnership by connecting cities and their development partners (sponsors).

The Catalytic Fund supports the transformation processes that promote inclusive cities by complementing the policies and programmes of the respective national or local governments; leveraging support from CA members; and providing a basis for follow-up investments. Partners will receive the internationally recognised knowledge that CA members provides, as well as quick and flexible responses. The Catalytic Fund also provides an excellent opportunity for the

international urban development community to observe and learn from urban transformation processes around the world, and to compare different approaches and policies to urban poverty reduction and the role of cities in sustainable development.

To maintain the global reach of the Cities Alliance; to initiate and consolidate urban transformation processes, and to capitalise the knowledge for the broader development community the following services and deliverables will be needed in the next three years:

- Adopt flexible and responsive grant making procedures to maintain the comparative advantage of the CATF;
- Announce one or two calls per year for project proposals;
- Undertake transparent and sound selection of project proposals; and
- Organise and manage peer-to-peer events and learning platforms for urban practitioners from CATF cities and CP countries (See Knowledge and Learning section).

### ***Catalytic Fund: Current Budget – The Baseline***

In this baseline scenario the Catalytic Fund will be budgeted and staffed to support and monitor approximately 10 projects per year worldwide. This number may be considered the absolute minimum threshold needed for the CA to maintain global relevance. There will be one call for proposals per year, and if 10 projects per year are approved with duration of three years, the portfolio will increase until FY 2015, when it will stabilise at approximately 30 projects.

Calls for proposals can be either general within the traditional CA urban themes (CDS, slum upgrading strategies, national policies on urban development and local government) or be more thematically specific, focusing on selected issues such as green growth, climate resilience of the urban poor, promoting the role of women in cities and securing land for growth. In the case of thematic calls, the subjects will be defined by the Consultative Group. Thematic calls will provide the CATF with the flexibility to deal with issues that are central to the Business Plan or members' and international priorities. A thematic focus will also benefit better and more targeted sharing and dissemination of project experiences and fill crucial knowledge gaps. Starting in FY 2013, one peer learning event will be organised for practitioners from Catalytic Fund grant recipients. The FY 2013 start date will allow enough time for the projects to make some progress (See also K+L section).

#### **Our Aim in the Catalytic Fund Is**

**“to catalyse urban transformation by connecting cities and their innovative ideas to CA members, and attract key follow up investments; as well as to facilitate the sharing of the knowledge and learning distilled from project experiences on global urban challenges.”**

#### **Our Key Objectives**

- 1. We identify, select and support technically and financially innovative projects on key urban themes and connect cities with their development partners (CA sponsors);**
- 2. We provide opportunities for project partners to develop peer learning networks and systematically extract knowledge and experiences from the CATF project portfolio.**

Our Key Deliverables			
	FY 2012	FY 2013	FY 2014
Obj. 1	<ul style="list-style-type: none"> <li>• <b>One thematic call</b> for proposals</li> <li>• Selection and <b>approval of approximately 10 projects</b></li> <li>• <b>Grant making of 10 projects</b></li> <li>• <b>Monitoring progress</b> of projects approved in previous years, total portfolio 6 projects</li> </ul>	<ul style="list-style-type: none"> <li>• <b>One call for proposals</b> (either thematic or general)</li> <li>• Selection and <b>approval of approximately 10 projects</b></li> <li>• <b>Grant making of 10 projects</b></li> <li>• <b>Monitoring progress</b> of projects approved in previous years, total portfolio 16 projects</li> </ul>	<ul style="list-style-type: none"> <li>• <b>One call for proposals</b> (either thematic or general)</li> <li>• Selection and <b>approval of approximately 10 projects</b></li> <li>• <b>Grant making of 10 projects</b></li> <li>• <b>Monitoring progress</b> of projects approved in previous years, total portfolio 26 projects</li> </ul>
Obj. 2	<ul style="list-style-type: none"> <li>• <b>Internal evaluation</b> of first year CATF operations</li> </ul>	<ul style="list-style-type: none"> <li>• Organisation of <b>one peer learning event</b> (see also K+L section)</li> </ul>	<ul style="list-style-type: none"> <li>• Organisation of <b>one peer learning event</b> (see also K+L section)</li> </ul>

### ***Catalytic Fund: Strategic Choice – Increased Budget; Catalysing Change and Knowledge***

This option duplicates CATF grant numbers and strengthens its K+L edge. If 20 projects per year are approved, running over a three-year period, the portfolio will stabilise in FY15 at 60 projects. Assuming that one staff member can effectively monitor and support a project portfolio of 12-15 projects, CA Secretariat staffing will need to be increased markedly as the portfolio grows over time. There will be two Calls for Proposals per year and the corresponding selection and approval processes.

