Independent Evaluation of the Cities Alliance

Volume I: Final Report

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Executive Summary

Introduction

The Cities Alliance (CA) was established in 1999 as a global coalition of cities and their development partners committed to scaling up successful approaches to poverty reduction. After six years of existence, the Cities Alliance commissioned an independent evaluation. Through a competitive bidding process, Universalia, a Canadian firm, was selected to conduct an independent assessment of the Alliance's performance, in particular during the three years since its last evaluation (2002). The purposes of this evaluation were to: (1) assess CA performance (both effectiveness and efficiency) in achieving its objectives and desired results, and provide guidance on how to improve this performance; and (2) assess the extent to which the Cities Alliance's objectives and strategy remain relevant to the urban development agenda and are focussed on the most important strategic challenges that cities will face in the next decades.

Methodology

The study was carried out by a team of specialists in program and organizational assessment and in urban policy and development. The methodology for the evaluation, based on an evaluation framework approved by the CA Secretariat, consisted of a mix of qualitative and quantitative techniques that included: document review, individual and group interviews (170 respondents); field visits to Brazil, Egypt, and India; a desk review of a CA initiative in Kenya; and two web-based surveys – one of 55 representatives of Member organizations, and one of 106 clients and beneficiaries. The evaluation team prepared case studies on the CA experience in cities in Brazil, Egypt, India, and Kenya. The evaluation was limited by low survey response rates and short field missions.

Cities Alliance Profile

The Cities Alliance, consisting of 20 Members in 2006,[1] promotes the developmental role of local governments and helps cities of all sizes obtain more coherent international support. It provides technical assistance grants in support of: City development strategies (CDS) and Citywide and nationwide slum upgrading (SU). The Cities Alliance Trust Fund, administered by the World Bank, is a pool of Members' resources that are applied to annual work programs approved by the Consultative Group. Between FY 2000 and 2006, the CA allocated US$80 million in grants.

The CA partnership is governed by a Charter and its governance and organizational structure comprises several bodies, which include: the Consultative Group (CG) composed of all the Members (20 as of 2006); a Steering Committee of six CG members; a Policy Advisory Board (PAB) of experts and individuals of influence from each region; and a Secretariat that carries out the CA mandate and manages its day-to-day operations.

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[1] Asian Development Bank, Brazil, Canada, Ethiopia, France, Germany, Italy, Japan, Metropolis, the Netherlands, Nigeria, Norway, South Africa, Sweden, United Cities and Local Governments, United Kingdom, UN-HABITAT, UNEP, USA, World Bank

The CA was co-founded by UN HABITAT and the World Bank. The Alliance has grown from eight Members in 1999 to 20 Members in 2006 and has recently integrated non-donor countries. CA Member contributions increased from US$10.5 million in FY2000 to more than US$16.4 million in FY2005. In 2006, the CA successfully managed its first leadership transition when William Cobbett succeeded Mark Hildebrand as CA's program manager.

Summary of Evaluation Findings

Overall, the evaluation found that the CA has continued to be a successful partnership initiative and valuable player in the international assistance scene. It is an extraordinarily relevant organization, both in terms of the substance that it addresses and its collaborative, inter-sectoral approach to urban development. It is valued by its Members as a harmonizing and knowledge-sharing forum that enhances the credibility of their own organizations.

Members and other stakeholders generally support the Alliance's current directions, and confirmed the value and relevance of the CA program focus on two areas: *Cities without Slums* and *City Development Strategies*. (There is still much work to be done in these areas as is made evident in the recent report on progress in achieving the MDGs (*Millennium Development Goals Report*, 2006), which notes that many countries will not meet the target of improving the lives of slum dwellers.) These two pillars provide a solid programming mix for embracing key transversal urban issues and achieving CA objectives. This evaluation also found that the CA's work on municipal finance, which has been gaining momentum since 2004, is a necessary complement to the programming mix. Although this is not yet fully integrated with the rest of the CA work program in a way that helps cities to fill gaps in the financing of CDS and SU initiatives, the Alliance has taken steps in the right direction. The future role of CA and the emphasis that this area should have in its work program in the future should be guided by the outcomes of the work of the Municipal Finance Task Force (MFTF).

The Cities Alliance has demonstrated effects on the ground, especially considering the generally modest level of resources that it can allocate to cities. Through technical assistance grants for city upgrading or strategic planning initiatives, it has also contributed to taking project experience to a nationwide or city-wide scale of action, reflected in the replication and adaptation of its initiatives and/or new or revised policy frameworks. In the cities that CA has supported, it has had some success in improving the coherence of efforts in development cooperation for urban development. The CA has been able to leverage follow-up investments in the projects that it has supported, although it will need to continuously strengthen this aspect and also help cities to pay increasing attention to domestic sources of capital where possible. The CA has contributed to the development of capacities of project stakeholders, both individuals and organizations, in areas such as strategic city planning, participatory processes, and integrated approaches to slum upgrading.

The Cities Alliance has been less successful in two areas – advocacy and knowledge sharing – that are equally important for achieving its objectives. The CA needs to strengthen its role in generating policy coherence and increasing synergies among the different actors involved, and in influencing national or global development agendas. In a related vein, the CA has not paid sufficient attention to the process of knowledge exchange and transfer among its stakeholders (Members, clients, and other actors in urban development). The Alliance lacks an overall strategy for ensuring that its influencing and knowledge-sharing role helps it to achieve its objectives. Knowledge sharing and advocacy have been constrained by the limited time and resources that Members and the Secretariat can allocate to these areas.

During the past three years, the CA has taken great strides in improving its monitoring and evaluation to support the "Learning Alliance", but there are some gaps in the current approach that limit the availability and use of performance information for learning, program design, and corporate accountability.

In recent years the Cities Alliance has grown in strength and numbers. The current internal context of CA, including the entry of recipient countries as Members, provides an opportunity to revisit several aspects of its governance and management structures and practices. In particular, there is a need to modify the roles and responsibilities of the different entities that form the CA structure. The CA "brand" has emerged over the past six years, although it still needs to be strengthened, particularly if the CA is to take on an even greater role in scaling up the issue of the urban poor in the global development agenda. The evaluation found that, on the whole, the CA has been efficient in implementing its work program and keeping low administrative costs, while at the same time ensuring that the collaborative spirit of the coalition also permeates its Secretariat.

Recommendations

The following recommendations identify areas in which the Alliance can tighten its focus and improve performance.

The evaluation confirmed that CA's program focus on CDS and SU initiatives is appropriate and should be maintained. CA should continue to integrate the two areas to the extent possible (i.e., city development strategies should include an approach to upgrading slums and preventing slum development) and also ensure that the 10 criteria currently in place for assessing project proposals receive equal consideration, thus enhancing the mainstreaming of environment into these two activity areas.

1. The Cities Alliance should now "Scale up the Issue" of upgrading slums and preventing slum formation in the broader development agenda.

- Develop influence/advocacy strategy for the CA
- Define roles and responsibilities for advocacy of Secretariat, Members, and PAB
- Develop expanded program of visits to Members
- Map out plan of action for strengthening partnerships with associations/networks of local authorities in countries and regionally

2. The CA should continue its work on municipal finance issues and increase the integration of sustainable financing in CDS and SU initiatives.

- Review suite of CA programming efforts in Municipal Finance (Secretariat / MFTF)
- Articulate role and priority for municipal finance in future work program
- Support development of effective institutional partnerships (including MFTF)
- Develop menu of financing solutions presented in 2004 paper (Secretariat)
- Integrate mechanisms into CDS and SU initiatives to ensure cities' perspectives are heard at higher levels of government
- Set target and develop plan to ensure future CDS and SU activities contemplate funding issues

3. The Secretariat should strengthen and enhance the CA monitoring and evaluation system.

- Integrate outcomes into the proposal format and provide OECD-DAC definitions of Results-Based Management terms in the guidelines/application.

- Review format of progress reports/completion reports to ensure comments are provided at least on outputs and outcomes (progress towards outcomes)

- Identify "clusters" of activities that could be subject to a cross-country assessment

- Develop medium-term strategic plan and results framework for the CA

4. The CA should review and revise the roles, responsibilities, and delegated authorities of the CG, PAB, Steering Committee, and Secretariat, and should update its policies and procedures.

- Define responsibilities of Members in learning and knowledge sharing.

- Identify some of the useful practices developed by Members for knowledge sharing and policy coherence.

- Adjust mandate of the Steering Committee

- Expand mandate of the PAB to emphasize role in advocacy

- Define Secretariat's role, functions and authorities for corporate activities

- Develop conflict of interest guidelines

- Adopt standardized approach to recording results of CG deliberations

5. The CA should strengthen its role in sharing knowledge that is of use for Members and for cities.

- Identify the influencing/advocacy objectives that link to knowledge sharing activities

- Identify priority "clusters" of ideas where the Secretariat should distill and disseminate knowledge

- Review and prioritize purposes of Annual Report

- Strengthen peer networks among cities participating in CA initiatives

- Experiment with new formats for Public Policy Forum

6. The CA should strengthen the CA Secretariat so that it can play a greater role in advocacy and knowledge sharing.

- Assess staffing requirements in Secretariat for playing greater role in advocacy and knowledge sharing

- Secretariat to present annual workplans to CG and Steering Committee that are linked to the medium-term strategy

Acronyms

ADB	Asian Development Bank
AGPP	Alexandria Growth Pole Project
AusAID	Australian Government's Overseas Aid Program
AVSI	Associazione Volontari per il Servizio Internazionale
BWSSB	Bangalore Water Supply and Sewerage Board
CA	Cities Alliance
CDS	City Development Strategy
CG	Consultative Group
CLIFF	Community Led Infrastructure Finance Facility
CMAK	City Managers Association of Karnataka
CONDER	Companhia de Desenvolvimiento Urbano do Estado da Bahia
DAC	Development Assistance Committee
DFID	Department for International Development (United Kingdom)
EECA	Eastern Europe and Central Asia
FLACMA	Federación Latinoamericana de Ciudades, Municipios y Asociaciones
GDP	Gross Domestic Product
GOPP	General Organisation for Physical Planning
GTZ	Gesellschaft für Technische Zusammenarbeit
IDB	Inter-American Development Bank
IFI	International Finance Institutions
ILO	International Labour Organisation
ITA	Independent Technical Assessors
LAC	Latin America and the Caribbean
LDC	Least Developed Countries
LED	Local Economic Development
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MENA	Middle East and Northern Africa
MFTF	Municipal Financing Task Force

Acronyms

NGO	Non Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PAB	Policy Advisory Board
PATH	Technical and Social Assistance Project for the Ribeira Azul Program
PRSP	Poverty Reduction Strategy Papers
PSIA	Poverty and Social Impact Analysis
PTL	Project Team Leader
PUCL	People's Union for Civil Liberties
RBM	Result Based Management
SACN	South African Cities Network
SSA	Sub Saharan Africa
SU	Slum Upgrading
SUF	Slum Upgrading Facility
SWAP	Sector-wide Approach
UCLG	United Cities and Local Governments
UCLGA	United Cities and Local Governments of Africa
UNCHS	United Nations Centre for Human Settlements
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank
WBG	World Bank Group
WUF	World Urban Forum

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1. Introduction

Universalia is pleased to present this final report for the Independent Evaluation of the Cities Alliance (CA) to the Secretariat and Consultative Group.

The Cities Alliance was established in 1999 as a global coalition of cities and their development partners committed to scaling up successful approaches to poverty reduction. After six years of existence, the Cities Alliance commissioned an independent evaluation to assess its performance, in particular during the three years since its last evaluation (2002). The evaluation process was managed by the Cities Alliance Secretariat in consultation with the Consultative Group (CG). Universalia was selected to carry out the evaluation through a competitive bidding process. (The Terms of Reference for the evaluation are presented in Volume III, Appendix I.)

The purposes of the evaluation were to: (1) assess Cities Alliance performance (both effectiveness and efficiency) in achieving its objectives and desired results, and provide guidance on how to improve this performance; and (2) assess the extent to which the Cities Alliance's objectives and strategy remain relevant to the urban development agenda and are focussed on the most important strategic challenges that cities will face in the next decades.

The evaluation report is presented in three volumes. Volume I is organized as follows:

- Section 1 presents the background to and the objectives of the evaluation,

- Section 2 introduces the methodology used to conduct the evaluation,

- Section 3 presents a profile of the Cities Alliance and its context,

- Section 4 presents the evaluation findings, and

- Section 5 presents our conclusions and recommendations.

Volume II is a compendium of the case studies of CA programming in countries selected for field visits (Egypt, India, and Brazil) and a desk review of CA programming in Kenya.

Volume III presents appendices, which include: the terms of reference, the evaluation framework, data collection instruments, the evaluation data sheet, the list of documents reviewed, and the list of people consulted.

2. Methodology

2.1 Introduction

The methodology for the Independent Evaluation of the Cities Alliance was based on key review questions contained in the evaluation framework that was approved by the CA Secretariat in March 2006 (see Volume III, Appendix II.) The methodology consisted of a mix of qualitative and quantitative techniques that included document review, individual and group interviews, field visits, and two questionnaire surveys. The instruments developed for data collection (surveys, interview protocols, focus group protocols) are presented in Volume III, Appendix III.) Work planning and data collection for the study took place between March and August 2006.

The study was carried out by a team of specialists in program and organizational assessment and in urban policy and development. A list of the team members is included in the evaluation data sheet in Volume III, Appendix IV.

Document review

The evaluation team analyzed a series of corporate documents including the first independent evaluation of the CA conducted in 2002, CA annual reports, CG and Policy Advisory Board (PAB) meeting materials, the CA charter, and newsletters. In addition, the team reviewed project-level information, including evaluations of completed activities, proposals, knowledge products, and reference material related to the case study countries. More general reference documents were also reviewed in the course of the study. A complete list of documents reviewed is presented in Volume III, Appendix V.

Online surveys

Universalia managed two web-based surveys related to the evaluation. The first survey targeted 55 representatives of Member organizations who were identified as contact people on a list of Members provided by the Secretariat. These individuals received an invitation and follow-up reminders by email to take part in a web-based survey in English, which was on-line for one month. The response rate was about 30% (16 out of 55 possible respondents). The survey asked respondents about CA efficiency, efficacy, relevance and its effects on the ground.

The second survey was designed for clients and beneficiaries. The contact information was extracted from the proposals available in the Members Forum of the CA website. An invitation to participate in a web-based survey was sent to a total of 106 email addresses. The survey was on-line in English, French, and Portuguese for a period of one month. Out of 106 people invited, only 12 responded. The low response rate may be partially due to inaccurate contact information, changes in staffing at the organization, time limitations of the respondents, and limited access to Internet in order to complete survey.

Although the low response rates did not allow us to draw conclusions, the results and comments were analyzed and used to compare and contrast with other sources of data.

Case studies

The evaluation team prepared case studies on the CA experience in cities in Brazil, Egypt, India, and Kenya. These case study reports are included in Volume II. The purpose of the case studies was to assess the efficacy, efficiency, and relevance of the CA programming mix and the extent to which it has been able to positively influence broader patterns of urban development. The studies for Brazil, Egypt, and India were based on short field missions conducted between March and June 2006.

Exhibit 2.1 provides an overview of the CA activities that were the focus of the studies and the cities visited in the course of the mission. It is important to note that in the case of Brazil, in addition to the purpose noted above, the team conducted a comparison of two cities: Salvador de Bahia (a city with CA support) and Belo Horizonte (a city without CA support but about to submit a proposal to CA).

Exhibit 2.1   Overview of Case Studies

COUNTRY CASE STUDY	CA ACTIVITY	AMOUNT OF CA GRANT	FIELD VISITS
Brazil	Technical and Social Assistance Project grant for the Ribeira Azul Program (PATS), a slum upgrading initiative in Salvador, Bahia Implemented 2001- 2005	US$5,500,000 (non-core resources from the Italian government)	Sao Paulo, Salvador, Belo Horizonte, Brasilia
Egypt	CDS in Alexandria • CDS1 implemented between 2003 and 2005 • CDS2 to be implemented from 2006 - 2007	CDS 1: US$200,00 CDS2: US$ 350,000	Alexandria, Cairo
India	New activity in Bangalore (SU) to support Water Board and NGOs in extension of individual piped water connections in 362 slums; to be implemented 2006-2011 New activity in Hubli-Dharwad (CDS) to be implemented 2006-2008	Bangalore: US$478,300 Hubli Dharwad: US$184,268	Bangalore, Hubli-Dharwad, New Delhi
Kenya	Collaborative Nairobi Initiative on Slum Upgrading Policy Frameworks implemented from 2001 to 2006.	US$240,000	Desk review

Interviews and focus groups

Overall, more than 170 individuals were consulted in the course of the study. (A complete list is provided in Volume III, Appendix VI.) The key approaches to stakeholder consultation included:

- Individual and small group interviews conducted during field visits to Brazil (51 interviews), Egypt (23 interviews), and India (38 interviews)

- Interviews and focus groups with other key stakeholders carried out during the World Urban Forum in Vancouver (June 19-23, 2006)

- Face-to-face or telephone interviews with representatives of CA Members and Policy Advisory Board, as well as other stakeholders in the urban sector, clients or beneficiaries of CA initiatives, and independent technical assessors. Interviews were also carried out with current Secretariat staff and the former Program Manager, Mr. Mark Hildebrand.

> **Types of stakeholders interviewed during field visits**
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> Local and municipal government officials
>
> Research institutes & academics
>
> Mayors
>
> NGO representatives
>
> Members of donor agencies
>
> CA project staff
>
> Local urban specialists
>
> Slum community leaders

2.2 Limitations

There were two limitations to the evaluation methodology. The first limitation relates to our effort to survey a broad group of respondents through on-line surveys. While respondents' lack of time or survey fatigue may have contributed to the low response rate, the more difficult issue was identifying the right people (those with knowledge of the project) who could answer the survey. This was particularly problematic in the case of the client survey. Although CA applications provide the names of sponsors and task managers, this information may be out of date, or the individuals named may not be directly engaged in project implementation. This limited our ability to gather more information on a horizontal plane. In order to address this, the evaluation team conducted interviews (face-to-face or by telephone) with Member representatives and with clients who could share with us the stories of their CA initiatives.

A second limitation was that one-week field missions did not allow us to develop an in-depth picture of CA effects and implementation issues in each country context. The missions did, however, provide a snapshot of observations that fed into our findings.

3. Cities Alliance Profile and Context

3.1 Overview

The Cities Alliance (CA) is a global coalition of cities and their development partners committed to scaling up successful approaches to poverty reduction.[2] The Alliance, consisting of 20 Members in August 2006,[3] promotes the developmental role of local governments and helps cities of all sizes obtain more coherent international support. By promoting the positive impacts of

> The Cities Alliance **objectives** are to:
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> - improve the quality of urban development cooperation and urban lending;
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> - strengthen the impact of grant-funded urban development cooperation;
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> - expand the level of resources reaching the urban poor, by increasing the coherence of effort of existing programs and sharpening the focus on scaling-up successful approaches; and
>
> - provide a structured vehicle for advancing collective know-how.

urbanization, the Alliance helps local authorities plan and prepare for future growth, develop sustainable financing strategies, and attract long-term capital investments for infrastructure and other services.

The CA provides technical assistance grants in support of:

- **City development strategies (CDS)** which link the process by which local stakeholders define their vision for their city and its economic growth, environmental and poverty reduction objectives, with clear priorities for actions and investments; and

- **Citywide and nationwide slum upgrading (SU)** in accordance with the Alliance's *Cities Without Slums* action plan (MDG Target 11), including promoting secure tenure, access to shelter, finance and policies to help cities prevent the growth of new slums.

The Cities Alliance Trust Fund is a pool of Members' resources that are applied to annual work programs approved by the Consultative Group. The World Bank administers the Trust Fund on behalf of the Cities Alliance and hosts the CA Secretariat. Between FY 2000 and 2006, the Cities Alliance allocated a total US$80.5 million in grants from core and non-core resources (excluding secretariat approvals).[4]

The CA partnership is governed by a Charter that was drafted in 1999 and reviewed in 2004. Its governance and organizational structure comprises several bodies, which include: the Consultative Group (CG) composed of all the Members of the Alliance (20 as of 2006); a Steering Committee of six CG members that serves as the executive arm of the CG and provides direction to Secretariat; the Policy Advisory Board (PAB) that is composed of experts and individuals of influence from each region; and the Secretariat that carries out the Cities Alliance mandate and manages its day-to-day operations.

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[2] In this report, the terms "cities" and "municipalities" are used interchangeably.

[3] Asian Development Bank, Brazil, Canada, Ethiopia, France, Germany, Italy, Japan, Metropolis, the Netherlands, Nigeria, Norway, South Africa, Sweden, United Cities and Local Governments, United Kingdom, UN-HABITAT, UNEP, USA, World Bank

[4] As specified in the CA Charter, non-core funds are those that include donor restrictions related to themes, activities or regions. Contributors to non-core funds are required to make at least the minimum contribution to core funds.

3.2 CA Internal Context and Evolution

Since its inception in 1999, the Cities Alliance has undergone a series of organizational changes that are considered as part of the present context. Exhibit 3.1 illustrates milestones in CA's evolution.

CA Membership

The CA was co-founded by UN Habitat and the World Bank. The Alliance has grown from eight Members in 1999 to 20 Members in 2006. A recent and significant change in the composition of the membership is the integration of non-donor countries – Brazil being the first to join in 2003, followed by Nigeria, South Africa and Ethiopia.[5] While the increase in CA membership has increased its influence, it has also increased the complexity of governing and managing the partnership.

