

Cities Alliance Consultative Group Meeting Report
1-2 November 2012
Hanoi, Vietnam

Summary of Key Decisions and/or Follow-up Actions:

Item 1: Opening and Welcome/Adoption of Agenda/Clearance of Previous Meeting Report

The meeting Agenda was adopted and the Maputo 2011 Meeting Report was approved with the comments from Norway and Sida to be incorporated.

Item 2: Follow up from Policy Advisory Forum (PAF)

Members discussed the need to find a way to incorporate Habitat III into the National Urban Fora and use the fora as platforms for policy change.

Item 3: Report Back: Executive Committee (June, September Meetings)

At the June EXCO meeting, the main discussion was in regards to the Independent Evaluation by COWI/AS. In response to the Independent Evaluation 2011 Findings and Recommendations, the Secretariat briefed EXCO on addressing key recommendations, including: (a) moving forward on implementing a Results Framework, progress of which was endorsed by the EXCO, with the caveat to decrease the number of indicators; and (b) development of a Knowledge and Learning Strategy as well as an Advocacy and Communications strategy. (c) EXCO also stressed the need to examine the ongoing relationship between the Cities Alliance and its host organisation, the World Bank, and asked the Secretariat to present EXCO with alternatives in this regard.

At the September extra-ordinary EXCO meeting held in Naples, in response to the June EXCO request to present alternative hosting options for the Cities Alliance to the EXCO, members approved the Terms of Reference: Evaluating the Location and Hosting of the Secretariat. The evaluation report was circulated to CG members prior to the Hanoi Consultative Group meeting.

Item 4: Evaluating the Location and Hosting of the Secretariat

The Consultative Group members endorsed the recommendations from the EXCO and also agreed that:

- The Cities Alliance should relocate to Europe.
- The Cities Alliance should be located in Brussels.
- A detailed investigation of the Consultative Group preferred options—either GIZ, UNOPS or a hybrid solution—should be undertaken by the Evaluation Team. This should accompany the Secretariat's proposed Transition Plan, with both being circulated by 9 January, and considered at the extra-ordinary EXCO meeting (open to all CG members) on 4 February 2013.
- CG members should comment on the draft Terms of Reference for Phase II, by 16 November 2012. However, as the draft TOR was presented at Day 2 of the CG (see ANNEX III), it was agreed that the Evaluation Team could begin working on Phase II.
- It is critical to minimise disruption to Cities Alliance operations, and therefore the change in location and hosting should be implemented as rapidly as possible. July 1, 2013 was recommended as the target date for the move.

- The World Bank remain as co-chair to maintain continuity during the transition, at the request of CG members.
- The cost of the move should be cost neutral to the current budget of the Cities Alliance.

Item 5: Business Matters

- **FY12 Financial Results** were reviewed. Actual Core allocations were \$1.7m less than had been budgeted, with half that variance resulting from fewer Catalytic Fund proposals approved than had been anticipated.
- **The proposed FY13 Work Programme and Budget** approved by EXCO were reviewed and ratified by the CG. The approved budget includes \$9.1m for new Core allocations and \$8.7m in new Non-Core allocations.

Item 6: Partnership Matters

- **2011 Independent Evaluation:** CG members were advised of progress being made in response to the recommendations from the 2011 evaluation.
- **EXCO Member Rotation:** The Philippines was ratified as Developing Country representative; Sida was appointed as External Support Agency representative; and Germany was appointed to the place reserved for full membership.
- **Next CG Meeting locations:** EXCO will convene in Brussels on 4 February 2013 at an extra-ordinary meeting to decide upon the hosting platform of the Cities Alliance, with the meeting open to all CG members. Burkina Faso, the fifth Country Programme, was nominated to host the 2013 Annual Consultative Group meeting, and thanks to UN-Habitat's swift efforts, has graciously accepted. It was also agreed that in future, the Cities Alliance will always invite the Annual Meeting host to the Consultative Group meeting as observer. It was also agreed to invite Government representatives from the Country Programmes to attend CG meetings as observers for the life of the respective Country Programme.

Item 7: Substantive Discussions

- **Country Programme Report:** Members were very pleased with progress reported on the Country Programmes, in particular the leveraging of financing and the unprecedented coherence of effort amongst members and partners in each country. Members requested that the private sector be brought into the country programmes as well as systematic strengthening of the Local Government Associations. Swiss Cooperation (SECO) announced its intention to join the Cities Alliance as a member, largely due to the Country Programme model. The Bill & Melinda Gates Foundation expressed its strong support for the Cities Alliance Country Programmes, which were made possible by a B&MGF grant of US\$15million in 2009.
- **Catalytic Fund Report:** The CG agreed to postpone the 2013 Call for Concept Notes for the Catalytic Fund until the hosting arrangements for the CA are determined and the Call can be administered with the selected hosting arrangement. The CG also agreed to delegate the theme for the 2013 Catalytic Fund to EXCO, with opportunity for Consultative Group members to comment on the themes and confirm EXCO's decision virtually. The CG also requested a short list of the 2012 applications.

- **Habitat III discussion of Cities Alliance contribution:** Members are in full support of a Joint Work Programme for Habitat III. Members such as Germany and Sida are willing to commit funds to support the Joint Work Programme. In previous meetings of the Consultative Group and the Executive Committee, Habitat for Humanity, SDI and Norway as well as UCLG and UN-Habitat all expressed interest in working on a Joint Work Programme.
- **Regional Work Programmes update – MENA and SSA:** Support was expressed for the MENA Regional Work Programme and members are happy to proceed in approaching the EU for funding of a Tunisia Country Programme. However, Sida expressed the opinion that the work programme of the Cities Alliance is slipping towards Middle Income Countries (MICs) [see Portfolio Analysis], while Sida felt that the focus should be on Least Developed Countries (LDCs). The Sub-Saharan Africa Regional Strategy was welcomed and endorsed by the members with request to include SDI, UCLGA and also use UN-Habitat as an implementing agency. The Secretariat was requested to provide a discussion document on the effective targeting of urban poverty, and of the Cities Alliance’s activities in MICs and LDCs in this regard.
- **Joint Work Programme on Cities and Climate Change:** JWP members, UNEP, UN-Habitat and the World Bank requested further funding for Phase 2 of the Joint Work Programme on Cities and Climate Change. However, members sought clarity about the additional advantage of the JWP in respect to other initiatives which are being supported by the same members, including the City Change Initiative by UN-Habitat, the Climate Change Risk Assessment with the World Bank, and UNEP’s work programme.

