

Executive Committee Meeting  
Kampala, Uganda  
6 June 2012

Agenda Item No. 1: Opening and Welcome  
Support Document: November 2011 EXCO Meeting Report

Background:

The Meeting Report from EXCO's November 6, 2011 meeting in Maputo has been cleared by the EXCO Chair.

Recommended Actions:

- Approve the November 2011 EXCO Meeting Report.

# Cities Alliance

## Cities Without Slums

Cities Alliance Executive Committee Meeting  
6 November 2011  
Maputo, Mozambique

### *Meeting Report*

#### **Key Decisions and/or Follow-up Actions:**

- Preliminary recommendations made to COWI A/S on presentation of draft findings and recommendations, for follow up.
- Comments provided to Secretariat on revised draft Business Plan, for follow up.
- The minor edits made to Charter during January-February 2011 by World Bank legal were endorsed. Consideration of additional edits on adoption/amendment of Charter and decision-making were deferred to 2012.
- EXCO decided to recommend the theme of *Youth and the City* for the 2012 Catalytic Fund.

#### **Meeting Summary**

##### **Attendance:**

**Executive Committee:** Linden, Baehring (German Cooperation); Berg (Norway); Saiz (Chair) (UCLG), Meeuwissen (UN-Habitat); Allaoua (World Bank); Cobbett (Ex-Officio) (Secretariat)

**Regrets:** Chile, South Africa and UNEP

**Observer:** Ms. Clare Short (Chair, Policy Advisory Forum); Lall (World Bank)

**Presenter:** Mr. Anders Richelsen (COWI A/S)

**Secretariat:** Akporji, Henderson, Milroy and Silva

**Venue:** Hotel Avenida, Maputo, Mozambique

**See Annex I for Final Meeting Agenda**

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

- a. Members asked to include in Agenda an update on the Small Grants Working Group of the World Bank, the situation with the Bank's Development Grant Facility (DGF), and an update on the CA Membership in terms of membership fee arrears.
- b. No additions/comments were made to the July 2011 EXCO report. The report was approved.

#### **Item 2: Independent Evaluation 2011 by COWI A/S**

The evaluation team leader from COWI A/S presented the draft findings and recommendations from the IE, as preparation for presentation to the full Consultative Group. Members made

comments to COWI about the presentation itself, as well as comments on gaps in the findings and recommendations to be taken into consideration for the final report.

- a. Overall, Members agreed that it was too early for another independent evaluation based on the timing of the adoption of the new Charter (November 2010) and the new business model, but recognized that the IE was needed during 2011 to meet World Bank Development Grant Facility requirements.
- b. Members suggested to COWI that its presentation should better distinguish findings that relate more to old issues (such as WB capture) and previous business model, with findings related to the reforms of the CA over the past few years; and, better reflect/include/capture the spirit of the new Charter and business model's innovative way of trying to work as an inclusive partnership that is striving to move away from the old donor-recipient model.
- c. In preparing the final evaluation report, Members requested COWI to:
  - i. Better reflect the CA's place in international development architecture (including its new Country Programmes product line) in context of the scope of the challenge of rapid urbanization and the failure of donor and developing countries to deal with it;
  - ii. Examine the impact of the CA on bringing improved coherence of effort and better leverage among CA members, particularly of WB and UN-Habitat;
  - iii. To probe any early results from new business model, provide advice to the Cities Alliance on any pitfalls that it sees with the new business model; and,
  - iv. Examine whether progress is being made to address the issues and concerns that have been raised by Members over the past few years.
- d. Members acknowledged that the criticism voiced by COWI such as the weaknesses of the Alliance to fully implement Communications and Advocacy, Knowledge and Learning, and Monitoring and Evaluation are valid and should be taken seriously by the membership, which should respond to these findings and recommendations. The Secretariat also agreed with these comments.
- e. COWI A/S agreed to make revisions to the presentation for the CG meeting on 8 November 2011, and to take the other comments into consideration in preparing the final report.

### **Item 3: Cities Alliance Draft Business Plan**

The Secretariat manager made a short presentation on the revisions made to the Business Plan from the version reviewed by EXCO at its July 2011 meeting, in preparation for its presentation to the full CG membership on 8 November 2011. Overall, Members thought that significant improvement had been made from the previous version. Additional comments were made to inform the next update of the BP, including:

- a. Include language in the business plan to better capture the shift in and the attributes of the new business model, and to address the dimension of innovation -- things that can be tried in the CA that cannot be tried elsewhere.
- b. Members noted that there is significant room to improve the indicators, but also appreciated the baseline and scaling up sections, which can be used for fund raising.
- c. Members would like to caution the Secretariat from becoming too narrowly focused when thinking of CA as a platform for investment.

#### **Item 4: Cities Alliance Business and Partnership Matters Charter**

Members were asked to give a final review of edits that had been made to Charter subsequent to the 2010 CG meeting in Mexico City, based on feedback from World Bank legal department. These edits had been submitted to EXCO at its previous 2011 meetings. In addition, Members were asked to review two other edits proposed by WB legal just prior to the Maputo meetings – on adoption/amendment of Charter and on decision-making.

- a. Members expressed no objection to the edits made earlier in the year, which did not make any substantive changes to the Charter approved in Mexico City.
- b. Members decided that they had not had enough time to fully consider the edits received just prior to the meeting, but it was noted that these changes were not necessary to make at this time. EXCO would consider these edits during 2012 meetings.

#### **Catalytic Fund Theme selection**

The Secretariat made a short presentation about changes made for the 2012 Catalytic Fund, based on recommendations endorsed by EXCO at its July 2011 meeting, and presented four themes to EXCO/CG to consider for the 2012 call for proposals.

- a. Support for each of the themes was expressed by Members, as well as overall support for the thematic approach.
- b. Members decided they should make a recommendation to the CG on a theme, considering the tight agenda for the CG meeting.
- c. Members prioritized their preference of the themes, with the theme *Youth and the city: challenges of and visions for demographic change*, receiving the most support. The theme of *Adaptive strategies for resilient communities: Local adaption strategies and disaster risk prevention in slums*, receiving the second most support.
- d. EXCO will recommend Youth and the city: challenges of and visions for demographic changes to the CG as the theme for the next Catalytic Fund call for proposals.

#### **Other business:**

The agenda was amended due to time constraints. The following topics were not discussed:

- a. Update on FY12 Budget,
- b. Approval of Country Programme work processes,
- c. Additional business items: update on small grants, DGF and membership issues.

# Cities Alliance

Cities Without Slums

## Executive Committee Meeting

6 November 2011

### FINAL AGENDA

Venue: Hotel Avenida, Avenida Julis Nyerere, 627, Maputo, 3236, Tel: 258-21-484-400

SUNDAY, 6 November 2011		
18h00	<b>Welcome Coffee/Tea</b> ( <i>light snacks</i> )	<b>Room:</b> Maputo II
18h00 – 18h15	<b>Item 1: Opening and Welcome</b> <i>Emilia Saiz, UCLG and Chairperson</i> <i>William Cobbett, Manager, Cities Alliance</i> <ul style="list-style-type: none"> <li>➤ Approval of meeting report - July 2011, Accra</li> <li>➤ Approval of agenda</li> </ul>	<b>Handouts:</b> 1-Agenda, 2-July 2011 Meeting Report
18h15 – 20h00	<b>Item 2: Independent Evaluation 2011</b> <i>Anders Richelsen, COWI A/S (Team Leader)</i> <ul style="list-style-type: none"> <li>➤ Presentation and discussion of draft Findings &amp; Recommendations</li> </ul>	<b>Handouts:</b> 3-Independent Evaluation Inception Report
20h00 - 20h30	<b>Item 3: Cities Alliance Business Plan</b> <i>William Cobbett, Secretariat</i> <ul style="list-style-type: none"> <li>➤ Overview and discussion on main changes made to draft BP</li> <li>➤ EXCO guidance on Communications and Advocacy objectives and work programme for FY12-FY14</li> <li>➤ Plans for guiding discussion of BP with full CG</li> </ul>	<b>Handouts:</b> 4-Draft Business Plan 2012-2014
20h30 – 21h15	<b>Item 4: Cities Alliance Business and Partnership Matters</b> <i>William Cobbett and Kevin Milroy, Secretariat</i> <ul style="list-style-type: none"> <li>➤ Charter – confirmation of final version</li> <li>➤ Review of Catalytic Fund Themes</li> </ul>	<b>Handouts:</b> 5-Charter, tracked changes from WB Legal edits;8-Catalytic Fund Report
21h15 – 21h30	<b>Closing Remarks</b> <i>Emilia Saiz, UCLG and Chairperson</i>	
21h30	<b>Group Dinner</b>	<b>Venue:</b> Avenida Hotel Restuarant

Executive Committee Meeting  
Kampala, Uganda  
6 June 2012

Agenda Item No. 1: Opening and Welcome  
Support Document: Proposed Agenda

Background:

The Secretariat has presented a proposed Agenda for the meeting, prepared in consultation with the Chair. The agenda reflects the decisions made and actions taken at the last EXCO meeting in Maputo, Mozambique, November 2011.

Recommended Actions:

- Adoption of Agenda

## Cities Alliance-GPOBA-PPIAF-PIDG Joint Meetings

**WEDNESDAY, JUNE 6, 2012: CITIES ALLIANCE EXECUTIVE COMMITTEE (EXCO) MEETING**  
*Meeting room: Lake Room, Sheraton Kampala Hotel, Ternan Avenue, Kampala*

**8:30 a.m. Tea/Coffee**

**9:00–9:30 a.m. Item 1: Opening and Welcome**

- Josep Roig, UCLG and EXCO Chair
- William Cobbett, Manager, Cities Alliance

*Approval of Meeting Report – November 2011, Maputo*  
*Approval of Agenda*

**Item 1 Handouts:** November 2011 Meeting Report; June 2012 Agenda

**9:30–10:30 a.m. Item 2: Review and Secretariat Response to Independent Evaluation 2011**

- Kevin Milroy, Cities Alliance

**Item 2 Handouts:** Summary of Key Findings/Recommendations and Secretariat Comments;  
Independent Evaluation of the Cities Alliance: Final Report

**10:30–11:00 a.m. Tea/Coffee Break**

**11:00 a.m.–1:00 p.m. Item 3: Proposed actions in response to Evaluation Findings and Recommendations**

*Results Architecture and Performance Monitoring System Update*  
*Development of Knowledge and Learning Strategy*  
*Development of Advocacy and Communications Strategy*

**Item 3 Handouts:** Managing for Results

**1:00–2:00 p.m. Lunch at Paradise Terrace, Sheraton Kampala Hotel**

**2:00–3:30 p.m. Item 4: Business Plan FY12-FY14 Update**

- William Cobbett, Manager, Cities Alliance

*Review of FY12 Financial Report and Proposed FY13 Budget*  
*Catalytic Fund Update*  
*MENA Joint Work Program*

**Item 4 Handouts:** Cities Alliance Financial and Budget Report FY12-FY13; CA Business Plan FY12-FY14; MENA Region Joint Work Programme Synopsis

**3:30–5:00 p.m. Item 5: Cities Alliance Partnership Matters**

- William Cobbett, Manager, Cities Alliance

*Small Grant Processing Update*  
*Membership Update*  
*Fundraising*

**Item 5 Handouts:** Membership Status Report

**5:00–5:30 p.m. Closing Remarks by Josep Roig, UCLG and EXCO Chair**

**7:30 p.m. Dinner at Khana Khazana**  
Plot 20, Acacia Avenue Kololo, Kampala (five minute taxi ride)

Executive Committee Meeting  
Kampala, Uganda  
6 June 2012

Agenda Item No. 2: Independent Evaluation  
Support Document: Summary of Key Findings/Recommendations and  
Secretariat Comments

Background:

The 2011 independent evaluation was commissioned by the CA Consultative Group and conducted during 2011 by COWI A/S of Denmark. The preliminary findings and recommendations were presented to the CG at the November 2011 annual meeting in Maputo. The draft final report was circulated to EXCO members for comment on January 6, 2012, and the Final Report was released to the full CG on April 16, 2012. (The Final Report is part of the background documentation for the meeting.)

The key findings and recommendations are summarized in the table on the following pages, along with Secretariat comments and proposed next steps.

Recommended Action:

Provide guidance to the Secretariat and to the CG on EXCO's responses to the findings and recommendations, and on development of action plans to address the recommendations.

**2012 Independent Evaluation of the Cities Alliance:  
 Evaluator's Key Findings/Recommendations, Secretariat Comments on  
 Findings/Recommendations and Proposed Next Steps  
 PROGRESS UPDATE (May 2012)**

FINDINGS & RECOMMENDATIONS	SECRETARIAT COMMENTS	F/U
<p><b>Key Findings:</b>  <b>CA has succeeded in establishing a unique platform for international urban development cooperation, bringing together key actors including bilateral donors, multilateral organizations, associations and NGOs.</b></p> <p>New business model has strengthened CAs work and organization considerably through:</p> <ul style="list-style-type: none"> <li>• Improved coherence of effort among members and other partners</li> <li>• Defining the concepts on which most partners agree.</li> <li>• The introduction of Country Program concept</li> <li>• Clearer governance structure</li> <li>• Focused and innovative knowledge production through JWP and potentially through catalytic fund.</li> </ul> <p>Although new Business Model has improved work of CA, there is potential for further improvement, particularly in relation to development of more comprehensive strategies for advocacy, communication and knowledge and learning as well as in relation to the organization of the work.</p>	<p>The evaluation validates high relevance of the programme and positive changes made with the new business model that the Secretariat has proposed over past few years.</p> <p>It also confirms the Secretariat's views on the main areas needed for improvement.</p>	
<b>Overall and specific findings relating to each of the evaluation criteria:</b>		
<b>Relevance - Key finding:</b>		
<p><b>Objectives of CA and its programme design have been relevant from the outset and its</b> activities are consistent with the needs of the beneficiary countries and cities.</p> <p>Strategic orientation towards activities aiming at systemic changes has been further developed through development of a theory of change and by the adoption of the new charter and the development of the draft business plan, with the four service lines which are all relevant for achieving CA objectives.</p>	<p>The strategic orientation will be further strengthened through adoption of a coherent results framework and more rigorous performance management system, both currently under development.</p>	
<p>CA's design is well suited towards incorporating new issues within urban development cooperation, especially through JWPs. This is e.g. the case in relation to the development of new knowledge on how CDS may respond to climate change challenges, both in relation to mitigation and adaptation.</p> <ul style="list-style-type: none"> <li>- Effective advocacy is also dependent on the CA members advocacy activities and their political involvement</li> <li>- There is need for European representation of the CA.</li> </ul>	<p>The lessons/experience from the first round of JWPs should result in even more effective JWP instrument going forward.</p> <p>UCLG has proposed that members coalesce around an advocacy JWP that will lead up to Habitat III.</p>	

**2012 Independent Evaluation of the Cities Alliance:  
Evaluator's Key Findings/Recommendations, Secretariat Comments on  
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**PROGRESS UPDATE (May 2012)**