#### **Three Arguments for Scaling up the Catalytic Fund**

- ✓ **The first pilot call demonstrated that there is great demand for a flexible tool able to reach cities worldwide and encourage innovation.**
- ✓ **More calls and projects mean more generated themes, knowledge and experiences and the possibility to feed those into key policy debates (Rio+20; Habitat III).**
- ✓ **The CATF could highly benefit of a number of additional back-up and complementary activities to foster its knowledge impact and close the gap between implementation and follow-up investments.**

Major improvements will occur on the K+L side. Starting in FY 2013 to give the projects time to make some progress, two peer learning events will be organised for practitioners in funded projects. Major efforts will also be dedicated to the production and dissemination of the relevant outputs and case studies for each thematic cohort (see also K+L section). With the increased number of grants, there will be more possibility to have different thematic calls or to alternate thematic calls with general ones so as to safeguard wider access. Consideration can also be given to undertaking a particular call for proposals in partnership with a non-CA member, who can make a financial contribution and benefit from CA's name and administrative machinery. K+L activities can be reinforced along different dimensions, including study tours, communities of practise, and back up initiatives aimed, for instance, at training recipients in linking project implementation to investments and resource mobilisation (see also K+L section).

The critical mass of project experiences generated through each call for proposal and their backing through the sponsoring CA member will be fed into policy dialogues (see K+L section), to impact on urban policies of both partner countries and CA member corporate policies. This critical mass will also effectively position the issues and experiences of a national (urban fora), regional (AMCHUD, AfriCities) or global agenda (Rio+20, WUF).

OPTIONAL DELIVERABLES (subject to funding availability)	
<b>Obj. 1</b>	<ul style="list-style-type: none"> <li>• <b>Increased number of</b> thematic or general <b>calls</b> for proposal per year</li> <li>• <b>Increased number of active projects</b> in portfolio</li> <li>• <b>Various Back-up initiatives</b> are being rolled out, such as to train former recipients on follow-up investment opportunities</li> </ul>
<b>Obj. 2</b>	<ul style="list-style-type: none"> <li>• Diversification of new <b>structured learning activities and tools</b> for CATF projects (study tours, community of practices etc.)</li> <li>• <b>Increased production of distinct knowledge products</b> on CATF thematic cohort (case studies, practitioners' note, thematic publications etc.)</li> <li>• <b>Showcase</b> and dissemination of CATF experiences <b>into key policy dialogues and events</b> (e.g. Africities, Rio+20, WUF V)</li> </ul>

#### 4.3 Knowledge and Learning: Leveraging Cities Alliance's Global Experience for Joint Action

Since its foundation over ten years ago, the Cities Alliance has supported more than 200 projects, mostly for City Development Strategies (CDSs) and Slum Upgrading (SU). In addition to classic strategic plans, the projects produced analytical work and training material on finance, environment, local economic development and other urban issues. The current portfolio (Catalytic Fund projects, CPs and JWP) continues generating how-to-knowledge, based on experiences on the ground. This wealth of experiences puts the Cities Alliance in a unique position to provide coherent, field-tested approaches, methodologies and experiences to urban practitioners and policy makers.

Over the years, the Cities Alliance has invested significant amounts in knowledge generation, which now needs to be leveraged with equally significant efforts for processing and effective dissemination. The Cities Alliance helps mobilise this knowledge and feed it into the daily work routines of urban practitioners and inform urban policy making at various levels of its operations.

From the viewpoint of cities and national governments, an overwhelming array of tools and instruments for urban management and planning have been developed over the past few years alone, with support from the CA or others. Examples include city indicators and indices, vulnerability and capability assessments, and planning data tools. As an increasingly effective partnership, the Cities Alliance provides platforms for development partners to work together on common approaches. Working jointly means thinking jointly; it can therefore lead to a convergence of concepts and methodologies of the parties involved.

##### Knowledge and Learning: Baseline Results

The CA Secretariat will continue processing information provided by CA funded projects from its legacy portfolio, Catalytic Fund and Joint Work Programmes, systematise them in the project database, and feature selected project outputs on the CA website. In order to leverage the full potential of the partnership, the CA will put a stronger emphasis in the next three years on ways and modes of repackaging and dissemination of existing tools and guidelines to make them more suitable and accessible to local practitioners and local interest intermediaries, such as local government associations (LGAs).

To move towards a programmatic approach to knowledge management and organisational learning, the Cities Alliance will strengthen its orientation towards the following **key objectives** to be pursued in the following years:

##### Our Aim in Knowledge & Learning is

to facilitate partnerships at the local, national, regional and global level to maximise impacts.

1. We identify, systematise and repackage existing knowledge and learning materials based on CA's field-tested knowledge from its portfolio, targeted at urban practitioners and policy makers.
2. We foster learning opportunities for urban professionals and stakeholder representatives using the full potential of available learning methods, such as communities of practices, peer-to-peer learning, etc, to inform policy dialogues at the local, national, regional and global level.

Under current budget conditions, K&L operations are based upon the following work plan for FY12-14.