Funding Commitments

In FY2000-01, CA Members contributed US$10.5 million in core funding, non-core funding, and Secretariat funding. In FY2005, CA Members contributed more than US$16.4 million, including $7.25 million in core contributions. The contributions to non-core activities have also increased.

Transition in Program Management

In 2006, the CA successfully managed its first leadership transition when William Cobbett succeeded Mark Hildebrand, CA's pioneer program manager who retired on 22 February 2006. Such a change in leadership is an important milestone in any organization.

Exhibit 3.1   Milestones in the Evolution of the Cities Alliance

YEAR	MILESTONE
1999	CA establishment, Inaugural in Berlin, December 16-17
	First CG meeting in Berlin, with France, Germany, Italy, Japan, Netherlands, United Kingdom, UN-Habitat, World Bank, International Union of Local Authorities (IULA), World Associations of Cities and Local Authorities Coordination (WACLAC), World Federation of United Cities (UTO/FMCU) and approval of the CA charter.
2000	Four additional governments (Sweden, Norway, Canada, USA) and Metropolis joined the CA
	The CG endorsed the draft discussion paper on the CA vision, which spelled out the Alliance's mission as a global partnership to help cities meet the urban challenges of the 21st century.
	CG established the Policy Advisory Board
	Millennium declaration, which established the first global urban development goal; the City Without Slums action plan adopted as Millennium Development Goal 7, Target 11
2001	First annual report
	First meeting of the Steering Committee in Brussels

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[5] Cities Alliance also has associate members that have included Spain (Agencia Española de Cooperación Internacional), ILO, Inter-American Agency for Cooperation and Development. Currently, Cities Alliance considers UNDP and the European Commission as associate members.

YEAR	MILESTONE
2002	The Asian Development Bank joined the CA
	First independent evaluation: A review of the first 3 years of operation
	Establishment of the Community Led Infrastructure Finance Facility (CLIFF), with initial $10 million contribution pledged by DFID
2003	UNEP joined the CA
	Brazil became the first developing country to join CA at its CG meeting in 2003 in São Paolo
	Members launched two special facilities to help meet water and sanitation MDG Targets in slums and to provide special assistance to cities in Africa – The Cities Without Slums Facility for Sub-Sahara Africa, The Community Water and Sanitation Facility
2004	Second World Urban Forum (Barcelona)
	United Cities and Local Governments (UCLG) created, resulting from the merger of International Union of Local Authorities (IULA), the United Towns Organization (UTO) and the World Associations of Cities and Local Authorities Coordination (WACLAC).
	UCLG became a member of CA
2005	Nigeria joined the CA
2006	South Africa (January) and Ethiopia (August) joined the CA
	Third World Urban Forum (Vancouver)
	First transition in Program Management

3.3 The Context for Urban Development

Over the next 30 years, almost all of the growth of the world's population will take place in the urban areas of developing countries. While nearly half of the world's total population now lives in cities, by about 2020, even the developing world as a whole will have passed above the urban threshold. As a result, in the very near future, it will no longer be possible to conceive of developing countries as being mainly rural. This transformation from rural to urban is already a powerful force in shaping social, economic and political life and it will continue to be the case during the remaining years of this century. But it will have the most profound effect in the world's poorest countries, which are growing – at least demographically – at the fastest rates.

Not only are cities growing very rapidly in poor countries, but they are the major source of economic growth as well. Macroeconomic calculations regularly demonstrate that even the largest cities (in spite of some of their diseconomies) outperform the rest of the country in terms of productivity and GDP per capita. Paradoxically, however, while cities are locomotives of growth, developing country cities are both inadequately managed and planned, and, in many respects too poor to take full advantage of their opportunities. Municipal resources (in the form of revenues from own source taxation and transfers) are astonishingly low to provide even the most basic services and infrastructure. The inability of so many cities to provide adequate housing for their citizens is perhaps the most glaring example of this failure. For example, based on a UN-HABITAT definition of a slum as "a settlement in an urban area in which more than half of the inhabitants live in inadequate housing and lack basic services," slum populations have been rising steadily throughout the 1990s and the present decade to an estimated total of 998 million people worldwide in 2005. Almost all this total is located in developing countries. The significance of this phenomenon has found its way into the list of important Millennium Development Goals, and has in addition led Western authors to write highly publicized books with such lugubrious and hyperbolic titles as *Shadow Cities. A Billion Squatters, A New Urban World* (2005) and *Planet of Slums* (2006).

The arrival of Cities Alliance on the international assistance scene in 1999 was triply fortuitous. First, the Cities Alliance constituted a much wider partnership of governments and agencies than had been possible under the Urban Management Program, a collaborative effort based in Nairobi but limited in scope and financial resources. Second, by the late 1990s the two trends of decentralization and democratization were operating in parallel, shifting decision-making initiatives to municipalities all over the developing world, and endowing them with the legitimacy of democratic practice. Gradually, a very large number of municipalities – the main clients of the Cities Alliance – were absorbing new powers, electing new councilors and mayors, and struggling to respond to three insistent challenges: expansion of their cities in terms of both land area and population, improvement of infrastructure and services, and attending to the needs of the local business community which was largely responsible for creating new jobs and economic opportunities.

The third and perhaps most important factor was the collaborative nature of the Cities Alliance effort, at a time when most of the major assistance agencies (such as the World Bank and many of the bilateral agencies) were turning away from the urban agenda. Since the urban policy field is particularly multifaceted, the sectoralization of international assistance, and the reduction in the ranks of urban specialists within the international assistance community that has been taking place over the last decade, means that the Cities Alliance is one of the main proponents of a collaborative, inter-sectoral approach to urban development.

That there is still a major need for programs involving slum upgrading and city development strategies is evident from two important events that took place in June of 2006. One was the publication of the *Millennium Development Goals Report of 2006*, published by the United Nations. In this report, which summarizes progress in attaining the major Millennium goals since the early 1990s, we learn that, for the Goal "Ensure environmental sustainability", the Target enunciated as "By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers" seems to be slipping away. As the report indicates, as urbanization develops apace, so do the numbers of slum dwellers (though not always as quickly as the urban rates of growth overall), with the most severe conditions showing up in sub-Saharan Africa. The pervasiveness of urban poverty, highlighted in the Millennium report, is also brought out in the UN-HABITAT *State of the Cities* report for 2006. Of approximately 100 developing countries tabulated in this document for their efforts and/or ability to reduce slums over the period 1990-2005, only 8 were rated as "on track" in showing a sustained decline in slum growth rates; 15 more showed a "stabilizing" situation; but another 21 were "at risk" with a moderate increase of slums; and a total of 50 countries were considered to be completely "off track" with a high rate of growth of slum populations. Of the 50 cases in the last category, fully 44 were from the lowest-income countries (UN-HABITAT 2006, p. 40-41).

The second event was the World Urban Forum held in Vancouver from June 19-23, 2006. Not only did this UN-HABITAT event draw a very large crowd to its many events, but the discussions and meetings around the theme of urban sustainable development demonstrated that there is still considerable excitement and interest around the world for urban issues. Indeed, the level of participation (11,418 participants from 100 countries) was almost three times the level of participation at the last World Urban Forum in Barcelona in 2004.

It is in this context, and out of the energy that it generates, that the Cities Alliance disseminates its basic message that urban areas need to be well planned, in such a way that the needs of the poor – especially those involving basic shelter and services – are among the most central objectives of municipal policy.

4. Evaluation Findings

This chapter presents the main findings of the independent evaluation of the Cities Alliance, based on the key evaluation issues outlined in the evaluation inception report and workplan – i.e., its overall efficacy, efficiency, and relevance. In some cases, issues have been consolidated for greater coherence or clarity.

4.1 Efficacy: Outcomes, Impacts and their Sustainability

The efficacy of the Cities Alliance, as defined in the evaluation framework, refers to: the extent to which city development strategies and slum upgrading continue to be an adequate focus for the Cities Alliance in light of its strategy and current context for urban development; the effects of CA-supported activities on its Members and on the cities themselves; and the extent to which CA is effective in conducting its advocacy activities, in disseminating and sharing knowledge, and in carrying out monitoring and evaluation to support these efforts.

4.1.1 Program Focus and Priorities

In this section, we examine CA's programming focus over the past three years both in terms of types of activities and geographic emphasis. In addition, we consider the extent to which the current priorities make sense in light of the global context for urban development. The section responds to the question, raised in the terms of reference for this evaluation: Does the CA have the right focus?

Finding 1: CA has sustained its programming focus in the priority action areas of City Development Strategies and Slum Upgrading.

From the outset, the Cities Alliance defined City Development Strategies (CDS) and Slum Upgrading (SU) as its two priorities areas of action. The data on grant allocations suggest that this emphasis has been maintained. Out of CA total grant allocations of US$54.3 million from FY2003 to FY2006, 53% went to SU, 19% to CDS, and 28% to projects that combine upgrading and development strategies. Exhibit 4.1 below illustrates the total CA grant allocations and the number of projects in these three categories between FY2003 and FY2006.

During this period, the size of CA core grants ranged from US$41,870 to US$500,000 for CDS initiatives and from US$31,000 to US$500,000 for SU initiatives.[6] In the period under review, the Alliance's overall allocations to Slum Upgrading were greater than overall allocations to CDS, largely due to the Slum Upgrading Facility (SUF), a global facility established in 2004 and located within UN-HABITAT, which accounts for US$10 million in allocations. If the SUF allocation is factored out, then the figures illustrate similar amounts of CA grants across the two programming areas. This is consistent with the funding pattern identified in the 2002 evaluation of the Cities Alliance.

We also note a steady increase over the past two years in the number and level of funding for CA projects that include both CDS and SU activities, which illustrates a positive shift in the effort to integrate a poverty focus in CDS projects.

That the CA has sustained its focus is also confirmed by perceptual data, both from our interviews with Members and the Secretariat, and from 94% of the representatives of Member organizations that responded to the on-line survey.

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[6] Grants that are over $500,000 may include a component of non-core funding.

Exhibit 4.1   Cities Alliance Grant Allocations by Type of Project, FY2003-06 [7]
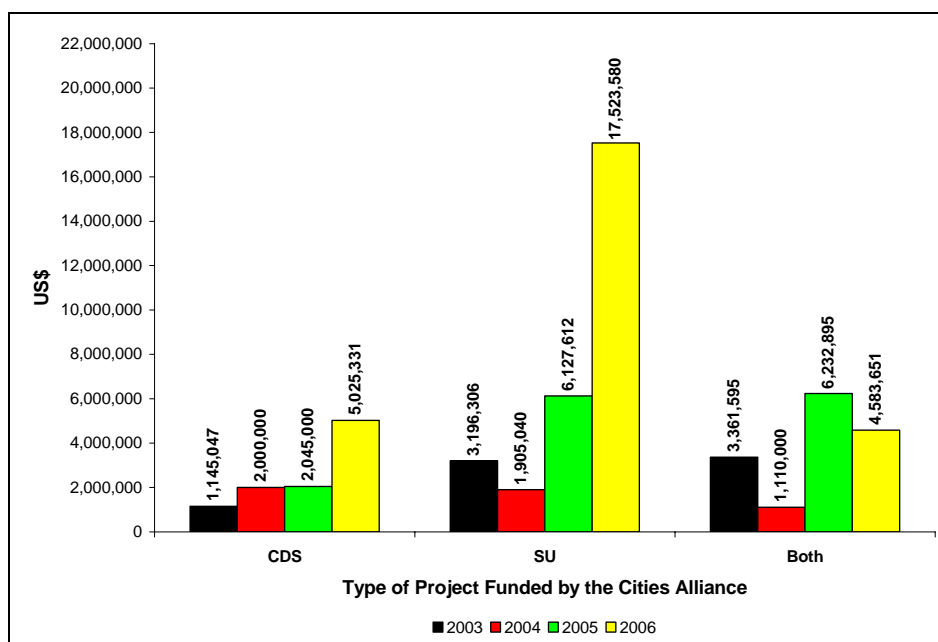
	CDS (Number and Amount)		SU (Number and Amount)		Both (Number and Amount)		Total Amount
	Number	CDS	Number	SU	Number	Both	
2003	6	$1,145,047.00	7	$3,196,306.00	9	$3,361,595.00	$7,702,948.00
2004	7	$2,000,000.00	7	$1,905,040.00	9	$1,110,000.00	$5,015,040.00
2005	9	$2,045,000.00	10	$6,127,612.00	18	$6,232,895.00	$14,405,507.00
2006	14	$5,025,331.00	12	$17,523,580.00	20	$4,583,651.00	$27,132,562.00
Total	36	$10,215,378.00	36	$28,752,538.00	56	$15,288,141.00	$54,256,057.00

Source: The Cities Alliance, FY03, FY04, FY05, FY06 Work Programme

Finding 2:   Geographically, CA grant allocations have shifted somewhat towards Sub-Saharan Africa and a greater number of global and multi-regional initiatives.

In the CA charter, one of the criteria in allocating program resources is to ensure a reasonable balance across developing regions. Since its creation in 1999, the CA has worked with a total of 194 cities in 50 countries.[8] This has included 16 countries in Sub-Saharan Africa (SSA), 12 countries in Asia, 5 countries in Eastern Europe and Central Asia (EECA), 11 countries in Latin America and the Caribbean, and 6 countries in the Middle East and North Africa (MENA).

At the time of the 2002 independent evaluation of CA, South Asia was the dominant region in terms of CA grant allocations. Today, the pattern is beginning to change (see Exhibit 4.2). Since FY2003, Latin America appears to have a higher cumulative allocation, but this is due primarily to the large allocation in Brazil of non-core funds from the Italian government. After Latin America, Sub-Saharan Africa received the greatest level of grant allocations in the FY2003-06 period, although only slightly more than Asia. The Middle East and North Africa and Eastern Europe and Central Asia follow in terms of level of investment. While the distribution is reflecting an improved balance across regions, such a balance does not take into account the differences in number of countries and population across the regions.

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[7] The fiscal year runs from July 1 to June 30.

[8] Cities Alliance, "CA Cities and Countries", last update at 10 March 2006.

Exhibit 4.2   Cities Alliance Grant Allocations by Region, FY2003-2006
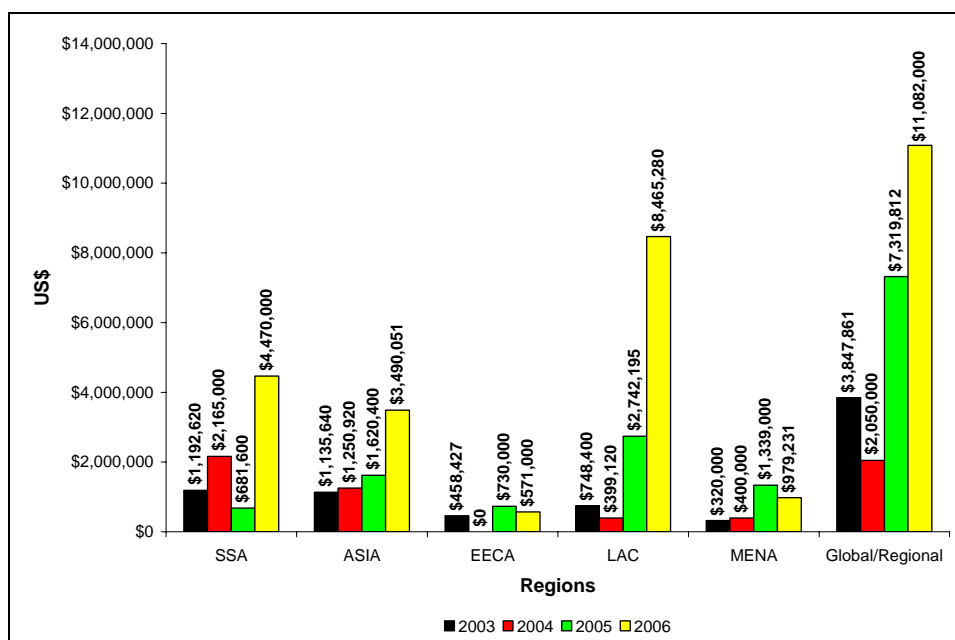
Legend: Sub-Saharan Africa (SSA), Eastern Europe and Central Asia (EECA), Latin America and the Caribbean (LAC), Middle East and North Africa (MENA)

Source: The Cities Alliance, FY03, FY04, FY05, FY06 Work Programme

The data also show a notable increase in the funding for multi-regional or global initiatives. There were 18 global projects referenced in the previous evaluation (2002), which represented about 8.4% of the grant allocations; today there are 41 projects in this category and the total investment represents 42% of the total grant allocations (US$24 million). While the previous evaluation anticipated a shift based on the projected expansion of evaluation and knowledge sharing/dissemination activities, [9] CA's current global/multi-regional projects vary enormously. They include:

- Knowledge generation, dissemination, and learning activities (such as the website)

- Initiatives such as:
    – The Slum Upgrading Facility, Pilot Program (US$7 million)
    – Mainstreaming of Cities Alliance Engagement with UCLG (US$517,000)
    – Enhancing Urban Development in National Policy Dialogues (US$610,000)
    – The Municipal Finance Task Force (US$127,000).

The list also includes CG meetings and the Public Policy Forum (PPF) and the Alliance's evaluation activity. This variety of initiatives poses challenges for the Alliance, not the least of which is the definition of how they fit with the country level activity, their contribution to CA objectives, and their monitoring and evaluation.

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[9] See *Cities Alliance, Independent Evaluation: An Assessment of the First Three Years*, p. 38

Finding 3:   Some stakeholders are concerned that cities with limited resources and capacity do not access CA funding.

A number of respondents noted that most of the demands for CA funding come from cities that have the capacity to develop proposals. They raised concerns about the extent to which the poorer cities, with more limited resources and capacity, were able to access CA funding. The evaluation team does not have comprehensive data on the resource and capacity levels of the cities supported by CA. However, the case studies for the evaluation ranged from cities like Nairobi and Salvador, Bahia (which has more limited capacities and resources than other cities in Brazil) to cities with greater resources such as Alexandria, Egypt and Bangalore and Hubli-Dharwad, India.

Interestingly, this point about targeting poorer and other priority cities was raised in the last evaluation. In the CG response to this, *"Members expressed disagreement that the Alliance should focus primarily on 'the poorest residents of the poorest cities in the poorest countries', but rather continue its approach of working with committed cities engaged in poverty reduction."*[10]

Although the CA is effective in implementing its demand-driven approach (in which cities self-select to apply for funding), some stakeholders would like CA to anticipate the needs of poorer countries and cities in addressing the issues of urban growth and planning that puts the poor at the center of municipal policy. This view sees CA playing a more proactive role in engaging poorer cities and countries. The question is the extent to which the CA should have an explicit strategy that gives priority to poorer countries. One mechanism that appears to be helping cities to prepare funding proposals, as noted by the CA Secretariat, is the Cities Without Slums Facility for Africa, which had supported preparatory assistance for seven proposals as of November 2005 and a special program created in FY2004 entitled "Cities Without Slums: toward implementing a support program for countries and cities of Western and Central French-speaking Africa", which led to the development of four proposals from West Africa for the Alliance's FY2006 work program.[11]

Another concern noted by respondents is that the CA proposal requirement to identify co-sponsor and stakeholders from the design stage of the project requires time and financial resources that many cities and Members without field presence do not have.

Finding 4:   CA's current mix of SU and CDS programming is appropriate and flexible enough to embrace key transversal urban issues in developing country cities. Many issues remain to be addressed in the complex areas of SU and CDS, but most respondents fear that expanding CA's focus in terms of another major theme would dilute its efforts in these areas.

Overall, the evaluation finds that the two priorities of action initially defined by the Alliance are generally supported by CA stakeholders and, as discussed in Section 3.3, still relevant in the current context for urban development.

Nonetheless, during the interviews conducted for the evaluation, stakeholders suggested a number of potential new priorities and programming areas for the CA. The most frequently cited during interviews include: a) municipal financing; b) municipal governance: in particular, strengthening the management, accountability, policy frameworks on urban housing, land tenure, etc; c) the environment; d) metropolitan governance, and e) other issues such as violence in cities.

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[10] See p. 6 of the *2002 Independent Evaluation of the Cities Alliance: Evaluator Recommendations, Consultative Group Responses and Next Steps* Progress Update (October 2005)

[11] Ibid.

Our review of CA projects, through the case studies and document review, suggests that CA's existing priorities (CDS and SU) allow it to support cities in addressing concerns in these areas. For example, the CDS in Alexandria, in addition to local economic development (LED) and SU elements, has a strong environmental component that addresses the integrated management of Lake Maryout. However, as noted in particular by UNEP, it is felt that the environmental component of urban development has not been given the attention it needs in most CA projects and processes.

The majority of respondents also indicate that CDS and SU provide umbrellas that are broad enough to address most of the different needs being expressed by Members and clients (e.g. environment, land tenure, municipal finance). These umbrellas reflect priority areas for developing country cities. Respondents further note that given the complexity and multisectoral nature of SU and CDS, the CA may not yet be addressing all of the dimensions in each area, and that there are still areas for improvement, namely in better integrating different components (e.g. bridging poverty reduction and local economic development in CDS, focusing on slum prevention, addressing environmental sustainability) and learning from these efforts.