	The MENA JWP, with strong leadership from European members and targeting EU funding, could be a catalyst to mobilize European representation.	
CA's unique partnership approach, is relevant in relation to a number of international trends and conditions in urban development, especially: <ul style="list-style-type: none"> <li>• Rapid increase in urbanization and number of slum dwellers</li> <li>• World-wide financial crisis, which intensifies the competition for development assistance between different development issues</li> <li>• Continuously increasing demand for improved aid effectiveness.</li> </ul>		
CA's work is complementary to other programmes, with no major overlaps. However, in relation to K&L activities there is need for more intensified collaboration, particularly in relation to WB and UN-Habitat.	More intensified collaboration will not only minimize overlaps, it also offers potential to increase coherence on knowledge supply side so as to increase effectiveness in delivery to demand side.	
<b>Efficacy Findings:</b>		
• <b>Intended outcomes and objectives of the CA are unclear and not directly measurable, although important improvements are found with the results framework of the new business plan.</b>	The objectives under the old Charter were less clear and measurable than those in the new Charter. A results framework with clear indicators will further improve this situation.	
• <b>There is no consolidated capturing of progress achieved or outcomes in relation to the CA's overall objectives or objectives stated at business line or country programme level. Development of an appropriate M&amp;E system is a key area of concern for the CA.</b>	The CA's approach to progress reporting and capturing outcomes has been ad hoc. A Performance Management System is currently under development that will address this deficiency.	
<b>Recommendation: Elaborate clear and concise strategic results framework: (pg. 69)</b> A clearer strategic results framework agreed among the members would enhance focus on the internal logic in the program, provide a more specific mandate and be a good basis for communicating about the CA. This strategic results framework should consist of overall and operational objectives of each business line and means to achieve them, options and requirements for resource mobilization, CPP country selection criteria, target groups and themes for K/L and Advocacy.	Immediately after this recommendation was made at the Maputo CG meeting in Nov 2011, the Secretariat retained an experienced senior consultant to assist staff and the membership to finalize the results framework that has been in development in the CA for a several years.  EXCO will be briefed on progress at its June 2012 meeting.	<b>Actions to be dev.</b>
<b>Achievement of overall objectives - Key findings:</b>		
• <b>Some progress in relation to achieving the overall</b>	More progress probably would have been	

**2012 Independent Evaluation of the Cities Alliance:  
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**PROGRESS UPDATE (May 2012)**

objectives has been made - in particular in middle-income countries.	found if the CA had a proper results monitoring and reporting system in place.	
• The CPP approach is promising in terms of achieving greater impact, but it is too early to determine the actual effects. M&E in respect to the CPPs will be important to keep them on track.	Plans for FY13 are to develop a results framework for each Country Programme, to be developed from within the overall CA results framework.	<b>Actions to be dev.</b>
<b>Commitment to and financing for urban development challenges in developing countries - Key finding:</b>		
• CA has an important role to play but has not fully released its potential in relation to facilitating commitment to the urban development agenda. There is a need to devise a strategy for the advocacy work.	Agreed	<b>Actions to be dev.</b>
Little evidence of the achievements made by the CA in respect to retaining donors' and developing countries' commitment to continued financing of urban development and slum upgrading.	This is a valid observation. More systematic results reporting will help provide evidence. More self-reporting by CA members might be required. The on-going JWP on national slum upgrading case studies might also yield some evidence at developing country level.	
<b>Country programmes Overall findings:</b>		
• Country Partnership Agreements (CPAs) have been established in accordance with MTS although not in all countries planned	The Country Partnership Agreement was an innovation introduced in the MTS (and established initially for Brazil and Philippines), but subsequently evolved into Country Programmes, a more structured and member-driven instrument.	
• Projects have been successfully implemented in line with CPAs, including Brazil and Philippines, but due to lack of consolidated data, it is not possible to determine outcomes at programme level.	This is a valid observation. More systematic results reporting will help.	
• The CA has made good progress in establishing and implementing CPPs CA has developed and described the CPP concept in the business plan and has embarked on the development of CPPs in Uganda, Ghana, Burkina Faso, Mozambique, and Vietnam, Uganda being the most advanced. Uganda CPP: <b>Important achievements:</b> - Increased political awareness at national/local level about urban problems/recognition of the needs of urban poor. - Developed strategies/direction for urban development. Created new working relationships between the national government/municipalities and local communities.		

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<ul style="list-style-type: none"> <li>- Established better data on real situation in the five municipalities.</li> <li>- Created forums enabling public participation.</li> <li>- Created saving schemes in the five municipalities.</li> </ul>		
<p><b><i>Recommendation: Reconsider monitoring and reporting arrangements for the CPPs: (pg. 71)</i></b></p> <ul style="list-style-type: none"> <li>- CA to discuss with partners involved in CPPs on how to set up monitoring and reporting</li> <li>- Add regional advisors who are devoted to one or several CPPs in their region, devote staff members and travel budget to CPPs, and/or outsource through hiring consultants to monitor contract for CPPs.</li> </ul>	<p>The Secretariat will engage with members and local partners to establish results frameworks for country programmes during the course of FY13.</p> <p>The Secretariat is also learning from experience about what type of staff, consultant and member support is needed for CPs.</p>	<p><b>Actions to be dev.</b></p>
<p><b>Projects - Key findings:</b></p>		
<ul style="list-style-type: none"> <li>• Due to lack of M&amp;E system systematically collecting data on achieved outputs and outcomes across projects, it is not possible to quantify outputs/outcomes and present an aggregated picture.</li> </ul>	<p>The Secretariat made some improvements in its annual reporting to Gates Foundation on the LSC programme, submitted in May 2012, and is setting up system to improve reporting.</p>	
<ul style="list-style-type: none"> <li>• Data from reviews of samples of projects shows that, in general, projects were successfully generating planned outputs and outcomes in their local setting, which led to improved political awareness (often both at local and national levels) of urban development issues and methods for CDS/SU, capacity building of stakeholders involved, and sometimes to actual changes in institutional and legal frameworks.</li> </ul>		
<ul style="list-style-type: none"> <li>• There was limited success in terms of creating coherence of effort</li> </ul>	<p>The research for this finding was in middle 2011. Coherence of effort is increasingly being realized in all the CPs, and is increasingly a focused objective.</p>	
<ul style="list-style-type: none"> <li>• While local government associations were involved and benefitted from some of the projects, there is no data reflecting a 'systematic engagement' as was planned in the mid-tern strategy.</li> </ul>	<p>The research for this finding was in middle 2011. A systematic engagement with the City/LGA has been achieved in 4 of the first 5 LSC CPs. In addition, more systematic engagement is being pursued at the regional and global levels (eg, with UCLG and UCLGA).</p>	
<ul style="list-style-type: none"> <li>• The MTS focused on increased client execution as a means to achieve increased ownership of cities and partners to the projects but CA has learned the client execution is not necessarily the means to this end. The CPP approach opens up new possibilities for increasing ownership, and builds on</li> </ul>		

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these lessons learned.		
<p><b>Recommendation: Develop a monitoring and evaluation framework: (Pg. 70)</b> CA should develop the following fundamentals for the future monitoring and evaluation system:</p> <ul style="list-style-type: none"> <li>• Key indicators and performance targets corresponding to strategic objectives, operational objectives and outputs</li> <li>• Performance review corresponding to business cycle</li> <li>• Annual progress reports providing assessment of progress in respect to targets set for the specific year</li> <li>• Progress and completion reports and impact assessment for CPPs and individual grants</li> </ul>	This recommendation is being proactively pursued.	<b>Actions to be dev.</b>
<b>Knowledge and learning - Overall findings:</b>		
<ul style="list-style-type: none"> <li>• Increasing focus on K&amp;L after MTS but not all planned outputs achieved. Knowledge management system/strategy prioritized in MTS has not materialized</li> </ul>	Agreed. Development of KM strategy and improved KM business processes is under development, targeting initially secondary cities in Africa, to bring more focus to the efforts. Central to the strategy is clear identification of primary audiences to be targeted (eg. city professionals in secondary cities). An expert consultant has been retained to assist both CA and UCLGA secretariats improve their knowledge packaging, dissemination and support efforts.	
<ul style="list-style-type: none"> <li>• A number of JWPs implemented which are appreciated by members and contribute to knowledge generation and coherence of efforts.</li> </ul>		
<ul style="list-style-type: none"> <li>• Limited partner/member involvement in JWPs and the focus is on generation of knowledge rather than on dissemination and learning</li> </ul>	<p>Lessons of experience from first round of JWPs will be applied to future generations.</p> <p>Lack of strategic and systematic knowledge dissemination is a key deficiency. Improving this will be a priority during FY13-FY14.</p>	
<ul style="list-style-type: none"> <li>• M&amp;E strategy based on impact chains (as prioritized in MTS) not materialized, but results-based management indicators established in BP</li> </ul>	This is being addressed in development of CA results framework and performance management system.	
<ul style="list-style-type: none"> <li>• A library is maintained but it is questionable whether it is making any significant contribution to K&amp;L</li> </ul>	The library has allowed the Secretariat to better respond to ad hoc requests, but significant contributions will only be made when this is systematized. This will be key part of development of CA knowledge	

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	management systems over medium-term. New knowledge search function for CA website (expected during 2012) will be important improvement.	
<b>Advocacy and communication - Overall findings:</b>		
<ul style="list-style-type: none"> <li>Although a communications and advocacy strategy was to be prepared according to MTS, no such formal documented advocacy/communication strategy has been put in place. Limited extent of advocacy activities at forums and events outside the CA/urban development community i.e. less focus on non-members and high-level political decision-makers</li> </ul>	<p>This is an acknowledged area where improvements are needed.</p> <p>The Secretariat will provide some initial proposals for focused attention.</p> <p>EXCO guidance is sought.</p>	
<ul style="list-style-type: none"> <li>The website improved as planned in MTS, but it does not tell the full CA story.</li> </ul>		
<i>Recommendation: CA should further enhance cooperation with members on knowledge &amp; learning and advocacy &amp; communications. (Pg. 9)</i>	Agreed. EXCO guidance is sought.	<b>Actions to be dev.</b>
<b>Efficiency:</b>		
<p><b>Key finding: The mix of competencies in the secretariat covers the needs and ensures an effective management.</b></p> <p>The new business plan enhances efficiency by providing grants through the Catalytic Fund and CPP's instead of the open grant facility. However, WB administrative procedures are limiting the efficiency.</p>	Some additional skills might be needed in Secretariat related to improvement of knowledge management, communication & advocacy.	
<p><b>Overhead Costs - Key finding:</b></p> <p>CA's overhead costs are reasonable compared to other Global and regional partnership programmes.</p>		
Steps taken to reduce the costs and processing time include a change in the evaluation and approval procedures for applications to the Catalytic fund, compared to the procedures for applications to the previous Open Grant Facility.	Preliminary results from the first cohort of Catalytic Fund are that efficiency improvements have resulted.	
<p><b>Efficiency in grant making - Key findings:</b></p> <p>- There is scope for improvement in efficiency of grant making procedures</p>	The WB has introduced new Small Grant Guidelines, which the Secretariat will be using. It will take a year or two before the overall impact on efficiency is known. The Secretariat can improve some efficiency through better organization of work in the Secretariat.	

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<p>The CA has taken important steps, but prolonged grant making is caused by changed WB procedural requirements which are:</p> <ul style="list-style-type: none"> <li>• Enforcement of World Bank Country Director concurrence for all country specific projects</li> <li>• Mandatory review by World Bank country Legal Teams of all grant agreements for country specific projects</li> <li>• Introduction of safeguards screening according to WB standards for all grants regardless of size</li> <li>• Requirement that all grants to government ministries must be signed by Minister of Finance or equivalent</li> <li>• Strengthened procurement procedures according to WB standards regardless of grant size.</li> </ul>	<p>While these procedural requirements might negatively affect grant-making efficiency, some also positively affect grant efficacy, such as increased effectiveness on the ground by ensuring tighter linkages with broader country assistance strategies.</p>	
<p><b>World Bank hosting of the Cities Alliance - Key finding:</b></p> <ul style="list-style-type: none"> <li>• Although both positive and negative implications, the location of the CA Secretariat in the WB is an asset</li> <li>• There is no obvious alternatives to WB hosting of the CA</li> </ul>		
<p><b>- Operational guidelines need updating:</b></p> <p>Having clear, useful and applicable guidelines will work in favor of efficiency</p>	<p>Agreed. The operating guidelines of the programme need to be updated to reflect new Charter, business model and product lines. This is proposed as a FY13 deliverable for Secretariat and EXCO.</p>	<p><b>Actions to be dev.</b></p>
<p><b>Governance and management: Overall finding:</b></p> <p>The government and management structures and processes established in the new charter are well articulated and work well towards bringing about legitimate and effective governance and management.</p>		
<p><b>Legitimacy- Key finding: The programme has a high degree of legitimacy</b></p>		
<p>Legitimacy is ensured by the broad composition of the CG and by CA's ability to bring the voices of the poor into various decision making fora.</p> <p>However, cities could be better represented. Not necessarily by full membership of the CG for individual cities, but through either attracting more national city associations or by allowing individual cities to participate as associated members.</p>	<p>There does not seem to be consensus around this issue among CG members. This can be considered again as part of a review of CA membership, which EXCO asked of the Secretariat, especially with respect to representation of developing countries, and of U.N. organizations.</p>	
<p><b>Accountability - Key findings:</b></p>		

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**PROGRESS UPDATE (May 2012)**

<ul style="list-style-type: none"> <li>• With the new charter, roles and responsibilities of various governing bodies are more clearly defined ensuring a high degree of accountability</li> </ul>		
<ul style="list-style-type: none"> <li>• There is a lack of "ownership" to the CA among (some) members</li> </ul>	This can be reviewed as part of the Secretariat's review of CA membership.	
<ul style="list-style-type: none"> <li>• Lack of clearly elaborated strategies in relation to some of the business lines, e.g communication and advocacy, and knowledge management</li> </ul>	Agree. These will be addressed during FY13-FY14.	
<ul style="list-style-type: none"> <li>• Lack of an effective M&amp;E system is a problem for the accountability of the program</li> </ul>	Agree. These will be addressed during FY13.	
<p><b>Responsibility and Fairness - Key finding: The CA set-up adheres to the principles of responsibility and fairness:</b></p>		
<p>Poverty reduction is a core element of CA's objectives, and all the above mentioned norms are included in the MTS and the BP as well as in the criteria for evaluation proposals for the Catalytic Fund.</p>		
<p><b>Transparency: Key finding: The overall transparency of the CA is somewhat undermined by the lack of free access to key strategic documents on the organizations website.</b></p>		
<p><i>Recommendation: CA should make more information available to non-members to increase transparency and enhance communication (Pg. 9)</i></p>	Agree. As a starting point, during FY13 the Secretariat will review all material on the "Members Page" of the CA website and determine which can/should be moved to public pages, in compliance with the WB's Disclosure of Information policies.	<b>Actions to be dev.</b>
<p><b>Resource mobilization and sustainability Key finding: CA is vulnerable in relation to resource mobilization, which is threatening medium to long term sustainability:</b></p>		
<p>Both the core and non-core funding come from a small number of donors which makes the CA vulnerable. In the period from 2007 to 2011 the WB has accounted for 36% of the core funding. However, WB funding will decrease to the regular \$ 250,000 membership fee as from FY 2013 which increases the pressure on the CA to raise additional funding.</p>	Agree. This is a top priority of Secretariat management for FY13. The new business model and strategic plans now provide a solid foundation and framework from which to increase partnership effectiveness.	<b>Actions to be dev.</b>
<p><i>Recommendation: Continue according to agreed strategy and consider how to attract additional members and</i></p>	The role of local government associations can be reviewed as part of the broader	

