

Cities Alliance
Cities Without Slums

Independent Evaluation

**An Assessment
of the
First Three Years**

November 2002



dpu

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Acronyms used in the text.

ADB:	Asian Development Bank.
Af.DB:	African Development Bank.
BMZ:	Ministry of Economic Co-operation and Development (German Federal Government).
CA:	Cities Alliance.
CDS:	City Development Strategy.
CIDA:	Canadian International Development Agency (Government of Canada).
CG:	Consultative Group (of the Cities Alliance).
CGAP:	Consultative Group to Assist the Poorest.
CLIFF:	Community Led Infrastructure Finance Facility (DFID).
DFID:	Department for International Development (Government of the United Kingdom).
DGF:	Development Grant Facility (of the World Bank).
EBRD:	European Bank of Reconstruction and Development.
EU:	European Union (including the European Union Trust Fund).
FCM-UTO:	Fédération Mondiale des Cities Uniés-United Towns Organisation.
G-7:	Group of Seven Countries (Australia, Canada, France, Germany, Italy, United Kingdom, United States).
ICMA:	International City/County Management Association.
IDB:	Inter-American Development Bank.
IIED:	International Institute for the Environment and Development.
IFC:	International Finance Corporation (World Bank Group).
ILO:	International Labour Office (United Nations).
ISTED:	Institut des Sciences et Techniques de l'Équipement et de l'Environnement pour le Développement.
IULA:	International Union of Local Authorities.
LCP:	League of Cities of the Philippines.
LGA:	local government association.
MIT:	Massachusetts Institute of Technology.
NGO:	non-governmental organisation.
OSCE:	Organisation for Security and Co-operation in Europe.
PAB:	Policy Advisory Board (of the Cities Alliance).
PPF:	Public Policy Forum (of the Cities Alliance).
PPIAF:	Public-Private Infrastructure Advisory Facility.
SIDA:	Swedish International Development Co-operation Agency (Government of Sweden).
SU:	Slum Upgrading.
UMP:	Urban Management Programme (of UN-Habitat).
UNCHS:	United Nations Centre for Human Settlement (UN-Habitat).
UNDP:	United Nations Development Programme.
UN-Habitat:	United Nations Human Settlements Programme.
UNICEF:	United Nations International Children's Fund.
USAID:	United States Agency for International Development (Government of the United States).
WACLAC:	World Associations of Cities and Local Authorities Co-ordination.

Summary and Recommendations

(The enumeration of each paragraph indicates the relevant section in the main text)

1. (p.1) The formation of the Cities Alliance took place at a unique policy conjuncture – the demographic transition to a predominantly urban developing world (so that poverty became primarily an urban phenomenon); a recognition that only with the active participation of the local authorities and slum dwellers could there be a significant effect on the existing and expected slum population; and a recognition by international donors that a renewed effort to tackle the growing problem of slums, in alliance with the poor, was becoming increasingly urgent. As one commentator has it, if the CA had not existed it would have been necessary to invent it. (Introduction, p.1-2)

2.(p.3) The objectives, strategies and principles governing the operation of the activity of the CA are defined by specific indicators that identify the criteria of success and failure. Out of this discussion, the criteria emerge by which the CA's two selected areas of focus – in Slum Upgrading and CDS – can be judged. A preliminary outline of these is therefore required, even though it is premature to draw a judgement on most of the CA's work. (2. Evaluation, p.3-5)

3.(p.6) **The Learning Alliance**

3.2(p.8) World Bank-Habitat. The two multilateral founders of the Cities Alliance made a major step forward in establishing the agenda of the 1996 UN Conference on Human Settlements (Istanbul) in creating the Cities Alliance. However, their success in spreading this agenda and recruiting a much wider group of sponsors to the CA inevitably changed its nature, establishing an alliance of all the partners and thus downgrading the position of the two founders. However, the political advance made more than compensates for the change in power.