Item 8: Results Framework

Members commended the Secretariat for the significant progress and very much appreciated the separate articulation of the respective roles of the Secretariat and members in the Framework. A Request for Proposal (RFP) will be issued by the Secretariat in mid-November for an Assessment and Recommendations for Results-based Performance Indicators and Monitoring System for Cities Alliance.

Meeting Summary

Date: 1-2 November 2012

Attendance: Co-Chairs: Allaoua (World Bank); Badiane (UN-Habitat).

See Annex I for full list of Members and Observers participating in the meeting.

Regrets: AusAID, Brazil, Chile, HFHI, Spain

Venue: Hilton Hanoi Opera Hotel, Hanoi, Vietnam

Item 1: Opening and Welcome/Adoption of Agenda/Clearance of Previous Meeting Report

- a. Meeting Agenda - The Co-Chairs requested that the report back by the Executive Committee of the October 2012 meeting be incorporated into Item 4: Evaluating the Location and Hosting of the Cities Alliance Secretariat.
- b. 2011 CG Meeting Report - The comments of Norway and Sida to the Maputo 2011 meeting report were accepted by the CG and will be incorporated into the report.

See Annex II for the final agenda.

Item 2: Follow up from Policy Advisory Forum (PAF)

The PAF Chair reported back on the Vietnam Urban Forum (30 October 2012), which was organised by the Urban Development Agency (UDA) of the Ministry of Construction (MOC) and supported by the Association of Cities of Vietnam; and the site visit to Viet Tri City (31 October 2012), which was organised by the Association of Cities of Vietnam (ACVN). Both organisations are strong partners of the Cities Alliance Vietnam Country Programme, and members expressed their appreciation to both for their time and effort.

CG members have made it a practice to showcase the Country Programmes during EXCO and CG meetings as a way to better understand their impacts on the ground. The Vietnam meeting days were very ambitious and showed the determination of the local partners as well as their ability to organise and create new partnerships.

The Vietnam Urban Forum was established by UNDP and Swiss Cooperation in 2003. The Cities Alliance grant of US\$500,000 revitalised the forum, as was clearly evident at the meeting. Now under the leadership of the Ministry of Construction, the Forum has established itself as the space for policy dialogue and information sharing, and managing and monitoring urban development in Vietnam. As there are similar National Fora in the Philippines, Uganda and Ghana—with National Urban Fora planned for Tunisia and South Africa—it was recommended that the CG members think about how best these fora can be used to really share experiences between countries, cities, local authorities and communities.

Along with brainstorming about ways for different National Fora to be interlinked, members also highlighted the need for the fora to be institutionalised and owned not only at the National Government level, but also at the city and community levels and must include the private sector, as has now happened

with the Vietnam Urban Forum. At the suggestion of UN-Habitat, the Habitat III agenda should be incorporated into the National Urban Fora and they should be used a platform to bring about policy changes.

Item 3: Report Back: Executive Committee (June, September Meetings)

June 2012 Uganda EXCO Meeting Key Decisions and/or Follow-up Actions:

- Members were impressed with the Uganda Country Programme, and the overall Country Programme model. Members indicated that they now had a fuller appreciation of the scope and potential of the model. Members noted that the founding principles of the Cities Alliance in 1999 are being more effectively realised through the Country Programmes.
- UCLG led the discussion on the Independent Evaluation by COWI/AS and overall, members were satisfied with the outcome, and in particular, noted the continued importance of maintaining the Cities Alliance as a multi-stakeholder partnership.
- In response to the Independent Evaluation 2011 Findings and Recommendations, the Secretariat briefed EXCO on addressing key recommendations, including: (a) moving forward on implementing a Results Framework, progress of which was endorsed by the EXCO, with the caveat to decrease the number of indicators; and (b) development of a Knowledge and Learning Strategy as well as an Advocacy and Communications strategy. (c) EXCO also stressed the need to monitor the ongoing relationship between the Cities Alliance and its host organisation, the World Bank, and asked the Secretariat to present EXCO with alternatives in this regard.
- The priorities of the FY12-FY14 Business Plan were reviewed and discussed, including consolidation of Country Programmes, development of an Africa regional work plan, and increased attention to knowledge dissemination and utilization.
- The **FY13 Budget** was approved by EXCO, at similar levels as FY12 except for small increases in KM and M&E budgets, and will be presented to the Consultative Group for ratification.
- Updates were given on the Catalytic Fund Batch Two: **Youth and the City** as well as the MENA Joint Work Programme.
- Members expressed their continued disappointment with the slow and complex processing of small grants under the existing procedures. Members were also briefed on the new World Bank Small Grants Procedures, which reflect a number of changes.
- Cities Alliance membership was discussed and it was agreed to formally end the membership of those that had not paid the required dues for two consecutive financial years, as per the new Charter.
- Fundraising and membership are two different issues. It was agreed to develop a Fundraising Strategy, which should be a priority for the Manager, but with the active support of members.
- EXCO members were briefed on changes in World Bank HR policies in regards to *coterminous* staff contracts, and will be kept briefed on the potential implications for staff recruited by the CA.