**2012 Independent Evaluation of the Cities Alliance:  
Evaluator's Key Findings/Recommendations, Secretariat Comments on  
Findings/Recommendations and Proposed Next Steps**

**PROGRESS UPDATE (May 2012)**

<p><i>resources: (Pg. 69)</i> In order to further enhance legitimacy and increase client focus, CA needs to attract national associations of local government. This would be well in line with the CPP approach and also a support of the knowledge and learning business line, where these associations would be among the key partners.</p>	review of membership.	
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APRIL 2012  
CITIES ALLIANCE

# INDEPENDENT EVALUATION OF THE CITIES ALLIANCE

FINAL REPORT



**COWI**

COWI A/S

Parallelvej 2  
DK-2800 Kongens Lyngby  
Denmark

Tel +45 45 97 22 11  
Fax +45 45 97 22 12  
[www.cowi.com](http://www.cowi.com)

Cities Alliance

## **Independent evaluation of the Cities Alliance**

Final Report

April 2012

Project No. P-75726-A-1  
Document no. 6  
Version a  
Date of issue 11 April 2012

Prepared Anders Richelsen; Birgitte Martens; Gottfried Roelcke, Michael Davidsen  
Checked Niels Eilshøj Olesen  
Approved Anders Richelsen

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## List of Abbreviations and Acronyms

BP	Business Plan
CA	Cities Alliance
CDS	City Development Strategies
CG	Consultative Group
CPA	Country Partnership Agreement
CPP	Country Partnership Programmes
ExCo	Executive Committee
FEU	Finance Economics and Urban Department
FY	Financial Year
GRPP	Global and Regional Partnerships Programmes
IEG	Independent Evaluation Group, WB Group
IFI	International Financial Institution
JWP	Joint Work Programmes
K&L	Knowledge and Learning
M&E	Monitoring and Evaluation
MTS	Mid-Term Strategy
NGO	Non Governmental Organization
PAF	Policy Advocacy Forum
SU	Slum Upgrading
ToR	Terms of Reference
UCLG	United Cities and Local Governments
WB	World Bank

## 1 Introduction

The World Bank has appointed COWI A/S to conduct an independent evaluation on the effectiveness of the Cities Alliance (CA).

The contract was signed in June 2011. Following a three day inception mission at the CA secretariat, a draft inception report was presented to the CA Executive Committee (ExCo) at its meeting in Accra, Ghana in July. The final inception report was subsequently submitted. The main findings and recommendations were presented to the CA Executive Committee (ExCo) and the Consultative Group (CG) in Maputo, Mozambique in November.

### 1.1 Objectives and scope of the evaluation

The overall objectives of the evaluation is outlined in Box 1.1

*Box 1.1: Objectives of the evaluation*

Based on a consolidated and comprehensive view of the Cities Alliance... the evaluation will assess the overall relevance and effectiveness of the Cities Alliance and the extent to which it has achieved program objectives.

Recommendations shall provide guidance to the Cities Alliance, referring to its strategic orientation in terms of topics, approaches, instruments (i.e. country programmes, Catalytic Fund, knowledge and learning, communication and advocacy) and operating modalities, in order to further refine its on-going reform process.

#### 1.1.1 Evaluation criteria and questions

The evaluation elaborates, in depth, on a number of guiding questions presented in the ToR and generates corresponding findings and recommendations. The ToR are enclosed in appendix 1.

As part of the contract negotiations, it was agreed that the evaluation should emphasize the position, role and justification of the CA.

In accordance with the ToR, the evaluation assesses the CA in relation to the following evaluation criteria:

- Relevance
- Efficacy
- Efficiency
- Governance and management
- Resource mobilization
- Sustainability

For each of these evaluation criteria, the ToR provides a number of specific evaluation questions.

In the tender/inception report, the evaluation team has elaborated on the judgment criteria for each of these evaluation questions. These judgment criteria are enclosed in appendix 2.

## 1.2 Methodology

The evaluation builds on a comprehensive desk research and interviews with key stakeholders.

The desk research has included<sup>1</sup>:

- All CA strategic documents (previous and current charters, the mid term strategy, business model etc.)
- The CA web-site (<http://www.citiesalliance.org>). The web-site has been used as an important source of information and analysed to assess the it from a communication perspective
- Annual CA reports
- CG and ExCo deliberations
- Previous evaluations of the CA
- All field evaluation reports from the period from 2007 to 2011
- 10 project completion reports

As the quantitative data on the results of projects is limited, and as the budget for the evaluation has not allow for the generation of primary data on project results, the assessment of the aggregated outputs and outcomes of the CA relies on previous evaluations and existing reports supplemented by the review of 12 project completion reports. The project completion reports were chosen randomly from the list of projects approved in the FY 2005-2011, however, with a strategy to have a fairly representative share of projects in terms of region and type of project<sup>2</sup>.

The following stakeholders have been interviewed<sup>3</sup>:

- All members except three<sup>4</sup>

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<sup>1</sup> All documents reviewed are listed in Annex D

<sup>2</sup> A small excel programme was created to ensure a random but representative selection

<sup>3</sup> A complete list of interviews are enclosed in Annex E

<sup>4</sup> The remaining three interviewees were approached several times without success.

- Four former members
- Four other donors working within urban development cooperation
- Three Cities and national city associations<sup>5</sup>
- Management and staff of the CA secretariat
- World Bank staff
- Key stakeholders in the Uganda CPP

Valuable information was also obtained through the participation of the evaluation team leaders in the ExCo meeting in Agra, Ghana, July 2011 and the ExCo and CG meetings in Maputo, Mozambique, November 2011.

### **1.3 Overview of this report**

Chapter 2 of this report provides a summary of our main findings and conclusions.

Chapter 3 presents the context and background of the evaluation. Some main trends, in relation to urbanisations in development countries, are briefly presented as they shape the context of the CA<sup>6</sup>. This is followed by a description of the CA, including its objectives and areas of activities, and the membership and governance structure.

In chapters 4 to 7, our analyses and findings are presented in relation to each of the evaluation criteria (relevance, efficacy, efficiency, governance and management, and resource mobilisation and sustainability).

Finally, chapter 8 provides the conclusions and recommendations resulting from the evaluation.

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<sup>5</sup> The aim was to interview 10 representatives from cities and city associations who were involved in completed projects. Significant efforts were made to contact these, unfortunately, to little effect. It was only possible to arrange three interviews.

<sup>6</sup> This is further elaborated on in Annex C.

## 2 Executive summary

The Cities Alliance (CA) was formed in 1999 in a joint effort between the World Bank, UN-HABITAT, United Cities and Local Governments (UCLG), Metropolis and 10 donor governments, as a partnership with the aim of focusing on two key issues: The growth of slums and the management of cities where slum growth is taking place.

Today the CA stands at the end of a transformation period, which began with the adoption of a Mid-Term Strategy (MTS) in 2008, culminating in the adoption of a new charter in 2010 and a business plan in November 2011. This transformation has led to a substantial redesign of the CA changing from, mainly, supporting the development of City Development Strategies (CDS) and slum upgrading activities through ad-hoc support to individual projects, to a more systemic and catalytic approach.

Objectives of the CA	<p>The objectives of the CA, as formulated in the new charter, are:</p> <ul style="list-style-type: none"> <li>• To strengthen and promote the role of the cities in poverty reduction, and in sustainable development</li> <li>• To capture and strengthen the synergies between and among members and partners</li> <li>• To improve the quality of urban development and operation in lending.</li> </ul>
The new business model	<p>The new business model operates with four business lines: Country Partnership Programmes (CPP), catalytic projects, knowledge activities and advocacy.</p> <p>The cornerstone of the new business model is the development of CPPs which aim at mobilizing CA members and partners to assist governments manage urban growth, provide service to all and create conditions conducive towards improving quality of life and generating economic opportunities.</p>
Objective of the evaluation	<p>The objective of this evaluation is to assess the overall relevance and effectiveness of the CA, and the extent to which it has achieved program objectives. It also provides guidance in relation to CA's strategic orientation in terms of topics, approaches, instruments and operating modalities, in order to further refine its on-going reform process.</p>

The evaluation elaborates, in depth, on a number of guiding questions presented in the ToR relating to the following evaluation criteria:

- Relevance
- Efficacy
- Efficiency
- Governance and management
- Resource mobilization and sustainability

The Evaluation builds on a comprehensive desk study and interviews with key stakeholders, including members, former members, cities and national city associations management and staff of the CA secretariat, World Bank staff and key stakeholders in the Uganda Country Partnership Programme.

#### Overall conclusion

Our overall conclusion is that the CA was established and has developed in line with the international development agenda, focusing on aid effectiveness through donor coordination and an increasing focus on client execution.

The CA is a unique platform for international urban development cooperation bringing together key actors, including bilateral donors, multilateral organizations, associations and NGOs.

Although the new business model has only been operational for a short period of time, and therefore only produced a limited number of specific results, we find that the reform process has strengthened both the CAs work and the organization considerably through:

- Improving the coherence of effort between members and other partners
- Defining the concepts on which most partners agree. There is not necessarily a mutual normative understanding on what the 'good city' is, but the concepts facilitate processes where partners and beneficiaries define the end goals/strategies for city development in the specific countries and cities where CA is working.
- The introduction of the CPP concept. As the cornerstone in the new business model, this concept has promising potential in establishing new ways of organizing urban development cooperation by:
  - increasing ownership and leadership of cities and countries
  - multi-donor/partner programming
  - involving slum dwellers and urban poor
  - focusing on long term support
  - leveraging investments

- A clearer governance structure
- A more focused and innovative knowledge production through JWP and potentially through the catalytic fund.

Thus, we find that the new business model has improved or is expected to improve the set-up and work of the CA in relation to all the evaluation criteria analyzed. However, we also find potentials for improvements as reflected in our strategic and operational recommendations.

**The specific strategic recommendations include:**

- Recommendation 1: Continue according to agreed strategy and consider how to attract additional members and resources
- Recommendation 2: Elaborate clear and concise strategic results framework
- Recommendation 3: Develop a monitoring and evaluation framework

**The specific operational recommendations include:**

- Recommendation 4: Reconsider monitoring and reporting arrangements for the CPPs
- Recommendation 5: Further enhance cooperation with members on knowledge & learning and advocacy & communications
- Recommendation 6: Make more information available to non-members to increase transparency and enhance communication
- Recommendation 7: Put in place the necessary operational guidelines

### **3 Context and background**

This chapter provides a brief overview of the CA and the context which in it operates thereby setting the stage for the next chapters which present the findings of the evaluation.

#### **3.1 Urbanisation in developing countries**

Urbanisation, especially in developing countries, is a great opportunity to provide an ever growing population with the prospect of a decent life but urban development is also at a precarious crossroads and requires intensive and well-thought-out international efforts if a lingering disaster is to be avoided. Some key facts are well known<sup>7</sup>:

- The world's population has roughly trebled in the last eight decades, and most of this growth has occurred in developing countries,
- From this decade onward, more people will live in urban centres than in rural areas, contrary to human history up until now,
- Nearly one third of the world's urban dwellers, or roughly one billion people, currently live in slums. An increasing number of countries are recognising the need for addressing the needs of the urban poor through more inclusive approaches to city development,
- Injustice and insecurity in various forms have a potential of upsetting urban life and development,
- In the context of the wasteful consumption of natural resources, cities have the potential to play a leading role in introducing more sustainable forms of development,

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<sup>7</sup> The issues mentioned below are further explored in Appendix 3, which provides an overview of trends and conditions in urban development cooperation

- The anticipated effects on future climate change may very seriously disrupt urban environments,
- The ever expanding regional impact of cities requires innovative patterns of governance,
- Planning the future development of cities will require substantially different approaches and substantially improved techniques,
- Modernising cities and providing them with adequate infrastructure and other facilities will require investments far beyond the means currently available to governments of developing countries and funds donated by international organisations.

These facts and factors set the stage for international cooperation efforts towards improving urban development worldwide in the decades to come and, thus, also constitute the framework within which the CA operates.

### 3.2 The Cities Alliance

A coalition targeting slum growth

The CA was formed in 1999 in a joint effort between the World Bank, UN-HABITAT, UCLG, Metropolis and 10 donor governments as a partnership aimed at focusing on two key issues: The growth of slums and the management of cities where slum growth was taking place.

The newly created CA produced the Cities without Slums Action Plan, which created a proposed target of improving the lives of 100 million slum dwellers by the year 2020. The target was subsequently incorporated into the United Nations Millennium Declaration in 2000 as a target under the Millennium Development Goals.

An evolving organisation

Independent evaluations of the CA were carried out in 2002 and in 2006. The 2006 evaluation<sup>8</sup> spurred the initiation of a comprehensive reform process, which involved the development of a Mid-Term Strategy (MTS) for the period 2008-2010 and culminated in the adoption of a new charter in November 2010, followed by a new business model and a business plan for the period 2011 - 2014.

The CA has also been subject to other evaluations, which have also provided information to this evaluation, notably the "Scandinavian evaluation" in 2007<sup>9</sup> and the GHK evaluation of project implementation modalities submitted in March 2011<sup>10</sup>

<sup>8</sup> Independent Evaluation of the Cities Alliance, Universalia, October, 2006

<sup>9</sup> Evaluation of the CA, Scanteam, 2007. This evaluation was carried out on the initiative of Sweden and Norway and focused on what extent the contributions of CA made a difference in the livelihoods of poor people living in urban slums in Sub-Saharan Africa

<sup>10</sup> Evaluation of project implementation modalities of the CA, GHK, 2011

### 3.2.1 Objectives and areas of activity

While the overall objectives and focus areas of slum reduction and improvement of living conditions in slums have remained constant, the delivery mechanisms and modalities of the CA changed considerably in the course of the reform process. This is illustrated in the table below, which presents the main aspects of the new charter and business model of the CA and compares these to the previous charter

Table 3.1 *New and previous charter*

New charter / Business plan	Previous charter
<b>Vision</b>	
Cities without slums <sup>11</sup>	Cities without slums
<b>Objectives</b>	
To strengthen and promote the role of the cities in poverty reduction, and in sustainable development	Improve the quality of urban development cooperation and urban lending;
To capture and strengthen the synergies between and among members and partners	Strengthen the impact of grant-funded urban development cooperation;
To improve the quality of urban development and operation in lending.	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.
<b>Focus areas</b>	
Citywide and nationwide slum upgrading programmes (SU)	SU
City development strategies (CDS)	CDS
National policies on urban development and local government	(municipal finance)
<b>Modality/business lines</b>	
Country programmes	
Catalytic projects	Open grant facility for individual projects
Knowledge activities	Small budget for Secretariat knowledge work
Communication support and advocacy	(Joint work programmes (JWPs) <sup>12</sup> )

As a result of the reform process which produced the new charter, the CA is changing from being a demand-led project granting mechanism for (typically) stand-alone projects towards being a partner in a programmatic effort in a

<sup>11</sup> The new charter does not specifically mention a vision. The vision of cities without slums is reiterated in the Business Plan, (Business Plan approved at Maputo CG meeting, 2001, p. 11.)