On the issue of program focus, most of the CG and Secretariat respondents fear dilution of CA efforts if there is an expansion of CA programming directions. As one respondent noted, "*If you want coherence of efforts with limited resources, you need to focus.*" Indeed, one of the virtues of the CA that was frequently noted by respondents was its focus on a limited number of priority areas.

Finding 5:   CA has begun to explore programming in sustainable finance for cities. This is a positive step, but CA's future role in this area and how it will be integrated in SU and CDS projects is not yet evident.

Municipal finance and the development of local sources of funding for cities have long been a preoccupation of the Cities Alliance. The foreword to the 2005 Annual Report of the Cities Alliance, by Professor Jeffrey Sachs, succinctly captured the global challenge when it noted that the long-term sustainability of urban development and slum upgrading strategies lay not with project / program based loans from the World Bank and others, but with local and international capital markets. Simply put, the capital requirements to "make a difference" vastly exceed the capacity of IFIs, let alone bilateral development assistance organizations.

In recent years, particularly since 2005, the Alliance has engaged in a growing level of activity on issues of urban finance, reflected in: allocations to specific projects (a brief list is provided in Exhibit 4.3); hiring a Secretariat staff member with expertise in this area; and making the issue visible in the Alliance's communications tools such as the web site, newsletter, and annual report. As the CA web site notes, there is a clear need for defining frameworks for cities, national governments and their development partners in defining country-specific municipal finance strategies. Apart from mainstreaming financing in the regular CDS and slum upgrading process, the Cities Alliance as a learning alliance is committed to contributing to and learning from cities' endeavors to assimilate good practices in financing. Thus, several of the sustainable finance initiatives operate at a global level.

Of particular note is the creation of the Municipal Finance Task Force (MFTF), described in the side bar below. The evaluation team considers the Task Force an appropriate mechanism for exploring the area of municipal finance and helping to define the kind of role that CA can play in this area in the future. The early work of the MFTF constitutes a considerable increase in the actual body of knowledge available for sharing on this issue.

In addition to these global efforts, the CA has funded specific country-level projects in order to support cities, states or countries trying to adopt innovative practices or to document case studies to be shared with others. (Examples of these are also found in Exhibit 4.3)

At the same time, there appears to be uncertainty about the weight that work in sustainable finance should be given in relation to: the priority action areas of slum upgrading and city development strategies; the specific niche that

> **Municipal Finance Task Force**
>
> Established by USAID and the World Bank in 2005, the MFTF is "to identify ways to increase the flow of domestic long term private capital to developing cities in support of their slum upgrading and city development strategies." This provides one mechanism through which CA can further collective knowledge building and sharing. The Task Force is to operate in an advisory capacity to the Cities Alliance members and others who wish to make use of their ideas and guidance, and serve as a focal point for collecting the experience and views of international experts on municipal finance and private capital mobilization for use in formulating practical guidance to multilateral and bilateral donors, international local government associations, national and city governments. The proposed outputs of the Task Force include case studies, guidance papers, municipal finance toolkits, and the web site http://www.mftf.org/.

CA can and should fill in this area given its capacity, resources, and traditional areas of expertise; and the fact that at least two of its Members (USAID, World Bank/IFC) are very active in this area. Furthermore, some stakeholders were unclear about the future role that CA would play in this area: Would it be a knowledge-sharing role? Would it engage in some capacity building in this area?

Exhibit 4.3   Overview of CA Project Activities in Municipal Finance FY2005 and FY2006

	YEAR INITIATED	ACTIVITY IN THE WORK PROGRAM	AMOUNT (US$)	IMPLEMENTING PARTNER
Global level	FY06	Norway support for Urban Finance Initiative	229,000	CA Secretariat
	FY05	Norway support for Urban Finance Initiative (supports the cost of the Urban Finance Advisor – K. Rajivan)	81,000	CA Secretariat
	FY05	Advancing the CA Knowledge Generation and Dissemination Agenda (DFID), including MFTF and Urban Finance co-financing	525,000	Research Triangle Institute (RTI)
	FY05	UCLG Municipal Finance Commission	250,000	UCLG
	FY05	Municipal Finance Task Force	127,000	RTI
Country level	FY05	Towards a CDS System in Punjab	75,000	WB and Pakistan Municipal Development Finance Company
	FY05	Ghana Municipal Finance and Management Initiative (MFMI)	75,000	WB and Ministry of Local Government and Rural Development, Acra, Ghana
	FY06	Stavropol Regional Development Strategy – Financial Assessment and Investment Review	250,000	WB and Stavropol Krai Government
	FY06	Chuvash Republic Regional Development Strategy – Financial Assessment and Investment Review	250,000	WB and Government of Chuvash Republic

In the last few years, some CA initiatives have attempted to mainstream finance into CDS and SU projects. In Swaziland, for example, an initiative called Preparation of the Mbabane Comprehensive Slum Upgrading and Finance Programme (MUFP) aimed to improve the technical and financial ability of the City Council. Other significant projects were also implemented in Africa such as the Ekurhuleni's City Development Strategy, the Tshawane Sustainable Human Settlement Strategy and Financing Plan, and the effort to link CDSs to Zambia's Emerging Intergovernmental Fiscal System. Nevertheless, most CA projects reviewed do not yet integrate this dimension, nor do they source domestic capital resources for financing CDS and SU investments. In part this may be due to the fact that increasing access to funding for city development and slum upgrading strategies is inextricably linked to broader public and financial sector reforms in most nations, which often lie outside the scope of a particular CDS or SU initiative. This does raise the question, however, of the extent to which CA should facilitate linkages between the cities involved in CA projects and these broader reform efforts.

In addition to the complexity of the issue, CA-supported mechanisms and tools to help cities to think about sustainable finance are just becoming available. The new CDS Guidelines, released in March 2006, integrate the issue of financial resources by outlining the key areas that should be addressed by CDS assessments, including local government financial resources and institutional structures, non-government capital, and private sector financial flows. Further resources are expected from the MFTF. In addition, the Slum Upgrading Facility (SUF), a global facility housed at UN-Habitat, is trying to help countries develop domestic capital sources of finance for upgrading. It is designed to provide technical assistance to "help cities and countries develop bankable housing projects for low-income households, the upgrading of slums, and for the provision of urban infrastructure." The Facility completed its design phase in 2005. The SUF was cited in the Report of the World Urban Forum as one of the positive examples in which international donors are helping to meet the financing challenge of slum upgrading and sustainable infrastructure development.

> "The Forum acknowledged the need for international donors to play a catalytic role in building the capacity and improving the credit-worthiness of cities, and to package such assistance with seed capital, as piloted by UN-HABITAT's Slum Upgrading Facility, in line with paragraph 56(m) of the 2005 Millennium Summit Outcome which calls for investments in pro-poor housing and urban infrastructure."[12]

4.1.2 Effects on the Ground

The terms of reference for the evaluation call for an identification of the effects of CA grants in the cities where they have been implemented. The CA makes grants in the range of $50 – 500K, for a wide range of CDS and SU initiatives. The range of activity is particularly wide for Slum Upgrading, where projects may be national dialogue workshops (e.g. Iran), studies on land tenure or other issues facing slums. Thus, not all of the projects can be expected to trigger the same kinds of effects. It is also important to consider the level of resources invested in relation to the types of results achieved.

The following findings are based primarily on the case studies. A review of project evaluations and other CA documentation was also carried out in order to complement the cases in the discussion of effects of CA activities on the ground.

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[12] UN-HABITAT / World Urban Forum, Report of the Third Session of the World Urban Forum, Vancouver, Canada, June 19-23, 2006.

Finding 6: **In general, the case studies show that CA programming activities contributed to improved coordination and greater coherence of efforts among local and international partners in the cities targeted by the grants. However, CA project documents illustrate that achieving coherence is still a challenge.**

One of CA's key objectives is to contribute to the coherence of efforts of development partners. During the field missions, the evaluation team aimed to identify the extent to which SU and CDS projects helped to reinforce local initiatives and bring together partners in support of these efforts.

In Salvador and Alexandria, the evaluation team found that CA initiatives were already contributing to greater coherence of efforts in urban development on the ground by bringing together partners and providing a framework for further investment. In these cases, the local and state authorities are taking the lead to bring in new parties. In the cities visited in India, the initiatives are in earlier stages so the discussion is more about coordination in the design of projects.

Brazil. In the Ribeira Azul program (known also as TAPS) in Salvador, Bahia, a successful implementing partnership developed between AVSI (Italian NGO) and CONDER (a semi-autonomous agency of the state government). For Salvador, a poor city with a weak municipal government and a very large poor population, the CA support for programs already mounted by the state government came as a welcome addition and signaled that both the political left and the right can adopt "socially progressive" innovations to help the burgeoning slum populations. The Salvador project also combined physical development (under direction of CONDER) and social assistance (under the supervision of AVSI) in a very positive and synergistic fashion. These projects were part of a larger vision of the state government that eventually leveraged a substantial loan from the World Bank in the form of a current project known as Viver Melhor II.

Given the large number of agencies and donors that participated in the Ribeira Azul program (eight financing/participating agencies, including the World Bank), ensuring consistency and coherence in the implementation process was a big challenge. As the case study notes, the Italian grant given to CA for social programming and coordination helped immeasurably to keep the project on course.

Egypt. By its nature, a CDS is designed to bring multiple actors together (city agencies, ministries, donors, and civil society groups) to develop a vision and define objectives and priorities for the city. In Alexandria, there is no question that the process of the CDS brought together people and organizations that, in the normal practice of planning, would not have collaborated.[13] There was strong consensus that the process allowed stakeholders to agree on the timing and pattern of events, prioritize urban investments, and informally earmark sources of funding (in this case donor funding) for the myriad of projects identified. This was particularly true of the World Bank's Alexandria Growth Pole Project (AGPP), where the CDS Grant Phase I seems to have structured how the infrastructure funds are to be spent in the AGPP. In addition, the three pilot areas selected for slum upgrading have been added as focus areas in the programming of the GTZ (who was not present in Alexandria prior to the CDS), the Alexandria Businessmen's Association, and the Social Development Fund. While the Alexandria CDS appears to serve as a mechanism to give greater coherence to investment and planning, one of the weaknesses identified was the limited participation from civil society groups in the CDS process.

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[13] Some key actors, in particular Bibliotheca Alexandrina, were not involved in early stages of the CDS I, but are now visibly part of CDS II, which is a very positive shift.

India. A similar situation seems to be emerging for the CDS in Hubli-Dharwad, which is just getting underway. The stakeholders convened by the Hubli-Dharwad Municipal Corporation (HDMC) seem to embrace the notion of communicating across departments and community groups for the purpose of developing a CDS. It is not clear to what extent the donors/agencies indicating interest in follow-up investment in projects emerging from the CDS, and co-sponsors for the proposal (e.g., World Bank, ADB) are engaged at this stage. However, the City Managers Association of Karnataka (CMAK) is actively supporting involvement in the CDS process, and this should facilitate integration of potential sources of subsequent investment. Similarly, apart from USAID in Bangalore, it appears that the other CA Members that co-sponsored the proposal are involved only in a peripheral manner. As the case study notes, the project in Bangalore has illustrated some of the challenges of coordinating among partners such as: fluid communications, managing changes in staff, selecting lead agencies, and defining roles and responsibilities.

Our interviews with other clients of the Cities Alliance suggest that the CDS provides a framework that helps to harmonize the investments in the city from different donors and government agencies, thus contributing to greater coherence. As one respondent commented, *"Thanks to CDS the cities have an instrument to manage foreign assistance and clearly indicate their priorities. That helps cities to not experience any imposed assistance."*

However, several of the evaluation reports and interviews with Members cite missed opportunities for greater coordination among CA Members on the ground. As one respondent put it, *"More work needs to be done on synergy to have a real coherence of effort; need to have less competition."* In several cases, especially in CDS projects, there has been superficial and limited interaction and coherence between CA Members during the implementation of projects. Although clear areas for collaboration between different donors had been identified in these projects, the interaction did not materialize for various reasons including lack of communication. For example, the CDS grant to Karu, Nigeria had two components, one managed by the World Bank and the other by UN-Habitat. Because of poor inter-agency communication and differing views as to how best to proceed, the two components of the project were managed as two separate entities. In the case study of Kenya, there was also little evidence of coherence of effort. Although high level government officials and UN-Habitat were involved in the Kibera slum upgrading initiative, there appear to have been few other partners actively involved. This included only a limited role for the Nairobi City Council, which could have provided continuity to the project at the time of regime change at the national level.

Finding 7: **The US$80 million in grants provided by the CA (through FY2006) have been linked to approximately US$8.2 billion in investment finance, primarily from international sources. However, the leverage for follow-up investment is not evident in all CA projects reviewed and is perceived to be a weakness by some CA Members.**

The planning and implementation of a CA activity, especially CDS, tends to be linked to a commitment for additional investment from other development partners (usually CA Members). In some cases, the initial commitments may come even before the activity begins, and in fact the linkage to investment follow-up is one of the ten criteria used by CA to assess the eligibility of funding proposals and one of the most important criteria in determining if a proposal passes the threshold screening.

The CA Secretariat has begun to systematically track these investment linkages.[14] Since 1999, CA grants (about $80 million) have leveraged (i.e., helped to improve or enhance overall funding for cities) about $8 billion in additional investment finance from external sources (see Exhibit 4.4). The World Bank is the primary source of documented follow-up investment (64% of the total in FY2005, and 40% in FY2006). Some of their major commitments are for a Cities Without Slums initiative in Morocco (US$150 million) and for the Alexandria Growth Pole Project (AGPP) in support of the Alexandria CDS (US$100 million). Other follow-up investments come from national, state, and local governments, national governments, bilateral donors, and other multilaterals (e.g., IDB in Latin America). As one respondent in Africa noted, "*The CA does not only get involved in the planning and preparation of the CDS, but plays an important catalyzing role to stimulate donors to support the implementation of the CDS. In the city of Bobo-Dialasso, the World Bank, the government of Burkina Faso, and the private operators were engaged in supporting CDS implementation.*"

Exhibit 4.4   Investment Linkages to Cities Alliance Projects (FY2000-2006) (in M$)

Investments	Total Investment Linkages*			Committed investments		
	All Sources	World Bank	% of World Bank	All Sources	World Bank	% of World Bank
FY 2005	1,014.1	649.8	64.07%	246.5	45.7	18.54%
FY 2006	1,989.2	790.0	39.71%	1,110.5	437.4	39.38%
Total FY2000-2006	8,182.4	5,084.9	62.14%	4,467.6	2,001.7	44.81%

* includes prospective investments and committed/identified investments

Source: Cities Alliance, Investment linkages updated through July 31, 2006

Between FY2005 and FY2006 there was an increase in the amount of committed investments, as illustrated in Exhibit 4.4. However, these are the investment linkages that are known to the CA Secretariat. They are concentrated in 64 projects, which represent about half of the 123 projects being implemented at national level.[15] The investment leverage for the projects reviewed in the evaluation case studies is reported in Exhibit 4.5 below.

While the CDS is seen by stakeholders to provide a framework for investment and in some cases draw new sources of finance, some CDS may actually piggyback on existing commitments. Respondents also noted that the city strategy may sometimes be seen as pre-condition for the subsequent investment. In Alexandria, for example, one respondent characterized the World Bank's AGPP loan as the "carrot" that awaited if the city completed the CDS.

Despite some successes, the perceptions of a majority of stakeholders suggest that follow-up investment is an area that still needs to be strengthened. As a representative of one Member organization noted, *"The quality of programs is good, but there are questions and concerns about the follow-up mechanisms, especially in terms of available resources designated for implementation."*

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[14] The information on linkages to investment is gained through the Members and the reports received from project implementers. There may be some under-reporting of investment linkages in the earlier CA projects. At the same time, some over-reporting may occur if the committed loans do not come through.

[15] This figure (123) excludes the Global/Regional Projects, which by nature are usually not linked to investment finance. If the Global projects are factored back in, raising the total projects to 152, the percentage of projects with reported leverage of finance would be 43%.

Another Member representative indicated that one critique is that the CDS is too *"up-stream and weak in terms of implementation,"* thus sharing similarities with master planning. These perceptions may also arise from a lack of information about the linkages to investments of CA-supported initiatives.

Our review of evaluation reports yielded mixed results with respect to the leveraging of investment capital through the implementation of CA initiatives. In approximately half of the evaluations reviewed, there were no clear linkages between the project and investment

> **Given the magnitude of the problem, can the investments make a dent?**
>
> Even though investments are made, slums continue to form and grow because cities have not developed the capacity to prevent slum formation.
>
> In most of the cities visited by the evaluation team, follow-up investments are only about to come online or the CA activity is in a start-up phase. In Salvador, however, the Ribeira Azul program (with financing from a variety of sources) made a substantial slum upgrading investment of US$69 million (from a variety of sources) over several years.
>
> Yet the city remains very poor and the slum (or squatter) problem is growing by the year. The city has a deficit of 100,000 housing units, of which 80% (we were told) are for low-income housing. Although the CA programs reinforce positive initiatives by the state government, it is difficult to conclude that a significant part of the poorest parts of the city's population have been assisted.

follow-up, and this was true for both SU and CDS projects. In the cases of projects that did leverage additional funding for the implementation of CDS or SU plans, sources of funding came primarily from local and national governments and on some occasions from the World Bank. Funding from local or national governments usually ranged from US$3 million to US$10 million, while funding from the World Bank could go as high as US$80 million. The evaluation reports do not specify the extent to which the funds leveraged will fully cover the anticipated costs of implementing the strategies developed.

As noted in the Synthesis of the Evaluation of Completed CA activities, *"[in Pakistan] the link to potential investment partners was missing from the outset of the activity (even with the World Bank involved) prevented the CDS from demonstrating tangible investment impacts. Linkages to the operations of the World Bank sponsor did not materialize as hoped."*[16]

One example of successful leveraging, identified in the review of the evaluations, was Johannesburg's City Level CDS and Slum Upgrading project. The project managed to leverage funds US$3 million from four donors, $10 million from the City of Johannesburg, as well as R500 million (about US$70 million) from the national Treasury's financial restructuring grant facility.

Exhibit 4.5   Case Study Cities – Overview of Reported Investments Leveraged

COUNTRY	CITY	CA GRANT AMOUNT	COMMENT ON FOLLOW-UP INVESTMENTS
Brazil	Salvador	US$ 5.5 million of non-core resources (Italian government)	Programa Ribeira Azul had 8 financing/participating agencies, including state and federal government and the World Bank, who brought the total program investment to US$69 million 2005: US$49.296 million loan from the World Bank to the State of Bahia (Viver Melhor II) for follow-up investments; US$32.9 million to come from the government of the state of Bahia

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[16] Cities Alliance, *Evaluation of Completed Cities Alliance Slum Upgrading and City Development Strategy Activities: A Synthesis*, 2005, p.25

COUNTRY	CITY	CA GRANT AMOUNT	COMMENT ON FOLLOW-UP INVESTMENTS
Egypt	Alexandria	US $ 550,000 (2 grants), most recent beginning in 2006	2006: US$100 million investment from The World Bank in (Alexandria Growth Pole Project) 2006: US$40 million from Government of Egypt (counterpart financing for the AGPP) Social Development Fund is targeting investments in the three priority slums for upgrading (amount not confirmed) GEF grant funding for Lake Maryout of approximately US$7 million
India	Hubli-Dharwad	US$184,268	H-D has been slated to receive funding from large infrastructure investment projects, such as the North Karnataka Urban Infrastructure Development Project (NKUIDP) (ADB/GoK) and Karnataka Urban Water Sector Improvement Project (KUWASIP) (World Bank), but no exact figures were provided for H-D
	Bangalore - BWSSB	US$ 478,300	This accompanies $US 11 million JBIC financing to provide the infrastructure for piped water connections
Kenya	Nairobi	US$240,000	No evidence of follow-up investment in Kibera

While the Cities Alliance has achieved a degree of success in leveraging financial support from IFI and bilateral partners, it has not been similarly effective in encouraging or mobilizing domestic capital resources, including private sector capital investment, in the cities where it has supported CDS or SU. However, as noted in Finding 5, the CA has only recently begun to allocate resources on issues of municipal finance. Thus, it is to be expected that many of the existing projects would be weak in this area.

This finding illustrates that there is an urgent need to ensure that CDS and SU initiatives integrate as full a range as possible of the investment follow-up, be it IFI or domestic capital resources.

Finding 8: **Scaling up remains a challenge overall, but there is evidence of CA-supported activities contributing to the development of statewide or nationwide scales of action, particularly in the replication of CDS activities.**

There are a number of ways in which CA-supported initiatives have either catalyzed or reinforced efforts to take the experience from an individual project to a larger scale of action.

Scaling up through adaptation and replication to state or nation-wide scales of action

There is evidence that CA initiatives, particularly the CDS, are being adapted and replicated on a broader level. There are numerous examples of this kind of scaling up in the CA Annual Reports. Two experiences that are frequently cited in this regard come from the networks of cities in South Africa and the Philippines (see Finding 13 below).

In Egypt, the General Organization of Physical Planning (GOPP), a department in the Ministry of Housing, began to revisit its support to preparation of urban plans about two years ago with a view to adopting strategic plans developed through a participatory approach. The Alexandria CDS was already underway and served to illustrate the new kind of planning approach. As a result of a national meeting held with all governorates in 2004, where CA Secretariat participated and Alexandria was able to share its initial experience, other governorates became interested. The beginnings of a national CDS program emerged, with the vision of a national effort in which there is some coordination and integration among governorates in the development of CDS.