September 2012 Extra-ordinary EXCO Meeting Key Decisions and/or Follow-up Actions:

- Members approved the Meeting Agenda, 4 September 2012, Naples, Italy.
- Members approved the 6 June 2012 Kampala, Uganda EXCO Meeting Report.
- **Members approved the Terms of Reference: Evaluating the Location and Hosting of the Secretariat**, with time given to send to the Secretariat any minor alterations, additions or proposed amendments by COB 12 September 2012.

- **The Secretariat will circulate the Final TOR by 21 September 2012**, but will commence activities based on the version circulated for the EXCO meeting and hire an external consultant to lead the evaluation process with support provided by the Secretariat team of Kevin Milroy, Sr. Operations Officer/Deputy Manager and Phyllis Kibui, Operations Officer.
- Members also welcomed and approved the offer from German Cooperation for GIZ to present to the EXCO a concrete proposal presenting what the hosting of CA would entail.
- Members also requested for the Evaluation team to meet with UNOPS and evaluate their hosting potential.
- The World Bank suggested that the CA hold a discussion on urban policies at the Hanoi Consultative Group Meeting
- The Secretariat will follow-up with HFHI and UCLG to better leverage the World Urban Campaign.
- Members agreed to ensure continued involvement in the Habitat III advocacy work.

Item 4: Evaluating the Location and Hosting of the Secretariat

At the September 2012 extra-ordinary meeting of the Executive Committee in Naples, members approved the Terms of Reference that proposed providing a framework for the evaluation of both the existing arrangements at the World Bank, and the alternative(s) that EXCO approved for further consideration, i.e. GIZ and UNOPS. The evaluation team undertook this task, and the Evaluation Report was circulated to the CG members on a Strictly Confidential basis prior to the Hanoi meetings and has been presented to the Consultative Group for consideration.

October 2012 Hanoi EXCO Meeting Report Back

Jamie Simpson of GHK presented the findings of the work of the evaluation team, which had undertaken its work within the context of the Terms of reference presented and approved at the special EXCO meeting held in Naples on 4 September 2012.

The acting Chair of EXCO summarised the outcomes from the meeting of 30 October, and noted that members found that the Evaluation Report brought clarity to the issues and appreciated the direction it provided for decision-making. After a frank discussion in which members confirmed that the Evaluation Report was an evaluation of the best option for the Cities Alliance to improve its effectiveness and efficiency in achieving its goals—and was not an evaluation of three different institutions—there was a unanimous conclusion that the Cities Alliance should relocate to Europe.

The key outcome of the Evaluation Report was the assessment that there were, indeed, viable alternatives to the current hosting arrangements for the Cities Alliance, with different strengths and weaknesses of the two alternatives that the team had been mandated to investigate.

The acting Chair of EXCO further summarised the issues that EXCO had discussed. They had expressed the firm view that members like the Cities Alliance and approve of the direction of the partnership, and particularly appreciate the openness of Cities Alliance meetings. In this spirit, the last 3-4 meetings have critically considered the Cities Alliance's performance, which has led to questions about the administrative platform. Members are aware of the fact that the World Bank is currently reviewing its Trust Fund policies, which invariably affect the Cities Alliance's work.

Members were particularly concerned about the procedures that govern the processing of small grants, which are taking too long to disburse.

Members expressed the desire for the Cities Alliance to be more than the sum of its members—in particular, for the Cities Alliance to help members do things that they cannot individually.

After extensive discussions, the EXCO considered the four recommendations from the Final Report of the Evaluating the Location and Hosting of the Cities Alliance, and further recommended to the CG that:

- The Cities Alliance should relocate to Europe.
- The Cities Alliance be located in Brussels.
- A detailed investigation of GIZ, UNOPS or a hybrid solution should be undertaken by the Cities Alliance Secretariat along with a transition plan, to be approved by the EXCO.

Exco also agreed that:

- The change in location and hosting should be implemented as rapidly as possible to minimise disruption to Cities Alliance operations.
- The cost of the move should be cost neutral to the current budget of the Cities Alliance.

CG Member Discussion and Next Steps

The report back by the Acting Chair of the EXCO on the results of the EXCO meeting on 30 October 2012 set a positive tone for the CG discussion and was well received by members. They appreciated that the Chair put the current situation in context, making the case to support the recommendations from EXCO and focus on the future and the Partnership. Members do not want the Cities Alliance to leave the World Bank, but members do wish to improve the efficiency and effectiveness of the Cities Alliance as a partnership, to help it grow and become more influential. On the contrary, members would like to see continued engagement by the World Bank, and were pleased to learn that the World Bank will continue to stay engaged with the Cities Alliance as long as the priorities of the Cities Alliance are in line with the priorities of the World Bank. There is likelihood of continued membership funding of US\$500,000 for the Cities Alliance until 2016, subject to approval through the World Bank's Development Grant Fund (DGF). There is an opportunity to change the relationship of the Cities Alliance and the World Bank to a more mature one.

Members suggested that in order to upscale the political profile of the Cities Alliance, sending a high-level delegation to meet with the World Bank to ensure renewed political commitment as well as for fundraising would be appropriate.

One issue that did arise in the discussions was a question of Governance. The World Bank indicated that its role as co-Chair of the Consultative Group had perhaps come to an end, as their responsibility towards the programme will change upon transfer to Europe. They agreed to continue to remain co-Chair during the transition period. Members will invariably have to review the Charter, and it was concluded that a review of the governance structure will be necessary.

The Evaluation team presented the Evaluation of New Hosting Options, which was welcomed by members. Out of the detailed discussions that occurred, members decided the next steps should be for the Evaluation Team to draft a Phase II Terms of Reference for the Hosting and Location of the Cities Alliance to capture their concerns in regards to costs, auditing, level of integration with new host, multi-disciplinary issues

such as gender, youth and climate change, knowledge management as well as providing much more detail about HR issues, tax systems, visa issues and administrative costs to name but a few. Members must have complete, detailed information in order to be able to make a decision about the host of the programme. It was also requested to include a timetable in the report.