<sup>12</sup> JWPs were implemented after the adoption of the mid term strategy

longer term perspective in specific countries and for global knowledge and advocacy. However, the new charter maintains the role of the CA as a vehicle for partnership, which does not have its own implementation capacity, but works through the capacity of its members.

The essence of the new business model is captured in the following statement put forward in the new business plan:

*"The new Cities Alliance Charter and Business model are predicated on the belief that the role of development assistance is designed to be catalytic in nature, and that the key to sustainable urban development in the long-term lies in mobilizing domestic resources, both public and private. To maximize its impact, the Cities Alliance has decided to be far more strategic in leveraging additional resources to supplement its own modest resources. At the core of this approach, lies the philosophy of partnership".<sup>13</sup>*

Under the previous charter, the activities of the CA, for the most part, consisted of grants given in support of individual CDS and SU projects under the open grant facility. However, in 2010 there was a shift towards a more programmatic, country-focused approach.

The first change that occurred in financing activities, as a result of the reform process, was a new focus on joint work programmes (JWPs), which is a modality used by the CA since the mid term strategy (2008) in order to support knowledge and learning development in cooperation with members.

The new charter adopted November 2010 effectively marked the transition from the open grant facility to a partnership programme approach involving the four business lines of country programmes, catalytic projects, knowledge activities and communication support and advocacy.

The country partnership programme approach was made possible through a large contribution made from the Bill and Melinda Gates Foundation, specifically for this purpose. This approach is based on a comprehensive, longer term programme for a specific country, which sets the frame for cooperation between a number of partners, including cities, national administration, NGOs, donors and IFIs.

Table 3.2 provides a brief description of the main types of activities funded through the CA during the period evaluated.

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<sup>13</sup> Cities Alliance Business Plan, July 2011 - June 2014, draft for the ExCo, Accra, Ghana.

Table 3.2 Main types of activities supported by the CA

Type of activity/grant	Brief description
Project grants - mainly CDS and SU - but also some other activities	<p><b>SU - Slum upgrading</b></p> <p>Slum upgrading is a process through which informal areas are gradually improved, formalised and incorporated into the city itself, through extending land, services and citizenship to slum dwellers. It involves providing slum dwellers with the economic, social, institutional and community services available to other citizens.</p> <p><b>CDS - City Development Strategies</b></p> <p>A city development strategy is defined as an action-oriented process, developed and sustained through participation, to promote equitable growth in cities and their surrounding regions to improve the quality of life for all citizens. A CDS helps cities integrate a strategic development approach and a long-term perspective into their urban planning.</p>
Joint work programme (JWP) grants, which include: <ul style="list-style-type: none"> <li>- JWP grants under a country partnership agreement (CPA)</li> <li>- JWP grants for knowledge programmes</li> </ul>	<p><b>JWP grants under a country partnership agreement (CPA)</b></p> <p>For two member countries (Brazil and the Philippines), who were also significant recipients of CA project grants, country partnership agreements were made. These agreements included a joint work programme, which set the framework for the kinds of grants, which could be approved. Individual grants subsequently approved were all referred to as JWPs.</p> <p><b>JWP grants for knowledge programmes</b></p> <p>A number of joint work programmes with one or more members of the CA were agreed in the years 2009-2011. These focused on gathering lessons learned based on past experience with SU/CDS as well as new emerging issues in relation to urban development, e.g. climate change.</p>
Country Partnership Programme (CPP) grants	<p>CPPs are under implementation or development in five countries: Uganda, Ghana, Burkina Faso, Mozambique and Vietnam. The CPPs take their point of departure in the core areas of expertise of the CA: CDS and SU.</p>

According to the list provided by the CA of projects approved in 2005-2011 (financial years), 202 grants were approved during the period at a total grant amount of USD 68.1 million. Out of these grants, 14 were later dropped (grant amount USD 3.2 million).

### 3.2.2 Membership and governance

The CA is a member organization. Membership is open to global organizations of local governments, national governments (including both donor and non-donor countries), NGO's and regional and multilateral organizations. The current members are shown in Box 3.1.

*Box 3.1 Members of the Cities Alliance (2011)*

- Local authorities organizations: United Cities and Local Governments and Metropolis
- Governments: Australia, Brazil, Chile, Ethiopia, France, Germany, Italy, Netherlands, Nigeria, Norway, Philippines, South Africa, Spain, Sweden and the USA
- Non-governmental organizations: Slum Dwellers International (SDI) and Habitat for Humanity International
- Regional organization: European Union
- Multi-lateral organizations: UNEP, UN-HABITAT and the World Bank

The governance and organizational structure of the CA comprises the following bodies:

- The **Consultative Group (CG)** is the Alliance's board of directors and consists of the members of the CA.
- **The Executive Committee (EXCO)** provides policy guidance to the Secretariat between CG meetings and is appointed by the CG.
- **The Policy Advocacy Forum (PAF)**<sup>14</sup> is the platform for public discussion, debate and knowledge sharing. The PAF has a chairperson for a period of three years appointed by the CG.
- The **Secretariat** carries out the Alliance's mandates and manages its operations. The Secretariat is headed by a manager and currently employs a staff of 16 professionals in Washington, as well as a Brazil office with two staff and three regional advisors (Abidjan, Pretoria and New Delhi).

The CA Secretariat is hosted by the World Bank and the CA comes under the group of programmes known as Global and Regional Partnerships Programmes (GRPPs) as one among the almost 120 GRPPs, which the World Bank has helped establish<sup>15</sup>.

The CA is financed through membership fees, other contributions from members and contributions from non-members. Membership fee payments go into a core fund, which finances the core CA activities, including the operation of the CA Secretariat. Other contributions may also go into the core fund or can be given as non-core funding, i.e. earmarked for specific purposes. Members have also provided contributions in the form of staff secondment for the Secretariat.

<sup>14</sup> In the Business Plan referred to as Policy Advocacy Forum

<sup>15</sup> The World Bank's Involvement in Global and Regional Partnership Programmes, IEG, 2011

## 4 Relevance

The relevance of the CA is analyzed in relation to demand-side relevance, supply-side relevance and relevance of programme design.

### 4.1 Demand side relevance

Demand-side relevance concerns the consistency of CA objectives with the needs, priorities and strategies of the beneficiary cities and countries, and global trends in urbanization and urban development. Furthermore, the demand-side relevance is assessed in relation to the extent to which the voices of developing and transition countries have been heard within the international consensus underlying the CA

**Key finding: The objectives of the CA have been relevant from the outset. Relevance has further increased with the new charter**

Consistency of objectives

As outlined in the previous chapter, urbanization as well as the number of slum dwellers is rapidly increasing, so that today around 1 billion people live in slums, corresponding to one third of the world's urban dwellers<sup>16</sup>.

This calls for improved urban planning approaches and techniques, as well as enormous investments to provide slum dwellers with adequate infrastructure and other facilities. Modernized governance models are required to ensure the integration of an increasing number of urban dwellers from diverse backgrounds, the reconciliation of diverging or even conflicting interests of various groups, and the increasingly complex requirements to guarantee the sustainability of the urban socio-economic fabric, urban life, and the environment. New and better mechanisms for information, consultation, and participation, decision-making will need to be developed and systematically applied.

Improving the quality of urban development, which has been among the core objectives since the inauguration of the CA, is highly relevant seen in the light of these trends in urbanization and urban development.

<sup>16</sup> UN-HABITAT: Global Report on Human Settlements 2009

The CA objectives are also relevant in relation to a number of other international trends:

- The world wide financial crisis intensifies the need to focus on the expanding requirements for investments in urban development.
- Donor coordination has been an important CA issue from the start, but is emphasized in the objective of the new charter<sup>17</sup>. Thus, the CA has been, and is increasingly, relevant in relation to the growing focus in international development cooperation on aid effectiveness. The CA partner approach and especially the CPP concept is very much in line with the main purposes of donor coordination, namely to align the contents and approaches as well as the preparation and implementation procedures of programmes and projects.
- The focus on sustainable development in the new charter increases its relevance. It has, over the years, become ever more evident that the management of cities is closely interlinked with the phenomenon of climate change, as cities, at the same time, contribute to global warming and, in many cases, will be severely affected by climate change.

The demand-side relevance is confirmed by the members. Almost all members find CA objectives consistent with the needs of the beneficiary countries and cities. Also the activities, especially CDS' are found to be consistent with the needs.

The demand-side relevance was also confirmed by the independent evaluation from 2006<sup>18</sup>. This evaluation found CA activities relevant to the needs of the cities, especially in relation to enhancing the capacities of municipal authorities.

Expression of the voices of the beneficiaries

The CA membership of governments from development countries, city representations and slum dweller organizations ensures to some extent that the voices of the beneficiaries are expressed.

However, some members argue that a more direct representation from cities would enhance the demand side relevance. City representation in the CA governing bodies is further discussed in Section 7.1.1.

Most members find that the new business model, especially the CPP's, will enhance the demand-side relevance by entering into more extensive strategic partnerships with local and national governments and urban poor communities.

The experiences from the CCP's in Uganda shows that, although the programme is still in an early stage, they succeed developing collaborative programme designs by engaging and mobilizing the different partners, including the urban poor communities.

<sup>17</sup> See the comparison of the objectives in the old and new charter in Section 3.2.1

<sup>18</sup> Independent Evaluation of the Cities Alliance, Universalia, October, 2006

These activities have, among others, included the successful establishment of municipal development forums where organized urban poor, local governments, service providers, private sector and other stakeholders meet on a regular basis to exchange views, debate priorities and agree on common actions.

*"Through the programme we can articulate that we are slum dwellers, but not just poor. We should be involved in decision-making - if we are not, development will not take place and programmes will not work. The programme is effective regarding involvement, and this is very important".*

Representative of slum dwellers in Uganda

## 4.2 Supply-side relevance

Supply-side relevance is about the comparative advantage, value added and core competency of the CA relative to other multi and bilateral development programmes.

### Key findings:

- **The CA is a unique international development platform, focused exclusively on urban issues**
- **CA is complementary to other programmes, with no major overlaps**

Virtually all stakeholders interviewed<sup>19</sup> agree that the CA is a unique international development platform, focusing exclusively on urban issues, which brings donors, ministries and international organizations together. Among the benefits stated by CG members are:

- It actively involves donors to a greater extent than other multi-donor trust funds. However, some members find that there is too little interaction between the partners.
- It is a good platform for discussing and analyzing urban issues.
- It has a good professional reputation
- The secretariat staff is experienced and highly qualified
- It is very flexible.

<sup>19</sup> Including CA members, former members and other stakeholders

Furthermore, most of the members interviewed are positive towards CA's ability to harmonize the effort of the development partners. A few members find, however, that more programmes could be prepared jointly by several members, instead of by a single agency subsequently asking other members to participate.

However, it is important to note that the CA set-up provides the opportunity for projects to be prepared jointly by the members and these opportunities are supported and facilitated by the Secretariat. Thus, it is also up to the members themselves to utilize these opportunities.

There are big expectations to the CPP concept ensuring an even better harmonizing of the efforts among the members, by involving several members in the long term planning of the medium and long term support to the partner country.

Where the majority of international cooperation projects in urban development address specific problems, such as traffic congestion, water supply bottlenecks, or substandard living conditions in low income areas, the evaluation team finds that the CA also adds value by focusing on the strategic dimension of urban development and by encouraging urban policy dialogues. This is especially emphasized with the introduction of CPPs.

#### No major overlaps

Most members and other stakeholders interviewed do not find any undesirable overlaps between CA activities and the activities of other multi- and bilateral development programmes. It is the general attitude that the CA plays an important role in harmonizing the efforts of its members and that CA activities are complementary to the activities of the members and other players in urban development. However, a few members find that the CA knowledge activities to some extent overlap with the knowledge activities carried out by the WB and the UN-Habitat. Based on a review of the knowledge products accessible at the two organizations web-sites, we do not find major specific overlaps, but the organizations are of course working with similar issues, also in relation to knowledge activities. It is therefore recommended that the possibilities for a closer collaboration in relation to knowledge generation, management, and dissemination are explored. Ideally, this could result in better and more comprehensive knowledge products and a single entry point for accessing knowledge about urban development issues. The WB has recently launched an "Urbanization Knowledge Platform", and it will of course be important to scrutinise how to best create synergies between CA's knowledge activities and this new initiative.

### 4.3 Relevance of the design of the programme

The assessment of the relevance of the design of the programme relates to the extent to which the strategies and activities are appropriate for achieving the CA's objectives.

**Key finding: The design of the programme is relevant, especially after the adoption of the new business model.**

The previous model, based on the open grant facility had only a limited strategic orientation, and was characterized by ad-hoc support to individual and short term projects.

The goal of the MTS was "*...for the Cities Alliance to increase its contribution to systemic change and to scale<sup>20</sup>*", by developing criteria to identify those countries where CA activities have the potential to achieve greatest impact and to support activities that can achieve scale.

One of the important result of this new approach was the introduction of country partnership agreements (CPA) aiming at entering into stable, long-term partnerships between a city or a country and CA members.

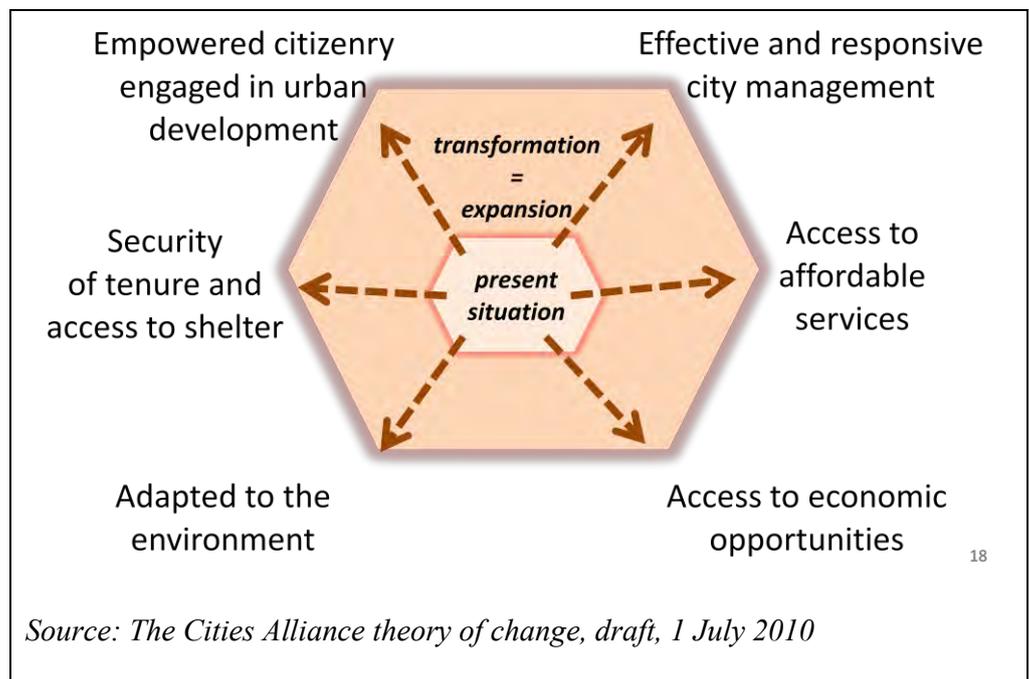
This strategic orientation towards activities aiming at systemic changes has been further developed through the development of a theory of change and by the adoption of the new charter and the development of the draft business plan, with the four service lines, CPP's, catalytic projects, knowledge and learning, and advocacy and communication.