At this stage, the government has concluded preliminary urban profile studies and identified a first group of four cities. Alexandria's high-profile implementation of a CDS process has also contributed to the planning of a CDS for the greater Cairo region.

In India, there is no direct link between CA and the design of the national program for urban renewal, Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Nonetheless, CA Members, including USAID and ADB, have been supporting the JNNURM and have been looking at other CDS experience. USAID for example carried out an assessment of the CDS in Hyderabad in order to extract the lessons from the process that could serve JNNURM in its requirement for City Development Plans (CDPs).

The Viver Melhor project (World Bank) in Brazil is to implement a state-wide program that builds on the experience supported by Cities Alliance in Salvador Bahia. The World Bank conducted a Poverty and Social Impact Analysis (PSIA) to assess the lessons learned from the experience, with implications for scaling up and applications for other urban upgrading programs.[17]

Scaling up by influencing state or national policy frameworks

Our case studies and review of evaluations suggest that the CA has had successful experiences in influencing policy.

In Brazil, CA contributed to strengthening policy on slum upgrading by supporting efforts to combine infrastructure and social interventions using a participatory approach. The implementation was perceived as successful, and this integrated approach is now the basis for the state of Bahia's urban development strategy.

In Egypt, there is also evidence of CA contribution to the national effort to reform urban planning law, integrating the new emphasis on strategic planning that was noted above. In the PID for the Alexandria Growth Pole Project, the World Bank reports that the new Code introduces *"amendments to the urban planning regulations, with better consideration of squatter settlements characteristics and empowering Governorates to set their own regulations based on specific area needs."*[18] The reform was still in the legislative process at the time of the field visit. Although the primary spark for the reform seems to be the change in leadership at the GOPP, some stakeholders also draw links to the high-profile Alexandria CDS process.

> **When a Project has Limited Effects on the Ground: Issues affecting the Slum Upgrading Project for Kibera**
>
> The Collaborative Nairobi Initiative on Slum Upgrading Frameworks (approved 2002) was launched with the intent to produce social and economic, as well as physical mapping in Nairobi, exploration of community-based mortgage finance systems, work on a national policy on slum upgrading, and the provision of "detailed recommendations for citywide upgrading."
>
> While the project did document a wide variety of work currently underway in Kibera, it did not achieve these objectives. In trying to understand some of the reasons why the project did not proceed as planned, the case study identifies (i) the complexity of the slum challenge in Kibera, and more generally in Nairobi; (ii) definition of elaborate outputs and ambitious objectives and scope that were unrealistic for the level of resources of the project; (iii) a high level project "champion" (Kenya's President) that was an asset at the outset but did not allow for a smooth transition in project "champion" once there was a regime change; and (iv) the high visibility of the project that raised concerns among the residents of Kibera.

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[17] See Judy L. Baker, *Integrated Urban Upgrading for the Poor: The Experience of Ribeira azul, Brazil*

[18] See The World Bank, Project Information Document (PID) Concept Stage, Report No. AB1585, p.4.

In South Africa, the first SA State of the Cities report (produced by SACN with support of a Cities Alliance grant) is noted as one tool that was able to affect the policies of cities and towns because the report influenced the national government to acknowledge the extent of urban poverty and recognize that it needed to be addressed in new ways. Furthermore, the report is stated to have helped the Gauteng Province (where three of the SACN members are located) initiate a campaign to establish a Gauteng City Region project, with the provincial government mobilizing its own resources to address urban issues.

In Kenya, however, as described in the side bar, the CA-sponsored initiative is deemed to have been unsuccessful in achieving changes in the policies and practices of either the Nairobi City Council or the Government of Kenya. Nonetheless, it does appear that in some way the project contributed to the draft stages of a national program (Kenya Slum Upgrading Programme).

Finding 9: CA grants have helped to strengthen the capacities of individuals and organizations at the local level, although the lack of institutionalization is a recurrent theme in CA-funded activities.

Capacity building per se is not an explicit objective of CA, yet in many cases is a necessary precondition for achieving the objectives of the Alliance. CA projects reviewed may either have explicit capacity building objectives or certain activities that aim to strengthen capacity. During the field missions and through review of project documentation, we identified capacities at two different levels: i) individuals or groups of individuals (e.g. the planning committee) and ii) efforts to create units to help institutionalize capacity.

Individuals or Groups of Individuals

In our interviews, respondents often noted that a first level of change in individuals is a shift or change in the understanding of planning or slum upgrading. For example, a respondent in Atanarivo, Madagascar reported the "change in mentality" of participants in strategy processes in favor of a global approach to resolve the problems of slums. Another respondent, speaking from a global perspective, indicated, *"A key result from CA is the change in mentality with respect to what urban planning should be about."*

There are also reported changes in the capacity to implement or do things differently as a result of participating in a CA initiative. In Salvador, the project partners CONDER and AVSI brought together their two different sets of skills – one in infrastructure implementation and the other in social development – using an integrated and participatory approach. The staff from both agencies acquired additional skills by working together, thus generating a more holistic and integrated approach to urban development. For the SU initiative in Mozambique, focusing on flood-prone cities and towns, the field evaluation undertaken suggests that the project increased capacity of communities involved in the project to cope with weather events.

For many cities, the CA project is the first effort to analyze economic potential and develop a strategy on how to move forward. The CA-sponsored initiative may represent a first time to develop a planning platform/forum that involves many stakeholders from the city. In Madagascar, the CA activity is reported to have helped to create platforms for planning in the 196 neighborhoods (fonkontany). Furthermore, CA activities have helped to strengthen or consolidate participatory practices in consultation and planning.[19] A respondent from South Africa noted that key results

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[19] At the same time, we have noted challenges for the participatory processes, including the 24 month duration that is normally suggested.

emerging on the ground from CA initiatives are the capacity transfer and the "exposure" of cities in terms of gaining expertise. In China, the Changsha City-Region, Giuyang, Shenyang CDS: Urban Indicators project was reported to be successful in improving awareness and beginning a 'learning by doing' process of developing and potentially applying indicators to support decision-making.

Moving towards institutionalization

Institutionalization refers to the processes and mechanisms developed that help give continuity, through implementation and update, to CDS or SU efforts beyond the initial CA grant. The examples below illustrate different approaches – including the creation of new organizational units at the municipal level – and concerns regarding institutionalization.

- In Egypt, the second phase grant for the Alexandria CDS, although in early stages of implementation, has a strong capacity development component in the establishment and strengthening of a new City Development Agency charged with program and project development, monitoring, and other aspects of the continuity of CDS. The second phase also aims to help build capacity of a new Lake Management Authority, a mechanism envisioned to help ensure integrated management of the lake.

- In Brazil, the institutionalization of a holistic approach to slum upgrading is being pushed forward through the second CA grant to ensure continuity of previous efforts. AVSI, the international NGO, will be taking on more of a supervisory and capacity-building role with respect to CDM (the local NGO), which will now take direct responsibility for implementation. The transfer of responsibilities for implementation should enhance the capacity of CDM for the future.

- In India, the stakeholders in Hubli-Dharwad (where a CA activity is just beginning) expressed concern about the long-term consequences and possible institutionalization of the CDS. The current Steering Committee is working to build a sustainable committee, but would appreciate more information about how to institutionalize a CDS, particularly since the dynamic HDCM Commissioner who has led their efforts will inevitably be transferred to another city in the next three years.

The cases in Brazil and Egypt illustrate how CA-funded initiatives begin to tackle the issue of institutionalization. The case of Kenya illustrates what can happen during implementation of the CA grant if there is not sufficient institutional backing for the initiative. Although political commitment from the highest level (President) was a benefit for a project of this nature at the outset, it was a detriment in the longer run because of the regime change during the course of the project's implementation and the high level of publicity that was given to a very delicate operation on the ground. In retrospect, focusing the work of the project coordinating committee in the Nairobi City Council rather than the central government might have been one way of reducing publicity around the project and bringing more continuity into the process.

Our review of project evaluations found that questions about institutionalization are often raised in desk reviews conducted by the Secretariat. Furthermore, the driver of institutionalization may reside out of the municipality itself. An ECON study, *The Impacts of City Development Strategies* found that in the seven CDS case studies reviewed, *"institutionalization of the proposals emerging from CDS had not been strong unless there are complementary systems mandated by central governments that offer a suitable framework."*[20]

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[20] ECON Analysis and Centre for Local Government, UTS, *The Impacts of City Development Strategies*, August 2005, p.47

Finding 10: In the case study countries, CA's effects on the ground are affected by at least four key factors: leadership, inter-governmental relationships, capacities, and opportunities.

In the cases that we reviewed, we found that dynamic and strong *leadership* at the local government level was often a driving factor in generating effects on the ground. Some respondents noted that even without a CDS it is likely that positive changes in terms of resources/investments, greater coherence of effort, and a participatory strategic planning process, would have come about in these cities because of the qualities of the local leadership.

A second factor that influenced the possibilities for change at the local level was the role of *inter-governmental relations and/or effects of politics*. In Belo Horizonte (where no CA investment has taken place), successful urban reforms were initiated locally with subsequent full support of the state government. This illustrates the strong role of the local authorities in the state of Minas Gerais, where there has also been much greater political alignment between the Belo Horizonte mayors and state governors. In Salvador and in the state of Bahia, the balance of political forces, together with weak municipal administration, resulted in the municipality being excluded from most urban development initiatives, which have come from the state level. Thus, ironically, the municipality was mostly absent from the CA project supported in the city of Salvador. Had CA chosen to work primarily with the municipal government, progress would undoubtedly have been slower. In the future, however, CA projects should endeavor to work through the municipality whenever possible.

In Egypt, we were told that the initial phase of the CDS did not involve all of the central or line ministries as actively, yet a significant amount of power and authority still rests at the central level. Over time, and with the support of the World Bank, UN Habitat, and others, these actors were engaged.

In the evaluation team's comparison between the city of Salvador (with CA support) and Belo Horizonte in Brazil, the importance of a city's fundamental *capacity* (technical, financial, etc.) came to light. The existing capacities of these cities were fundamentally different and framed the possibilities for change. Furthermore, in cities like Alexandria, Bangalore, and Hubli-Dharwad the *opportunities* abound, whether for economic or cultural heritage development, creating a very favorable environment for developing a city strategy or slum upgrading initiative.

4.1.3 Effectiveness in Advocacy and Knowledge Sharing

The CA ability to advocate for urban issues is linked to its ability to generate and disseminate lessons for its Members and clients. As one respondent noted, *"advocacy is not just about talking;"* it requires CA to produce instruments and methodologies, develop and support networks, facilitate exchange, and draw the lessons from successful and not-so-successful projects. Advocacy also requires the CA to act as a catalyst, encouraging face-to-face discussions within Member countries and organizations with a view to promoting greater policy and program coherence. In this section we examine how CA is serving as a structured vehicle for advancing collective know-how and how it is fulfilling its advocacy role.

CA knowledge sharing and advocacy involves a wide range of activities and target groups. The following findings are organized by target groups.

CA Members

Finding 11: CA uses several methods to distill and disseminate knowledge to its Members, but its current emphasis is on the instruments rather than on the process of exchange. It does not yet have a comprehensive approach or strategy for learning and advocacy.

CA's present design for mobilizing and transferring knowledge relies on the Secretariat, aided by the Policy Advisory Board, to distill the lessons derived from the Alliance's portfolio of projects. These lessons are then disseminated with the objective of influencing donors and recipients to adopt best practices, to enhance policy coherence, and to leverage additional support. Dissemination relies on five interrelated tactics: the actions of the Consultative Group to promote coherence within their countries and spheres of influence; the Annual Report which is CA's only widely distributed communications instrument; visits by senior Secretariat officials to countries and organizations represented on the Consultative Group; comments which CA staff provides to applicants during the proposal evaluation stage; and the Alliance's annual Public Policy Forum where stakeholders meet and lessons are presented. Comments on each of these approaches are provided below.

- As further discussed in Section 4.2.1, there is wide disparity in the efforts and capacities of CG members to disseminate information and promote policy coherence within their (home) organizations. This is a capacity constraint that is likely to persist.

- There is ample evidence that senior policy officials will not pore over lengthy and complex written analyses – particularly when such documents are not available in their mother tongue. This seriously undermines the utility of the Cities Alliance Annual Report[21] its main communication instrument, and the significant investment of time and resources that it entails.

- Interviews with members of the Consultative Group indicate that the most effective way to build trust, communicate information, and influence policymakers is through face-to-face meetings. Visits by senior Secretariat officials were seen as particularly effective, creating opportunities for Alliance Members to bring together officials from different policy sectors.

- Providing comments to CA applicants during the proposal drafting and evaluation stage is arguably the approach with most potential for impact. CA staff comments can have a significant influence on project design, bringing to bear experiences and knowledge of good practices, particularly when there is receptivity on the part of the applicant.

- Although the annual Public Policy Forum was generally deemed useful by Alliance Members, the enthusiasm was not proportionate to the time that Members are expected to commit to this event. Too much time is devoted to overarching presentations by senior figures and not enough to specialty topics that would benefit particular constituencies.

There is enormous variability in what CA Members do to advance Alliance objectives – dissemination strategies range from simply circulating the Annual Reports to the creation of special reports and workshops to determine how lessons might be put into practice. There is presently no Alliance strategy for developing a comprehensive approach to learning and advocacy. At the Marrakech meeting of the Consultative Group (November 2005), the CA Secretariat proposed the development of a strategy for knowledge management and communication. At the time of writing, a draft was not yet available, but perhaps the strategy could consider some of the specific recommendations in this area that are provided in Section 5.

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[21] The Annual Report currently serves multiple ends – strategic planning, reviewing, disseminating information and promoting Alliance activities.

CA's current approaches tend to put emphasis on the tools or instruments for dissemination, rather than on the process by which knowledge is mobilized and exchanged, and the capacity of CA Members to disseminate this knowledge. This point is linked to the manner in which knowledge transfer is conceptualized and to considerations of mandate and responsibilities in this area, chiefly of the CG and the Secretariat. This is discussed further in Section 4.2.1 on governance and management of the CA.

However, the knowledge role of the CA is crucial. As one representative of a Member organization notes, *"The CA is a knowledge program, not a building program, and the value of its work should be viewed accordingly."* The findings in this evaluation point to a need to give greater thought to roles and responsibilities in this area as well as the processes that are used.

Finding 12: CA has contributed to raising the overall profile of urban issues, but it is not clear how successful it has been in increasing the positioning and level of investment for urban development in its Member organizations.

While many respondents indicated that CA had been effective in raising the profile of urban issues because of its unique composition and mandate, it is difficult to find definitive data to support this perception. In the course of this review, it was also difficult to determine CA's effects on its Members in terms of political commitment, urban policy/strategy and programs, and resource allocation. Interviewees and survey respondents from Member organizations had mixed views on the extent to which CA had contributed in these areas.

> *"I think this country's politicians or parliamentarians haven't heard of the Cities Alliance. The CA is not a very good advocate in the political area."* (Member)

Bilateral agencies: While most respondents indicated that bilateral agency cooperation/investment for urban development is declining, there is no hard data on this for most of the CA Member organizations. The evaluation team found that, with some exceptions, urban development was not easily visible in the publicly available communications tools (primarily web sites), strategy documents, or annual reports of the bilateral agencies that are CA Members. As one interviewee noted, "*The lack of attention on urban issues by donors is both striking and frightening.*" This is also affected by recent trends in international development cooperation, such as sector wide approaches, which diminish the decentralization process. Even the Paris Declaration on Aid Effectiveness, as one respondent pointed out, *"invisibilizes"* cities because it is focused on the national interest; there is nothing in the Declaration that refers to principles of good governance at the sub-sovereign level.

Multilateral organizations: The situation appears to be slightly different in the multilateral development banks that are Members of CA. At the World Bank and the ADB, investment in the urban sector is actually picking up, and some respondents noted, at least in the case of the World Bank, that CA activities have helped to facilitate investment in this area. Some indications of the changes in the strategic interest in urban issues at ADB and WB are provided in the side bar.

Respondents identified several potential reasons for the limited visible effects of CA advocacy efforts among agency members, including: the position and character of the agency representatives on the CG, their ability to communicate vertically and horizontally within their agencies, and the mechanisms they use to share information and lessons. In addition, some respondents noted the Secretariat's relatively passive approach to advocacy (i.e., the Secretariat is willing to help out when asked, but is not consistently providing Members with ideas on how to improve the position of urban issues within their agencies.) As noted in Finding 11 above, CG respondents also commented that visits from the Secretariat are one of the more successful advocacy tools for increasing visibility of urban issues within Member agencies.

In assessing the effects of advocacy efforts, however, it is important to consider the time that it takes for organizations to change long-established patterns of behaviour and their spending commitments. The area of advocacy among Members remains a challenge for the Cities Alliance, and most interviewees note that more can be done in this area.

Local Government Authorities (LGA)

The LGAs, also referred to as cities and municipalities in this report, are direct beneficiaries and also a target audience of the Cities Alliance.

> **Multilateral Investments in Urban Development on the Rise**
>
> **World Bank**: Urban development projects accounted for about 3% of World Bank lending throughout the 1970s and 1980s. This rose to 5-6% in the early 1990s[22] and to 12% in 2005. The lending increased from US$0.7 billion in 2004 to US$2.7 billion (22 projects) in 2005.[23] The World Bank makes an average commitment per year of US$1.46 billion for about 7 projects. The pipeline commitments for the next 3 years total US$7.36 billion for 82 projects.
>
> **Asian Development Bank:** The ADB's clear urban strategy (elaborated in 1999 and recently reviewed) made ADB an important player in urban development in Asia. Urban development is a part of the Bank's medium-term strategy. ADB supports urban initiatives with loans and technical assistance. ADB loans increased from US$445 million (5 projects) in 2004 to approximately US$1.34 billion (18 projects) in 2005.
>
> Sources: WB data from the WB presentation at 2005 CG meeting; ADB data from 2005 Annual Report and stakeholder interview.

Finding 13: Specific CA grants have made contributions in supporting peer-to-peer knowledge sharing, partnership development, and networks among cities, but more could be done in this area.

From our field missions, it appears that there are still challenges in ensuring that the information and insights on how cities are coping with slums and designing and implementing action strategies flow smoothly to the target cities that should be the beneficiaries of this information. Respondents from both the Consultative Group and Secretariat also noted the absence of a mechanism for retaining and transferring the tacit knowledge that accrues to city officials, local authorities, and other stakeholders who participate in Alliance projects. At the same time, as indicated earlier, the best way to pass on the lessons gleaned by the Cities Alliance still seems to be through face-to-face contact between people, both experts and practitioners.

Several CA projects have begun to move in this direction by helping to strengthen networks and partnerships among cities in a country or region. These efforts have often had ripple effects outside the region as mayors from other cities seek to learn from their experiences. The support of local and regional networks is worth highlighting because it varies from the standard CDS and SU projects, yet enables CA to generate and disseminate knowledge, as well as facilitate a process of exchange.

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[22] *Cities in Transition*, WB + Local Dev. Strategy, Washington, 2000, 160 pages.

[23] WB presentation at the CG meeting of 2005.

The two primary examples that emerged during the interviews are from the Philippines (an initiative that is now expanding into Asia through the InfoCity platform described in the side bar) and South Africa.

> **InfoCity: Efforts to institutionalize knowledge sharing at a regional level**
>
> In Asia, CA allocated a US$150,000 grant in 2005 to support InfoCity, a web-based sharing platform (http://www.infocity.org), which is being managed by a team in the Philippines and will serve as a depository of CDS information in the region.
>
> It seeks to facilitate the exchange of experiences, ideas, and knowledge, as well as to provide a repository of this type of information among CDS cities in East Asia. The plan for the revival of InfoCity is to let it become a channel for sharing experiences among CDS cities in East Asia, representing at least 50 cities in the region.
>
> Two main types of activities are envisioned in the near term: 1) Enhance infocity.org with the latest knowledge on CDS issues, and 2) Conduct a series of regional dialogues among CDS cities in East Asia. Organizations in Vietnam, China, Indonesia and the Philippines that have been involved in the implementation off CDS in their countries have initially been identified as potential partner organizations. The interviews suggest that this networking has already begun through video-conferences among several of these countries. The long-term objective of this initiative is to institutionalize the knowledge sharing activities among the East Asia CDS cities by anchoring the activities in an organization based in the region.
>
> It is important that it combines the virtual with the face-to-face interaction.
>
> The monitoring and evaluation of this initiative could provide useful insights for future efforts to institutionalize knowledge sharing efforts on a regional level.
>
> Source:www.infocity.org

- **Philippines CDS Program, coordinated by the League of Cities** (now in its third phase) – In addition to supporting cities in their strategy development, the program has also resulted in a network that promotes the exchange of information and experience through its web site (www.cdsea.org) and its newsletter *CDS Herald.* The CDS program *"created a very large space for learning and sharing of experiences between cities, through creation of web-site (www.cdsea.org), documentation about cities' activities, meetings and workshops within cities, among cities, etc, and exchange visits that allowed for learning from other cities' experience."* [24]

- **South Africa Cities Network (SACN)** – Created in 2001, the SACN brings together nine major cities in South Africa and encourages the exchange of information, experience and best practices on urban development and city management. The CA has been one of the SACN's supporters, providing US$750,000 in grants to strengthen the network and to produce the State of the Cities Report in 2004, and an additional $500,000 for the 2006 State of the Cities Report. Members of the network also attended CA meetings in Hanoi and Sao Paolo where they were able to participate in knowledge exchange on urban development and what is being done in other countries.