The Consultative Group members endorsed the recommendations from the EXCO and also agreed that:

- The Cities Alliance should relocate to Europe.
- The Cities Alliance should be located in Brussels.
- A detailed investigation, Phase II of the Evaluation Terms of Reference, of the Consultative Group preferred options, either GIZ, UNOPS or a hybrid solution should be undertaken by the Evaluation Team along with a Secretariat-developed transition plan to be approved by the EXCO with the report being circulated mid-January and presented at an extra-ordinary meeting of the CG in January/February 2013.
- CG members should comment on the draft Terms of Reference for Phase II, by 16 November 2012. However, as the draft TOR was presented at Day 2 of the CG (see ANNEX III), it was agreed that the Evaluation Team could begin working on Phase II.
- It is critical to minimise disruption to Cities Alliance operations, and therefore the change in location and hosting should be implemented as rapidly as possible. July 1, 2013 was recommended as a target date for the move.
- The World Bank remain as co-chair to maintain continuity during the transition, at the unanimous request of the CG.
- The cost of the move should be cost neutral to the current budget of the Cities Alliance.

Item 5: Business Matters

The Secretariat presented the results in accordance with the new Results Framework that has been developed.

FY12 Financial Results were reviewed. Actual Core allocations were \$1.7m less than had been budgeted, with half that variance resulting from fewer Catalytic Fund proposals approved than had been anticipated. The proposed FY13 Work Programme and Budget approved by EXCO were reviewed and ratified by the CG. The approved budget includes \$9.1m for new Core allocations and \$8.7m in new Non-Core allocations.

- **Review of FY12 financial results**
 - Core contributions of \$7.4m were in line with expectations.
 - Approved Core funding allocations were \$1.7m less than budgeted, with the largest variance from the Catalytic Fund, where five proposals were approved instead of the seven budgeted.
 - Core and Non-Core allocations for the Land, Services & Citizenship programme were less than budgeted, but proposals for this funding will be coming in FY13.
- **Review of FY 13 WP and ratification of FY13 programme and Secretariat budgets**
 - In line with the CA results framework, the FY13 WP includes an emphasis on convening strategic country, regional and global priorities. The costs for this CA “output” come largely from the Secretariat budget as the main inputs are staff time.
 - The CG ratified the FY13 Secretariat budget, which includes a new Core allocation of \$3.15m, based on same approved staffing levels as in FY12.

- The CG ratified the FY13 overall CA programme budget, which includes \$9.1m in new Core allocations and \$8.7m in new Non-Core allocations. The Core budget was in line with that projected in the FY12-FY14 business plan, except for increased budget for regional activities for Sub-Saharan Africa, and small increases for M&E and Knowledge & Learning.

Item 6: Partnership Matters

➤ **Independent Evaluation: Review of progress on addressing recommendations**

- A Progress Update on the Secretariat's responses to the 2011 Independent Evaluation had been circulated in advance of the meeting.
- The Secretariat noted that it largely agreed with the finding and recommendations, and that actions were being taken on all of the recommendations. Progress on some of the recommendations was reported in other parts of the CG meeting (e.g., under Results Framework and Communications agenda items).
- Due to time constraints, there was no discussion on this topic.

Members welcomed the progress made in addressing the recommendations arising from the Independent Evaluation, and approved the report.

➤ **EXCO membership**

- The membership and responsibilities of the Executive Committee were updated as part of the revisions to the CA Charter made at the October 2010 meeting of the Consultative Group in Mexico City. The Charter gives the CG responsibility for appointing the rotating members of EXCO.
- At the November 2011 CG meeting in Maputo, France, SDI, AusAID and Brazil were nominated to replace Germany, Chile, UNEP and South Africa on EXCO. Brazil declined and AusAID subsequently was not able to accept the nomination.
- The Philippines was subsequently approached about serving on EXCO as the Developing Country representative and agreed.
- A slot remains available for another Full or Associate Member to join EXCO.
- Norway's term on EXCO is expiring after the November 2012 meeting of EXCO.

The CG agreed to the following:

- **Member Rotation:** Sida to replace Norway as External Support Country representative, for 2013-2015 term. (Sida will confirm with their legal department prior to acceptance.)
- **Ratified the Philippines** as replacement for South Africa as Developing Country representative, 2012-2014 term.
- **Member replacement:** Appointed Germany to replace AusAID to complete 2012-2014 term (drawn from full membership).

Current EXCO Membership: UCLG (Chair), UN-Habitat and World Bank (permanent), France, Germany, Sida (TBC), Philippines, SDI, ex-officio – CA Manager

➤ **Next Consultative Group Meeting(s)**

- An extra-ordinary meeting of the CG will be held in February 2013 in Brussels to decide upon hosting options for the Cities Alliance.

- Based on feedback from members and input from the Secretariat, the CG agreed that the next annual meeting of the Consultative Group be held in Burkina Faso, location of the fifth Country Programme of the CA. UN-Habitat was able to confirm acceptance by the Government of Burkina. The Secretariat will review possible dates, around November 2013.

It was also agreed that in future, the Cities Alliance will always invite the Annual Meeting host to the Consultative Group meeting as observers. It was also agreed to include representatives from the Country Programmes to attend CG meetings as observers for the life of the respective Country Programme.

- **The recommendations were endorsed by the CG.**

Item 7: Substantive Discussions

- **Country Programmes Report**

Andrea Zeman made a comprehensive presentation reporting on the results of all five Country Programmes (Burkina Faso, Ghana, Mozambique, Uganda and Vietnam). The presentation was framed within the structure of the new Results Framework of the Cities Alliance. Members were very pleased to learn about concrete results being achieved through the Country Programmes, and in particular: the leveraging of World Bank financing of US\$700 million in large-scale loans to Uganda for scaling up support to 14 Secondary Cities; investment in the Greater Accra Metropolitan Area (GAMA) of Ghana; support for Phase Two of the National Urban Upgrading Programme in Vietnam; and a bi-lateral investment programme in Burkina Faso.