3.3(p.9) The Consultative Group (CG) began as a consultative body – a 'public policy forum' – to the alliance of two multilateral agencies, the World Bank and UN-Habitat. However, the engagement of bilateral donors, including all those from the G-7 group of countries, supplying ultimately the bulk of funds of the CA, turned the CG into a governing council for the CA and, in particular, the Secretariat. The CG was too large and met too infrequently to play the second role, and, in addition, it was unable to reconcile its governing responsibilities with the role of a public policy forum. Hence, first the CG spun off the public policy forum role, which is now organised by Secretariat annually as a separate event, and second, it created a small Steering Committee to guide the Secretariat. This makes it possible for the CG to return to the role of being the centre of a 'learning alliance', evaluating the experience of urban development of all its partners and, where feasible, seeking to align those programmes, to secure a measure of collaboration between the partners. This would suggest a role for the existing PPF as a window on the different *external* worlds of concern to the CG – on Mayors (Montreal), on partnerships between local authorities and communities (Rome), on slum dwellers as partners in city development (Kolkata) and, next year, on private finance (São Paulo). This involves much more powerful mechanisms of:

3.3.1(p.10) evaluation – the means to draw the lessons of urban development and identify best practice;

3.3.2(p.11) dissemination – the means to spread those lessons throughout the urban development community, including most essentially cities themselves. With such an enormous and growing audience – of cities – the dissemination role will

have to be scaled up far beyond its present level for mass production, in collaboration with those already active here – the LGAs, the Urban Management Programme (UMP), other donors etc. This will entail moving into the languages of the countries concerned and establishing in-country bases for dissemination. It might entail short periods of exchanging staff with other urban development programmes, thereby becoming a more active promoter of collaboration between agencies, of aligning programmes, and of pooled learning and dissemination;

3.3.3(p.11) capacity-building, as a means to scale up the effects of core-funded projects, in order to shift from direct actions in the two selected fields of urban development, particularly as innovations become routinised through repetition, to facilitating the actions of others.

Recommendation:

- Having transferred responsibility administering the Secretariat to the Steering Committee, the CG should now strengthen its role as the centre for learning, pooling experience from their various programs, disseminating the lessons of urban development experience (in the two selected fields) of all partners and, where feasible, aligning programmes and drawing out the lessons for replication and scaling up. . This involves a crucial role for the evaluation capacities of all partners in the alliance, for their dissemination experience and facilities, and for their potential for capacity building.

3.3.4(p.12) (LGAs) The Local Government Association (LGA) members of the CG have unequalled knowledge and experience of cities as well as maintaining direct relationships to them through national LGAs and directly to selected cities. They are vital in any scaling-up process by the CA. However their concerns are not coincidental with those of the donors, and special measures are needed to secure a fruitful alignment – including the exchange of staff and material and, where feasible, the use of national LGAs as the nucleus of local CAs.

Recommendation:

- To benefit from the full potential of the LGAs on the CG specific measures should be taken to encourage the exchange of LGA, donor and Secretariat staff for short periods, using local authority expertise in technical assistance; a joint evaluation unit to disseminate the lessons of best practice by local authority members of the LGAs; joint programmes to strengthen local LGAs in developing countries; etc.

3.3.5 (p.13). However, the relationships of trust upon which the work of the CA depends should not be disturbed by any precipitate changes. The recommendations made here, if acceptable, imply no sudden changes of direction, only a smooth reorientation with growth.

3.4(p.13) The Steering Committee has proved a very effective innovation, simultaneously being able to facilitate the emerging pro-active role of the Secretariat, and of ensuring proper guidance, transparency and accountability.

Recommendation:

- The Steering Committee should include one smaller bilateral donor in its membership, and there should be a rotating chair.

3.5(p.13) The Secretariat has created both the commitment to spread the membership, the funds to finance its operations and the system by which this is

accomplished. The pressure in doing so in such a short time has tended to detract from fostering the broader functions of creating a 'learning alliance'. Now, with the system running well, it becomes possible to reduce the number of projects financed while enhancing their quality and the precision with which they are targeted on priority cases - the poorest cities (as well as, for example, those with the most archaic restrictions; cities undergoing industrial restructuring; those emerging from crisis. etc), always assuming a strong local commitment to reform. Secondly, and more broadly, the Secretariat will need to shift its focus to facilitating and servicing the new strengthened role of the CG in pooling knowledge from the experience of urban development of all the partners in the two selected fields, in evaluation, dissemination of the lessons, and in capacity-building.

Recommendations:

- The Secretariat should now accept fewer proposals while increasing the quality of those recommended for acceptance, drawn from priority lists and with extended supportive preparation (by LGAs, donors or the Secretariat itself). This involves a much more pro-active role in the field by the Secretariat, and changing its focus to assisting the CG in its strengthened role in pooling knowledge of all partners programs, in evaluation, dissemination and capacity building..