The theory of change constitutes the conceptual basis for the new business model, and clarifies how the CA sees the systemic changes leading to urban transformation towards inclusive cities, as illustrated in Figure 4.1.

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<sup>20</sup> CA Midterm Strategy, 2008-2010, p.6

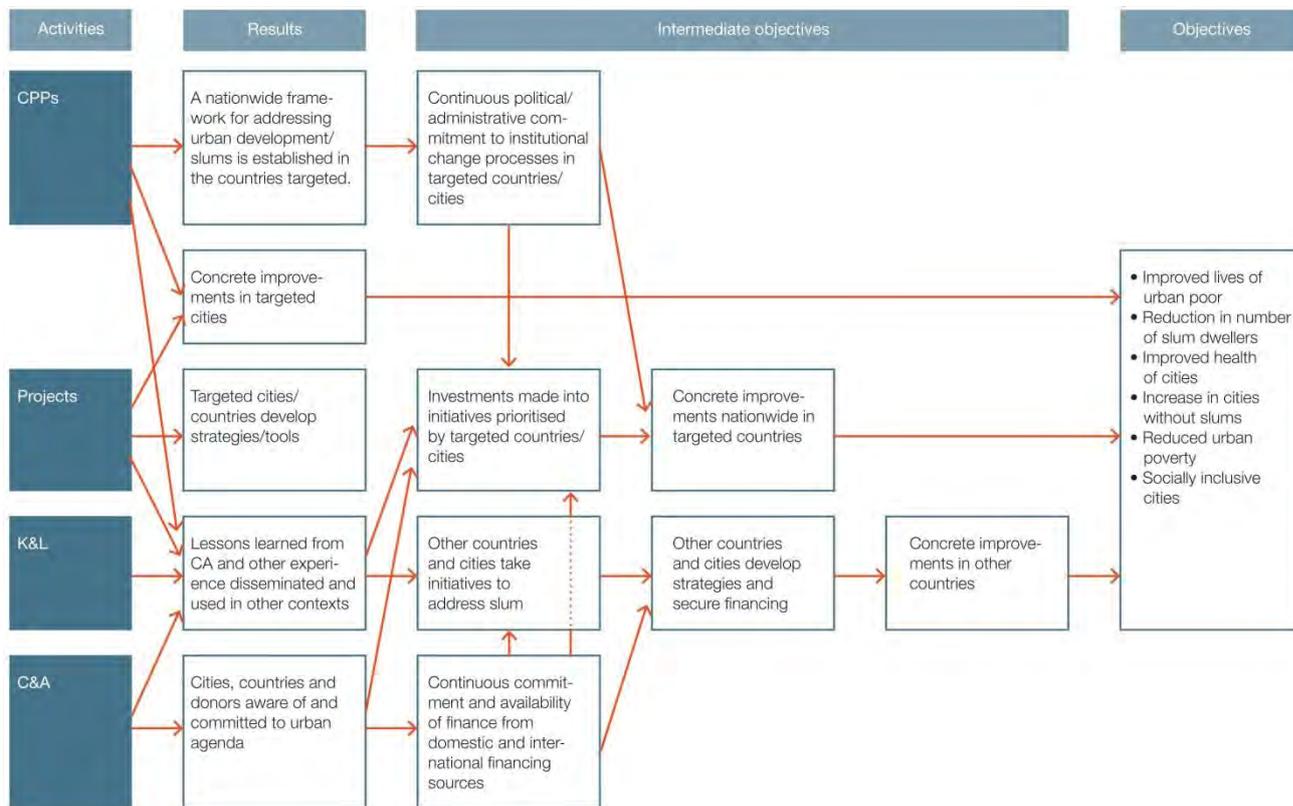
Figure 4.1: Urban transformation towards inclusive cities



We find that this theory of change an important tool in understanding and illustrating the necessary change process in the partner cities. However, it does not fully capture the theory of change for the CA as such. We have illustrated this change logic in

Figure 4.2. This figure shows that, although there is a high degree of complexity in the change process, the CA activities work to mutually support each other.

Figure 4.2 Change logic



The figure shows that the CA, with the adoption of the new business model has established a clear internal logic of the programme.

For each of the four service lines defined in the new charter, specific activities are identified in the business plan aiming at defined outputs and impacts, which are ultimately expected to achieve the overall CA objectives.

Relevance of the four business lines

There are very high expectations to the **CPP's** which by most members are seen as the core of the new business model.

*"The strategic approach makes Country Partnership Programmes more relevant than any previous activities".*

Member of the Consultative Group

The evaluation team agrees that the CPP's are very relevant for achieving the objectives of the CA. The design of the CPP's calls for close collaboration between national and local development actors as well as CA partners on proactive urban development frameworks, and on the mobilization of national and international investments.

-The attitude among the members in relation to the **Catalytic projects** differs. A majority find that this activity is relevant in the outset and an improvement in comparison with the previous *modus operandi*.

The **knowledge and learning** activities are found highly relevant or relevant by far the majority members. The knowledge and learning strategy has improved with the draft business plan.

The 2006 independent evaluation found that: "The Alliance lacks an overall strategy for ensuring that its influencing and knowledge-sharing role helps it to achieve its objectives"<sup>21</sup>.

In the Mid term strategy, there was a number of broadly formulated statements like: "*..the Cities Alliance will retain its existing focus of activities while significantly overhauling and upgrading its knowledge management capabilities..*"<sup>22</sup>, but no specific strategy for how this should be done was developed.

In the business plan the following key objectives are formulated:

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

To reach these objectives, a number of key deliverables are formulated for each of the years 2012 to 2014.

The evaluation team finds that the design of the CA is well suited towards incorporating new issues within urban development cooperation, especially through JWPs. This is e.g. the case in relation to the development of new knowledge on how CDS may respond to climate change challenges, both in relation to mitigation and adaptation.

Also, the **communication and advocacy activities** are seen as highly relevant by most members, although several members call for a more thorough and robust communication and advocacy strategy. It is foreseen, in the draft business plan, that the communication strategy should be revised and updated upon adoption of the plan. However, the evaluation team finds that the strategy should be an integral part of the business plan. Defining the specific communication and advocacy activities in the business plan should be done based on an elaborated and comprehensive strategy.

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<sup>21</sup> Independent Evaluation of the Cities Alliance, Universalia, October, 2006

<sup>22</sup> Mid Term Strategy 2008-2010, p. 6

According to the draft business plan the aim of the CA communication and advocacy is to *"promote the role of cities in poverty reduction and in sustainable development and the Cities Alliance as a partnership"*.<sup>23</sup>

As discussed in section 5.3.3, the previous communication and advocacy activities have not been particularly effective in reaching the objectives of the CA, mainly due to the strategic orientation as well as the lack of effectiveness in executing the activities.

Thus, the new communication and advocacy strategy should be very specific in relation to defining:

- The key target groups
- The messages to be communicated to each of the target groups
- The media to be used for the specific communication to each of the target groups.

Furthermore, it is important to highlight that effective advocacy is also dependent on the CA members advocacy activities and their political involvement

Another issue, raised by several European members, which is important in relation to relevance of advocacy activities, is the need for an European representation of the CA. This has previously been discussed by the CG, but no clear conclusion was reached. The evaluation team finds that the CG should take note of this wish from the European members and we suggest that this issue should be included in the resource mobilization strategy proposed in chapter 8, in order to assess the potential for raising additional resources to cover the costs of establishing permanent European representation.

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<sup>23</sup> CA Business Plan July 2011-June 2014, draft 7 October 2011, p.35.

## 5 Efficacy

Referring to the Tor for this evaluation, the evaluation questions on efficacy deal with two main areas: 1) the achievement of objectives; and 2) the progress of activities, outputs and outcomes. This chapter is structured accordingly. However, before presenting the findings related to the two main areas, we present some overall findings related to the CA's programming, M&E and reporting, which impact on the ability of the evaluation team to draw findings and conclusions on main outputs, outcomes and objectives achieved.

Our evaluation on efficacy focuses on the period 2007-2011, and in particular, the period after the adoption of the mid-term strategy. It takes the new charter, the mid-term strategy and the business plan as the main benchmarks against which performance is assessed. However, where relevant, we also refer to previous evaluations covering the period 2000-2006, as well as experience from projects completed under the previous open grant facility<sup>24</sup>.

### 5.1 Overall findings on programming, M&E and reporting

#### Overall findings:

- **Intended outcomes and objectives of the CA are unclear and not directly measurable, although important improvements are found with the results framework of the business plan.**
- **There is no consolidated capturing of progress achieved or outcomes in relation to the CA's overall objectives or objectives stated at business line or country programme level. The development of an appropriate M&E system is a key area of concern for the CA.**

Unclear and unmeasurable objectives

The issues associated with unclear and unmeasurable objectives have been pointed out in previous evaluations<sup>25</sup>. The mid-term strategy did not seek to provide a set of measurable objectives/outcomes and neither did the new charter. The business plan provides a results framework, which sets up measurable targets at outcome/immediate objectives levels and also

<sup>24</sup> A review of 12 projects completion reports was carried out as part of the evaluation

<sup>25</sup> E.g. IEG, Global Program Review, Cities Alliance, June 2007

incorporates a "theory of change" line of thought. This is an important step forward. The CA would benefit from a more comprehensive indicator framework developed on the basis of the theory of change or intervention logic underlying the CA. The intervention logics 'constructed' by the evaluation team could possibly serve as an inspiration to this work<sup>26</sup>. The advantage of working with intervention logics is that they provide a clear overview of the strategic intentions and directions underpinning a programme and clarify the linkages between the activities, intended outputs, objectives and effects.

#### M&E system

The current M&E system of the CA is based on progress and completion reporting on the individual grants combined with desk reviews (mid-term or ex-post) and ex-post evaluations of selected grants. Although the M&E concept presented in the 2009 annual report adds another two levels (project portfolio and institutional performance), this has not been implemented in practise.

The CA's annual reporting has not been particularly specific in regard to activities carried out and results achieved. The annual reports have generally been thematic and have highlighted interesting examples of CA activities, but have not provided an overview of activities implemented during the year or the results achieved. The reports have not responded to the objectives set for the CA (e.g. objectives in charter or in the mid-term strategy).

As development assistance budgets grow tighter and donors tend to become more and more results focused, there is an increasing need for the CA (and others) to be able to demonstrate their value and impact - not only in relation to specific projects - but fundamentally, in the light of their *raison d'être* -the rationales underlying their establishment and operations. The evaluation team therefore considers the further development of the M&E system a key area of concern for the CA.

In relation to providing an overall evaluation, such as this one, the lack of consolidated reporting makes it very difficult to establish what has been done and which outputs and outcomes have been produced without reviewing in detail every single activity supported (which is beyond the scope of this evaluation).

## 5.2 Achievement of objectives

In order to evaluate achievement of objectives, the objectives must, firstly, be clearly understood and measurable and, secondly, there must be data on the contribution of activities implemented towards reaching objectives. With reference to the preceding section, both of these preconditions are associated with difficulties.

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<sup>26</sup> See chapter on demand-side relevance

### 5.2.1 Achievement of overall objectives

#### Key findings:

- Some progress in relation to achieving the overall objectives has been made - in particular in middle-income countries - but it is not possible to provide an assessment of the extent of this progress (e.g. in terms of number of urban poor experiencing improved lives, reduced number of slum dwellers, reduced slum areas, etc.)
- The CPP approach is promising in terms of achieving greater impact, but it is too early to determine the actual effects. M&E in respect to the CPPs will be important to keep them on track.

The ultimate objectives of the CA have remained fairly stable throughout its lifetime. The following statements are from the mid-term strategy, but the evaluation team regard these as generally valid<sup>27</sup>:

- Improved lives of urban poor
- Reduction in number of slum dwellers
- Improved health of cities
- Increase in cities without slums
- Reduced urban poverty
- Socially inclusive cities

No quantified evidence exists on the impacts achieved through the CA supported grants in relation to these overall objectives. None of the previous evaluations have sought to provide a consolidated and cumulative overview of the extent to which these objectives have been addressed. None of the annual reports of the CA have attempted this either. It is not possible to draw any quantifiable evidence at the individual project level, because projects are not required to report in this relation and evaluations of projects have not focused on a quantified, aggregative assessment of these aspects.

Many good examples of individual project that have been successful

The previous evaluations of the CA as well as annual reports and other CA material provides a wealth of examples of successful projects and as formulated in the 2007 Global Program Review of the Cities Alliance:

*"there are many concrete examples of the impact of Alliance grant-funded TA for both CDS and Slum Upgrading TA"*

*"there is anecdotal evidence of the good quality work done through Alliance grants"<sup>28</sup>*

<sup>27</sup> Mid-term strategy pages 4 and 10

<sup>28</sup> IEG Global Program Review, 2007, pages 11 and 9

Good potentials at local level, but lack of project specific data

The review of project completion reports and evaluation reports also indicates that a fair share of the projects have had good potential for achieving a long term impact within their local setting, however, most projects placed little focus on dissemination and replication. It therefore appears that the potentials for achieving a catalytic effect - and thus greater impact - has not been fully exploited. It should be noted that these findings are tentative as there is virtually no data on sustainability/longer-term impacts of the projects as evaluations were typically carried out immediately after project closure.

Impact higher in middle-income countries

In an internal review of the implementation of the mid-term strategy, the Secretariat assessed that the current Cities Alliance business model was not yielding sufficient results, particularly in low-income countries. The results of the review were:

- Middle income countries (and cities in these countries) have been successful in gaining access to the grant facility, and in achieving significant results with CA funds (eg, Brazil, Philippines, South Africa, Egypt);
- Across the portfolio, there has been insufficient impact in low income countries;<sup>29</sup>
- The impacts of the grant facility are scattered across many countries, cities and types of activities, making the monitoring and evaluation of results hard to achieve.

There is thus data<sup>30</sup> to suggest that the cities/countries where the CA has been most successful are the ones where a longer lasting effort has been made (Brazil, Philippines, India, South Africa) and at the same time the majority of these are middle-income countries with a longer tradition in urban planning and with a greater capacity for responding to urban planning concepts associated with CDS/SU. However, there are also examples of successful 'stand-alone' projects in other (low income) countries.

On this basis, it is assessed that some progress in relation to achieving the objectives has been made - in particular in middle-income countries - but it is not possible to provide an assessment of the extent of this progress (e.g. in terms of number of urban poor experiencing improved lives, reduced number of slum dwellers, reduced slum areas, etc.).