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[24] Cities Alliance, *Final Project Evaluation of Cities Alliance Grant Project: Upscaling Poverty Focused City Development Strategies in the Philippines*, 2004, p.15.

This type of networking may not be built in or promoted in all CA projects and it may be impossible to do so.[25] But in some cases there are existing networks at the country level that CA project participants could tap in to. For example, in India, we were struck by the knowledge sharing/exchange efforts of the City Managers Association of Karnataka (CMAK), which has its own collection of published best practices. The CA Secretariat's synthesis report on the evaluation of CA activities also found that, *"Horizontal learning among cities has proved to be a highly valued outcome of CDS."[26]*

Finding 14: CA has not yet maximized the opportunities for knowledge sharing and advocacy with existing associations of local authorities, although recent partnership initiatives are moving in the right direction.

Cities on their own cannot produce all the changes required to enable the citywide and nationwide scaling up of successful approaches that is envisioned by CA. Provincial/state and national governments are also of vital importance in shaping the policy and resource frameworks for cities and, particularly, for setting the developmental priorities enshrined in PRSPs and national development plans. These levels of government should also be targets of CA's knowledge sharing and advocacy efforts.

Associations of local authorities can play important bridging roles between the CA (and the cities and Members that are involved in specific country-level initiatives) and this broader context. Not only do they facilitate a platform for sharing know-how and experience that is developed in the strategic planning and management of cities, they also serve as advocates for nation-wide scales of action. The associations could also be the natural link between CA activities and other work being done in country on municipal cooperation.

Several respondents noted, however, that the CA is not yet tapping into these associations as much as it could either at the project or global level. The evaluation team found that in some projects, there are links with the national associations of local authorities and, in fact, the association may either co-sponsor or be the implementing agency for the grant. One example noted earlier is the case of the Philippines and the League of Cities. A strong role is also evident with the City Managers Association of Karnataka and the CDS process in Hubli-Dharwad. (The link between the two is not evident in the slum upgrading project reviewed in Bangalore). The important role of these associations was also noted in the synthesis of evaluations of CA completed activities (2005), *"the role of local government associations in the dissemination of the learning experience and sustainability of the [CDS] process is pivotal."[27]*

The 2002 evaluation of the CA recommended that specific actions be taken in order to benefit from the full potential of the LGAs in the CG. That report noted that the LGA Members of the CA have unequalled knowledge and experience of cities and maintain direct relationships to them through national LGAs. They are vital in any scaling up process of the CA. Similarly, a case could be made for ensuring that linkages to local associations (where these exist) are made in the context of every CA project, both in CDS and SU.

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[25] For example, 30% (17 out of 50) of the CDS projects approved since 1999 provide support to more than one city in a country (e.g. ranging from two cities up to 32 cities in one project proposal), providing an immediate opportunity for networking within the context of one project.

[26] *Evaluation of Completed CA SU and CDS Activities: Synthesis 2005*, p. 31

[27] *Cities Alliance, Evaluation of Completed Cities Alliance Slum Upgrading and City Development Strategies Activities, A Synthesis*, 2005, p. 31

It is positive to note that recent initiatives of the CA are aiming to bridge this perceived gap and strengthen partnerships with these associations. In particular, there is the partnership agreement signed in March 2006 to deepen engagement between the UCLG and the CA through grants for two specific projects: one that aims to support UCLG members in developing CDS focusing on the MDG targets and the other to support establishment of the Municipal Finance Commission to serve as an advisory body to UCLG members, the CA, and the recently formed MFTF. It is still too early to assess these specific initiatives. For CA it will also be important to consider a role for UCLG in the overall strategy for advocacy and knowledge sharing. The regional groups, such as FLACMA, CDSEA, and UCLGA are also important players. In Africa, the recent establishment of the UGLGA provides new opportunities for CA to engage through associations.

Overall, the data suggest that these relationships are worth strengthening as these networks and associations can play a crucial role in the knowledge sharing and advocacy role of the Alliance.

4.1.4 Monitoring and Evaluation

In the evaluation of CA in 2002, the CA's role as a "learning alliance" was reaffirmed as an important aspect of the CA. The report also recommended the development of monitoring and evaluation frameworks and overall strengthening of the monitoring and evaluation function in the CA. The evaluation team recognizes that one of the greatest challenges for CA is addressing the need for monitoring and evaluation that allows it to further its learning objectives, while at the same time balancing the resources available from the Secretariat and implementing partners to engage in monitoring and evaluation activities. It is important to keep this balance/tension in mind.

Finding 15: The CA has made some progress in implementing a monitoring and evaluation system to track performance at the project level. More needs to be done to strengthen this area.

In 2004, CA began a process of institutionalizing project-level evaluations. The process includes two kinds of evaluations for all completed projects. These are described in the Operations Manual as "simplified", based solely on desk review, and "detailed" evaluations, which also contemplate a site visit. All completed projects undergo a desk-review evaluation, carried out by Program Officers at the Secretariat and supported by consultant inputs (increasingly, the independent technical assessors). This review is based on the project completion reports and the periodic results and financial reports submitted to the Secretariat by the implementing partner. The results reports are generally required on a semi-annual basis.

Each year two completed activities are identified for the detailed on-site evaluations. These are usually carried out by teams that comprise some combination of Secretariat staff, PAB members, CA Members, and external consultants. As of July 2006, there were 30 evaluation reports for completed projects on the Members' page of the CA web site, reflecting projects that were completed in the 2001-2004 period. There was also an important effort to develop a synthesis report on the evaluation findings, seeking to extract lessons in both programming areas, and this was published in 2005.

The evaluation team reviewed approximately half of these evaluations and found that the desk reviews present the critical reflections of Secretariat staff – they identify problems in the projects linked to relations between CA Members, participation, etc; and several reviews point to lessons that should be considered in the future design of similar initiatives. Nevertheless, there are limitations to desk reviews in that they rely on implementing partners submitting good quality and equally critical reflections in their semi-annual reports and project completion reports.

Most of the evaluations are not independent external evaluations of CA activities. Although the on-site evaluations (conducted by the Secretariat staff, PAB, and consultants) have the added value of facilitating learning within CA, this approach also raises questions about the objectivity of the analysis. In addition, most evaluations are based on a very short field mission. In order to make judgments about changes that have occurred, it might be necessary to use a more participatory (and generally longer) process, particularly when trying to understand the process and the effects of the process with respect to the urban poor. Finally, there is no longer-term follow-up or assessment (e.g., a visit two years after a CDS or SU project is completed) to see the full range of change in terms of investments, scaling up, on-going coordination and coherence. The resources available might preclude such changes in the current system. However, it is very positive to see the encouragement of stronger M&E incorporated in CDS, evidenced by the *Guidance Framework: Integrating Monitoring and Evaluaiton into City Development Strategies* (2005). This framework explains how to develop an M&E system within CDS that integrates two approaches, one that focuses on the process and the other on the outcomes of the CDS. In addition to serving the city's purposes, it will be a helpful source of follow-up information for the CA.

In addition, we note that CA's current approach to monitoring and evaluation may not capture the full performance story at the project level, for the following reasons:

- First, the application form requests information on outputs (section 7) and expected impact (section 8), but does not define the concept of 'outputs'. As a result, outputs ranged from products/deliverables that could be achieved during implementation (e.g., studies, assessments) to results or changes that were expected at the end of the life of the project (e.g. improved water supply to 100,000 slum households). The second type of output makes monitoring more difficult because it does not provide milestones that illustrate if the project is on track.

- Second, the applicant is not requested to supply information on expected changes at any level between Outputs and Impact (i.e., outcomes and outcome indicators). This limits the implementer's reflection on how changes are occurring and implementer's reports on what is happening with the outputs.

- Third, although the application forms explicitly request impact indicators, several of the proposals we reviewed had no indicators or made fuzzy references to the kind of indicators that would be used.

- Fourth, current CA monitoring is based solely on reports provided by the implementing partner, which makes it quite difficult for CA to identify any weaknesses or bad practices emerging from a project.

The evaluation team recognizes that the challenge for the CA is to balance the need for project design information that will help ensure a quality project and facilitate monitoring (baseline information, specified results, and indicators), without requiring a proposal that is too complicated to prepare.

Use of M&E

One apparent weakness in the current M&E system is that project/activity evaluations are not used as much as they could be to inform subsequent project design in other contexts. Secretariat respondents noted that lessons learned from an evaluation are often not used simply because of staff workload – there is little time to read the evaluation reports and use the data.

Consultative Group respondents were not sure if the field mission offices engaged in sponsoring applications (and thus involved in the design stage) have access to project evaluations or if they are encouraged to review evaluations of projects in the country or in the same type of activity area. Applicants themselves (the partners) could be encouraged to review documents such as the synthesis of evaluations that was produced in 2005 (*Evaluation of Completed CA Activities in Slum Upgrading and CDS: Synthesis*).

Finding 16: CA does not yet have mechanisms for aggregating data at the program/thematic level or for assessing overall Alliance performance; these are two gaps in the current system.

This finding points to two perceived weaknesses in the current approach, which would allow CA to aggregate results to assess contributions beyond the project level.

Lack of programmatic/thematic M&E

A recent positive initiative of the CA is the study commissioned on the Impacts of City Development Strategies.[28] This type of study was referenced in the last evaluation, in which the evaluators noted that the numbers of CDS were sufficient to consider the entire range, to undertake a full evaluation to assess what should be the proper set of purposes for a CDS, necessary components, etc.[29] The CDS impacts study reviews a range of CDS experience across different contexts and served as input for the development of the CDS guidelines released earlier this year.

There is no equivalent study of Slum Upgrading activities, partly due to the diversity of the SU portfolio and the fact that there is no identifiable product or common methodological approach in SU. Yet the CA portfolio is robust enough to begin identifying, in the next few years, different clusters of activities (particularly in SU) that might merit a more programmatic/thematic review across country contexts. (An example of this kind of exercise was the CIVIS newsletter on the CA web site www.citiesalliance.org/publications/civis.html, with a series that focused on Shelter Finance for the Poor. (The CIVIS newsletter seems to have been discontinued after 2002). Cross-country studies can be costly exercises, but they might prove useful to CA Members and become an important source of knowledge and a tool for CA advocacy.

A way to track Alliance performance

CA lacks a set of indicators of organizational performance that could be monitored over time. The previous evaluation noted, *"The Alliance's work program has no overall logical framework, which expresses the overall program methodology and assumptions in terms of the linkages between activities funded, the expected outputs and outcomes, and the overall purpose and goal of the Cities Alliance."*[30]

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[28] ECON Analysis, *The Impacts of City Development Strategies*, 2005.

[29] Development Planning Unit, *Cities Alliance Independent Evaluation: An Assessment of the First Three Years*, November 2002

[30] Development Planning Unit, *Cities Alliance Independent Evaluation: An Assessment of the First Three Years*, November 2002, p. 45

This evaluation finds a similar gap and identifies the need for the CA to begin to develop a medium-term strategic plan (three years) and a simple corporate results framework. The plan should reconfirm CA's key objectives and its strategies for meeting those objectives, identify the full range of Alliance activities (including advocacy, planning, dissemination, and so forth), and indicate projected resource requirements. The plan should also include a results framework that illustrates how CA objectives will translate into results and the performance measures or indicators that will provide signals regarding the performance of the organization.[31]

In the next phase of operation, the CA will need the ability to draw on monitoring and evaluation information to comment on the overall organizational effectiveness of the Alliance.

4.2 Efficiency: Organization and Management

This section on efficiency addresses a broad set of issues that relate to how CA is structured and how it functions to achieve the results described in the previous chapters.

Organizations are not static entities. There is, of course, a strategic core that must conform to the fundamental purpose for which the organization was constructed. But organizations also reflect more transient forces, including the quirks of their founders, the original alignment of interests and tensions among stakeholders, and the compromises that were made to accommodate initial members. As the organization matures and the environment changes, new goals, new pressures and new opportunities emerge, along with the possibility of changing the institution and its practices in order to achieve new heights. This is where the Cities Alliance currently finds itself.

Since its inception in 1999, the Cities Alliance has undergone a significant transformation, with important consequences for its governance. These changes include:

- The creation of a "brand" of the Cities Alliance as a major development player: a coalition of development partners – donors and recipients – seeking to improve policy coherence so as to scale up interventions aimed at slums, urban poverty and city development.

- The success of the Alliance has markedly increased its potential to exert influence, has raised stakeholder expectations, and, at times has provoked competition with mainstream agencies.

- Membership in the Cities Alliance has grown steadily, most recently through the addition of non-donor countries. With growth has come the potential for greater influence but also a wider array of interests that need to be managed. The greater range of interests has added complexity to the task of governing the Alliance.

- Cities Alliance resources have increased, thus expanding its reach and potential to leverage donor support.

- The Cities Alliance has gained considerable experience – comprising both analytic and tacit knowledge – over the past six years. This has permitted the Alliance to engage a broader range of partners.

The growth of the Cities Alliance partnership and recent changes in leadership have created new opportunities for structural change and for rebalancing relationships among the different entities comprising the Alliance.

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[31] These could be deployed experimentally at the start, consisting of a mix of qualitative and quantitative targets.

4.2.1 Governance and Management

This section is concerned with the organizational structures and practices employed by the Alliance to develop and implement a vision, to establish strategic directions, and manage and control its operations – in short, the machinery that links organizational goals to organizational achievements. We also examine emerging challenges that CA faces, and what it will need to do to maintain its organizational purpose, resolve current difficulties, and capitalize on the opportunities that have opened up and that the Alliance has itself created.

> **The Basic Machinery**
>
> There are four main bodies that collectively execute the planning, decision-making, management, and advisory functions of the Alliance: the Consultative Group, the Steering Committee, the Policy Advisory Board, and the Secretariat.
>
> Their existence and mandates were established or provided for in the Cities Alliance Charter.
>
> The Charter is generally regarded by all parties as the definitive statement of organizational purpose and practice. As such, it enjoys iconic status within the Alliance and has only been amended in exceptional circumstances.
>
> In addition to the Charter, the activities and behaviour of the Cities Alliance is shaped by a number of important values, principles and policy decisions. These are invoked, as needed, in the discussion of governance and management.

Consultative Group

The Consultative Group constitutes the main governing body of the Cities Alliance, equivalent to a private sector board of directors. In theory, the Consultative Group is where all organizational authority resides, except that which the Group, by express decision, has delegated to other bodies such as the Steering Committee or the Secretariat.[32]

Until recently, the Consultative Group has consisted of donor countries, donor institutions, and organizations representing cities and local authorities. This has now been augmented by the addition of recipient countries. The Consultative Group is permanently chaired by the Alliance's founders, UN-Habitat and the World Bank. Typically, the Consultative Group meets once a year and decisions are taken by consensus or, more precisely, on a 'no objection' basis, as the Group does not hold formal votes.

Finding 17: Although the Members support the Consultative Group's mandate and manner of operation, their responses suggest that the definition of roles, responsibilities, delegated authorities, and accountabilities for certain functions in the current CA structure need to be clarified.

The interviews with Members of the CA, together with a close reading of the minutes from annual meetings, illustrate support for the general mandate and operation of the Consultative Group. The majority of respondents confidently stated that the Consultative Group is responsible for CA governance, and they appear satisfied with the way agendas are set and decisions taken. Discussions at the annual meetings are viewed as important and consequential.

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[32] This description is at odds with the 2002 evaluation that argued that the Consultative Group had evolved from a consultative body into a governing council and, then, into a public policy forum with responsibility for disseminating policy lessons. The present report explicitly rejects the idea that the Consultative Group has divested itself of its responsibilities for governance.

Notwithstanding this positive assessment, there are also important reasons for the Consultative Group to review its mandate and the overall performance of the governance of the Alliance. Respondents, for example, were much less certain about the allocation of responsibility of certain governance functions such as strategic planning and agenda setting. A majority of respondents suggested that these tasks are divided among several bodies, including the Secretariat and the Steering Committee. There was also uncertainty with regard to the responsibility for knowledge transfer, which is a programmatic/management function in which there is shared responsibility across these bodies.

A review of minutes from the Consultative Group's annual meetings did not reveal any evidence that the tasks in question have been clearly delegated to any particular body. Furthermore, the Charter is silent on this matter. This situation needs to be rectified. These core functions have significant implications for the Alliance's direction and success, and it is important that they be clearly assigned and adequately resourced. To address this, the Consultative Group would need to carefully and systematically review its delegated authorities with respect to the corporate and horizontal activities identified above. Special attention should be paid to the role of CG members with respect to learning and advocacy – that is, to the manner in which knowledge is distilled, compiled and disseminated.

In reviewing its delegations, the Consultative Group should be especially mindful of its capacities as these are constrained by numerous factors. Most obvious is the fact that the Group meets only once a year. This effectively limits the Consultative Group to a strategic, direction-setting role.[33] Over and above this, the Group needs to acknowledge that individual members come to the table with quite diverse capacities, both personal and organizational. The interviews revealed wide disparities in the amount of time that individual members commit to Alliance activities (away from meetings, within their own organizations) as well as wide disparities in their ability to command resources for Alliance purposes. It can be inferred from this that important corporate tasks such as knowledge dissemination[34] would continue to be implemented unevenly (as a result of local idiosyncrasies) should the Consultative Group retain responsibility for their delivery.

Another observation is that the responsibilities of the Consultative Group as a whole – but not of individual members – are set out in the Charter. These are not, however, definitive. For a complete picture, it is necessary to take account of the delegation of authority to the Secretariat and the Steering Committee. Even this leaves some ambiguity, as these bodies act with considerable autonomy in areas of (de facto) shared responsibility, such as agenda setting and knowledge transfer.

Furthermore, the lack of a corporate framework with agreed indicators of organizational performance (see Section 4.1.4 on Monitoring and Evaluation) is one of the factors that limit the management of accountabilities in the Consultative Group. The evaluation team recognizes the difficulty of measuring effectiveness in relation to complex, long-term goals over which the Cities Alliance exercises limited influence. This does not, however, mean that all efforts to evaluate corporate performance and accountability in relation to goals such as policy coherence should be abandoned. The Consultative Group could engage in a useful discussion of indicators that would provide signals regarding the performance of the organization and its constituent organs.

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[33] By way of contrast, private sector boards meet far more frequently, sometimes quarterly.

[34] It is noteworthy that the Consultative Group rejected a key recommendation of the 2002 evaluation - *Independent Evaluation: An Assessment of the First Three Years* – that the Secretariat take on a larger role in respect of knowledge transfer.

Thus, in addition to reviewing delegated authorities, the Consultative Group should also give some thought to the way it manages accountabilities. The Group would considerably strengthen its position as a strategic, decision-making body were it to adopt selective aspects of private, corporate practice, notably the introduction of comprehensive standards established in an annual plan, along with agreed indicators of organizational performance.

Finding 18: Members are generally positive about the addition of recipient countries to the Consultative Group, although this introduces a new source of ambiguity into CA governance that needs to be addressed.

From the start, the inclusion of associations of local government authorities has meant that the Cities Alliance was never, strictly, a "donors club." The recent addition of Brazil, South Africa, Nigeria, and Ethiopia – countries that stand to benefit from Cities Alliance interventions – marks a significant evolution in the CA governance structure.

In interviews Member representatives noted two main goals for including recipient countries: The first is substantive and internal: injecting a recipient perspective into Consultative Group discussions. The second is symbolic and external: bolstering the Alliance's legitimacy.[35] Neither goal is clearly addressed by the Charter with regard to the responsibilities of the Consultative Group. While these changes and the universal support they enjoy reflect positively on the maturity and self-confidence of the Cities Alliance organization, they also introduce new complexity to the CG.

In defining the obligations of Members (noted in Finding 17), the CG can also clarify the role that recipient countries are expected to play, ensuring that their contributions are substantive and not just ornamental. This will also equip the Consultative Group to decide how many recipient countries (and which ones) to invite into the Alliance as full Members, as well as defining a process or mechanism for accepting new members. Presumably, the answers will differ from that for donors [36] for which there would either be no limit or one imposed by mechanical considerations associated with the capacity of the organization to use additional funds and to prudently manage its operations.

Furthermore, the Cities Alliance currently lacks conflict of interest guidelines, which have come into widespread use in both public and private spheres. Along with factors such as transparency, evidence-based decision making, and objective selection criteria, conflict of interest guidelines provide an important line of defense against bias and, equally important, perceptions of bias. The addition of recipient countries is not the only reason for advocating conflict of interest guidelines but it does add urgency to the task, especially as Brazil has been the single largest beneficiary of financial assistance from the Alliance.

For the Cities Alliance to retain legitimacy, it must manage perceptions, including the perception that any Member country or organization might influence strategic decisions in order to benefit from subsequent disbursements. Having conflict of interest guidelines would oblige Members to declare the benefits that would accrue to them from various decisions, thus contributing to a more transparent discussion of corporate priorities.

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[35] A 2004 study by the World Bank's Independent Evaluation Group titled *Addressing the Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs* cited the importance of such membership extensions. The study examined numerous Bank programs with a view to drawing out lessons for, among other things, program governance and management.