Members would like to see the private sectors included as partners in the Country Programmes as their involvement will ultimately improve the quality of life for all citizens through strengthened local governance. Members were provided with copies of the Executive Summary of the World Bank's Urbanization Review flagship (funded by Swiss Cooperation and the Cities Alliance) which supports strong involvement by the private sector.

UCLG requested that Country Programmes focus on the systematic strengthening of Local Government Associations as a way to sustain the programmes and also support UCLG's Habitat III mandate of decentralisation, a point supported by UN Habitat.

SDI urged the Secretariat and members to maintain a prominent role for communities in the Country Programme design and not let their voice be diluted as more partners join each programme.

During the debate, Swiss Cooperation (SECO) announced its intention to join the Cities Alliance, largely due to the Country Programme model.

The grant of US\$15million by the Bill & Melinda Gates Foundation in 2009 towards inclusive governance enabled the Cities Alliance to design and implement the five Country Programmes.

Ryan Rippel of the Gate Foundation expressed the Foundation's satisfaction with the success of the Country Programmes and encouraged members to continue to support them. The Gates Foundation will continue to support the Cities Alliance just not through funding; the existing grant ends in 2013. However, urban interventions will continue to be a part of Gates Foundation work and there may be future opportunities for collaboration.

➤ **Catalytic Fund Update**

The Secretariat presented a status report of the 2012 Catalytic Fund – Youth and the City.

Members are pleased with the Catalytic Fund model as it provides an opportunity for innovative ideas to be developed and maintains the global reach of the Cities Alliance. It was suggested to open up the call more widely. Since over 200 applications were received and funding is only available for approximately 10 applications, members suggested that in order to avoid reputational damage, the application process could perhaps be revisited. Members requested a list of the short-listed proposals for the 2012 Catalytic Fund. Members also requested that every other call be Thematic.

The CG also agreed to the recommendations of the EXCO:

- To postpone the 2013 Call for Concept Notes for the Catalytic Fund until the hosting arrangements for the CA are determined and the Call can be administered with the selected hosting arrangement.
- That consideration for the theme for the 2013 Catalytic Fund Call be delegated to EXCO, with opportunity for Consultative Group members to comment on the themes and confirm EXCO's decision virtually.

➤ **Habitat III – discussion of Cities Alliance contribution**

On 1 March 2012, the United Nations General Assembly in its resolution 66/207 decided to convene in 2016, in line with the bi-decennial cycle (1976, 1996 and 2016), a Third United Nations Conference on Housing and Sustainable Development (Habitat III) to reinvigorate the global commitment to sustainable urbanisation that should focus on the implementation of a new “Urban Agenda”. Discussions among UN member states on the preparatory process leading to Habitat III are already under way.

At the last extra-ordinary Executive Committee Meeting in Naples, UN Habitat—with the support of other members—called for a prominent role for the CA in the build-up to Habitat III.

Accordingly, the Secretariat tabled a process for creating a Joint Work Programme (JWP) amongst CA members to strengthen the efforts of the Cities Alliance partnership to influence the outcomes of the Habitat III process around achievement of CA objectives expressed in the Charter. It was proposed that the CA Secretariat, working with designated CA member volunteers, draft a JWP proposal for consideration by EXCO at its next meeting in early 2013. An indicative outline for the proposal was provided as background documentation for the meeting.

Members are in full support of a Joint Work Programme for Habitat III. Members such as Germany and Sida are willing to commit funds to support the Joint Work Programme, and in previous meetings of the Consultative Group and the Executive Committee, Habitat for Humanity, SDI, Norway, UCLG and UN-Habitat all expressed interest in working on a Joint Work Programme.

Metropolis and UCLG tabled a proposal for funding: Funding our Future – Cities take the Lead! A global campaign for Local Authorities' Access to Sustainable Funding for Urban Development.

UN-Habitat invited all members to participate in their forthcoming meeting, "Making Slums History: A Global Challenge for 2020" in Rabat, Morocco, 26 – 29 November 2012.

➤ **Regional work programmes -- update on MENA and Sub-Saharan Africa**

MENA Regional Work Programme: *Meeting in Rome, 7 September 2012.* Following the meeting in Tunis 30 May 2012, and the agreement to formulate a Tunisia Country Project as part of the Regional JWP, the members met again in Rome. The Rome meeting was an opportunity to sustain the momentum built in Tunis—with the Tunisian representatives attending the meeting—which solidly anchored the JWP process into a demand-driven approach. The group will approach the EU for funding through political channels.

The current Joint Work Programme members are: Agence Française de Développement (AFD), the French Caisse des Dépôts (CDC), the French Ministry of Foreign Affairs, the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Italian Ministry of Foreign Affairs, MedCities, UN-Habitat, United Cities and Local Governments (UCLG), and the World Bank.

To date, the Cities Alliance has made a \$200,000 grant to the World Bank in collaboration with AFD for a Tunisia Urbanisation Review while CMI has made two \$100,000 grants: one on Decentralisation and Local Governance and the other on Municipal Finance, both again to the World Bank in collaboration with AFD.

UN-Habitat has opened an office in Cairo to support its work in the MENA Region.

Sub-Saharan Africa Regional Work Programme: The Cities Alliance has identified Sub-Saharan Africa as a priority region for the foreseeable future, and also agreed to broaden its focus to improve support to secondary cities, where the bulk of urbanisation is taking place. Many Cities Alliance members have their own significant portfolios in different African countries and cities, while a significant portfolio of CA-funded activities has emerged during recent years (see background document “Promoting sustainable and inclusive urbanisation in Sub-Saharan Africa (SSA): towards a Africa Strategy of the Cities Alliance”).