3.5.1(p.14) Exit. Under the conditions stipulated for World Bank DGF funding, the CA must, after three years (June 2004), either exit from the DGF funding or become mainstreamed in Bank programmes. The CG has already ended the original financial arrangement by placing the Secretariat fully on CA core-funding (from July 2002). As a result, the Bank's DGF funding currently goes to CA core funds for program activities. The question remains of the Secretariat location in Bank premises. The Bank has indicated that this is acceptable at present, and the majority of the CG favour staying in Bank premises, close to the Bank's Urban Sector (and remaining under Bank financial supervision).

3.6(p.14) The Policy Advisory Board has a very wide remit, which in addition to providing overall guidance to the CG on key strategic policy issues and evaluating the impact of the CA work programme, now embraces the assumption of regional ambassadorial roles for its members. Therefore there is some pressure to define its role more precisely and to clarify the relationship between its members and CA projects.

Recommendations:

- Although the value of the service that the PAB provides to the CG is unquestioned, its aims should be defined more precisely and manageably. PAB members should also be active, where feasible, in regional organisations, and in evaluation work.

4. (p.18) Proposals and projects. Data included in Annex I show that only 13 of the 58 projects accepted for CA funding have been completed, making it impossible to assess any representative sample. However, the data show a high incidence of project approvals in Sub-Saharan Africa and Latin America and the Caribbean in the first year (compared the other regions), a pattern that was not continued on the subsequent years. However, the Middle East/North Africa and Europe/Central Asia remain under-represented in all three years.

4.1.1(p.19) The processing of applications works well, with reasonably scrupulous and transparent appraisal of project applications against the criteria laid down. The number of peer reviewers from developing countries could be

increased. It is said that poorer cities lack the capacity to cope with the application procedure, but rather than changing the procedures, it would be better to encourage other CG partners or LGAs to assist in this process. With a more proactive Secretariat with clear priorities as to which applications need to be encouraged, central help should be more available to facilitate priority applications and to allow much longer time for that process. Unlike the earlier years, financial allowances to pay for such a process also seem now reasonably flexible.

Recommendations:

- *More peer reviewers from developing countries should be utilised for processing of applications for funding.*
- *Applications should be rated by the Secretariat for innovation and risk, within the context of the proposal.*
- *More support is required by the Secretariat and partners to help applications from poorer and other priority cities.*

4.1.2(p.20) Client feedback is a most useful recent innovation, and is an important element in short-term monitoring and future evaluations. The feedback form needs strengthening to offset the incentive of clients to present every project as a success, but ultimately only a visit by an independent observer can provide a proper assessment.

Recommendations:

- *Client feedback form should be strengthened to prevent evading difficult issues.*
- *Proper evaluation of each project is now required to extract lessons, and wherever possible this should include a visit by a member of the Secretariat or local CA to conduct participatory evaluations with clients and stakeholders.*

4.1.3(p.20) The principles governing the clearance of proposals for funding have been applied fairly consistently to all applications. However, some of these are not self-evident in meaning nor are the trade-offs explicit. In the first case, 'pro-poor' may refer to many things between the delivery of a conventional package of benefits to poor families, regardless of their interests, to changes in the city labour market to raise employment and incomes. Promoting the role of women has received some recognition in slum upgrading, but little in CDS. Local partnerships have been encouraged, and scaling-up consistently so. In some cases, the requirement for local government participation may need to be relaxed where there is a high turnover of officials but a stable alliance of stakeholders outside the municipal authority. The link to investment also raises difficult issues where elected leaders use the need for investment as a way of evading reform and pursuing projects of high visibility to influence their re-election. On the other hand, it seems, without investment follow on, slum upgrading is entirely utopian, and local government authorities in CDS exercises refuse to take the project seriously. The environment has received consistent attention in slum upgrading, less consistently in CDS. There are objections to 24-month deliverables for slum upgrading (with the mobilisation of both communities and the municipality) and CDS where institutionalisation of participation is required (this observation may be paralleled in the future by the length of time required to launch micro financing schemes). The overall relationship between objectives, strategies, principles and criteria appears unnecessarily complicated and makes it difficult to evaluate actions and understand trade offs.