## K&L Work plan FY12/14 Agreed Baseline scenario

Our Key Objectives			
<ol style="list-style-type: none"> <li>1. We identify, systematise and repackage existing knowledge and learning materials based on CA's field-tested knowledge from its portfolio, targeted at urban practitioners and policy makers.</li> <li>2. We foster learning opportunities for urban professionals and stakeholder representatives using the full potential of available learning methods, such as communities of practices, peer to peer learning, etc, to inform policy dialogues at the local, national, regional and global level.</li> </ol>			
OUR KEY DELIVERABLES in			
	FY 2012	FY 2013	FY 2014
Obj. 1:	<ul style="list-style-type: none"> <li>• <b>CA Knowledge Resource Database</b> launched</li> <li>• <b>Knowledge products</b> (e.g. Guidelines, publications, etc) from the portfolio are identified and <b>repackaged</b> to inform structured learning opportunities, such as global course on slum upgrading</li> <li>• <b>4 CA publications</b> disseminated, CIVIS continued (4); discussion paper series established</li> <li>• <b>A dissemination strategy</b> for CA products is peer reviewed by beneficiaries, such as LGAs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>CA Project Database</b> fully updated, linked with CA member sites and promoted for public use</li> <li>• <b>CA Knowledge Resources Database</b> fully updated, linked and promoted for public use</li> <li>• <b>2 CA publications</b> disseminated, CIVIS and Discussion Papers Series continued (4)</li> <li>• <b>Dissemination strategy operationalised and mainstreamed</b> in CA's knowledge management system</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Knowledge Resources Database</b> is fully updated and used by the public</li> <li>• <b>2 CA publications</b> disseminated, CIVIS and Discussion Papers Series continued (4)</li> </ul>
Obj. 2:	<ul style="list-style-type: none"> <li>• <b>JWPs on environment and climate change</b> (UNEP, WB, UNH): outputs delivered, agreement among some CA members on implementation of selected tools (e.g. Greenhouse Gas Standard, Urban Risk Assessment, Handbook on Adaptation for Mayors); 2<sup>nd</sup> phase of JWP conceptualised and facilitated</li> <li>• <b>JWPs National Slum Upgrading</b> continued</li> <li>• <b>JWP Financing African Cities II</b> fully operational.</li> <li>• One <b>new JWP</b> established (e.g. MENA).</li> <li>• Strategies for <b>Peer-exchange</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Phase II of JWP cities and climate change</b> is established</li> <li>• <b>New JWP on MENA</b> fully operational</li> <li>• <b>JWP Financing African Cities II</b> continued</li> <li>• <b>JWPs National Slum Upgrading</b> from FY 2012 continued and outputs delivered</li> <li>• <b>Peer exchange among 6 CATF</b> cities is effective, one learning event among them conducted</li> <li>• <b>At least one structured learning mechanism is rolled-out</b> and established in at least one of CA's key operations, such as CPs, CATF projects and JWPs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Peer exchange among 6-12 CATF projects</b> is effective, two learning events among them conducted</li> <li>• <b>JWP from previous years continued</b>, outputs delivered and disseminated</li> <li>• <b>Structured learning mechanisms further consolidated</b> and expanded</li> </ul>



	<p><b>among CATF projects</b> formulated</p> <ul style="list-style-type: none"> <li>• <b>Opportunities for structured learning</b> in CA operations are identified (e.g. global course on slum upgrading)</li> </ul>		
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## Knowledge and Learning: Strategic Choice: Scaling Up – Partnering for Policy Impacts

Under this strategic choice, the Secretariat would substantially increase its K&L activities by providing further seed funding for learning activities. The bulk of resources in terms of staff time and monies would be channelled from members to Joint Work Programmes, in the production of CA publications and potential policy dialogues at the global, regional, national and local level.

### Three Arguments for Scaling up Knowledge & Learning Activities

- ✓ Increased learning activities can help bridging the gap between knowledge generation and joint action
- ✓ Our new business model offers great opportunities for new structured learning activities, such as Peer to Peer learning in CPs and CaT fund projects.
- ✓ FY12 to FY14- a period with greater need for joint coordination in preparation for key debates, such as Rio+20, Post-MDG and HABITAT III

In JWPs, the CA partners would agree on priority themes suitable for a common approach and work jointly on approaches, methodologies and tools to be promoted and disseminated by the CA. With the increase of JWPs an introduction of a competitive Call for Proposals as implemented in the Catalytic Fund can be considered.

In order to harness the wealth of experiences generated by CA projects, additional activities to systematise and repackage existing knowledge can be envisaged. This includes the synthesis of knowledge into learning materials and making it available to Local Government Associations, professional associations of planners and engineers as well as universities for training purposes.

Finally, a stronger emphasis could be introduced to well-prepared policy dialogues and advocacy campaigns leveraging knowledge to impact on urban policies of both partner countries and corporate policies of CA members. The policy dialogues would be designed as a mix of analytical work, policy elaboration and political debate under the leadership of CA members. The dialogues would be especially effective when supported by a “critical mass” – several renowned CA members – to position prioritised issues or approaches on a national (urban fora), regional (AMCHUD, AfriCities) or global agenda (Rio+20, WUF).