With additional funding of US\$500,000 from German Cooperation, the Strategy for SSA will provide the Cities Alliance with a vehicle for the CA members to consolidate its work programme in Africa and identify gaps in accordance with the Cities Alliance Results Framework. It will give the Cities Alliance a vehicle to engage with operational members in SSA and to address concerns about the LDC/MIC portfolio gap as raised by Sida. It is envisioned that CA members Ethiopia, Nigeria and South Africa will take the lead in drafting a JWP with support from the CA Secretariat and other CA members. The Secretariat was advised to ensure active SDI participation, and to ensure that francophone countries were appropriately represented in the strategy.

Members expressed their strong support for a CA Strategy for Sub-Saharan Africa. UCLG welcomed the strategy and invited all CA members to participate in their forthcoming World Council meeting in Dakar, during Africities (4-8 December 2012).

Presentation on the Joint Work Programme Cities and Climate Change: Since its establishment in 2009, the JWP has catalysed closer collaboration among UNEP, UN-Habitat, and the World Bank to contribute to a more coordinated and focused response to the challenges of climate change in cities. An independent review concluded that Phase 1 of the JWP, implemented during 2009-2012, has been “a success in form and substance”.

The results achieved in Phase 1 include a standardised protocol for measuring greenhouse gas (GHG) emissions in cities, piloting the mainstreaming of climate change into City Development Strategies (CDS), creation of a knowledge centre on cities and climate change (K4C), and development of a guide to adaptation in cities and the Urban Risk Assessment (URA) tool.

JWP members UNEP, UN-Habitat and the World Bank requested further funding for Phase 2 of the Joint Work Programme on Cities and Climate Change. However, members sought clarity about the additional advantage of the JWP in respect of other initiatives which are being supported by the same members, including the City Change Initiative by UN-Habitat, the Climate Change Risk Assessment with the World Bank, and UNEP’s work programme.

Item 8: Results Framework

The Manager presented the draft Results Framework, using the Vietnam Country Programme to illustrate the proposed approach. Overall, the Results Framework was very well received and welcomed, especially by those donors that stressed the importance of reporting by results. Members commended the Secretariat for the significant progress made and particularly appreciated the articulation of the role of the Secretariat within the larger corporate Framework.

The Secretariat further reported that the Results Framework was now being applied to each of the Country Programmes. In addition, there is progress on developing a performance monitoring and reporting system, and an initial set of indicators. A Request for Proposal (RFP) will be issued by the Secretariat in mid-November for an Assessment and Recommendations for Results-based Performance Indicators and Monitoring System for Cities Alliance.

**Consultative Group
List of Participants**

<u>MEMBER</u>	<u>PARTICIPANT</u>	<u>AFFILIATION</u>
FRANCE	Mr. François Goldblatt Ms. Emilie Maehara	Ministry of Foreign Affairs
GERMANY	Mr. Franz Marré Mr. Günter Meinert	Federal Ministry for Economic Cooperation and Development (BMZ) Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
ITALY	Mr. Giorgio Sparaci Mr. Luca Parodi	Ministry of Foreign Affairs – Development Cooperation
METROPOLIS	Mr. Alain LeSaux	Metropolis
NORWAY	Mr. Erik Berg	Ministry of Foreign Affairs
PHILIPPINES	Mayor Oscar Rodriguez Mr. Jeremy Nishimori	League of Cities of the Philippines
SDI	Mr. Joel Bolnick Ms. Sonia Fadrigó	SDI Secretariat
Sida	Mr. Mikael Atterhoeg	Swedish International Dev. Agency
SOUTH AFRICA	Mr. Neville Chainee Mr. Andre Arendse Ms. Martie van den Berg Ms. Ophilly Maenetja	Department of Human Settlements
UCLG	Ms. Emilia Saiz	United Cities and Local Governments
UN-HABITAT	Mr. Alioune Badiane Mr. Thomas Melin	UN-Habitat
WORLD BANK	Ms. Zoubida Allaoua	The World Bank
<u>ADVOCACY PANEL</u>	Ms. Clare Short	Retired Member of Parliament, UK
<u>PRESENTER</u>	Mr. Jamie Simpson	ICF GHK International
<u>OBSERVERS</u>		

GATES FOUNDATION	Mr. Ryan Rippel	Special Initiatives
GERMANY	Mr. Erik Schweikhardt	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
CONSULTANT	Mr. Mark Hildebrand	UNDP
SWITZERLAND	Ms. Michelle Gysin	SECO
VIETNAM	Assoc. Prof. Dr. Do Tu Lan Mr. Walter Koditek Mme. Vinh	UDA, Ministry of Construction Association of Cities of Vietnam

SECRETARIAT

Mr. William Cobbett	Cities Alliance Secretariat
Ms. Susanna Henderson	Cities Alliance Secretariat
Ms. Phyllis Kibui	Cities Alliance Secretariat
Mr. Kevin Milroy	Cities Alliance Secretariat
Ms. Phoram Shah	Cities Alliance Secretariat
Mr. Terry Standley	Cities Alliance Secretariat
Ms. Andrea Zeman	Cities Alliance Secretariat

Cities Alliance

Cities Without Slums

2012 Consultative Group Meeting Agenda 1-2 November 2012

Venue: Hanoi Opera Hilton Hotel, 1 Le Thanh Tong St, Hanoi, Vietnam, tel: 84-4- 3933 0500