4.1.4(p.21) The issue of local government reform is not confronted directly in the criteria, despite its pre-eminent importance.

Recommendations:

- *Where there is frequent turnover of municipal leadership, non-municipal stakeholders should be encouraged to provide continuity.*
- *The link to investment has to be handled so that it does not give an excuse to Mayors to evade responsibility for reform.*
- *Deliverables within 24 months should be interpreted with some flexibility*
- *Auditing the city for reform should become part of the criteria.*
- *The procedures are now complex and could benefit from a simplification, making trade offs explicit to help guide the Secretariat.*

4.2(p.22) Slum Upgrading (SU). Twenty-four of the 40 proposals made for upgrading projects have been approved. This represents a commitment of \$15.5 million of which \$10 million is the non-core funding of the Community-led Infrastructure Finance Facility (CLIFF). Thus SU projects account for 40%? of the approved projects and 54%? of the total trust fund allocation to projects in the period to June 2002. Both the size and distribution of core fund SU projects vary widely, ranging in cost from \$75,000 to \$300,000 and from 8 projects in LAC and 5 in SSA and Asia, 2 in MENA and none in Europe.

4.2.2-3(p.23) SU projects can be broadly grouped in 4 categories of emphasis: 1) strategic policy studies and workshops aimed at promoting citywide and national policies and strategies; 2) scaling-up on-going SU projects and programmes; 3) institutional capacity building and the preparation of legal and procedural instruments; and 4) management and capacity building for innovative approaches to SU.

4.2.4(p.24) All projects are well focussed on the urban poor and the alleviation of the social impacts of urban poverty and those that explicitly set out to address scaling-up, do so through the promotion of 'pro-poor policies'. Direct support to poverty reduction is evident in several projects though the enterprise development and income generation components of projects tend to be subordinate to environmental upgrading and social development. There is little reference to strategies for promoting the role of women in the project documents, though in practice women play a major part in the community development and management components of SU projects. Clearly all SU projects give significant emphasis to building partnerships and promoting cohesion of effort between different actors and stakeholders. Although several SU projects specifically address the dissemination of experience, there is a need for greater attention to be given to the documentation and diffusion of lessons learned.

4.2.6-7(p.25-26) All SU projects to some extent address the primary operational objective of scaling-up and strengthening policy frameworks though some justifiably give greater emphasis to the development of participatory approaches to local environmental and social development and management. This is not inconsistent with the CA goals particularly where it is used to test and/or demonstrate the implications of policy change. However, in addressing scaling-up there does seem to be need for greater consideration to be given to the wider context in which SU will take place, in terms of planning and investment priorities at a citywide level, as there appears to be a danger of merely multiplying the number of SU projects with little regard to their impact on other components of

urban development (e.g. land values) or to the influence of development in surrounding areas on existing slums. This seems to be well covered by the joint CDS-SU projects.

4.2.8(p.26) A set of primary indicators is suggested to monitor and evaluate the performance of SU projects in terms of supporting processes of scaling-up. These embrace: 1) policy change and the launching of medium- to long-term SU programmes; 2) fiscal commitment; 3) institutional/organisational change; and 4) legislative change.

Other indicators are recommended in order to monitor and evaluate: 1) levels of participation and partnership in the design and management of SU programmes and projects; 2) the extent of financial, managerial and technical support provided to low-income households and communities; and 3) processes for the development of awareness and dissemination of experience and lessons learnt from SU activities.

Recommendations:

- *Greater emphasis needs to be laid on documenting and disseminating the processes, outcomes and lessons learned from the implementation of SU projects, requiring greater attention to the design of monitoring and recording procedures at the project formulation stage;*
- *More consistent attention should be given to the overall context of spatial planning and investment priorities at a citywide level in approaches to scaling-up SU.*

4.3(p.28) City Development Strategies (CDS).

4.3.1(p.28) Consensual planning for city economic growth is a product of the recessions of the 1970s and 1980s in Europe and North America, of globalisation and decentralisation. These efforts tried to institutionalise stakeholder concern and guidance for the city in a City Forum, public-private city economic development corporations, economic development municipal departments and city-level statistical and monitoring units. The same package was late coming to Asia and Africa, often because decentralisation was delayed and thus inhibited the effects of globalisation. In Latin America, decentralisation led to strong Mayors and economic awareness in the 1980s and 1990s. UMP city consultations have in some cases helped to institutionalise participation, and the World Bank introduced the idea of CDS in 1998.