CPP approach promising in terms of achieving greater impact

The CPP approach is the centrepiece of the new business model and much is expected from the members. This evaluation finds that the implementation of the Uganda CPP is promising in terms of delivery of outputs and outcomes so far<sup>31</sup>. With focus on a programmatic effort in selected countries instead of single projects spread across a number of countries, the intention is to create a better basis for achieving a more pronounced impact in these countries. The evaluation finds that working on a long term basis with a range of partners and

<sup>29</sup> The findings on impacts in middle-income vs. low-income countries were also put forward in the 2007 Scandinavian evaluation

<sup>30</sup> 2007 evaluation and MTS review by CA Sec

<sup>31</sup> See section on progress in activities, outputs and outcomes

addressing all administrative layers within a country certainly increases the chances of making a lasting impression. However, there is also an increased risk in the sense that should one country programme go wrong (which may be accounted to factors beyond the control of the CA) it could mean a substantial part of the funding pooled for this country would have little effect. This points to the need for close supervision by the CA and national partners on the progress in the CPPs and their ability to take action if needed. Seen in this context, the evaluation team is concerned that the reporting arrangements in the CPPs focus on individual grants and not on the programmes as a whole. Also, the lack of CA presence in CPP countries is seen as an issue for consideration - especially in view of the GHK evaluation, which also argued for stronger CA presence in countries of operation.

### 5.2.2 Achievement of intermediate objectives of the CA

The intermediate objectives focusing on the kinds of changes that the CA should be facilitating in order to reach the above overall objectives are not so clear-cut. Firstly, because objectives are not formulated in a clear and measurable way, and secondly, because objectives have changed over time in the course of the reform process.

In the review of the strategic documents, the evaluation team has found that the mid-term strategy and the business plan did provide more substance to the understanding of the intermediate objectives as they were presented in the charter. At the same time it is evident that the mid-term strategy and the Business Plan were not written in a style, which is in conformity with an intervention logic format. There is no clear hierarchy of objectives and thus little emphasis on assumed linkages between the links in the change processes. The evaluation team has produced a 'simplified' constructed intervention logic<sup>32</sup> and the findings on achievement of intermediate objectives presented here are structured according to the four key areas highlighted in this intervention logic.

#### Political and administrative change processes in targeted countries

##### Key finding:

- **There are many positive examples of successful projects, but no systematic recording. The data indicates that projects have generally been successful in facilitating a greater degree of awareness and capacity among key stakeholders, but this has not always transformed into concrete political actions and changes. Projects focusing exclusively on the city level have run into barriers relating to national policy and planning frameworks.**

<sup>32</sup> See chapter on relevance

The previous evaluations and the CA annual reports provide many concrete examples of successful projects, but there is no systematic recording of the extent to which political and administrative change processes have been instigated by the CA projects. The 2006 independent evaluation assessed that the CA grants have strengthened local capacity but this is not institutionalised. Similar trends are found in the project completion reports reviewed. The projects have led to a greater degree of awareness about urban and slum issues and CDS/SU as methods to address these and they have also built capacity among stakeholders to use these methods. However, success was more limited when it came to actually taking action. Especially projects focusing only at the city level have run into barriers relating to national policy and planning frameworks.

The GHK evaluation assessed that support for CDS probably leads to better results than SU which run into wider problems of national / urban policy frameworks not being conducive to implementation.

The evaluation team considers that the new CPP approach is better positioned to bring about political and administrative change processes as it is a more comprehensive, national and longer term framework.

#### **Leveraging investments and thus providing the basis for improvements nationwide**

##### **Key finding:**

- **There is anecdotal evidence that some projects succeed in leveraging investments, but no aggregated, quantified data. The evidence suggests that the potential for leveraging investments was not fully exploited with the projects under the open grant facility. There are good prospects for the CPP to have a more pronounced impact but this remains to be seen.**

The 2006 independent evaluation found that CA grants of USD 80 million had leveraged investment of USD 8.2 billion. However, this was not substantiated with evidence and as stated in the 2007 Global Program Review, only example evidence is available. The 2007 Scandinavian evaluation assessed that one third of the reviewed projects had achieved satisfactory linkages to further investments, however this was not quantified. The GHK evaluation stated that:

*"The tests of scaling up, replication and sustainability are only partially evident and indeed addressed in the cases reviewed. On the upside, the CDS initiatives seemed to have potential catalytic effects and as in the case of the Philippines achieved a degree of mainstreaming in urban planning."<sup>33</sup>*

<sup>33</sup> GHK, Evaluation of Project Implementation Modalities of the Cities Alliance, p. 61

During interviews for this evaluation, some CA members voiced concerns over the CDS projects and their ability to mobilise financing for investments. An internal review of the CDS projects conducted by the CA<sup>34</sup> concluded that the CDS projects do not often establish priorities, nor effectively mobilise financing for investments.

The review of completion reports done in connection with this evaluation does not give rise to any conclusive assessment. There is insufficient information in the reports concerning leverage of investments, but some of the projects had promising potentials.

The CPP approach with its comprehensive scope and close involvement of partners, including financing institutions, seems promising for achieving leveraging of investments. In the review of the Uganda CPP conducted by this evaluation it emerges that there is a potential for scaling up through a WB investment programme for which the WB is currently in the process of getting support. The plan, according to the stakeholders involved, is to build on the CA programme experiences and roll out to other municipalities than the five included in the CPP. However, the linkages to domestic financing and thus the basis for the longer-term sustainability of the actions are less evident in the CPP.

#### **Other cities / countries take initiatives and develop strategies**

##### **Key finding:**

- **The CA is in a unique position to facilitate knowledge and learning to other cities and countries based on the experience gained in CA supported activities. This has not been fully utilised and should be emphasised with targeted strategies under the new business plan.**

The evidence from previous evaluations suggests that the CA has had some success in facilitating a replication of their approaches based on the experience gained from the projects supported. The 2006 independent evaluation assessed that scaling up remains a challenge but CA activities have contributed to replication. The 2007 Scandinavian evaluation concluded that whereas the scaling up process is happening among the largest cities, the CA has so far not addressed the need for support to the intermediary and smaller cities.

The review of project completion reports indicates that dissemination and replication seem to have occurred only to a rather limited extent, or at least is not very thoroughly reported.

Based on the information available in annual reports and other CA material, it seems that the focus has been very much on the individual projects and less on extracting and disseminating knowledge and learning and bringing this to the

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<sup>34</sup> 2009 annual report, p. 33

attention of other cities and countries. As is also emphasised by previous evaluations, the CA is in a unique position to do this and has much to offer.

In recent years, some important steps in this direction have been taken. The JWPs implemented as well as internal reviews conducted by the CA Secretariat have drawn lessons learned and have helped drive the change in the CA business model.

With the new charter and business plan there is an increased focus on the CA's knowledge and advocacy activities as these now represent two business lines to be addressed. The evaluation team considers that this provides a good basis for increasing the impact in respect to replication through knowledge and advocacy, but that this requires focused strategies for knowledge and learning and advocacy and communication.

### **Commitment to and financing for urban development challenges in developing countries**

#### **Key finding:**

- **The CA has an important role to play but has not fully released its potential in relation to facilitating commitment to the urban development agenda. There is a need to devise a strategy for the advocacy work.**

There is very little evidence of the achievements made by the CA in respect to retaining donors' and developing countries' commitment to and continued financing of urban development and slum upgrading. According to the 2007 Global Program Review, the CA has helped retain a high profile of urban issues among donors. Interviews with members also indicate that the CA plays an important role in this respect, but still at the same time many members emphasise that advocacy efforts made by the CA have not been sufficient.

According to the CA's own analysis of the situation in the 2009 annual report, there is still a rhetoric in the international development community to plan against urbanisation and development agencies are inclined to focus on rural areas and neglect consistently the importance of secondary and tertiary cities. At the same time, the situation in developing countries is that mistakes made in middle-income countries are now being repeated in developing countries experiencing rapid urbanization.

It thus appears that there is much to do for the CA in this area. Previous evaluations have consistently pointed to the need for a strategy for the advocacy work carried out by the CA. Considering the advocacy and communication is now a distinct business line of the CA, the need for a strategy to guide the activities is even more pertinent.

### 5.3 Progress of activities, outputs and outcomes

This section presents an assessment of progress using the mid-term strategy, the new charter and, to some extent, the business plan as the main benchmarks.

The presentation of findings below is structured according to the four business lines of the CA: Country partnership programmes, catalytic fund (and project grants - previous open grant facility), knowledge and learning and advocacy and networking<sup>35</sup>.

#### 5.3.1 Country programmes

##### Overall findings:

- CPAs have been established in accordance with MTS although not in all countries planned
- Projects have been implemented in line with the CPAs but, due to lack of consolidated data, it is not possible to determine outcomes at programme level.
- The CA has made good progress in establishing and implementing CPPs

#### CPAs

Work programmes / partnership agreements were established with Brazil<sup>36</sup> and the Philippines<sup>37</sup>. There has been some degree of cooperation with India and South Africa but this did not materialise into CPA/WPs although this was planned according to the mid-term strategy.

For the two CPAs, there has been no monitoring at the programme level - only at the level of the individual financed activities. It is beyond the scope of this evaluation to review all individual projects financed under the CPA. The limited data available indicates a successful implementation of the CPAs, however, this cannot be established with certainty and it is not possible to make a thorough assessment of the outputs and outcomes achieved at country programme level.

#### Implementation of CPA Brazil

From the list of financed projects 2005-2011 it can be seen that nine projects were financed in Brazil in the period 2009-2011. Judging from titles and short descriptions they are in concurrence with the themes and activities in the CPA/WP. Positive statements have been made about the progress made,

<sup>35</sup> These were only firmly established in connection with the new Charter, but activities in the past five years can still meaningfully be divided according to this structure.

<sup>36</sup> agreement entered 2009, WP covers 2009-2011

<sup>37</sup> agreement entered 2010, WP covers 2010-2012

	<p>however, these statements did not "report" directly in relation to the themes and activities mentioned in the CPA/WP<sup>38</sup>.</p>
Implementation of CPA Philippines	<p>From the list of financed projects 2005-2011 it can be seen that two projects were financed in the Philippines in the period 2010-2011. Judging from titles and short descriptions they are in concurrence with the themes and activities in the CPA. The interviews with Philippine members indicate a high level of satisfaction with the cooperation with the Cities Alliance and that progress is being achieved in relation to the objectives of the CPA.<sup>39</sup></p> <p>According to the CA Secretariat, the CPA/WPs helped to put a strategic direction to the activities financed in the two countries. In Brazil the focus was on extracting and disseminating knowledge generated through concrete projects and in the Philippines the CPA/WP gave a stronger focus on poverty orientation.</p>
CPP concept and program development	<p>Concerning the CPP, the CA has come quite far considering the relatively short span of time available since the CPP concept was decided. The CA has developed and described the CPP concept in the business plan and has embarked on the development of CPPs in Uganda, Ghana, Burkina Faso, Mozambique, and Vietnam. Currently, CPPs are in some stage of development in these countries, with Uganda being the most advanced.</p> <p>The CPPs are very recently established or still under development and generally the CA members agree that it is a very promising framework, but it is too early to determine the degree of success.</p>
Review of Uganda CPP	<p>As part of the evaluation, a review of the Uganda CPP was carried out. This involved a desk review of programme document and progress reports and a teleconference with key stakeholders. The main findings from the review are:</p> <ul style="list-style-type: none"> <li>• <b>Important achievements already made despite delays.</b> The programme has already generated important outcomes and the partners involved are satisfied with progress made and have confidence that planned outputs and outcomes will be achieved. Key achievements so far include: <ul style="list-style-type: none"> <li>- Increased political awareness at national/local level about urban problems/recognition of the needs of the urban poor.</li> <li>- Developed strategies/direction for urban development.</li> <li>- Created new working relationships between the national government/municipalities and local communities.</li> </ul> </li> </ul>

<sup>38</sup> In the 2009 AR (p. 60) the Brazilian CA member made very positive statements about the cooperation with the CA and the results achieved and in the 2010 AR (p. 7) the partnership is also described in very positive terms underlining the close engagement facilitated with city, state and national policy makers. The response from the Brazilian members to the questions posed under this evaluation (ref. Appendix E) also indicate a high degree of satisfaction in relation to the implementation of the CPA.

<sup>39</sup> Although the GHK report does include an analysis of CA projects in the Philippines, this analysis only concerned a selection of projects approved prior to the CPA/JWP and thus the findings are not relevant in this regard.

- Established better data on real situation in the five municipalities.
  - Created forums enabling public participation.
  - Created saving schemes in the five municipalities.
- **Challenges due to complexity of programme.** The CPP is complex with the involvement of many actors and stakeholders. This poses challenges to the management of the programme. In fact the programme consists of three grant agreements and each grant recipient<sup>40</sup> must report separately on the implementation of each agreement to the CA. From studying the progress reports, it is clear that they relate to the specific grant agreement and not to the programme as a whole. In the Programme Document, it is stated that Ministry of Lands, Housing and Urban Development will be *"fully responsible using existing structures for the overall coordination, oversight, monitoring and evaluation of the TSUPU programme"*<sup>41</sup>.. However, it could prove difficult for the ministry to provide this overall management, when two of the grants are implemented beyond the monitoring control of the ministry. On the other hand, it may also prove difficult for the CA to have a meaningful discussion on progress on the grants when not being present in Uganda and having a hands-on experience in regard to implementation of the programme. None of the progress reports reviewed by the evaluation team provide a full comprehensive overview of current state of implementation of the programme, despite the programme having been under implementation for more than a year.

### 5.3.2 Projects

The shift to a new business model of the CA meant the closing down the open grant facility. The catalytic fund is now in operation. During the period of the evaluation, no catalytic fund projects have been implemented. This section therefore looks at projects approved under the open grant facility.

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<sup>40</sup> MoLHUD, SDI, and ICMA

<sup>41</sup> The TSUPU programme is the official title of the CPP, ref. section C on implementation and institutional arrangements for the Programme

**Key findings:**

- Due to lack of an M&E system systematically collecting data on achieved outputs and outcomes across projects, it is not possible to quantify outputs/outcomes and present an aggregated picture.
- Data from reviews of samples of projects shows that, in general, projects were successfully generating planned outputs and outcomes in their local setting, which led to improved political awareness (often both at local and national levels) of urban development issues and methods for CDS/SU, capacity building of stakeholders involved, and sometimes to actual changes in institutional and legal frameworks.
- There was limited success in terms of creating coherence of effort
- While local government associations were involved and benefitted from some of the projects, there is no data reflecting a 'systematic engagement' as was planned in the mid-term strategy.
- The MTS focused on increased client execution as a means to achieve increased ownership of cities and partners to the projects. In the meantime, the CA has learned the client execution is not necessarily the means to this end. The CPP approach opens up new possibilities for increasing ownership, and builds on these lessons learned.

**No aggregated data on outputs/outcomes but projects generally successfully implemented**

Referring to the above overall findings in respect to the M&E system, the available data does not facilitate the presentation of aggregated quantified outputs/outcomes e.g. CDSs produced, number of cities targeted by CDS/SU initiatives, number of cities administrations where capacity has been built, no of local government associations addressed and achieved capacity building, etc. However, there is a lot of anecdotal evidence and individual examples (as was also pointed out by previous evaluations), which point to a high degree of success in implementing the projects. Reviews of samples of projects in this and previous evaluations support this general picture.

**Review of selected projects**

This evaluation comprised a desk review of 12 completion reports and six evaluation reports and interviews with a few involved associations of cities/cities<sup>42</sup>. This review shows that the individual projects generally implement the planned activities and achieve the intended outputs and outcomes at the individual project level. There are also positive outcomes in terms of creating political awareness and building capacity among the

<sup>42</sup> The evaluation team attempted to carry out interviews with selected cities/city organisations involved in the projects reviewed, however, this was only successful in three cases as it proved impossible to reach relevant contact persons.

stakeholders directly involved in the project, also, some progress in respect to influencing strategic decisions and planning at national and local levels.