[36] This discussion assumes that the knowledge gleaned from the Alliance's 'demonstration projects' can be shared with recipient countries without having to make them members of the Consultative Group.

Finding 19: Among Consultative Group members there is strong, broadly based support for the current decision-making process and for the manner in which the Secretariat interprets the Group's discussion and comments.

The Consultative Group takes decisions on a consensus basis. As indicated earlier, this generally means on a 'no-objection' basis following discussion at the Group's annual meeting. In practice, the deliberations are a good deal more complex and artful than simply polling members to see whether they object. The Secretariat goes to considerable lengths to ensure that decisions will enjoy broad support (or at least crucial support) before they are tabled for discussion. This requires expert knowledge of the reactions that particular issues are likely to elicit and extensive consultations with Members both before and after deliberations by the Consultative Group. Decisions are 'interpreted' by the Secretariat based on the reactions of Members during the annual meetings and in subsequent discussions with the Secretariat.

The evidence suggests that there is strong, broadly based support among the Consultative Group for the current decision-making process and for the manner in which the Secretariat interprets the Group's discussion and comments. Several members expressed the view that the Consultative Group owed its cohesion to the manner in which decisions were taken and recorded, which fomented trust.

The evaluation team sees no reason to question a process that appears to be operating successfully and enjoys considerable support. Nevertheless, it needs to be pointed out that as the Consultative Group expands and diversifies to incorporate new donors and recipient countries, consensus will become harder to achieve as the range of interests encompassed by the group expands. Should this become a problem, the Group may want to consider adopting different decision-making technology, such as that employed by the European Union, whereby activities are grouped under different 'pillars' that are subject to different decision-making rules – consensus, majority voting, and qualified majorities.

Independent of these considerations, the Consultative Group (and the Secretariat) may need to adopt a more standardized approach to recording the results of Group deliberations. This would facilitate the evolution of a corporate memory and would make it easier to build on past initiatives. In particular, the minutes should couple the recommendations with the respective decisions, whether positive or negative. Where a consensus does not exist, or cannot be produced, then the members can be said to comment, suggest or advise.

Finding 20: The remarkable partnership between the World Bank and UN-HABITAT in creating and sustaining the Cities Alliance is to be commended, although at times tensions between the two organizations do affect the efforts to strengthen cohesion and coherence of effort within the Alliance.

As noted in section 3, the arrival of Cities Alliance on the international assistance scene in 1999 was extremely fortuitous for the urban sector. One of the most notable features of the Alliance is its collaborative nature. Recognition should be given to the World Bank and UN-HABITAT for taking the first step to create a framework for global partnerships to achieve the goal of the Slum Upgrading Action Plan. It is remarkable that these two organizations joined forces and this evaluation confirms that all parties involved want the partnership to continue. These are two vital and important institutions working together to advance a common cause.

Nonetheless, there are inevitable institutional differences between the two organizations that have resulted in palpable and reported tensions between the two even before the creation of the Cities Alliance. While this tension may always be there, many respondents referenced it in their interviews with the evaluation team because of the discomfort that it provokes. It appears that the tension, at times, affects the cohesion of the Consultative Group and certainly the dynamics of meetings. The need to balance the needs and interests of the two organizations also influences the analysis of the types of strategies that can be proposed and adopted by the Cities Alliance.

Continuous effort is required by all parties involved to diffuse tensions and ensure opportunities for collaboration and partnership are fully explored, at the country level and in the global dimension of CA's work.

Steering Committee

The Steering Committee was created by the Consultative Group in December of 2000. The intent was to lighten the Group's administrative burden and to ensure that a proactive Secretariat would remain accountable to Alliance members. The Steering Committee's mandate is set out in the minutes of the Consultative Group's Rome meeting but does not appear in the Charter. Membership on the Steering Committee rotates (except for the co-chairs, and UCLG representation) and, recently, the Committee was expanded to include representation from newer members of the CG, in particular recipient countries and other multilaterals.

Finding 21: Although Alliance Members value and support the work of the Steering Committee, there is a need to clarify the Committee's mandate.

Interviews with Member representatives indicate that they value and support the work of the Steering Committee. In particular, they recognize the importance of providing the Secretariat with oversight between annual Consultative Group meetings. But the interviews also revealed a degree of confusion concerning the Committee's mandate. Some respondents felt that the Steering Committee had the authority to make policy decisions while others felt that this responsibility was circumscribed, or retained in whole, by the Consultative Group. This confusion has persisted from the start. In discussing the Steering Committee's mandate, the Consultative Group decided that the Committee would have the authority to interpret policy for the Secretariat but not make it.

A review of minutes from Steering Committee meetings indicates that the bulk of work is, indeed, operational. This said, the Steering Committee does engage in frequent, significant, policy-related discussions. These include vetting the Secretariat's budget and staffing plans (which have allocative implications), discussing adjudication criteria, assessing the Alliance's learning agenda, and so forth. Presumably, it is these matters, rather than operational issues, that led the Consultative Group to expand the Steering Committee to include a recipient country.

Greater clarity in the Steering Committee's mandate would contribute to its effectiveness and would reinforce the Consultative Group's strategic, decision-making role. For this reason, it is recommended that the Consultative Group include the Steering Committee's mandate in its comprehensive review of delegated authorities. In doing so, the Group should be guided by the fact that both the Steering Committee and Secretariat find their semi-annual policy discussions to be extremely valuable.

While the Consultative Group has the last word on policy interpretation, the mandate of the Steering Committee could be adjusted so it can help shape policy recommendations destined to the Consultative Group. The Consultative Group remains the sole decision-making body of the Cities Alliance, except where it expressly delegates away this authority.

Policy Advisory Board

The Cities Alliance website describes the Policy Advisory Board (PAB) as a body of *"…eminent urban experts from each region [who offer] strategic advice to the Alliance's members and secretariat."* The Board was constituted in 2000 and first met in 2001. The first rotation of members took place in 2004. The PAB, currently composed of eight members, meets with the CG once a year.

Finding 22: The original vision behind the Policy Advisory Board has not been updated to reflect changes in the Alliance and in the Board itself.

Although the PAB was established to offer advice to Members and the Secretariat, in practice, the Advisory Board's involvement with the Consultative Group is limited to annual meetings; its principal client tends to be the Secretariat. In interviews, respondents confirmed that the Secretariat is the main recipient of Policy Advisory Board advice, but were not entirely clear on the Board's value-added.

In the past few years there have been changes in the Alliance and in the nature of the PAB. In particular, the Advisory Board's regional, scientific role has been overtaken by the PAB's expansion and by the addition of recipient countries. Similarly, the evolution of the Consultative Group into a strategic, decision-making body – as distinct from an expert, technical body – has reduced the 'market' for the Advisory Board's scientific contributions.

In order to maximize the Policy Advisory Board's value-added, more emphasis needs to be placed on the Board's strategic, as opposed to technical, assets. The Alliance should make better use of the PAB's convening capacity and its ability to access and activate various communities of stakeholders. For example, the Alliance has not taken full advantage of the regional and national networks of PAB members for advocacy purposes. The addition of high profile members to the PAB reinforces this point and suggests that rather than focusing inward (i.e., providing advice to Members), the Board should be reaching outward to stakeholders and decision makers, helping the Alliance to engage governments, members of the regional scientific community, non-governmental organizations, and so forth.

Secretariat

The Secretariat is the principal means by which the Cities Alliance executes its day-to-day operations. The Secretariat reports to both the Consultative Group and the Steering Committee, providing these bodies, as well as the Policy Advisory Board, with services. The major activities of the Secretariat include planning; managing partnership and stakeholder relations; screening, evaluating and monitoring projects; distilling and disseminating project lessons; and promoting the Alliance to the larger donor and recipient community. The Secretariat's salaries and activities are supported by the Trust Fund, as well as by staff secondments (in-kind resources) provided by UN-Habitat; GTZ; Sida; and by France CDC. The organization is housed by the World Bank and occupies World Bank premises in Washington.

Finding 23: The Secretariat is highly regarded and enjoys the trust of Alliance Members.

Interviews with representatives of the Consultative Group, the Steering Committee, and the Policy Advisory Board all point to the fact that the Secretariat is regarded as a quality organization that enjoys the trust of Alliance members and is held in high regard.[37] Furthermore, the transition in program management in 2006 appears to have taken place smoothly and without any loss of confidence in the Secretariat's capacity. Despite this reassuring picture, there are significant reasons for the Alliance as a whole to carefully rethink some of the fundamental assumptions on which the current organization of the Secretariat is based and which govern its relations with the Consultative Group and the Steering Committee. These deliberations will have important consequences for the organization's growth, for the way it positions itself and, ultimately for its ability to realize its objectives. The following findings highlight some of the issues.

Finding 24: The current allocation of corporate authorities within the CA has led to under-resourcing of key activities; capacity constraints within the Secretariat prevent it from taking greater responsibility for crucial tasks such as knowledge dissemination.

A key premise underlying the Cities Alliance was that it would function as a partnership in which the Members themselves would perform key tasks. It was anticipated that Members would pool funds and employ in-house resources (their own) to implement projects, strategize, plan, promote, and disseminate knowledge. With this in mind, it was decided to restrict the Secretariat to a small staff, limiting competition and duplication of effort with mainstream agencies, and ensuring that Members, and not the Secretariat, would be responsible for key activities.[38] In doing so, the Consultative Group constituted itself not only as a governing institution but also as a key management and operational body.

The problem facing the Alliance today is that the Group has not succeeded fully in this latter role, creating a vacuum that cannot openly be filled by the Secretariat without violating fundamental principles of the Alliance. This has weakened the CA capacity to engage in strategic and long-term planning; it has created uncertainty regarding the locus of responsibility for knowledge transfer; and it has resulted in a continuing drag on the ability of the organization to confront critical issues in a timely and decisive manner.[39] Examples abound: While annual Consultative Group meetings generally feature strategic discussions, the annual work program that guides the Secretariat makes no reference to corporate activities such as learning. In a similar vein, the Consultative Group insisted on distinguishing the distillation of knowledge (a Secretariat responsibility) from its dissemination (a Consultative Group responsibility) but interviews reveal a very mixed picture of the zeal with which Members undertake dissemination.

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[37] The finding in this report (19) dealing with the Consultative Group indicates satisfaction with the manner in which members and stakeholders are consulted; with the sensitive manner in which issues are brought forward; and with the way in which decisions are recorded and implemented.

[38] The decision to restrict the size of the Secretariat is confounded with the issue of independence from the World Bank. Having a small Secretariat was important at the start in order to reassure prospective members that the Alliance was intended as a true partnership and not as a strategy, by the Bank, to leverage their resources.

[39] Illustrating the fuzziness surrounding strategic functions is the contrast between the description of the Secretariat's role in the Charter and the Manager's job description. The former focuses on operational management while the latter stresses strategic capacities. Ideally, the natural evolution in the Manager's job would be accommodated by a corresponding evolution in the Alliance's governance machinery.

The lack of clarity regarding corporate authorities has led to under-resourcing of key activities within the Secretariat. This capacity constraint must be resolved if the Cities Alliance is to advance beyond present boundaries.[40] Either the Consultative Group will need to adjust its behaviour, undertaking the tasks for which it is nominally responsible, or the size of the Secretariat will need to be expanded. Realism suggests that a sea change in the capacity of Members or the time they commit to Alliance activities is unlikely.

Finding 25: The Alliance has no formal instrument or established process to ensure the accountability relationship between the Secretariat, the Consultative Group, and the Steering Committee.

Under the present configuration, there is no single instrument or process that can be used to hold the Secretariat accountable for its actions: The annual workplan (referred to as the work program), is precise, but deals only with projects; and the Annual Report, which is largely retrospective and serves multiple ends including promotion, provides an incomplete account of Secretariat activity.

In order for the Consultative Group and the Steering Committee to exercise proper control over the Alliance's strategic directions and principal engagements, the Secretariat should be asked to develop comprehensive long-term and annual workplans. The development of a strategic plan and results framework (referenced in Finding 16) and annual workplans that link to it, would also create the basis for accountability to both the Steering Committee and Consultative Group. There is a strong case to be made for clarifying its functions and establishing a more robust and more comprehensive accountability relationship with the Consultative Group and the Steering Committee.

Finding 26: The Secretariat has remained a small core group, with significant esprit de corps, which has enabled it to facilitate the work of the Alliance in an efficient fashion.

As noted above, from the outset, the Consultative Group expressed the desire for a small and efficient Secretariat, thereby stressing the underlying premise that in an alliance the members would undertake the bulk of the work involved. The Secretariat has remained a small unit, with generally efficient business processes and representative reasonable overhead costs for the CA. One of the factors that has contributed to the Secretariat's ability to work well, with relatively few resources, has been the team spirit that the group has developed over the years. This characteristic of the Secretariat was noted by a number of respondents.

Staffing

Since the establishment of the Secretariat, the staff mix has included staff on secondment from other agencies (UN-Habitat and, more recently, several bilateral donors), World Bank staff assigned to the Secretariat, and a number of fixed co-terminus staff and extended term consultants. The secondment of personnel was foreshadowed in the last evaluation that suggested, *"staff in the donor agencies and LGAs might be enabled to work in the Secretariat for short periods to assist both the education of both sides and the alignment of programs."*[41] From an efficiency point of view, this staffing strategy has helped to augment the Secretariat's capacity without drawing on core resources. From a strategic perspective, the strategy draws mixed perspectives from Members interviewed. For some, it is considered a sensible way of developing a stronger base for the urban development sector among bilateral donors; for others, it is perceived to give favorable advantage to certain donors and thus reduces the CA Secretariat's independence.

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[40] The Secretariat has already exploited various means to augment its capacity, including secondments of staff from other organizations and internal specialization.

[41] Development Planning Unit, *Independent Evaluation of the Cities Alliance: An Assessment of the First Three Years*, November 2002, p. 14.

Secretariat staff no longer includes regional advisors.[42] This staffing strategy had raised some concerns among the Members, as it was seen to put CA in a position of competing with Members rather than playing its facilitating role. Some of the lessons from the experience also indicated that CA staff in the field needed to be closely linked to Members; they could not operate in isolation. Today, the Alliance has staff that provide CA advisory services in South Africa and Western Africa, but these staff were brought on through specific projects and are based in and closely aligned with Members (World Bank and UN Habitat, respectively). This approach appears be working effectively.

Costs of management and operations

The current staffing approach has allowed the CA to operate in an efficient fashion in terms of overhead costs in relation to program allocations. In FY2005, the total cost of the Secretariat was US$ 2.3 million in relation to program allocations of about $14.4 million. This represents a total overhead cost of about 16%, which is considered acceptable to the Members. Although the total Secretariat expenses have increased steadily since FY2000 (see Exhibit 4.6), the percentage overhead rose significantly in FY04 and then decreased because of important increases in program allocations in FY2005.

Exhibit 4.6   Overview of Secretariat Expenses FY2000-05

	Operational	Management and Administration	Total	Total program Allocations	Overhead estimate
FY2000	$926,000.00	$317,000.00	$1,243,000.00	-	-
FY2001	$820,215.00	$435,785.00	$1,256,000.00	-	-
FY2002	$976,748.00	$679,814.00	$1,656,562.00	$14,908,850.00	11.11%
FY2003	$742,096.00	$783,097.00	$1,525,193.00	$8,162,948.00	18.68%
FY2004	$790,044.00	$865,366.00	$1,655,410.00	$6,265,040.00	26.42%
FY2005	$1,285,842.00	$1,055,976.00	$2,341,818.00	$14,433,007.00	16.23%

Source: Cities Alliance, Annual Reports 2001-2005

At the same time, certain strains on the Secretariat's current capacity are also noted (see Finding 24). In the future, it will be important for the CA to monitor/assess the appropriate level of core capacity that may be required in the Secretariat in order to enhance effectiveness.

Managing CA's Relationship with the World Bank

Trust Fund Administration

Finding 27: CA members are generally satisfied with the World Bank's management of the Cities Alliance Trust Fund.

Currently, the World Bank administers the Cities Alliance trust fund, *"a pool of resources that can be used for any activity falling within the work program approved by the Consultative Group."* This includes financing of the Secretariat's operating budget. The pool encompasses both core and non-core funds. Reporting and audit requirements are defined in agreements entered into by the World Bank and Alliance donors.

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[42] Until 2005, CA had regional representatives or advisors for Latin America and the Caribbean, Southern and Eastern Africa, and South Asia.

There is no serious interest on the part of either CA Members or the Secretariat in taking over the management of the Trust Fund or moving it from its 'home' in the World Bank to some other institution. While there is a certain amount of grumbling about the 'inflexibility of World Bank procedures', this is far out-weighed by the confidence that Members and stakeholders express in the Bank's probity and professionalism. The fact that the Bank administers the Trust Fund is considered an asset that helps the Alliance to leverage donor contributions.

Notwithstanding the general level of satisfaction with the management of the Trust Fund, the Alliance's growth and success have created opportunities that Members may wish to explore. Some consideration is being given to deepening the involvement of important regional development banks. Should this gain momentum, it would open the option for the Cities Alliance to create parallel Trust Fund arrangements, mirroring those of the World Bank, but with a broad array of institutions. The advantage of such a move is that it would end the perceived monopoly by the World Bank over the management of Cities Alliance funds without displacing the Bank or diminishing the financial assets subject to its scrutiny.[43] And, while it is difficult to predict the effect this would have on donors, negative reactions could be mitigated by offering donors a choice in the financial institutions that would hold their funds.

Organizational Branding

Finding 28: The CA is creating a "brand" but is also seen by some stakeholders to lack independence from the World Bank.

CA is well known and well regarded among Members and in some of the cities and countries in which it operates. This suggests that there is a CA "brand" that has been created over the past six years that distinguishes it from mainstream programs by virtue of its focus on policy frameworks and local development strategies.

At the same time, in the field missions to Egypt and India the evaluation team found that the CA was not well known among

> *"The CA gains a lot of its credibility by not being donor-driven. It is important to maintain the image that CA is not tied to the World Bank. The CA has to maintain its independence."* (Member)

stakeholders. While there was awareness of CA among those who were directly involved in CA-supported initiatives, interviewees who were not part of the core teams, at least in Egypt and in India, were not clear about what CA is and what it does, and many associated CA automatically with the World Bank. In Brazil, as well, the team found that stakeholders often confused CA with the World Bank. This confusion is further compounded by the fact that the World Bank was task managing the project (such as Brazil and Egypt). In Bangalore, the Cities Alliance was not known among many of the stakeholders mentioned in the proposal for the new slum upgrading project reviewed and one of the first characteristics identified was its association with the World Bank.

The CA brand is affected by factors including its location at the World Bank, the World Bank domain name in the email addresses of its staff,[44] and the World Bank's administration of the Trust Fund. All of these factors pose challenges for consolidating the CA brand as an independent entity.

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[43] The mere fact that the Alliance is willing to contemplate alternative Trust Fund arrangements would help to diminish the perception that it is a World Bank subsidiary.

[44] The web site www.citiesalliance.org illustrates the brand, but the email addresses of staff are person@worldbank.org. While technologically, it is usually relatively simple to change the domain, it may not be possible for other reasons, since it appears that other Global Programs at the World Bank (e.g., CGAP, *info*Dev) also retain World Bank addresses.

Since its inception, the Cities Alliance – and especially the Secretariat – has struggled to demonstrate its independence from the World Bank. The first significant step in this direction was the decision by the Consultative Group to fund Secretariat activities out of the organization's Trust Fund. Despite this, the fact that the Secretariat is housed by the Bank and uses the Bank's communications infrastructure continues to leave the impression that the Alliance is part of the World Bank. While the CA's association with the World Bank clearly facilitates follow-up investment in the cities, it may also lead to perceptions that CA-sponsored activities are pre-conditions for accessing World Bank loans (as one respondent put it, the "carrot" for engaging in CDS).

The World Bank has recently carried out a series of studies on the Global Programs and Partnerships, such as CA, that are housed in the World Bank.[45] A review of these studies suggests that the CA is not the only global program that is facing branding issues as a result of close ties to the World Bank and the multiple roles that the Bank tends to play in these programs.

The issue is more symbolic than substantive and should be managed accordingly. One option would be for the Alliance to dilute, rather than replace, the Bank's perceived influence by creating a Secretariat with more than one office. This would allow the Cities Alliance to retain its Washington base (with its associated advantages) while demonstrating its independence from the Bank.[46] There may also be advantages in having an office or branch of the Secretariat located in close proximity to the Alliance's European members and to Asian and African stakeholders.

4.2.2 Grant Approval Process

The Secretariat's Manual of Procedures describes the business processes of the Secretariat and aims to facilitate a transparent day-to-day management of operations. The manual is a living document (last update March 2006) that blends elements from the World Bank's Operational Manual and the CA Charter, while aiming to suit the needs of CA programs and activities.

This section focuses on the process for approving CA grants, which was emphasized in the framework for this evaluation.

Finding 29: Most CA Members feel that the grant approval process is transparent and generally efficient. Some clients, however, are frustrated by the length of the processing time.

The process for evaluating and approving funding proposals for core funds from the Cities Alliance is documented in the Charter (Annex 1)[47] and in the Manual of Procedures. The process varies slightly depending on the size of the proposal. For amounts up to $250,000, the Secretariat makes the decision and informs the Consultative Group; requests for larger grants go to the Steering Committee, and then on to Consultative Group for endorsement. Also, in the case of medium-size and larger grants, the proposals are sent out to independent technical assessors (ITA). Independent assessors are external specialists who provide a review of the extent to which the proposed project meets the CA funding requirements and is technically, financially, and managerially sound.[48]

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[45] See for example, *Addressing the Challenges of Globalization: An Independent Evaluation of the World Bank's Approach to Global Programs*, 2004 and *Strengthening the World Bank's Role in Global Programs and Partnerships*, 2006.