OPTIONAL DELIVERABLES (subject to funding availability)	
<b>Obj.1:</b>	<ul style="list-style-type: none"> <li>• <b>Increased production of distinct knowledge products</b> identified in the CA portfolio, e.g. on CDS, SU, Gender and Youth</li> </ul>
<b>Obj. 2:</b>	<ul style="list-style-type: none"> <li>• <b>Development and creation of various global training courses</b>, such as on CDS and national urban policies</li> <li>• <b>Various Back-up initiatives</b> are being rolled out, such as to train former recipients on follow-up investment opportunities or assist particularly secondary cities to access the Catalytic Fund</li> <li>• <b>Structured learning activities for CATF projects</b> are increased, such as peer-to-peer networks and learning events</li> <li>• New <b>JWP on State of the Cities Reports (SOCR)</b> - Approaches, methodologies and experiences of SOCR discussed, recommendations endorsed by CA members and partners, peer exchange among SOCR teams established</li> <li>• New <b>JWP on CDS</b>- creating an online repository of CDS approaches</li> <li>• New <b>JWP on improving urban management education</b> with universities established</li> <li>• New <b>JWP on inclusive urban management/ youth</b></li> <li>• Various <b>policy recommendations with and for CA members</b> and partners are being developed and adopted by CG, such as on inclusive cities, CDS, SU, climate endorsed</li> <li>• Joint <b>contributions to key conferences</b>, such as Rio+20, WUF V, AFRICITIES,etc</li> <li>• Bi-annual Africa <b>Regional Urban Policy Dialogue</b> has taken place</li> </ul>

### ***Learning from the Legacy Portfolio: Foundation of the Cities Alliance's Success***

The active legacy portfolio comprises all projects financed out of the Open Grant Facility, so it was the backbone of the Cities Alliance until the adoption of the new business model with its Country Programmes and the Catalytic Fund. As of end of FY 2011, the active legacy portfolio consisted of approximately 110 operationally active projects, with a total investment from the Cities Alliance of \$40million. These projects continue to deliver practical results, as well as valuable knowledge and lessons. The portfolio needs to be monitored, administered and the wealth of knowledge captured, with correspondent implications for resources and staff capacity.

The Secretariat will continue to monitor and administer the portfolio to secure submission of agreed deliverables, fiduciary integrity and compliance with procedural regulations. As the Open Grant Facility was replaced by the Catalytic Fund, the Legacy portfolio will decrease over time, with most of its projects closed by FY 2014 or 2015 at the latest. The CA Secretariat will continue processing the information received from legacy projects, systematise it in the Project Database, and feature selected project outputs on the CA website. The knowledge management is therefore limited to process outputs for the CA database, with the occasional publication of project products of interest for the broader Alliance.

## Agreed Baseline scenario for Learning from the Legacy Portfolio

OUR KEY DELIVERABLES in			
	FY 2012	FY 2013	FY 2014
O1:	<ul style="list-style-type: none"> <li>• <b>Revision of project outputs</b>, processing for CA Project Database, and – in selected cases – for dissemination via web site or print media</li> <li>• Project outputs uploaded to CA Project Database;</li> <li>• 2 publications each year produced and disseminated.</li> </ul>		

## Strategic Choices: Unleashing the tacit knowledge potential

The strategic choice to be made refers to the knowledge potential of the legacy portfolio. **In this scenario**, the Cities Alliance analyses and processes the knowledge across the legacy portfolio, synthesising information clustered around a specific theme (e.g. environment), region or project type (e.g. upgrading strategies). This additional generation of knowledge would be used to inform policies, training programmes and advocacy campaigns of the Cities Alliance.

The accumulated knowledge of the Legacy Portfolio would be processed mainly through the structures and resources of CA members, with a limited complementary facilitating role for the CA Secretariat. The CA members would agree on priority themes and work jointly on approaches, methodologies and tools to be promoted by the CA as recommended standards, to inform policy dialogues, or to produce learning materials and make them available to urban professional associations of planners and engineers as well as universities for training of urban professionals.

### Three Arguments for Leveraging Knowledge from the Legacy Portfolio

- ✓ **The CA has untapped knowledge resources deriving from its portfolio of the last 12 years.**
- ✓ **Identifying and repackaging existing knowledge is more cost effective than generating new knowledge.**
- ✓ **Some key experiences of the Cities Alliance, such as field-tested CDS approaches, can only be found in the legacy portfolio.**

OPTIONAL DELIVERABLES (subject to funding availability)	
Obj. 1:	<ul style="list-style-type: none"> <li>• <b>Increased production of distinct knowledge products</b> identified in the legacy portfolio, e.g. on CDS, SU, Gender and Youth,</li> <li>• Legacy portfolio <b>outputs screened and prioritised</b> for knowledge products; 1st publications in process</li> </ul>
Obj. 2:	<ul style="list-style-type: none"> <li>• A batch of <b>policy recommendations</b> for CA members and partners on CDS, derived from knowledge of legacy portfolio agreed upon, endorsed by CG and presented at e.g. WUF Naples</li> <li>• <b>Training material</b> for improving urban management education elaborated</li> <li>• <b>All publications/ knowledge products</b> of legacy portfolio <b>published</b></li> </ul>

#### 4.4 Communication and Advocacy: Making the case for inclusive urbanisation.

Upon adoption of this Business Plan, the Cities Alliance Secretariat will revise and update its communications strategy to support the Plan's objectives. As a relatively small organisation with a modest budget, the Cities Alliance partnership nonetheless grapples with one of the most significant developmental challenges, the significance of which is being increasingly recognised. Although the Cities Alliance does enjoy positive name recognition, it is vital for the future growth of the organisation that it dramatically improves its visibility in promoting the role of cities in development, and that the results and impacts of its activities are effectively captured and acknowledged.