DAY 1: THURSDAY, 1 NOVEMBER 2012		
09h00 – 09h30	<i>Welcome Coffee/Tea (light snacks)</i>	Venue: Hai Phong Meeting Room
09h30 – 10h00	<p>Item 1: Introductory Statements and Welcome <i>Co-Chairs:</i> Zoubida Allaoua, Director, Finance, Economics and Urban Division, World Bank; Alioune Badiane, Director of UN Habitat Project Office, UN-Habitat</p> <ul style="list-style-type: none"> ➤ Adoption of Meeting Agenda ➤ Approval of meeting report – November 2011, Maputo, Mozambique ➤ Welcome to new Members/Observers 	Handouts: Agenda; November Meeting Report 2011
10h00 – 11h00	<p>Item 2: Follow up from Policy Advisory Forum (PAF) <i>Clare Short, PAF Chair</i></p> <ul style="list-style-type: none"> ➤ Vietnam Urban Forum and site visit to Viet Tri 	
11h00 – 11h30	<i>Coffee/Tea Break</i>	
11h30 – 12h30	<p>Item 3: Report Back: Executive Committee June, September and October Meetings <i>Emilia Saiz, Director of Statutory Issues and Institutional Relations, UCLG and Acting Executive Committee Chairperson</i></p>	Handouts: June, September 2012 Meeting Reports
12h30 – 14h00	<i>Lunch</i>	
14h00 – 16h00 (Coffee/Tea 15h30 – 16h00)	<p>Item 4: Evaluating the Location and Hosting of the Secretariat <i>Evaluation Team: Phyllis Kibui, Kevin Milroy (Secretariat); and Jamie Simpson (ICF GHK)</i></p> <ul style="list-style-type: none"> ➤ Presentation of findings ➤ EXCO recommendations to CG 	Handouts: Report on the Location and Hosting of the Secretariat; Portfolio Analysis; CA Charter

	Member Discussion <ul style="list-style-type: none"> ➤ CG decisions / next steps 	
16h00 – 17h00	Item 5: Business Matters <ul style="list-style-type: none"> ➤ Review of FY12 financial results ➤ Review of FY 13 WP and ratification of FY13 programme and secretariat budgets 	Handouts: <i>Financial & Budget Report FY12 – FY 13</i>
17h00 – 18h00	Item 6: Partnership Matters <ul style="list-style-type: none"> ➤ Independent Evaluation - review of progress on addressing recommendations ➤ EXCO membership ➤ Next Consultative Group Meeting 	Handouts: <i>Independent Evaluation Finding and Secretariat Comments; EXCO Membership Overview and TOR</i>
18h00 – 21h00	Cocktail Reception	<i>Venue: Pool-side</i>
DAY 2: FRIDAY, 2 NOVEMBER 2012		
08h30 – 09h00	<i>Welcome Coffee/Tea (light snacks)</i>	Venue: <i>Hai Phong Meeting Room</i>
9h00 – 12h30 (coffee/tea 11h00 – 11h30)	Item 7: Substantive discussions <ul style="list-style-type: none"> ➤ Country Programmes Report ➤ Catalytic Fund Update ➤ Habitat III – discussion of Cities Alliance contribution ➤ Regional work programmes -- update on MENA and Sub-Saharan Africa ➤ Presentation on the Joint Work Programme Cities and Climate Change 	Handouts: <i>Country Programmes Update; Catalytic Fund Update Note; Regional Work Programmes Update; JWP Cities and Climate Change Note</i>
12h30 – 13h30	Item 8: Results Framework <ul style="list-style-type: none"> ➤ Review of draft Framework 	Handouts: <i>Draft Results Framework</i>
13h30 - 14h00	Closing Remarks by the Co-Chairs	
14h00 – 15h30	<i>Lunch</i>	<i>Venue: Chez Manon</i>

Terms of Reference:

**Evaluating the Location and Hosting of the Cities Alliance Secretariat II:
Detailed Assessment of UNOPS and GIZ**

01 November, 2012

Background:

Established in 1999, the Cities Alliance is a global multi-stakeholder partnership for urban poverty reduction and promoting and strengthening the role of cities in sustainable development. The overall governance of the Organisation is the responsibility of the Consultative Group, which has delegated significant functions to an Executive Committee. The Policy Advisory Forum provides a vehicle for Cities Alliance members to engage with local and national partners. Day to day operations are managed by a Secretariat, headed by a Manager. The Secretariat is administered by and within the World Bank, and the World Bank serves as trustee of Cities Alliance financial resources.

At its June 2012 meeting in Uganda, the Executive Committee resolved to investigate the possibility of alternative options for the hosting of the Cities Alliance Secretariat, if such a move could improve the effectiveness and efficiency of the Cities Alliance in achieving its goals. Two alternatives for investigation were approved by EXCO at its September 4, 2012 meeting – an alternative proposed and facilitated by German development cooperation with support of the Government of Norway, either as a standalone option under the hosting of the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) , UNOPS, or if workable, a combination of GIZ and UNOPS. EXCO approved a Terms of Reference to guide the investigation and the work was completed in October 2012 and presented at the EXCO meeting 30 October 2012 and at CG meeting 1 November 2012.

Based on these meetings, the CG,

- Endorsed the EXCO recommendation that the Secretariat should move from its current World Bank hosting arrangement;
- Endorsed Brussels as the preferred location for the Secretariat; and
- Instructed the Secretariat to prepare a Terms of Reference to provide a more detailed assessment of hosting options provided through UNOPS and GIZ to provide the basis of a hosting decision.

Objective:

The objectives of this assignment are:

- To address the specific issues identified by CG members that are material to making a hosting choice;
- To find the best fit for the requirements of the Cities Alliance based on the relative advantages and disadvantages of UNOPS and GIZ and if workable a hybrid option;

- To make a recommendation on the hosting of the CA Secretariat; and
- To present the findings and recommendations to the CG and EXCO.

A draft report to be completed by 9 January 2012 and submitted to EXCO . Comments to be received within two weeks. The results of this exercise will be presented to the CA Consultative Group at its meeting in Brussels, scheduled on or about 30 January 2013, for consideration.

Tasks:

In evaluating the preferred hosting arrangement of the Cities Alliance, a range of critical issues will need to be considered, guided by the discussions held during the CG Meeting 1 November 2012 and the subsequently agreed TOR.

The starting point of the assignment is to assess the needs of the Cities Alliance and the role of the Secretariat in particular to define what the role and services are required of the host. Specifically, the investigation of the hosting of the CA Secretariat should address the following issues, as agreed by the CA CG.