[46] Previous discussions involving the possible relocation of the Secretariat to Brussels did not focus on a multi-arm solution. More recently, the secretariat put forward a proposal to move one or two staff to UCLG office in Barcelona. However, this proposal did not get CG support and was dropped.

[47] The process in the Charter, however, does not contemplate the role of the Steering Committee.

[48] Cities Alliance, Manual of Procedures, Section. 2.2.2, p. 6

Proposals are received on a rolling basis, but most medium to large size proposals are batched for assessment by the CG on quarterly basis. The Secretariat has set target timelines in which the review process (illustrated in Exhibit 4.7) can be completed in an 8 to10-week period if there are no revisions to the proposal. Factoring in the batching of proposals for CG review, the approval by the CG could be obtained within three to four months from the date of reception of the application.

Exhibit 4.7   Cities Alliance Grant Approval Process
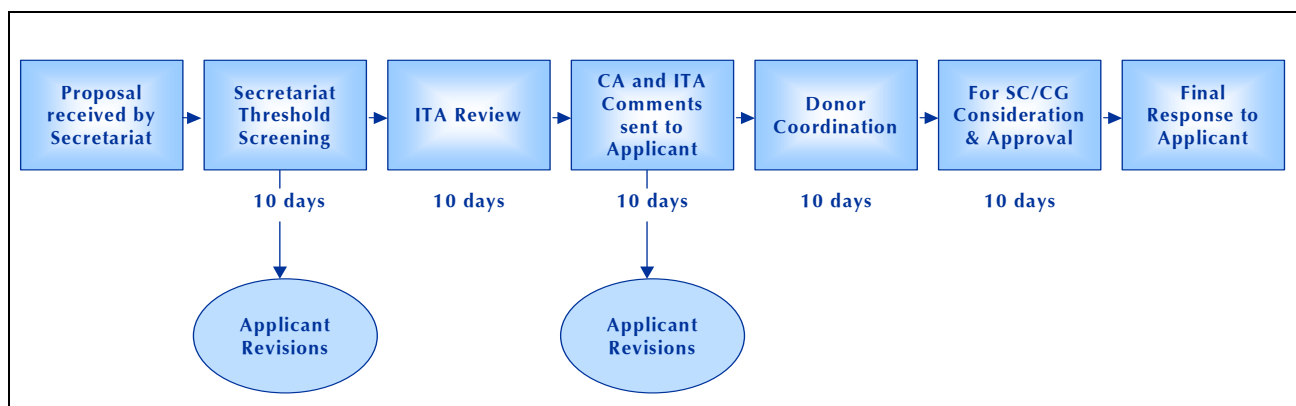
Note: Estimates of number of days for each step is based on combination of interviews and documents on CA web site

It is difficult to determine what the average response time has been for CA grant recipients. The data available do not allow for an analysis of the extent to which the entire approval process is on track (e.g. variance with respect to target dates). Some interviewees reported delays at the Steering Committee review stage. Furthermore, there is a time in which the proposal goes back to the recipient and may also require input of the sponsoring members, so the process may be slowed down due to limited availability of all of these stakeholders.

Although most CA members interviewed did not have any major concerns with the efficiency of the process, CA clients in the field expressed some frustration. Our interviews with stakeholders in Brazil and India indicate that the revisions required to meet all the criteria can make the process much longer. Interviewees in India and Brazil referred to multiple drafts of the proposal and noted the implications for the overall timeframe for approval. One interviewee reported that by the time the project was approved, the policy context had changed and further revisions were required.

A review of 12 proposals currently being tracked by the Secretariat, which were received between 27 April 2005 and 19 June 2006, reveals that six of them did not pass the threshold screening. [49] The screening criteria are presented in Exhibit 4.8. The two main reasons that proposals did not pass the threshold screening were related to lack of linkages to follow-up investment (criteria 3) and insufficient evidence of coherence of effort (criteria 6) – i.e., the proposals lacked clear links to investment or the active involvement of investment partners, or clear specification of how different partners in the country would be involved, including agencies involved in urban sector, private sector, NGOs, and communities. However, we were also told that most proposals that go through each of the steps outlined in Exhibit 4.7 are eventually approved. In a review of the history of proposals submitted and approved by the Cities Alliance, 87 of the 96 proposals submitted between 2003 and 2006 were approved (90.6%). [50]

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[49] Source: Cities Alliance "Tracker: Proposals Received and In-Process", Update July, 2006.

[50] Source: Cities Alliance – Funding Applications History, 4/19/2006

Exhibit 4.8   CA Criteria for Evaluating Funding Proposals

CA CRITERIA FOR EVALUATING FUNDING PROPOSALS	
1. Targeting the Objective	Reduction of urban poverty and direct support for SU or CDS
2. Government commitment and approval	Attachments must help document the government/local authority commitment and approval
3. Linkage to investment follow-up	Investment partners clearly identified and involved from outset
4. Partnerships	Participatory processes with local stakeholders including both private sector and community organizations Participation and ownership by resident communities
5. Co-financing	Co-financing required – 20% for proposals under US$250,000 and 25-50% for proposals between US$250,00 and US$500,000
6. Coherence of Effort	Promotion of cross-sectoral, inter-divisional, and multi-donor coordination
7. Scaling-up	Potential to move beyond pilot projects to systemic interventions at citywide and nationwide scales of action
8. Institutionalization and replication	Development of local mechanisms and models to help city managers and associations of local authorities institutionalize support for CDS and SU
9. Positive impact on environment	Environmental improvements are expected
10. Duration	Deliverables within well-defined time frames, preferably 24 months

Finding 30: The CA proposal review process is generally effective in identifying quality initiatives for approval by the CG, although the data indicate some potential weaknesses in the process.

In the first phase of CA (2000-2002), 51.8% of the proposals submitted were approved; in the period from 2003-2006, 90.6% were approved.[51] It is not clear if this substantial increase was due to the sharpening of applicant guidelines, better quality proposals, or to other reasons. Interviewees report that the current process is generally effective.

One step in the current approval process for proposals over $250,000 is the involvement of independent technical assessors (ITAs) who lend additional credibility and objectivity to the review process. In general, respondents say this process has been working well. During data collection, we consulted several ITAs to discuss their role and their impressions of the strengths and limitations of the review process. ITAs commented that, since it is not possible to verify data in a review of ½ to 1 day, they need to know the facts on the ground that could affect the project. If they are based in the country, they can often point out aspects of the political context that could have an effect on a proposed CA project. They report that they usually do not have access to evaluations of completed CA activities, although these documents could provide insight on lessons from similar CA projects that are relevant to the project proposal under review. The ITAs remain anonymous, which means that they can be candid, but also means that applicants cannot dispute or seek clarification from their assessor. The ITAs are generally not informed of the outcome of the application process, unless they ask the Secretariat. Each of the assessors interviewed expressed an interest in knowing what happened after they reviewed project proposals.

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[51] Source of data for 2003-2006 is the Cities Alliance – Funding Applications History, 4/19/2006, which lists the proposals submitted and approved by region. Source of data for 2000-02 is the 2002 Independent Evaluation of the Cities Alliance.

The current approval process has both strengths and weaknesses. On the one hand, the case studies illustrated that CA Members were usually involved in the development of project proposals. On the other hand, it appears that clients (local authorities or others) who apply for grants often hire consultants or directly engage the sponsoring CA Member to write their proposals in order to speed up the process of obtaining a quality product.

Most of the communication between the Secretariat, who is assessing the proposals, and the applicant is done through electronic means and there are few opportunities for face-to-face engagement. While this has worked in most cases, there are also difficulties inherent in assessing projects from afar. As the India case study points out (see Volume II), after an extensive process of revisions of the project proposal, there were still some concerns with the quality of the recently approved slum upgrading project in Bangalore City which focuses on the extension of water supply and sanitation to the urban poor (see sidebar for a description of the project and synthesis of the issues). The Secretariat also identified potential problems in the partnership and implementation arrangements prior to the evaluation team's visit and was trying to rectify these issues before a grant agreement was signed.

While ten criteria are used to assess the quality of CA proposals, some criteria (such as follow-up investment) may receive more weight than others in deciding whether a project passes the threshold screening. Some

> **CA Project in Bangalore: Concerns about quality-at-entry**
>
> The project aims to build on efforts of the Bangalore Water Supply and Sewerage Board (BWSSB) to introduce metered water connections in some 40 slums over the past few years. The proposal suggests that it will be feasible to provide 362 slums with improved access to water, and even basic sewerage services within five years. Given the complexity involved in providing slums with infrastructure services, this estimate seems infeasible given the scope and extent of the work. Interviews with the lead NGO for the project suggest the target should be revised to no more than 100 slums in the first two years of the project. The work of BWSSB builds on a project initiated by AusAID to introduce individual metering of water in three pilot slums. Although positively written up in a WB Field Note and an academic paper, these efforts have not been formally evaluated.
>
> The case study (see Volume II) points to several challenges for the initiative. The team found potential risks and weaknesses for the project, including: previous pilot experiences in extending water supply to the slums that had not been the subject of formal evaluation (at least no evidence of this), the political context of urban water issues in India and in Bangalore at this time, the selection of the lead NGO, and the apparent lack of a consultative process with some of the key actors to be involved in project implementation (some organizations listed as partners were not aware of the proposed project). Furthermore, in the proposal itself, there is a noticeable lack of data regarding connection rates, costs of labor, percentage of people without metered connections, and average payment rates.

Members are concerned that insufficient attention is given to the environmental criteria (criteria 9), and UNEP has noted that the Secretariat and the ITAs have limited technical expertise in the environmental area. Furthermore, as one respondent pointed out, the review process does not always ensure that Member's suggested changes are incorporated into the proposal before the project is approved, and this has affected the quality of CA initiatives. In 2006, based on a proposal from UNEP and with support from UN-Habitat, the Cities Alliance carried out an exercise to analyze ways of strengthening the environmental dimension in its activities.

4.3 Relevance: The Global Relevance of Cities Alliance

In this section we examine the extent to which the mission and activities of Cities Alliance have met and continue to meet the changing needs of its key stakeholder groups. We also look at CA's comparative advantage, which differentiates the Alliance from other organizations focusing on urban issues in developing countries.

Overall, the feedback (collected through interviews, field visits, survey responses and focus group interviews) indicates that the Cities Alliance is relevant to stakeholders. For a range of reasons that are detailed in the following findings, stakeholders indicated that CA's work is important to the development of an enabling environment for addressing urban issues that concern the poor. The Alliance has established a distinct niche in this area, and with modest resources, is gaining legitimacy in the development and sharing of know-how. CA has made an important contribution to building social capital by providing a forum for learning that brings together a broad spectrum of individuals with similar interests.

Finding 31: Cities Alliance is a very relevant forum for the vast majority of members of the Consultative Group.

There is ample evidence that Cities Alliance is relevant to the key stakeholders who sit on the Consultative Group. The representatives interviewed value the opportunity to exchange views on urban issues and recognize the added credibility that the CA brings to urban development work within their own agencies, many of which have not yet incorporated urban development into the mainstream of their development assistance.

The donor representatives on the CG indicated that CA facilitates dialogue between international agencies and municipalities, a dialogue that is generally absent from the traditional relationships established at the country level in the context of loans or technical assistance. For development agencies involved in countries such as Brazil and India, where disparities between cities vary greatly, CA provides them with access to municipal authorities who have valuable insights on approaches to solving urban issues. In fact, several respondents commented that there is no other international organization that goes across sectors, deals directly with cities, and has some funding support. One clear indication of the relevance of CA is the increasing support that it receives in core and non-core funding commitments from the donor community.

Interviews with representatives indicate that CA is very relevant to donor agencies, particularly those in which the urban agenda seems to be declining and those that have a declining budget (namely USAID or GTZ). Donor respondents noted the following main aspects of CA relevance:

- Providing agencies with a tool for engaging with new clients in a country (i.e., cities and city officials, as opposed to the traditional clients at the country level)

- Providing access to a range of instruments geared at municipal issues – Most agencies interviewed have adequate instruments for dealing at the national level but recognize their clumsiness in dealing with local development

- Shortening the pipeline preparation dialogue or shortening the project preparation cycle

- Strengthening or supporting their respective missions – The CA mission fits very well with donor agendas and helps them to increase the visibility of the urban agenda

- Allowing them to work and dialogue with UCLG

- Fostering new partnerships with private sector, real estate and civil constructions

- Acquiring knowledge on such matters as urbanization, integration, economic growth, and social inclusion

- In some instances (e.g., USAID) the relationship with CA fostered some positive attitudinal changes leading to an increased importance of the urban agenda in the overall directions of the agency.

Donors also emphasized the importance of Cities Alliance as a harmonizing forum, where approaches and initiatives put forward by different agencies could be compared and discussed, and where best approaches could be

> *We are very pleased with CA and we are hanging our future on CA*
> (Donor)
>
> *CA is a model for other sectors to work that way because we are pulling our resources together*
> (Donor)

identified. From this perspective, the Cities Alliance is a vehicle that allows agencies to put into practice one of the guiding principles of the OECD-DAC Paris Declaration, that is coherence of efforts amongst actors and increased donor coordination. Although it is still early to judge the extent to which harmonization has occurred as a result of Cities Alliance, the CA is providing fertile ground where international debates on issues such as SU and municipal capacity building can occur.

Among the recipient countries that are members of the CA, Brazil and Nigeria reported several benefits of CA participation, including opportunities for cities to share issues and experiences. Brazil, for example, reported that it has been able to learn about what happened in India and in Thailand as a result of being part of CA. In the case of Sao Paolo, due to their participation in CA, NGOs and the rest of the first world know about Sao Paolo and provide feedback or commentaries on their municipal strategies.

All respondents interviewed from the Consultative Group (donor members as well as country representatives) emphasized the relevance of CA as an instrument of knowledge generation and exchange. The Brazilians were particularly strong in complimenting CA for the potential it offers to countries to learn about best practices and products; similarly, the Italian representative and the French representative see CA as an enabling mechanism for the production and generation of new ideas.

From a business perspective, there is no doubt that CA also represents an opportunity for donor agencies to leverage additional business. In focus groups, Project Team Leaders at the World Bank and donor agency representatives on the ground were candid about the opportunities that CA provides to them for each dollar invested.

Finding 32: Municipal authorities and community beneficiaries consider the City Alliance very relevant, particularly in terms of providing opportunities for capacity building in a range of areas and giving voice to their concerns.

Through our interviews with municipal authorities who have been involved in CA projects it became apparent that the relevance of the Alliance at the municipal level clearly resides in the capacity building nature of its core programming. Respondents identified the following areas where the capacities of municipal authorities had been enhanced as a result of a CDS project or simply as a result of having entered into discussions with CA (see also Finding 9):

- Urban planning and city management – in Brazil, for example, the staff of Salvador de Bahia indicated that they gained significant experience in these areas through their interactions with CA.

- Self financing – Municipalities and authorities from the Philippines attributed their enhanced ability to enter into financial partnerships with the private sector to their linkages with CA; similarly, other municipalities acknowledged that they had learned a great deal about proposal writing to access financing through CA.

- Inclusive approaches – Several municipalities indicated that one of CA' s most relevant dimensions was its principle of inclusiveness, referring to the approach put in place by CA to bring the voices of the poor into various decision-making fora. Focus groups with community and grassroots organizations in Brazil were quite revealing: Respondents noted that the empowering approach put forward by the CA representative quite rapidly dissolved the 'us and them' divide, in particular as these organizations were invited to express their concerns, were heard, and involved significantly in change processes and decision making.

Finding 33: Cities Alliance has a unique niche in building social capital with respect to the urban poor in developing countries.

Although a range of other organizations and alliances of cities and municipalities are interested and involved in issues related to slums, urban issues and the poor, Cities Alliance continues to distinguish itself by the very nature of its structure and mode of operation. Cities Alliance is a network organization that brings together the donor community, countries, and non-government organizations to interact, share information, engage with each other, and work toward common goals. The majority of Cities Alliance stakeholders pointed to the fact that CA Consultative Group acts as a centre or hub that facilitates interactions between various interest groups, prompting some stakeholders to refer to it as a *"forum where like-minded groups can inform and get informed."*

While evaluation respondents used a number of terms to describe the unique qualities of Cities Alliance, most centred on its ability to build social capital [52]– by providing a venue that brings together individuals from distinct types of organizations sharing a similar interest and by creating a culture in which exchange can occur with ease.

> **Social Capital (Definition)**
>
> The process and conditions of social networking among people and organizations that lead to accomplishing a goal of mutual social benefit, usually characterized by trust, coordinated action, cooperation, involvement in the community, sharing of ideas and joint decision-making.

Interview respondents tended to qualify Cities Alliance's comparative advantage as its "facilitating structure", referring to the frank and open discussions that can take place within the meetings that Cities Alliance facilitates. The Alliance is recognized as a forum whose 'spirit and beauty' come from its non-threatening nature that encourages honest exchanges on key urban issues without the interference of political discourse, and that promotes the development of trust and friendship that is often lacking in the structure of other organizations or networks. Most respondents feel that the collegial and cooperative atmosphere of Cities Alliance is a key factor in supporting productive exchanges and reflection between donors, NGOs and countries. As mentioned by one respondent and echoed by many peers and colleagues, "*If Cities Alliance did not exist, we would have to invent it.*"

The overall sense of relevance of CA is high and the Alliance should be praised for the benefits that most of its stakeholders were quick to acknowledge.

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[52]Although the term 'social capital' has been defined in different ways, one of the most interesting definitions, and one that applies to Cities Alliance, is from Putman (1993) who sees social capital as a set of horizontal associations amongst people who have an effect on the productivity of a community. The side bar above provides a composite definition developed by Universalia from a number of different sources.

5. Conclusions and Recommendations

There is no question that cities play a significant role in development. The challenge is to ensure that city development plans and municipal policies consider the needs of the urban poor as a top priority. The Report of the Third Session of the World Urban Forum (June 2006) emphasized three key approaches to addressing urban issues: building coalitions to address needs of the urban poor, meeting the financing challenge of slum upgrading and sustainable infrastructure development, and re-inventing planning as a tool for sustainable urban development. These elements provide the context for our conclusions and recommendations to the Cities Alliance.

5.1 Conclusions

The independent evaluation of the CA found that Members and other stakeholders generally support the Alliance's current directions, and confirmed the value and relevance of the CA program focus on two areas: *Cities without Slums* and *City Development Strategies*. (There is still much work to be done in these areas as is made evident in the recent report on progress in achieving the MDGs (*Millennium Development Goals Report*, 2006), which notes that many countries will not meet the target of improving the lives of slum dwellers.) These two pillars provide a solid programming mix for embracing key transversal urban issues and achieving CA objectives. This evaluation also found that the CA's work on municipal finance, which has been gaining momentum since 2004, is a necessary complement to the programming mix. Although this is not yet fully integrated with the rest of the CA work program in a way that helps cities to fill gaps in the financing of CDS and SU initiatives, the Alliance has taken steps in the right direction. The future role of CA and the emphasis that this area should have in its work program in the future should be guided by the outcomes of the work of the MFTF.

The Cities Alliance has demonstrated effects on the ground, especially considering the generally modest level of resources that it can allocate to cities. Through technical assistance grants for city upgrading or strategic planning initiatives, it has also contributed to taking project experience to a nationwide or city-wide scale of action, reflected in the replication and adaptation of its initiatives and/or new or revised policy frameworks. In the cities that CA has supported, it has had some success in improving the coherence of efforts in development cooperation for urban development. The CA has been able to make linkages with follow-up investments in the projects that it has supported, although it will need to continuously strengthen this aspect and also help cities to pay increasing attention to domestic sources of capital where possible. The CA has contributed to the development of capacities of project stakeholders, both individuals and organizations, in areas such as strategic city planning, participatory processes, and integrated approaches to slum upgrading.

The Cities Alliance has been less successful in two areas – advocacy and knowledge sharing – that are equally important for achieving its objectives. The CA needs to strengthen its role in generating policy coherence and increasing synergies among the different actors involved, and in influencing national or global development agendas. In a related vein, the CA has not paid sufficient attention to the process of knowledge exchange and transfer among its stakeholders (Members, clients, and other actors in urban development). The Alliance lacks an overall strategy for ensuring that its influencing and knowledge-sharing role helps it to achieve its objectives. Knowledge sharing and advocacy have been constrained by the limited time and resources that Members and the Secretariat can allocate to these areas.

During the past three years, the CA has taken great strides in improving its monitoring and evaluation to support the "Learning Alliance", but there are some gaps in the current approach that limit the availability and use of performance information for learning, program design, and corporate accountability.

In recent years the Cities Alliance has grown in strength and numbers. The current internal context of CA, including the entry of recipient countries as Members, provides an opportunity to revisit several aspects of its governance and management structures and practices. In particular, there is a need to modify the roles and responsibilities of the different entities that form the CA structure. The CA "brand" has emerged over the past six years, although it still needs to be strengthened, particularly if the CA is to take on an even greater role in scaling up the issue of the urban poor in the global development agenda. The evaluation found that, on the whole, the CA has been efficient in implementing its work program and keeping low administrative costs, while at the same time ensuring that the collaborative spirit of the coalition also permeates its Secretariat.