The Secretariat is preparing a new suite of basic information about the Cities Alliance, promoting the essential features of the new business model, and encouraging engagement with the members of the Cities Alliance. Additionally, the Partnership model of the Cities Alliance will also be reflected in our communications and advocacy activities, with the Cities Alliance both providing, and using, opportunities to leverage with members and external partners alike.

##### ***Corporate Communication: The baseline***

In this baseline scenario the CA Secretariat would focus on the Communication of the Secretariat with CA members, and on positioning the CA in the international urban development community.\*

\*Note: Knowledge Dissemination is integrated into the K+L service line (section 4.3), and not considered in the deliverables and the budget presented below.

Regular **services** and **deliverables** in the next three years are:

- CA website upgraded and maintained;
- Bimonthly newsletters produced and disseminated;
- Annual corporate report produced and disseminated;
- CA knowledge from project activities produced and disseminated;
- Support for the activities of the Policy Advocacy Forum;
- Promotional material about the CA produced and disseminated;
- Continuous information flow between CA Sec and members;
- Preparatory and follow-up communication for ExCo and CG meetings; and
- Presentation of CA at conferences (WUF, others).

KEY DELIVERABLES		
FY 2012	FY 2013	FY 2014
<ul style="list-style-type: none"> <li>• CA website upgraded and maintained</li> <li>• 6 Newsletters produced and disseminated</li> <li>• Annual corporate report produced and disseminated</li> <li>• Promotional material about the CA produced and disseminated</li> <li>• Continuous information flow between CA Sec and members</li> <li>• Preparatory and follow-up communication for ExCo and CG meetings</li> <li>• Presentation of CA at conferences (WUF, others), intensity of the presentation has strong budget implications</li> <li>• Advocacy – support for PAF, members' campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• CA website maintained</li> <li>• 6 Newsletters produced and disseminated</li> <li>• Annual corporate report produced and disseminated</li> <li>• Promotional material about the CA produced and disseminated</li> <li>• Continuous information flow between CA Sec and members</li> <li>• Preparatory and follow-up communication for ExCo and CG meetings</li> <li>• Presentation of CA at conferences (WUF, others), intensity of the presentation has strong budget implications</li> <li>• Advocacy – support for PAF, members' campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• CA website maintained</li> <li>• 6 Newsletters produced and disseminated</li> <li>• Annual corporate report produced and disseminated</li> <li>• Promotional material about the CA produced and disseminated</li> <li>• Continuous information flow between CA Sec and members</li> <li>• Preparatory and follow-up communication for ExCo and CG meetings</li> <li>• Presentation of CA at conferences (WUF, others), intensity of the presentation has strong budget implications</li> <li>• Advocacy – support for PAF, members' campaigns</li> </ul>

### **Corporate Communication:– Inclusive Cities Planning for Urbanisation**

The advocacy messages from the Cities Alliance need to both lead and support the advocacy campaigns and messages of its members. The Cities Alliance is extremely well positioned to contribute to – and promote – advocacy campaigns such as the Urbanisation Knowledge Platform, which will also be running over the same period of the Business Plan, as well as the complementary World Urban Campaign.

#### **Our Aim in Communication and Advocacy is**

**to promote the role of cities in poverty reduction, and in sustainable development and the Cities Alliance as a partnership.**

As a Global Partnership, with a diverse and representative membership, the Cities Alliance is uniquely positioned to adopt bold advocacy positions on issues that are often ignored or avoided. The most obvious and continuous theme for which the Cities Alliance should advocate comes from the Charter itself – promoting the role of cities in sustainable development, and poverty reduction.

In support of this underlying theme, the Cities Alliance has identified a number of significant policy issues that would benefit from bold advocacy, and clear communications. These include (but are certainly not limited to):

- The importance of responding positively to urbanisation, and the benefits thereof;
- The central role of incremental housing, especially in achieving delivery at scale;
- The vital role of women in development;

- The importance of re-thinking, and engaging, the private sector; and
- The importance of accurate information in policy making.

In the first instance, the Secretariat will work with the Policy Advisory Board in developing these tools and messages, prior to engaging with CA members. Finally, advocacy needs to become a vital tool in the promotion of the **Cities Alliance as a Partnership**.