The GHK evaluation conducted in-depth reviews of 15 projects in 6 countries (Cameroon, Malawi, Senegal, Mozambique, Philippines and Syria) and gave an overall positive view on the effectiveness of the CA in delivering projects, which coincides with the above finding from this evaluation that the majority of the projects individually were well implemented and with good results in their local setting. The GHK evaluation did not attempt to provide a global, aggregated assessment of the outputs and outcomes achieved. Main findings of the GHK evaluation in respect to outputs and outcomes were:

- The two main products CDS and SU have merit and are recognised by clients as innovative and encouraging new and better ways of planning.
- CA knowledge leverage via structured approaches to CDS/SU formulation was critical to success and highly valued by clients.
- The CA Grant supported activities, when working well, are able to achieve successful participatory partnerships among clients, local stakeholders and the CA (and in particular members).
- The interventions supported through the grants are relevant and effective – they are focused on processes that increase the likelihood of urban poverty reduction.

#### **Coherence of efforts**

The project review indicated that many projects have limited focus on coherence of efforts among donors/partners (many single-donor projects). This is concurrent with the internal review of the implementation of the mid-term strategy, where the Secretariat assessed that very limited coherence of effort is evident in many CA projects. However, there are also cases of positive experience as is also noted by the GHK evaluation. Both the 2007 evaluation and the GHK evaluation focus on the need for clearer roles of members, clients and the CA Sec. as a means to better facilitate coherence of efforts.

The CPP approach marks a significant change in this regard and many members have praised the approach for the partnership spirit and the efforts made to ensure a broad involvement of stakeholders (national and international) in a coherent way.

#### **Support to and systematic engagement with local government associations**

The MTS focused on increased support to and systematic engagement with local government associations, especially in Africa. However, there is very little mention of activities, outputs or outcomes related to this in the CA documents. An initiative was originally planned for support to UCLG-Africa, however, according to the work programme update report 2009, this initiative was suspended due to 'on-going issues'. Funds were reprogrammed to JWP on national State of Cities Reports in Africa and study on assessing housing deficit in Africa.

The indications from the project review conducted by this evaluation and the few interviews conducted with associations of local authorities involved is that the organisations clearly benefitted from the projects and they are positive towards the CA and establishing wider cooperation. On the other hand, there has been little attempt from the CA to engage systematically with these organisations and the projects have not led to an institutionalisation of the relationship between the CA and the cities/city organisations involved.

The new charter marks a change in mindset putting the cities at the forefront. This also contains prospects for increasing collaboration and networking with national associations of local government. The CPPs offer a more appropriate framework for a long term engagement with the associations of local authorities in the countries concerned and, according to the CA Secretariat, this is an integrated part of the CPP programming process. The evaluation team considers that national associations of local government are central actors in respect to reaching out to secondary and tertiary cities and therefore should be well integrated in the knowledge and learning business line of the CA when the strategy for this business line is unfolded.

#### **Client execution**

The mid-term strategy included the target to increase client execution as a means to achieve greater ownership by clients to the projects. Subsequent annual reports reported on the share of client execution, but it was not until the GHK evaluation in 2011 that an analysis of the links between client execution and ownership was made. The results of the analysis suggested that:

- There is no simple relationship – high degrees of ownership can be attained by member and client execution: the issue was the quality of the relationship between clients and members.
- There does seem to be a positive relationship with stronger member roles and higher quality projects.
- It is essential that local stakeholders take a leadership role in the planning processes and “own” the decisions and results

The CA Secretariat has explained that these lessons learned are being integrated into the CPP framework, which focuses on client involvement, but also on a coordination role for relevant members, where needed.

### 5.3.3 Knowledge and learning

#### Overall findings

- Increasing focus on K&L after MTS but not all planned outputs achieved. Knowledge management system/strategy prioritised in MTS has not materialized
- A number of JWPs implemented: Appreciated by members and contribute to knowledge generation and coherence of efforts.
- Limited partner/member involvement in JWPs and the focus is on generation of knowledge rather than on dissemination and learning
- No major changes in knowledge products despite MTS priority to expand programme of knowledge products
- M&E strategy based on impact chains (as prioritized in MTS) not materialized, but results-based management indicators established in BP
- A library is maintained but it is questionable whether it is making any significant contribution to K&L

#### Increased focus on knowledge and learning

The mid-term strategy marked a shift towards a more programmatic approach to knowledge and learning. After the mid-term strategy there has been good progress in particular in regard to the implementation of joint work programmes (JWPs) with members. However, as is seen in the more detailed presentation below, the CA has not delivered on all planned activities/outputs of the MTS.

The on-going development of a knowledge management system/strategy is mentioned in several annual reports, but there is no account of the system actually being finalised and approved. The Business Plan also mentions "moving towards a programmatic approach to knowledge management" but does not present a strategic framework as such.

As also pointed out in the business plan, the CA has a unique knowledge base from the experience generated through the CDS/SU projects supported. At the same time, the CA as a partnership involving key stakeholders in the urban development community is in a very favourable position to facilitate the dissemination and sharing of knowledge - a position, which until now seems not fully exploited. With the new charter and the business plan there is an enhanced focus on K&L as a main business line of the CA. In this light, a formal strategy for K&L would provide a basis for building on the strengths of partners and making the most of the possibilities offered.

### Joint work programmes with members

The mid-term strategy called for the development and facilitation of JWPs with members<sup>43</sup>. Accordingly a number of JWPs have been and are implemented. The financial years 2009 and 2010 saw the largest numbers of JWPs approved. In terms of subjects covered and objectives targeted, there are wide differences between the JWPs. Some of them are very focused on knowledge and learning, whereas others seem to be of a more operational character and are quite similar to the conventional projects under the open grant facility/CatFund.

The JWPs focused on knowledge and learning can broadly be divided in two groups: 1) Those reflecting on past experiences (of the Cities Alliance but also urban development in low/middle income countries in general) and seeking to draw out the main lessons learned and pointing to ways forward; and 2) Those dealing with particular emerging agendas and issues and seeking to explore them and integrating them into the mainstream urban agenda (such as environment, climate change).

The desk review of the information at the CA website, application documents and progress/completion reports for the K&L focused JWPs further shows that the JWPs are generally successful in achieving planned activities and outputs and the members appreciate the JWPs and they are often seen as important in filling knowledge gaps which the members themselves are not able to fill.

Compared to the situation before the mid-term strategy, where knowledge activities were typically confined to the CA Secretariat, the JWPs mark an important step forward. However, the vast majority of the JWPs are implemented by one member and a few by two or three<sup>44</sup>. In addition, the JWPs are mostly focused on knowledge generation and to a lesser extent on knowledge dissemination and learning. Very few JWPs have elaborated strategies for how knowledge generated is to be shared, who the key target groups are and how knowledge can be of value to these target groups. Dissemination is most often limited to the publishing of a report. There is also a limited focus on south-south learning/exchange although a few of the JWPs have had very positive experiences with this, notably some of the Brazil JWPs.

Other strong indicators of the lack of focus on dissemination include that the CA web-site (open section) contains no information on the JWPs<sup>45</sup> and interviews with members indicate that their knowledge of JWPs in which they have not participated directly is very limited.

This implies a risk that knowledge created is not reaching all relevant parties and thus not fully realising the potential of benefiting from the knowledge. A

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<sup>43</sup> UCLG/metropolis, UN-H, WB, and others, MTS, p. 15

<sup>44</sup> Although the CA Sec. sees two variations of JWPs - the first with CA Sec. working with a member and the newer with two or more CA members working together, this pattern is not completely evident from the data. However, several of the more recent JWPs have involved more members than those who applied for the grant.

<sup>45</sup> but most of the reports resulting from JWPs are available under publications

K&L strategy focusing on knowledge and learning needs of key target groups would provide a useful framework for setting the scope and direction for future JWPs and other knowledge activities.

### **Expanded and structured programme of knowledge products**

The mid-term strategy called for an expanded and structured programme of knowledge products<sup>46</sup> and a publications programme<sup>47</sup>. The CA knowledge products include the annual report, the CIVIS notes series (where very little has been produced since 2002) and the newsletter (typically 3 to 4 times annually). The evaluation team has not found a documented programme of knowledge products and has not found that much has changed in respect to the types of products offered since the mid-term strategy.

The evaluation team has found that many projects have produced, what it regarded by the projects themselves as, very useful tools/guidelines or other knowledge products. However, these are not always posted on the CA web-site and there is no strategy for how they may be disseminated to other relevant target groups. The GHK evaluation made similar points in several of the country/project studies, for example in relation to Mozambique: *"Several projects have produced innovative reports/methodologies - this learning could be better captured and distributed."*<sup>48</sup>.

The CA web-site has a page on publications and knowledge resources, which links to CA publications and non-CA publications. The evaluation team has reviewed this and finds that it contains key CA publications and other relevant publications and seems to be updated regularly. However, there is scope for improvement in content and usability:

- There is no information on the CA's own JWPs
- It is not clear how reports get admitted to the library and which subjects are in focus
- There are no links to members' knowledge resources (web-sites, etc.)
- The publications are merely listed in alphabetical order by title. It is not an easily searchable library.
- The newsletters contain a lot of relevant and interesting information, however, you need to enter a specific newsletter to find it

The CA Secretariat has informed the evaluation team that a major upgrade to CA website is nearly ready to go and that this addresses many of the above points. For example, the new website upgrade will have fully searchable knowledge database.

The evaluation team suggests that both the publications programme and the library/web-based knowledge services offered should be subject to a critical

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<sup>46</sup> (p. 15)

<sup>47</sup> (p. 27)

<sup>48</sup> (p. 49)

review in the light of the knowledge and learning strategy focusing in particular on the needs of the target groups involved in knowledge and learning activities.

### **Monitoring and evaluation strategy**

The mid-term strategy focused on the development of M&E strategy based on impact chains<sup>49</sup>. This was based on previous evaluations, which called for the elaboration of such a system. Some initial steps in this direction have been taken. An M&E conceptual approach was presented in the Annual Report 2009 focusing on three levels of assessment: Project, project portfolio and Institutional performance of the CA. However, this approach has not been made operational by actually determining measurable targets and indicators and defining the initiatives and actions required in order to make M&E happen.

In the business plan, indicators for results based management are included. Indicators are presented for the business plan as a whole at the results/outcome level and for each of the four business lines at the output/deliverable level. The linkages between these two levels are not obvious. The business plan does not contain a section on how its implementation will be monitored and evaluated.

Members' views on the effectiveness of the CA in conducting M&E differ considerably. Of those who felt able to comment (2/3) about half were satisfied and half were not satisfied. Some members consider this critical to future membership. The dissatisfied half refer to the lack of M&E system and comment on the fact that the CA has not implemented an M&E system despite that this has been on the agenda for more than five years. The elaboration of a M&E system should be a high priority in the view of the evaluation team. The business plan and results indicators provide a starting point.

The evaluation team recognises the challenges associated with measuring outcomes and impacts of multi-sectoral and integrated interventions as those supported by the CA. M&E systems contain an element of simplification and reduce reality to a set of indicators. This implies that not all complexities and details of the individual intervention are captured by the data collected. In this situation it is tempting to develop complex systems of indicators, however, this renders the M&E system very difficult to implement in practise. The evaluation team suggests that the CA develops the system on the basis of a few selected key indicators applicable to all interventions, which are manageable and realistic to implement. This can then be complemented by selected case studies/evaluations to provide in-depth understanding and learning.

Another challenge is the attribution of impacts to CA interventions considering the complex environment of CA interventions often with a multitude of projects/measures supporting various elements of urban development in a particular city. This relates not to the M&E indicators themselves but to the assessment of performance of a given CA intervention according to the indicators. The M&E system developed could address this by:

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<sup>49</sup> MTS, p. 6, 30 ++

- Providing directions for how the assessment should be done ensuring harmonisation of the assessment across interventions
- Allowing for an assessment of the degree of certainty in relation to ascribing changes in specific indicators to the CA intervention as part of the M&E exercise

### 5.3.4 Advocacy and communication

#### Overall findings:

- Although a communications and advocacy strategy was to be prepared according to MTS, such a strategy has not been put in place
- Limited extent of advocacy activities at forums and events outside the CA/urban development community i.e. less focus on non-members and high-level political decision-makers
- The website improved as planned in MTS, but it does not tell the full CA story

#### Communications and advocacy strategy

The mid-term strategy marked a shift towards a more programmatic approach to advocacy and communication and focused on the preparation of a communications strategy<sup>50</sup> and a concerted communications and advocacy approach<sup>51</sup>. This was a reaction to the previous evaluations which called for strategic directions for the advocacy work.

The advocacy/communication strategy is mentioned in several CA documents<sup>52</sup>, however, the evaluation team has learned that there is no formal documented strategy. The CA Sec is working on the basis of informal principles and shared visions among the staff. Also, in regard to the policy advocacy forum, terms of reference have not been developed and there is no mention in any annual report of activities implemented. It is unclear what kind of outputs/outcomes this panel is supposed to have generated and to which extent this been achieved. Being "the advocacy vehicle for CA"<sup>53</sup> it would be

<sup>50</sup> MTS, p. 6 + 15

<sup>51</sup> MTS, p. 27

<sup>52</sup> According to the annual report 2008 the communications strategy was revised during the year. According to the annual report 2010 the first critical steps to prepare an advocacy strategy were taken during the year and the advocacy panel (with one member - to be expanded) was established. The draft BP from July mentioned the need to revise the communication strategy.

<sup>53</sup> BP, p. 31

expected that its role is described in an advocacy strategy and in relation to the A&C business line plans as laid out in the business plan, however, this is not the case.

The interviews with CA members indicate that most members regard advocacy as a most important task of the CA, but their level of satisfaction with CA advocacy varies considerably (a third of the members are highly dissatisfied). Generally, the European donor agencies are among the most critical members and they feel strongly that advocacy in Europe needs to be stepped up. However, it appears that it has not been possible to arrive at a consensus on this point since funds set aside for this purpose were unspent<sup>54</sup>.

Compared to the previous charter, which did not clearly reflect the advocacy role of the CA, the new charter places advocacy as one of four business lines of the CA. Seen in this light, the development of proper strategic directions to guide the implementation of this business line seems highly appropriate.

Advocacy is an area where the role and identity of the CA becomes a key point of discussion. How much should the CA be doing in its own right and to which extent should it be working through the capacities of its members? The evaluation team suggests that this essentially depends on two key factors:

- 1) A thorough analysis of the target groups and the best means and mechanisms to address these, and
- 2) The resources and capacities of the CA and its members which can be utilised for this purpose and the buy-in of the members to the CA advocacy framework

The CA cannot succeed with advocacy without the active involvement of and cooperation with members but in order for this to become a reality, the CA Secretariat also needs to play its role and put forward convincing and reasoned suggestions for the strategic direction to be taken.

### **Utilising members' communications capacities**

The mid-term strategy called for the utilisation of members' communications capacities and advocacy tools and noted different actions to be taken in this regard<sup>55</sup>.