CA is an extraordinarily relevant organization, both in terms of the substance that it addresses and its collaborative, inter-sectoral approach to urban development. It is valued by its Members as a harmonizing and knowledge-sharing forum that enhances the credibility of their own organizations.

Overall, the evaluation found that the CA has continued to be a successful partnership initiative and valuable player in the international assistance scene. The recommendations in the following section identify areas in which the Alliance can tighten its focus and improve performance for that success to continue.

5.2   Recommendations

The evaluation confirmed that CA's program focus on CDS and SU initiatives is appropriate and should be maintained. CA should continue to integrate the two areas to the extent possible (i.e., city development strategies should include an approach to upgrading slums and preventing slum development) and also ensure that the transversal issues facing developing country cities, such as the environment, or issues of particular importance for certain countries and regions, such as metropolitan governance, are addressed within this programming framework.

Recommendation 1:   The Cities Alliance should now "Scale up the Issue" of upgrading slums and preventing slum formation in the broader development agenda.

The rationale for this recommendation stems from findings 4, 6, 7, 8, 11, 12 and 14. Cities and their slums continue to grow and outpace the efforts that Cities Alliance and its Members have made to improve the living conditions for the urban poor. The *Cities Without Slums Action Plan* recognizes this challenge and sets ambitious targets.

Although CA programming areas and project-level investments are generally on the right track, the CA should now develop a more robust effort to "scale up the issue"– that is, the urban side of the world community's poverty reduction mission. This recommendation is related to how the Alliance is approaching its role of influencing and challenging donors, governments, the private sector, and slum communities to improve the lives of 100 million slum dwellers by 2020.

In an era in which there are no net increases in ODA, there is competition for existing financing to address the various priorities embodied in the MDGs. In order to effect the kinds of change that CA would like at high levels in institutional settings (policy decisions and resource allocations that favor poverty-focused urban development), the Cities Alliance will need to develop a higher level approach to advocacy.

In doing so, the CA should consider the following types of initiatives:
- The Secretariat should develop a clear and comprehensive strategy for influencing and advocacy, which would be discussed and approved by the CG. The strategy should indicate who the CA is intending to influence, how they are going to do it, who is going to do it, and the resources required. The CG will also need to allocate resources for such a strategy.

The strategy should consider some elements that perhaps the CA has not tried before, such as the use of different media and new tools/forums for enhancing visibility of the issue.

- If the CA wants cities to be seen as central to the development agenda, it will need to identify and recruit individuals who have widespread international credibility to champion its advocacy efforts. (Other MDGs have visible champions – e.g., Bill Gates on issues of health and HIV/AIDS, and a High Level Group of Education Ministers on the issues of Education for All.) As the CA moves to a higher level, the CG and Secretariat will need to pay increasing attention to enhancing the CA brand through the use of visible champions and spokespersons such as Jeffrey Sachs.

- The CG should define the roles and specific responsibilities of individual Members, the Secretariat, and the PAB with respect to advocacy, based on a proposal prepared by the Secretariat. It should also recognize the limited capacity of Member organizations to engage in advocacy activities.

- The Secretariat should work with the Consultative Group to develop an expanded program of visits to Members involving workshops that cut across jurisdictional and organizational boundaries to promote coherent policies that address urban poverty.[53]

- In order to enhance advocacy for cities at the national/regional level, the CA should continue to strengthen its partnerships with associations and networks of local authorities. These networks play crucial roles in raising state or national attention to policy issues for cities. The Secretariat should outline the ways in which it will build on the partnership with UCLG and expand linkages with other regional and, where possible, national associations.

Recommendation #1 – Summary of Actions

- Develop influencing/advocacy strategy for the CA
- Define roles and responsibilities for advocacy of Secretariat, Members, and PAB
- Develop an expanded program of visits to Members
- Map out plan of action for strengthening partnerships with associations/networks of local authorities in countries and regionally

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Recommendation 2: The CA should continue its work on municipal finance issues and increase the integration of sustainable financing in CDS and SU initiatives.

This recommendation emerges from findings 5, 6 and 7 and refers to the issue of sustainable financing in cities that have developed strategies or upgraded frameworks/initiatives with the support of the Cities Alliance. The CA has helped to leverage follow-up investments, primarily from IFI and bilateral sources, but more needs to be done to ensure adequate investments for tackling complex social issues. One of the primary ways in which the results of SU and CDS could be improved is by improving the linkage to follow-up investment from IFI, bilateral, and domestic capital sources.

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[53] Workshops provide an ideal opportunity for the Secretariat to address a cross-section of decision makers and serve as a catalyst for horizontal policy discussions that focus on city development strategies and slum upgrading.

It is in the area of domestic capital resources and municipal finance that a few specific recommendations can be made.

- Much of the CA work in this area is relatively new, dating from 2004. The CA will need to articulate the role and the relative weight that it will give to finance issues in its future work program, given what other actors are doing in this area. Once the Municipal Financing Task Force (MFTF) has concluded its first mandate, the Secretariat should consider future programming options and present these to the CG.

- In the meantime, the CA should continue to support the development of more effective institutional partnerships among the actors involved in strengthening municipal financing. This is a natural role for CA to play as part of increasing the coherence of development cooperation. Thus, it should continue to support the capacity of the MFTF and UCLG Urban Finance Commission to interact with other key multilateral interveners.

- Additionally, through the MFTF, CA may wish to work more closely with other international partners to fully develop a "menu of financing" solutions as recommended in the April 2004 paper entitled *"Linking City Financing Needs with Domestic Capital: A Draft Agenda for the Cities Alliance"* and link this matrix to the development of CDS and SU strategies.

- In its approach to new CDS and SU, the Alliance should integrate mechanisms that will ensure that cities' perspectives on capital financing are brought to the attention of higher levels of government in the nation in question. (These mechanisms should include existing national associations and networks of local government authorities.)

- Future city development and slum upgrading strategies should be required to address the issue of sustainable funding. The issue needs to be raised from the assessment stage of the CDS and even in the application to CA. This would likely require further guidance from CA Secretariat.

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Recommendation #2 – Summary of Actions

- Review suite of CA programming efforts in Municipal Finance (Secretariat / MFTF)

- Articulate role and priority for municipal finance in future work program

- Support development of effective institutional partnerships (including MFTF)

- Develop menu of financing solutions presented in 2004 paper (Secretariat)

- Integrate mechanisms into CDS and SU initiatives to ensure cities' perspectives are heard at higher levels of government

- Set target and develop plan to ensure future CDS and SU activities contemplate funding issues

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Recommendation 3:   The Secretariat should strengthen and enhance the CA monitoring and evaluation system.

Findings 15, 16 and 25 provide more detail on the rationale for this recommendation.

CA has elements of a monitoring and evaluation system at the project level and has made great improvements in the past few years. However, this is such a crucial area for the Alliance and its Members that more thought needs to be given to the approach to monitoring and evaluation. This recommendation focuses on three areas of monitoring and evaluation that could be strengthened in order to improve CA learning and accountability.

Project Level M&E

- In CA projects, the challenge is to improve project design in a way that facilitates monitoring and assessing results. In large part, this has to do with specifying the outputs, <u>outcomes,</u> and impacts in each project proposal, and developing indicators that will be used for tracking progress. Although some of these elements are already part of the CA proposal application, the outcomes and their indicators are not. The OECD-DAC definitions of these terms should be provided in the application.

- Progress and completion reports should clearly address progress towards Outputs, Outcome, and Impact areas.

- The field evaluations led by mixed teams (PAB, Secretariat, external consultant) should continue, and, if possible, increase in number each year.

Thematic Level Evaluation

The CA portfolio is sufficiently developed to begin identifying clusters of activities that merit a programmatic review across country contexts (e.g., a review of a group of SU initiatives that focus on water supply and sanitation services). These evaluations, which may be more costly than project evaluations, should be done periodically. Over time, these evaluations should move towards impact assessment.

Corporate Performance Measurement

Although the previous evaluation of the CA recommended that the Alliance develop a monitoring framework against which its progress could be measured, today, the question remains of how to assess the Alliance's performance. CA does not have a strategic plan that articulates what it hopes to achieve over the next three years, or how it plans to allocate work and resources in slum upgrading, city development strategies, financing issues, knowledge sharing, and advocacy.

Thus, one of our key recommendations to strengthen accountability is that the CA should develop a medium-term strategic plan and corporate results framework. The plan should reconfirm CA's key objectives and its strategies for meeting those objectives, identify the full range of Alliance activities (including advocacy, planning, dissemination, and so forth), and indicate projected resource requirements. The plan should also include a results framework that illustrates how CA objectives will translate into results, the performance measures or indicators that will provide signals regarding the performance of the organization,[54] the ways in which performance data will be collected, and the responsibilities for data collection. This performance information will be particularly important as the CA increases its funding of global, multi-regional projects that are not anchored in a particular country context.

Recommendation #3 – Summary of Actions

- Integrate outcomes into the proposal format and provide OECD-DAC definitions of Results-Based Management terms in the guidelines/application.

- Review format of progress reports/completion reports to ensure comments are provided at least on outputs and outcomes (progress towards outcomes)

- Identify "clusters" of activities that could be subject to a cross-country assessment

- Develop medium-term strategic plan and results framework for the CA

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[54] The 2004 World Bank evaluation of Global Programs and Partnerships noted that the majority of the Bank's global programs, including the Cities Alliance, could benefit from the discipline imposed by performance measures. These could be deployed experimentally at the start, consisting of a mix of qualitative and quantitative targets.

Recommendation 4: The CA should review and revise the roles, responsibilities, and delegated authorities of the CG, PAB, Steering Committee, and Secretariat, and should update its policies and procedures.

Findings 17, 18, 19, 21, 22, 23, 24 and 25 provide more detail on the rationale for this recommendation. In order to adjust to the current context and improve its overall performance, the CA needs to clarify and strengthen roles, responsibilities, and delegated authorities. The Secretariat should review responsibility for corporate activities (such as strategic planning, agenda setting and advocacy, and knowledge transfer) and present a proposal to the Consultative Group.

This exercise should consider actions such as:

- Define the responsibilities of Members, in particular their obligations for advancing the Alliance's learning agenda. Identify useful practices developed by Members for knowledge dissemination and policy coherence.

- Adjust the mandate of the Steering Committee to include the authority to make policy recommendations to the Consultative Group. Reconfirm the CG as the sole decision-making body of the CA, except where it expressly delegates authority. Thus, the CG should have last word on policy interpretation.

- Expand the mandate of the PAB to increase its role in the influencing/advocacy agenda of the Alliance (in addition to the technical/scientific advice). The CA should seek ways to make better use of the Board's convening capacity and its ability to access and activate various communities of stakeholders. This may require expanding the Board to include a technical group and a policy/advocacy-oriented group. The Secretariat, in concert with the PAB, should develop options for a revised/expanded mandate of the PAB.

- Define the Secretariat's role, functions, and authority for corporate activities such as corporate strategic planning, knowledge sharing/transfer/dissemination, and influencing/advocacy.

- Develop conflict of interest guidelines. For the Cities Alliance to retain legitimacy, it must manage perceptions, including the perception that Members might influence strategic decisions in order to benefit from subsequent disbursements. Having conflict of interest guidelines would oblige Members to declare the benefits that would accrue to them from various decisions, thus contributing to a more transparent discussion of corporate priorities.

- Adopt a standardized approach to recording the results of CG deliberations. Minutes of CG meetings should link recommendations to decisions taken, whether positive or negative. This would facilitate the development of a corporate memory and would make it easier to build on past initiatives.

Recommendation #4 – Summary of Actions

- Define responsibilities of Members in learning and knowledge sharing.
- Identify some of the useful practices developed by Members for knowledge sharing and policy coherence.
- Adjust mandate of the Steering Committee
- Expand mandate of the PAB to emphasize role in advocacy
- Define Secretariat's role, functions and authorities for corporate activities
- Develop conflict of interest guidelines
- Adopt standardized approach to recording results of CG deliberations

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Recommendation 5: The CA should strengthen its role in sharing knowledge that is of use for Members and for cities.

This recommendation is based on Findings 11, 12, 13, 14, 17 and 24. There are four key elements of change to keep in mind for improving the CA role in knowledge sharing. First, the CA will need to be realistic about the capacity of its Members to carry out concrete activities to support knowledge sharing. Second, it will need to pay more attention to the processes that are used for sharing knowledge, which implies a need to privilege face-to-face activities as a primary means of dissemination. Third, the Alliance's work program should identify knowledge-sharing activities and allocate resources for them. Fourth, in order for the CA to expand its knowledge sharing role, the Secretariat will need to play a larger role in facilitating knowledge distillation and knowledge transfer.

The following aspects of knowledge sharing should be considered:

- Link knowledge-sharing activities to CA's objectives for influencing and advocacy, and to target audiences.

- Identify a few "clusters of ideas" – areas in which the CA is building a knowledge base and is willing to distill and share knowledge more widely; these clusters could be discipline-based (e.g. housing) or process-based (e.g. participation). The Secretariat could engage with Members in a series of activities and products in the cluster areas, including workshops, conferences, cases, videos, policy briefs, with at least some products available in multiple languages.

- The Secretariat, with Members, should engage national and regional associations of local authorities in the knowledge distillation and sharing effort.

- The Secretariat should prioritize among the multiple ends that the Annual Report currently serves (strategic planning, reviewing, disseminating information, promoting Alliance activities) and make the report shorter and more reader friendly.

- The CA should strengthen its existing mechanisms and create new ones (such as peer networks) for retaining and transferring the tacit knowledge that accrues to city officials, local authorities, and other stakeholders who participate in Alliance projects.

- The CA should experiment with new meeting formats for the Public Policy Forum, particularly with formats that allow small groups to convene and exchange information in workshops. The Forum would thus evolve into a "conference of conferences" in which a diverse range of stakeholders participate. Responsibility for initiating these workshops could be devolved to members of the Consultative Group, to members of the PAB, and to officials and academics from the country or city that is hosting the Forum. A revitalized Public Policy Forum could include the peer networks noted above, providing them with opportunities to meet, exchange views, and share experiences and solutions with Members.

Recommendation #5 – Summary of Actions

- Identify the influencing/advocacy objectives that link to knowledge sharing activities

- Identify priority "clusters" of ideas where the Secretariat should distill and disseminate knowledge

- Review and prioritize purposes of Annual Report

- Strengthen peer networks among cities participating in CA initiatives

- Experiment with new formats for Public Policy Forum

Recommendation 6: The CA should strengthen the CA Secretariat so that it can play a greater role in advocacy and knowledge sharing.

This recommendation is based on Findings 11, 12, 13, 14, 24, 25 and 26.

If the CA is to take a greater role in knowledge sharing and advocacy, it will require an increased level of effort from the Secretariat. The Secretariat's capacity could be strengthened through a small increase in number of staff, part of which could be achieved through secondment. The CA does not require a large Secretariat operation, but it may need to slightly increase its staffing.

Once the medium-term strategic plan in Recommendation 4 is put forward (which should include the scaled-up approach to advocacy and knowledge sharing), staffing requirements should be assessed. If the Secretariat capacity is strengthened, the CG will also need to establish more robust and comprehensive accountability mechanisms between the Secretariat and the Consultative Group and Steering Committee. These would be based on the medium-term strategic plan and annual workplans for the Secretariat.

Recommendation #6 – Summary of Actions

- Assess staffing requirements in Secretariat for playing greater role in advocacy and knowledge sharing
- Secretariat to present annual workplans to CG and Steering Committee that are linked to the medium-term strategy

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Appendix I List of Findings

Finding 1: CA has sustained its programming focus in the priority action areas of City Development Strategies and Slum Upgrading.

Finding 2: Geographically, CA grant allocations have shifted somewhat towards Sub-Saharan Africa and a greater number of global and multi-regional initiatives.

Finding 3: Some stakeholders are concerned that cities with limited resources and capacity do not access CA funding.

Finding 4: CA's current mix of SU and CDS programming is appropriate and flexible enough to embrace key transversal urban issues in developing country cities. Many issues remain to be addressed in the complex areas of SU and CDS, but most respondents fear that expanding CA's focus in terms of another major theme would dilute its efforts in these areas.

Finding 5: CA has begun to explore programming in sustainable finance for cities. This is a positive step, but CA's future role in this area and how it will be integrated in SU and CDS projects is not yet evident.

Finding 6: In general, the case studies show that CA programming activities contributed to improved coordination and greater coherence of efforts among local and international partners in the cities targeted by the grants. However, CA project documents illustrate that achieving coherence is still a challenge.

Finding 7: The US$80 million in grants provided by the CA (through FY2006) have been linked to approximately US$8.2 billion in investment finance, primarily from international sources. However, the leverage for follow-up investment is not evident in all CA projects reviewed and is perceived to be a weakness by some CA Members.

Finding 8: Scaling up remains a challenge overall, but there is evidence of CA-supported activities contributing to the development of statewide or nationwide scales of action, particularly in the replication of CDS activities.

Finding 9: CA grants have helped to strengthen the capacities of individuals and organizations at the local level, although the lack of institutionalization is a recurrent theme in CA-funded activities.

Finding 10: In the case study countries, CA's effects on the ground are affected by at least four key factors: leadership, inter-governmental relationships, capacities, and opportunities.

Finding 11: CA uses several methods to distill and disseminate knowledge to its Members, but its current emphasis is on the instruments rather than on the process of exchange. It does not yet have a comprehensive approach or strategy for learning and advocacy.

Finding 12: CA has contributed to raising the overall profile of urban issues, but it is not clear how successful it has been in increasing the positioning and level of investment for urban development in its Member organizations.

Finding 13: Specific CA grants have made contributions in supporting peer-to-peer knowledge sharing, partnership development, and networks among cities, but more could be done in this area.

Finding 14: CA has not yet maximized the opportunities for knowledge sharing and advocacy with existing associations of local authorities, although recent partnership initiatives are moving in the right direction.

Finding 15: The CA has made some progress in implementing a monitoring and evaluation system to track performance at the project level. More needs to be done to strengthen this area.

Finding 16: CA does not yet have mechanisms for aggregating data at the program/thematic level or for assessing overall Alliance performance; these are two gaps in the current system.

Finding 17: Although the Members support the Consultative Group's mandate and manner of operation, their responses suggest that the definition of roles, responsibilities, delegated authorities, and accountabilities for certain functions in the current CA structure need to be clarified.

Finding 18: Members are generally positive about the addition of recipient countries to the Consultative Group, although this introduces a new source of ambiguity into CA governance that needs to be addressed.

Finding 19: Among Consultative Group members there is strong, broadly based support for the current decision-making process and for the manner in which the Secretariat interprets the Group's discussion and comments.

Finding 20: The remarkable partnership between the World Bank and UN-HABITAT in creating and sustaining the Cities Alliance is to be commended, although at times tensions between the two organizations do affect the efforts to strengthen cohesion and coherence of effort within the Alliance.

Finding 21: Although Alliance Members value and support the work of the Steering Committee, there is a need to clarify the Committee's mandate.

Finding 22: The original vision behind the Policy Advisory Board has not been updated to reflect changes in the Alliance and in the Board itself.

Finding 23: The Secretariat is highly regarded and enjoys the trust of Alliance Members.

Finding 24: The current allocation of corporate authorities within the CA has led to under-resourcing of key activities; capacity constraints within the Secretariat prevent it from taking greater responsibility for crucial tasks such as knowledge dissemination.

Finding 25: The Alliance has no formal instrument or established process to ensure the accountability relationship between the Secretariat, the Consultative Group, and the Steering Committee.

Finding 26: The Secretariat has remained a small core group, with significant esprit de corps, which has enabled it to facilitate the work of the Alliance in an efficient fashion.

Finding 27: CA members are generally satisfied with the World Bank's management of the Cities Alliance Trust Fund.

Finding 28: The CA is creating a "brand" but is also seen by some stakeholders to lack independence from the World Bank.

Finding 29: Most CA Members feel that the grant approval process is transparent and generally efficient. Some clients, however, are frustrated by the length of the processing time.

Finding 30: The CA proposal review process is generally effective in identifying quality initiatives for approval by the CG, although the data indicate some potential weaknesses in the process.

Finding 31: Cities Alliance is a very relevant forum for the vast majority of members of the Consultative Group.

Finding 32: Municipal authorities and community beneficiaries consider the City Alliance very relevant, particularly in terms of providing opportunities for capacity building in a range of areas and giving voice to their concerns.

Finding 33: Cities Alliance has a unique niche in building social capital with respect to the urban poor in developing countries.

Appendix II List of Recommendations

Recommendation 1:   The Cities Alliance should now "Scale up the Issue" of upgrading slums and preventing slum formation in the broader development agenda.

Recommendation 2:   The CA should continue its work on municipal finance issues and increase the integration of sustainable financing in CDS and SU initiatives.

Recommendation 3:   The Secretariat should strengthen and enhance the CA monitoring and evaluation system.

Recommendation 4:   The CA should review and revise the roles, responsibilities, and delegated authorities of the CG, PAB, Steering Committee, and Secretariat, and should update its policies and procedures.

Recommendation 5:   The CA should strengthen its role in sharing knowledge that is of use for Members and for cities.

Recommendation 6:   The CA should strengthen the CA Secretariat so that it can play a greater role in advocacy and knowledge sharing.