This will include a range of possibilities:

- I. The presentation of the CA Partnership at a global level / global events;
- II. The presentation of the specific partnership that relates to a particular country where the CA is supporting activities, such as Country Programmes in Uganda, Ghana or Vietnam; and
- III. The active promotion of the Cities Alliance as a partnership in CA member countries, highlighting to the domestic audience (parliament / policy makers / practitioners) the positive role played by countries (eg) Norway, Brazil, Italy or South Africa, or other members, such as UCLG, and international NGOs such as HFHI and SDI.

Above all else, CA communications products and advocacy tools will be few in number, but bold, clear and simple.

## 5 Governance, Management and Staffing

### 5.1 Governance Structure

The Governance structure of the Cities Alliance is summarised in the table below:

	Membership	Role & Functions
<b>Consultative Group</b>	24 Members. Co-chaired by UN-HABITAT and WB	Final decision-making body
<b>Executive Committee</b>	Permanent, rotating and non-voting members. Chaired by UCLG	Provides executive oversight on behalf of CG.
<b>Secretariat</b>	W. Cobbett (Manager) and all staff	Manage day-to-day operations of the CA and facilitate partnership
<b>Policy Advocacy Forum</b>	Clare Short (Chair)	Advocacy vehicle for CA

With the adoption of the new Charter, the Governance of the Cities Alliance has been updated to allow for the better management of the organisation's strategic direction, and improved oversight of the Secretariat. The Executive Committee is now permanently chaired by the Secretary General of UCLG (or his/her authorised representative), ensuring that the global organisation representing the constituency focus of the Cities Alliance is at the epicentre of its governance. For its part, the Secretariat is now charged with facilitating the CA Partnership, which is the cornerstone of the new model.

The Policy Advocacy Forum will adopt a more prominent role, in two primary functions: (i) Working closely with the Secretariat to raise the profile of the organisation and the issues that it addresses; and (ii) In serving as a vehicle to reach out to new constituencies, and to create platforms for promoting positive messages about cities, and Cities Alliance, at global, national and local levels.

Issues that will need to be addressed in FY12 include (i) the development of a strategy for engaging those global private sector organisations / networks that have expressed an interest in urban development and city issues, and in the Cities Alliance itself and (ii) expansion and strengthening of the PAF, which has the potential to become an extremely valuable and strategic tool for the Cities Alliance.

### 5.2 Management Structure

The Structure of the Secretariat will be re-examined in the context of (i) EXCO's response to this Business Plan and (ii) the interim findings and recommendations of the independent evaluation of the Cities Alliance. However, the structure will build upon the positive experience that has been achieved through the last restructuring of the Secretariat, which created a more open team structure, with increased responsibility and accountability.

### 5.3 Staffing

The Cities Alliance has long relied on a significant complement of secondments (staff on loan) to the Secretariat. Staff have been provided, usually for two- to four-year periods, from UN-HABITAT, German and French cooperation, and Swedish Sida. These staff typically serve as senior technical specialists. Staff have also been provided through World Bank staff exchange and junior professional programmes.

These staff supplement the Core-funded staff, while additional staff support has been provided by Non-Core funds, mostly for field-based staff. In total, 29 staff positions are approved for the Secretariat, which is expected to hold constant through the FY12 – FY14 planning period. The Cities Alliance's human resources are administered by the World Bank through its normal policies and procedures.

### 5.4 Grant Management: Key for the Cities Alliance

Grants are the key administrative tool of the Cities Alliance (CA) to provide financial support to members and partners. Therefore the expediency of executing grants and ensuring that recipients access funding to launch agreed activities is critical to the success of projects. Since CA inception, the World Bank has managed and administered trust funds that have been used to finance projects under the old Open Grant Facility, and in recent past those for Country Programmes, the Catalytic Fund, and Joint Work Programmes. Execution of such grants follows World Bank policies and procedures including fiduciary and legal rules and regulations that govern Bank loans and credits. In the past five years, the Cities Alliance Secretariat processed an average of 37 new grants per year.

As part of the evolving World Bank internal control environment for administering trust funds and global programmes like the Cities Alliance, the transaction and overhead costs of executing small grants that are typical of CA portfolio significantly increased in the last two years. Recognising this effect, the Bank responded proactively by forming a Small Grants Working Group, which is developing a comprehensive set of recommendations for streamlining small grant business processes.

Over the period of the Business Plan, the Secretariat will further monitor the development and implementation of the resulting guidelines and their impact on the efficiency of executing grants. The Secretariat will regularly evaluate the time it takes to process proposals and execute grants, providing such analysis to management and working with Bank central units to ensure that significant gains on efficiencies are made.

## 6 Financial Plan

### 6.1 Strategic Approach

The Cities Alliance has enjoyed a stable revenue base since its establishment, averaging approximately \$15 million per year in new contributions – about half in Core (un-earmarked) and half in Non-Core funds. More than \$160 million has been contributed from 26 donor organisations. The largest donors of Core funds have been the World Bank's Development Grant Facility and the Governments of Norway, United Kingdom, Sweden and Italy. The Governments of United Kingdom, Italy and Sweden, as well as the Gates Foundation, have been the largest contributor of Non-Core funds. (See Annex 1 for listing of financial contributors over the past five years.)