A. Fund Management and Contributions

- The key issues identified by the CG and to be assessed are:
 - a. The extent and processes of *transparency* of fund management and utilization;
 - b. The oversight and processes governing fund management and utilization and specifically, detail organizational requirements of the host organization that may affect operations and/or the grant-making process, including
 - i. Organisational approvals;
 - ii. Delegation of authority;
 - iii. Legal requirements / clearances;
 - iv. Environmental and social safeguard provisions;
 - v. Procurement procedures;
 - vi. Fiduciary controls;
 - vii. Auditing;
 - viii. Intellectual property / information disclosure.
 - ix. Operational manuals and standard operating procedures.
 - c. The relative ease of receiving contributions by the newly proposed trust, and specifically identifying any likely constraints on fund contributions by virtue of the different organizational status of UNOPS (multilateral agency) and GIZ (bilateral agency).
 - d. Degree of flexibility in segmenting between core and earmarked funding.
 - e. Legal status of the Cities Alliance.
 - f. Implication for the governance structure of the Cities Alliance

B. HR Platform

- (i) The key issues identified by the CG to be further assessed are:
 - g. Provide a detailed HR comparison (mapping) of the existing HR arrangements and those of UNOPS and GIZ based on the current business model , work plans, related competency requirements and staffing structure in terms of:
 - i. Grading;
 - ii. Compensation;
 - iii. Terms and conditions;
 - iv. Pension;
 - v. Social security;
 - vi. Tax treatment;
 - vii. Professional development and career advancement; and
 - viii. Other factors deemed material to a hosting choice.
 - h. Provide an assessment of the implications of each hosting option on current staff members and if adverse, possible mitigation measures and costs;
 - i. Provide an estimate of *incremental cost to the Cities Alliance* of each hosting option based on a likely future staffing structure in Washington (legacy) and Brussels; and
 - j. Provide a detailed comparison of the HR policies and processes as they relate to future international recruitment, family visas, work permits, travel permits / visas / passports and other factors material to ensuring the efficient functioning of a global partnership.

C. Operational Cost Assessment

- (i) Provide a broad division of responsibility between the Secretariat and the host in terms of operational requirements of the CA and the proposed business model;
- (ii) Provide an assessment of options for third party services (outside of CA and the host) to improve the operating cost efficiency of the Secretariat;
- (iii) Provide a detailed assessment of the *comparative operational costs of UNOPS and GIZ* based on the current business model and plan. These will include, *inter alia*,
 - a. Provision of adequate and appropriate office space, with technical support;
 - b. State-of-the-art computer, IT and communications platform, including web-hosting;
 - c. Full range of personnel policies, and HR systems/procedures adequate for a global partnership;
 - d. Planned staffing structure for both Washington and Brussels;
 - e. Operational and travel policies and support
 - f. Incremental changes in taxes.
- (iv) Provide a detailed break-down of the most likely pricing structure and other potential concessions offered by each host and assess potential risks of future cost escalation ;
- (v) To provide estimates of the costs of working out the legacy portfolio and winding down the operations at the World Bank (assumed to be over 3 years);

- (vi) Assess potential efficiency gains, potential cost savings and economic benefits (e.g. quality of CA-S services) of each hosting option – this can be both qualitative as well as quantified as is appropriate.

D. Transition Cost Assessment

- (i) Prepare an *inventory of cost components* that would be incurred as part of the transition from the current World Bank host to the new host in Brussels.
- (ii) Provide an estimates of the major cost items, including but not limited to;
 - a. Cost of staff transfers;
 - b. Cost of establishment / transfer of systems, procedures, programme data and management information;
 - c. Cost of establishment of new office set up (if different from operational costs identified above);
 - d. Cost of induction and training to ensure familiarization and smooth transition to host operational policies and procedures;
- (iii) Provide a timeframe for the transition plan implementation, key decision-making points, milestones and any programme risks;
- (iv) Identify material risks in terms of cost overruns, likely scale of these and mitigation measures.

E. Substantive

- (i) In considering the hosting of the Cities Alliance, a number of substantial factors should be considered, including:
 - a. Provide a broad division of responsibility between the Secretariat and the host in terms of the substantive work of the CA, and within this context define,
 - b. The extent and mechanisms through which substantive support to Secretariat will be provided by the host – with specific emphasis on knowledge management and work programming;
 - c. The extent and mechanisms through which advocacy support to Secretariat will be provided / facilitated / enhanced by the host;
 - d. The extent and mechanisms through which “on the ground support” can be given to Secretariat in the countries that CA projects / programmes are active and/or planned.
 - e. Availability of support for developing and implementing result based management systems.
 - f. Potential for linkages to existing networks and programmes related to gender, climate, youth and poverty reduction.
 - g. Provide an assessment of the implications for members of each hosting option, and specifically in terms of substantive engagement.

F. Financial Forecasts

- (ii) In considering the hosting of the Cities Alliance financial forecasts will be prepared along the following lines:
- a. Base Case: Based on the current business model, programmes and likely contributions
 - i. Year 1 detailed estimates – including one off transition costs, secretariat costs and operations.
 - ii. Year 2-3 broad estimates
 - b. Growth Case: Based on potential increase in contribution (e.g. 50% over 3 years, or otherwise agreed by the CG)
 - c. Low Case: Based on a potential reduction in contributions (e.g 50% over 3 years, or otherwise agreed by the CG).

G. Other matters

- (iii) In considering the hosting of the Cities Alliance and based on the evidence obtained during this investigation to identify and assess the operational and cost implications of any of factor that is material to the future operations of the CA.

Evidence base

It is anticipated the following will provide the evidence base:

- Detailed document review;
- Interviews with UNOPS and GIZ;
- Preparation of questions for UNOPS and GIZ to answer on key issues;
- Preparation of service offer bids to CA-S to assess pricing and costs;
- Survey of Members and potential members on rules and or other factors that might influence contributions to a multi vs bi – lateral agency;
- Site visit to Brussels to assess office options – potential follow-up meetings with UNOPS and GIZ.