The two approaches of the initial founders of the CA were combined in CDS – UMP embraced economic development in its first CDSs; the Bank embraced participation. When the Government of Japan offered to finance CDSs in Asia, a third formula was added, Japanese city planning. In the five years in which CDSs have been followed (with CA involved in the last three), many different formulae have been employed from the strongly analytical, to conventional action plans to a mayoral wish-list. Similarly, some were dependent upon strong external expert inputs to change the perceptions of the stakeholders, others with almost none. So far as is known, the rich experience of cities elsewhere in comparable efforts was not mobilised. The aims have been equally diverse, and in some cases city economic development was dropped. In the end, the CA Secretariat permitted task managers and cities to define the CDS, provided they included a city vision, a focus on the poor and governance, follow-up investment and participation. There was little overt attention to the institutional requirements of sustainability.

4.3.2-3(p.31-33) CDS spread with great speed in Asia although the final achievement remains unclear since it would be distorting to judge all by the same standard. There have been so many, it is important the CA undertake a review of them – both those assisted by the CA and those not - in order to identify the formula which seems most useful and most sustainable and the conditions for sustained effect for CDSs to be funded from CA core-funds. Aims for a core CDS are proposed, and possible indicators are laid out for this evaluation – covering pro-poor policies, the reform of local government, reforms for economic development, participation, sustainability, and the environment. The evaluation would need to include the Japanese experience with CDS, as well as the World Bank's evolution from CDS to City Poverty Strategies and Local Economic Development.

Recommendations:

- A major evaluation is required to assess what has been accomplished and the conditions for sustainability. From this, a more rigorous definition of the required components of the exercise can be produced for future CA work. Such a study would allow the retrieval of methods and analysis employed in past CDSs, particularly innovations in addressing these issues – on poverty and other issues.
- The element of local economic development and environmental management has tended to be neglected in some CDSs and should be strengthened. Additional criteria should concern sustainability of the CDS and the institutional and budgetary implications of this.

4.3.4(p.35) **Philippines.** Some of the problems in CDS are illustrated in one of the most successful cases of up-scaling, in the Philippines – with 3 UMP cities, 7 in phase 1 (CDS-1) and 31 in phase 2 (CDS-2). In CDS-2, cities have collected a body of data, established a city vision, focussed on the city poor, and assessed local government priorities and operations. There has been in the cases known, considerable participation, underpinned by the provisions of the 1991 Local Government Reform which established statutory norms of participation by accredited NGOs and private businesses etc. CDS-2 is directed by the LGA, League of Cities of the Philippines, with two consultants for the 31 cities (before the submission of the city draft reports, they had been able to visit only 12 of the cities). Four local expert consultants – in poverty, urban planning, the environment and training - could be recruited only as the draft reports were being submitted, and it was not possible to arrange the proposed training. Thus draft plans were drawn up virtually without outside inputs, and even the appraisal of these drafts is done through collective regional workshops rather than individual consultation with the cities. CDS has indeed been dramatically scaled up, but what the final product will be is as yet unclear. Increased funding and greater outside support might have made for disproportionately greater added value

Recommendation:

- The Philippines experience suggests that CA attention should now be directed to facilitating rather than undertaking CDS through the provision of technical support, training etc. Co-operation with the LGA partners may allow a strengthened LCP to become the pivotal organisation in this change of roles.

4.4(p.37) **Global Initiatives.** These have been largely focussed on financial services for the urban poor and knowledge or learning network projects (apart from the finance of CA meetings). The majority were bunched in the first two years of the CA indicating the start up costs. With expansion in evaluation and dissemination, it is likely this component will increase substantially.

5. (p.39) **Non-Core Funding.** These are projects funded and approved under CA procedures but targeted by the donor to specified tasks and/or regions. The prototypes are the Italian funded Bahia slum upgrading projects and the DFID supported CLIFF project. Fears that this type of project would constitute too severe a burden on the administrative capacity of the Secretariat have not been borne out. Non-core funding allows donors to explore projects with far wider influence over other donors, and thus the capacity to up-scale through collaboration.