While this funding was sufficient to meet the demand of the old Open Access grant facility, the updates to its business model and Charter have provided a framework to optimise the programme's position in the city/urban development landscape, which is resulting in significantly increased demand for CA products and services. CA members are requesting support for more country and regional programmes, more frequent call for Catalytic Fund proposals, and more support for knowledge and communication activities to address challenges and opportunities of the urbanisation agenda.

This business plan is structured around "baseline" activities, to be funded from a Core budget to be agreed with the CA membership for a defined strategic work programme during FY12-FY14, and includes options for scaling up each of the product/service lines. Additional investments for scaling up the CA development business of the CA partnership are being sought from the existing base of CA members and partners and from new investors.

### 6.2 The Baseline Budget

As part of its strategy to better leverage the assets and inputs of the Cities Alliance, this Business Plan is constructed around a strategic work programme for a Core-funded base line budget for FY12 – FY14 for the CA Secretariat and the core work programme activities for each of the product/service lines. The baseline work programme aims to better leverage the CA as a partnership, mobilise new resources to scale up impacts, optimise grants made in prior years, and increase efficiencies in programme operations.

The baseline budget is anchored around the CA's stable core membership base and financial contributions, which have averaged \$7.25 million per year in cash contributions during past six years and approximately \$0.6 million in in-kind contributions (secondments to Secretariat staff). These funds have been complemented by Non-Core (earmarked) contributions of about the same amount during that period.

Looking at existing and likely member/donor contributions over the next three years, a conservative baseline budget of \$22 million in new cash contributions is proposed for FY12 – FY14, and \$2 million in staff secondments. Based on the CA track record and strong member support, there is high degree of confidence that this minimum level of member support will be received during FY12 – FY14. It is proposed that this funding constitute the baseline budget, with funds to be utilised as detailed in this business plan. These funds will be used for the CA



Secretariat, programme overheads, and for business development – to grow the programme and increase its leverage.

**Table 2: Baseline Budget**

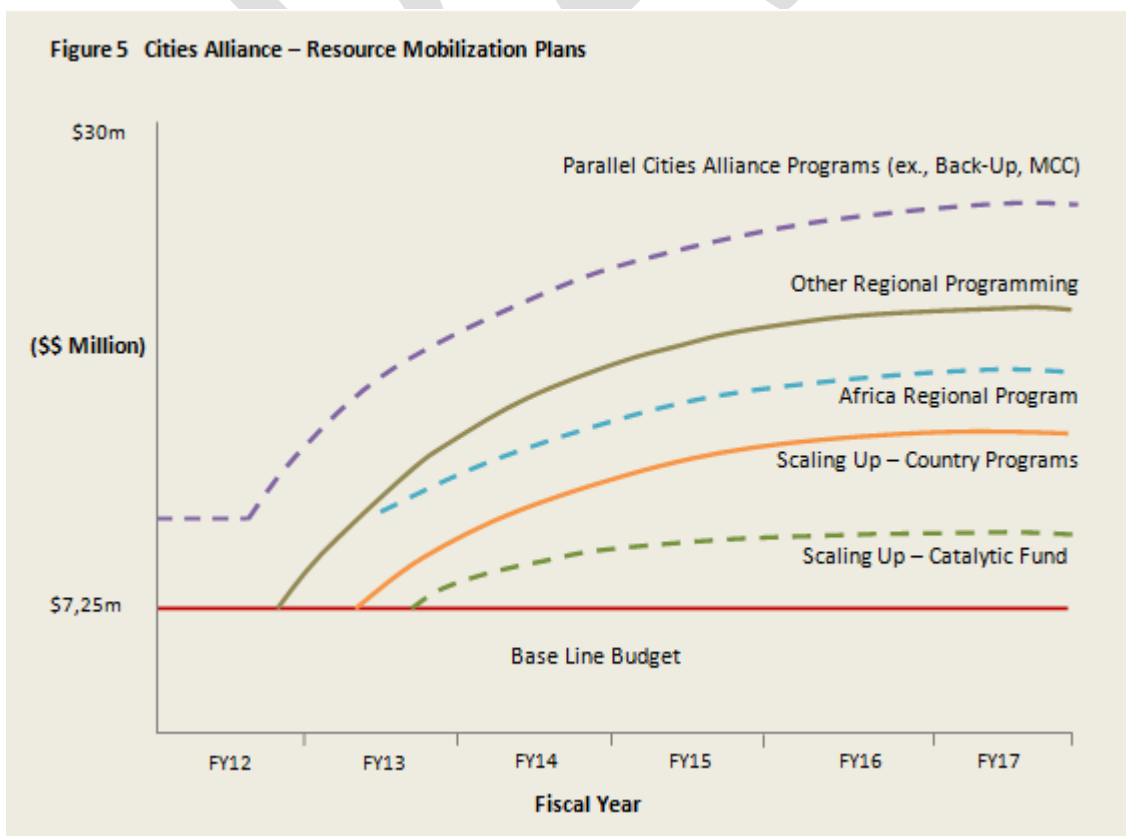
<b>Sources &amp; Uses of Funds: FY12 – FY14 Budget (CORE FUNDS)</b>				
<b>CORE FUNDS</b>	<b>FY12 – FY14</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
<b><i>FUNDS AVAILABLE FOR ALLOCATION – Estimated</i></b>				
Balance Forward - Unallocated Funds	2,581,013	2,581,013	2,460,513	1,840,513
Contribution Target - Baseline	22,000,000	8,000,000	8,000,000	6,000,000
Investment Income	600,000	200,000	200,000	200,000
Allocation Cancellations, Reflows & Adjustments	0	0	0	0
Less WB TF Admin Fees	(360,000)	(120,000)	(120,000)	(120,000)
<b><i>FUNDS AVAILABLE FOR ALLOCATION</i></b>	<b>24,821,013</b>	<b>10,661,013</b>	<b>10,540,513</b>	<b>7,820,513</b>
<b>ALLOCATION OF FUNDS</b>				
<b>Partnership Operations</b> (incl Secretariat Costs)	9,950,000	2,750,000	3,500,000	3,600,000
<b>Global Programme Operations:</b>				
Grant Facility (old) -	350,500	350,500	0	0
Catalytic Fund (new)	6,600,000	2,200,000	2,200,000	2,200,000
Knowledge & Learning	1,500,000	500,000	500,000	500,000
Comm. & Advocacy	1,100,000	300,000	400,000	400,000
Monitoring & Evaluation	300,000	100,000	100,000	100,000
<b>Country / Regional Partnership Programming:</b>				
Land, Services & Citizenship Programme	1,500,000	500,000	500,000	500,000
Country Work Programmes (Brazil, Phil, & India)	1,500,000	500,000	500,000	500,000
Other Country/ Regional Programming				
> Sub-Saharan Africa Regional action plan	1,000,000	500,000	500,000	
> Other Regional action plans	1,000,000	500,000	500,000	
<b><i>BUDGETED ALLOCATION OF FUNDS</i></b>	<b>24,800,500</b>	<b>8,200,500</b>	<b>8,700,000</b>	<b>7,800,000</b>
<b>ENDING BALANCE - UNALLOCATED FUNDS</b>	<b>20,513</b>	<b>2,460,513</b>	<b>1,840,513</b>	<b>120,513</b>

### 6.3 Scaling Up: Service Line Growth and Funding Opportunities

An objective of the FY12-FY14 baseline budget plan is to expand the Cities Alliance's impacts and scale up programming. Options for expanding CA products/services are provided throughout the Business Plan, and include:

- Expanding the Catalytic Fund tranches, and/or issuing thematic call for proposals
- Adding new country partnership programmes
- Developing regional work programmes, drawing on the CP model
- Expanding the partnership framework for Joint Work Programmes
- Communication and advocacy initiatives

Investments are sought to scale up Cities Alliance activities, building on the strong foundation provided in the Baseline Budget plans. **Additional resources will be mobilised over the FY12-FY14 period for the CA trust fund, with a target of growing the CA budget to \$25 million annually.** Additional parallel resources will be mobilised from CA members and partners, to be programmed as part of the CA business plan but implemented outside of the CA trust fund. Examples of this include the Urban Back Up Initiative being funded and implemented by GIZ as part of the Ghana Country Programme.



## 7 ANNEX

### CONTRIBUTIONS RECEIVED (US\$), FY07-FY11

Combined Core and Non-Core financing (Excludes In-Kind / Staff Secondments)

Donor Name	TOTAL (USD)
Asian Development Bank (ADB)	750,000
Australian Agency for International Development (AusAID)	750,000
Bill and Melinda Gates Foundation	14,999,980
Canadian International Development Agency (CIDA)	71,474
Ethiopia – Ministry of Works and Urban Development	249,870
EU-Commission of the European Communities	1,035,413
Federal Republic of Germany	1,708,600
France	1,848,499
Habitat for Humanity International	50,000
Italy - Ministry of Foreign Affairs	11,085,694
Ministerio de Vivienda y Urbanismo Chile – Ministry of Housing and Planning	150,000
Ministry of Cities of Brazil	550,000
Netherlands - Minister for European Affairs & International Cooperation	749,910
Norway - Ministry of Foreign Affairs	7,370,431
Philippines-Housing & Urban Development Coordinating Council	50,000
South Africa - National Department of Housing	250,000
Spain - Ministry of Foreign Affairs	2,321,400
Swedish International Development Cooperation Agency (SIDA)	6,498,997
United Kingdom - Department for International Development (DFID)	7,976,914
United States Agency for International Development (USAID)	2,393,336
UN-UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)	314,987
UN-United Nations Human Settlements	200,000
World Bank DGF	14,088,353
<b>TOTAL</b>	<b>75,463,858</b>