6. (p.41) **Other Issues**

6.1(p.41) Private Partnerships. Initially, the Secretariat has been working with private financial institutions serving the urban poor. This is perhaps the next source of up-scaling innovation in the field, which is particularly important given bilateral donor initiatives to seek to offset the burden of commercial risk in private lending. However, it may now be useful to explore the possibilities of creating the means to facilitate large scale commercial lending – for the estimated urban infrastructure needs of developing countries over the next quarter century; to facilitate the on-lending flows between the large banking sector and the mass of small financial intermediaries in developing countries; and to facilitate the emergence of a market for city bonds from developing countries in the future.

6.2(p.41) In-Country Collaboration. The two requirements of scaling-up CA operations in its two selected fields and rooting itself firmly in the country as well as the need to secure in-country collaboration between donors and the alignment of their programmes suggests the need for in-country CAs. An in-country CA would parallel the world parent - not at all creating a new free-standing organisation - bringing together in-country donors, the local LGAs, and possibly some local NGOs. LGAs, where necessary, properly strengthened with the assistance of the international LGAs, could provide a base for in-country dissemination (in local languages); in-country training to facilitate the scaling-up CA programmes; local evaluation resources. With an in-country alliance of donors, it could also provide the basis for donor collaboration and the alignment of programmes.

There are several different possible routes to such alliances – through the regional managers now appointed (in South Asia and Latin America); through the use of the UMP networks; through the city networks now developing through CA projects such as the South Africa Cities Support and Learning Network (SCAN); on the model of the Vietnam Urban Forum; through the local LGA as with the League of Cities of the Philippines. The recent proposal to create UNDP-funded in-country managers for UN-Habitat could immensely strengthen the idea of in-country CAs, offering a further degree of organisational stability as well as linking the local CA to local UMP consultative networks.

Recommendation:

- The Secretariat needs to develop a strategy to encourage the creation of such local CAs, using a range of approaches and resources.

6.3(p.43) Sustainable Finance. The target total of funds pledged for the current period has been exceeded, but with a change in the origin of the funds, and with the strong growth of a small number of non-core pledges. It would seem that with a strong performance by the CA it can expect that more of the existing donors will increase their contribution, and that it will be possible to increase the number of donors – from other OECD countries and the regional development banks. In addition, as noted in the section of non-core pledges, it is likely these will grow. There are therefore grounds for optimism that the next financial targets to 2005 will be met.

7. (p.44) **Future Evaluations.**

7.1(p.44) The CA needs now to institute monitoring and evaluation procedures to facilitate much more comprehensive and robust evaluations in the future. However, such an evaluation requires a consensus on the precise performance indicators that are acceptable to all, and therefore what information is required to be collected from now to make such an assessment. This report makes a wide range of recommendations for re-focussing CA activity and for monitoring progress. A number of approaches – and indicators – have been presented to conduct monitoring and evaluation have also been suggested.

7.2(p.22) Once the recommendations of this report have been discussed it is proposed that the Consultative Group should work with the Secretariat to bring together an overall monitoring framework for CA, making use of some of the performance indicators proposed here. The focus for such a framework should include development effectiveness, overall organisational effectiveness as well as the lessons learned from the actions funded. The workshop would need to establish baselines and accepted indicators (both topics examined earlier in 5.2 and 5.3).

7.5(p.48) The organisation of the Secretariat and the creation of an audit trail are important in this respect. The organisation of a standard file on all funded actions is suggested by way of example.

7.6(p.48) An outline Terms of Reference are presented although any such exercise depends on the outcome of the workshop proposed.

Recommendation:

- A participative workshop involving the key CA actors should be convened, to bring together a monitoring framework against which progress towards shared objectives can be measured, and clarifying who will be responsible for gathering this data. Performance against this framework could be the basis of the next evaluative exercise.

- the establishment of an agreed audit trail, to be implemented from the present, would be a key outcome of such a workshop, as well as the terms of reference for a future evaluation.

8. (p.50) **Conclusions**

An attempt is made in the Conclusions to follow the purposes of the CA – the Ultimate Aim (8.1), the Objectives (8.2), and the Strategy (8.3) – in order to rate the performance so far, actions undertaken, in terms of relevance, efficacy and efficiency, rated along the scale: high, substantial, modest and negligible.