The annual report 2008 mentions that the CA participated in more meetings and events organised by members and partners than before. It worked with members to organise knowledge-sharing events and a youth essay competition.

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<sup>54</sup> The Financial and Budget Report FY11-FY12 (Oct 7, 2011) stated that most of the communications and advocacy budget went unutilised because of lack of consensus around plans for advocacy in Europe.

<sup>55</sup> MTS p. 15, Use advocacy tools (WUF, State of the World's Cities, GUO) in cooperation with members (MTS, p. 18), JWP with UN-H for advocacy (MTS, p. 18)

The annual reports 2009 and 2010 also mention several activities implemented including the WUF. A JWP with the UN-HABITAT focused on supporting the world urban campaign.

The activities mentioned in the annual report and the events in which the CA has participated are no doubt important and the presence of the CA a natural part of an urban advocacy initiative. These are key events in the 'urban community', where scholars, practitioners, financiers, etc. come together and the CA should be visible there. However, many participants are already 'convinced' of the qualities of urban planning/management, CDS and SU. In order to make a difference, advocacy initiatives need also to go beyond this target group and address decision makers at higher levels.

### **Website and publicity material**

The mid-term strategy included several actions to promote the CA, including web-site improvement and preparation of publicity material<sup>56</sup>. The CA has taken action to address both priorities.

#### Website

A major restructuring of the web-site was carried out during 2008-2009. This included the establishment of the project database, reorganisation of content and development of content management system<sup>57</sup>.

The information on what the CA does in the open section seems incomplete and in need of an update - in particular considering the new charter and business plan.

Publicity material A Cities Alliance corporate video and branding activities were implemented during the year 2009 and a CA 10th anniversary annual report was issued<sup>58</sup>. The CA web-site contains a section with CA material. It is not clear to which extent and by whom the material is being used. The material has not been reviewed as part of the evaluation.

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<sup>56</sup> More effective use of internet (MTS, p. 15), ramp up web-site (MTS, p. 24), Prepare range of informative and simple publicity material on the CA (MTS, p. 23).

<sup>57</sup> According to the Work programme update report (Jan 2009) and the annual report 2008

<sup>58</sup> According to the annual report 2009

## 6 Efficiency

The evaluation of efficiency deals with the extent to which the outcome and impacts achieved have been generated at a reasonable cost. Ultimately, such an assessment should calculate the unit costs of CDSs and SUs produced by the CA and compare these to unit costs of other CDSs and SUs. The assessment should consider whether or not the CA projects are run efficiently. This has, however, not been attempted by any previous evaluation and is not within the scope of this evaluation. It is a difficult exercise as the CA approach is unique, making good comparators difficult to identify. This evaluation has employed a number of other indicators, such as the level of overhead costs, assessments of grant making procedures and qualitative assessments of the CA's efficiency.

### 6.1 Overhead costs

Overhead costs refer to the administrative costs of managing and implementing the mandate of the CA - i.e. the expenditures of the CA Secretariat.

**Key finding: Overhead costs are kept at reasonable levels**

Previous evaluations:  
overhead costs are  
reasonable

The previous evaluations of the CA found that overhead costs of governing and managing the CA have been reasonable. More specifically, the 2006 Independent Evaluation reported that overhead costs were about 16% (cost of Secretariat in relation to allocations), and that this was acceptable to the members. The 2007 Global Program Review cites overhead costs to be 12% of the total value of grants approved, and that this was similar to comparable World Bank programs. Moreover, the 2006 evaluation found that the CA Secretariat was a small core group with significant *esprit de corps*, which had enabled it to facilitate the work of the CA in an efficient fashion. Apart from the above, the 2006 and 2007 evaluations provided limited assessments on the cost-effectiveness of the CA.

Based on the latest (2009) CA Annual Report, we can make a direct comparison with the overhead costs to the value of total approved grants. According to this (p. 129), the cumulative CA Secretariat Expenditures over the entire period (FY00-FY09) amounted to USD 21,262,829 and the cumulative total approved grants amounted to USD 125,380,013 as of June 2009. This gives an overhead margin of 17% of the *approved grants*, which is similar to the figures reported in the previous evaluations.

The 2011 IEG Assessment provided a comparative table of administrative costs of the Global and Regional Partnership Programs and their share of expenditures<sup>59</sup>. The levels differ considerably and there are many good arguments for not making direct comparisons between the programs. The CA share of administrative costs is stated as 11%, which is in the low end compared to the other programs, but higher than the two other technical assistance programs<sup>60</sup>. Only a detailed benchmarking exercise can reveal whether the overhead costs are high or not. That is beyond the scope of the present evaluation.

Members find that the CA operates efficiently

It can be observed that the CA Secretariat has included all details on secretariat expenditure in the annual reports and on the web-site every year. And, as one of the previous evaluations has pointed out, the members of the CA appear to accept the level of overhead costs. This was confirmed in interviews with the members, who expressed a high degree of confidence in the efficiency of the CA. Most members rate efficiency as very high. In the meetings observed (ExCo in Ghana, July 2011) the members also acknowledged the secretariat for budget efficiency.

## 6.2 Efficiency in grant making

Grant administration has been a major feature of the CA since it was established. It is relevant, therefore, to assess the efficiency of the grant administration process.

### Key findings:

- There is scope for improvement in efficiency of grant making procedures
- There is a need to update operational guidelines

GHK: Prolonged grant making is mission critical

The 2011 evaluation by GHK explored how the CA Grant Facility Administration process has worked from a primarily procedural point of view.<sup>61</sup> This was done based on a sample of 31 projects weighted to a challenging set of projects in Africa<sup>62</sup>. The GHK evaluation concluded that the grant administration process can be lengthy and result in high transaction costs for both the Cities Alliance (Secretariat and Members) and clients, and that this is a critical problem which needs to be solved.<sup>63</sup> In addition, GHK found that in

<sup>59</sup> *An Independent Assessment, The World Bank's Involvement in Global and Regional Partnership Programs*, Independent Evaluation Group, WB Group, 2011. P. 41.

<sup>60</sup> Population and Reproductive Health Capacity Building Program (PRHCBP) and Multi-donor trust fund for the extractive industries (MDTF-EITI)

<sup>61</sup> *Evaluation of Project Implementation Modalities of the Cities Alliance*. Final Report, March 2011. GHK.

<sup>62</sup> *Ibid*, p. 24.

<sup>63</sup> *Ibid*, p.24 and p.59.

<p>The CA has taken important steps, but prolonged grant making is caused by changed WB procedures</p>	<p>78% of the cases the actual application phase in the projects covered by their analysis was longer than the duration prescribed in the CA Procedures Manual.</p> <p>The importance of streamlining and reducing the costs and processing time of grant formulation and agreements is well understood by the CA. In connection with the transition from the open grant facility to the Catalytic fund, the CA has made comprehensive changes in its proposal evaluation and approval procedures to reduce processing time and increase efficiency. Under the open grant facility the application process was open and often involved lengthy processes of negotiations over the contents of the proposal. Under the present catalytic fund the application process is organized according to a systematic call for proposals and with set evaluation criteria leading to approval or rejection of the application with no negotiation process.</p>
	<p>Nevertheless, a review by the CA Secretariat on proposal approval and grant set up processing time<sup>64</sup> showed, among other things, that the overall average processing time, from proposal submission to countersigned grant agreement, <i>increased</i> from 170 days in Fiscal Year 2010 to 261 days in FY 2011. The review also found that all of the issues cited as contributing to delays in the grant set up can be attributed to strengthened procedural requirements of the WB. They include the following issues.</p>
	<ul style="list-style-type: none"> <li>• Enforcement of World Bank Country Director concurrence for all country specific projects</li> <li>• Mandatory review by World Bank country Legal Teams of all grant agreements for country specific projects</li> <li>• Introduction of safeguards screening according to WB standards for all grants regardless of size</li> <li>• Requirement that all grants to government ministries must be signed by Minister of Finance or equivalent</li> <li>• Strengthened procurement procedures according to WB standards regardless of grant size.</li> </ul>
<p>Willingness to address shortcomings, but no result yet</p>	<p>In short, although the CA comprises only a "small grant unit", its grant administration has gradually mainstreamed into comprehensive, standard WB operations, designed for large-scale lending programmes. This is bound to result in disproportionate transaction costs considering the limited size of the grants. Recognising the existence of the problem, the WB established a "small grants working group" a few weeks after the ExCo meeting in March 2011 to explore the consequences and to see what can be done to address the situation. The evaluation team has been told that, based on an analysis from consultants, the working group is about to present some wide reaching recommendations which could reduce the problem. This is expected to lead to recommendations from the WB management group.</p>
<p>This is still a mission critical issue</p>	<p>We would like to make an observation here that, if protracted grant formulation, approval and agreement processes were lengthy in the past, it is</p>

<sup>64</sup> *Proposal Approval and Grant Set-Up Processing Time*, presentation at ExCo meetings 10 March 2011, Washington D.C.

unlikely that it will be less so in the future considering the recent replacement of the open grant fund with the Catalytic Fund and additional with the focus on CPPs. As the name of the "Catalytic fund" implies, it is to serve as a catalyst, i.e. to stimulate change. Moreover, the Catalytic Fund and CPPs are to promote collaboration among the multitude of stakeholders usually involved in slum upgrading and city development strategies. In collaborative change processes such as these, factors such as flexibility and timing are crucial and therefore the need to reduce grant administration time is essential in order to optimise both efficiency and effectiveness of the CA operations.

Operational  
guidelines need  
updating

The CA Secretariat informed the evaluation team that the operational guidelines for the catalytic fund have been established and are in use. However, for the other three business sectors, operational guidelines are still to be established. Currently, the CA is operating on the basis of the old operational guidelines. Having clear, useful and applicable guidelines will work in favour of efficiency. It is therefore strongly suggested that the CA Secretariat develop the necessary operational guidelines soon.

## 7 Governance and management

Governance concerns the structures, functions, processes and organizational culture that have been put in place by the organisation's governing body. Management concerns the day-to-day operation within the context of the strategies, policies, processes and procedures put in place by the governing body.<sup>65</sup>

Assessment of the CA governance and management focuses on whether or not the new structures established in 2010 reflect good governance principles and address the shortcomings highlighted in previous evaluations,. Furthermore, pros and cons related to World Bank hosting of the CA will be discussed.

**Overall finding: The government and management structures and processes established in the new charter are well articulated and work well towards bringing about legitimate and effective governance and management.**

### 7.1 Compliance with principles of good governance

Governance and management has, in accordance with the TOR, been assessed based on compliance with the following seven principles of good governance, as defined in the IEG sourcebook for evaluation of global and regional partnership programmes: Legitimacy, accountability, responsibility, fairness, transparency, efficiency and probity.

#### 7.1.1 Legitimacy

Legitimacy concerns the extent to which the governance and management structures permit and facilitate the effective participation, and voice the opinions of the various stakeholder categories within decision making process, taking into account the respective roles and importance.

**Key finding: The programme has a high degree of legitimacy**

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<sup>65</sup> IEG, Sourcebook for Evaluating Global and Regional Partnership Programmes,, 2007 (The Independent Evaluation Group (IEG) is an independent unit within the World Bank)

Table 7.1 shows the various partner categories and other stakeholders relevant to the CA.

*Table 7.1: CA partners and stakeholders*

Members of the CA	Beneficiaries	Other partners	Other donors
<ul style="list-style-type: none"> <li>National governments</li> <li>Multi-lateral organisations</li> <li>Global organisations of local authorities (UCLG and Metropolis)</li> <li>International organisations engaged in urban development.</li> </ul>	<ul style="list-style-type: none"> <li>Cities</li> <li>Local authorities</li> <li>National Governments</li> <li>Associations of local authorities</li> </ul>	<ul style="list-style-type: none"> <li>NGO's</li> <li>Civil society organisations</li> <li>Associations of local authorities</li> </ul>	<ul style="list-style-type: none"> <li>National governments</li> <li>Financing institutions</li> <li>Bill and Melinda Gates Foundation</li> </ul>

The broad composition of the CG ensures, in itself, a high degree of legitimacy.

The independent 2006 evaluation highlights the fact that several municipalities indicate that one of the CA's most relevant dimensions is its principle of inclusiveness, referring to the approach put in place by the CA to bring the voices of the poor into various decision-making fora<sup>66</sup>.

However, the Global Programme Review of the CA, performed by the IEG in 2007, criticises the CA for not including cities in the governance of the Alliance, and asks rhetorically: "How can a Cities Alliance which calls itself a "Coalition of Cities" and which claims to understand local needs for urban assistance continue without city representation on its governing body". The new charter does not refer to the CA as a "Coalition of Cities" but as "a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development".

This criticism was discussed by the CG and ExCo as part of the discussion on the amendment of the Charter, but no specific decisions were taken in relation to extended representation of cities.

The CA secretariat manager has explained to the evaluation team, that the CA is not an alliance of cities but an alliance for cities.

None of the members interviewed explicitly mention a need for city representation. However, a few members called for more local government organisations.

<sup>66</sup> Independent evaluation of the CA, Universalia, 2006, p. 50

The UCLG also highlights the importance of their effort to involve cities and associations in CA activities by organizing and hosting seminars and public policy forums

The evaluation team finds that cities could be better represented, without opening the CG for membership of individual cities. One option could be to attract more national city associations. Another option could be to allow individual cities in, as associated members, without the responsibilities associated with a full membership of the CG. The charter allows for the invitation of other parties to attend CG meetings as observers.

However, even more important than the representation of cities and city associations is the involvement of cities at national level in projects and country programmes.

### **7.1.2 Accountability**

The accountability of the CA is assessed in relation to the clarity and effectiveness in the distribution of roles and responsibilities between the CG the ExCo and the secretariat.

#### **Key findings:**

- **With the new charter, the roles and responsibilities of the various governing bodies are more clearly defined**
- **There is a lack of "ownership" to the CA among (some) members**
- **The lack of an effective M&E system is a problem for the accountability of the programme**

The distribution of tasks and responsibilities are defined in the new charter as outlined in Table 7.2

*Table 7.2 Distribution of tasks and responsibilities*

<b>Consultative group</b>	<b>ExCo</b>	<b>Secretariat</b>
<ul style="list-style-type: none"> <li>• Adopt, and amend, the Charter</li> <li>• Approve the long- and medium-term strategic direction of the Cities Alliance;</li> <li>• Ratify the annual work plan and budget of the Cities Alliance, including that of the Secretariat and the Policy Advisory Forum, following approval by the Executive Committee;</li> <li>• Approve the criteria to be used in evaluating and approving Cities Alliance activities;</li> <li>• Review and evaluate the overall performance of the Cities Alliance;</li> <li>• Establish the membership fees for different membership categories;</li> <li>• Help raise additional resources;</li> <li>• Appoint Rotating Members of the Executive Committee;</li> <li>• Appoint the Chairperson of the Policy Advisory Forum;</li> <li>• Approve the applications of new CG members; and</li> <li>• Decide on the physical location of the Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>• Provide guidance to the Secretariat on matters of policy and strategy;</li> <li>• Approve the Business Plan, annual work plan and budget of the Cities Alliance, including that of the Secretariat and the Policy Advisory Forum, subject to ratification by the CG;</li> <li>• Monitor progress and make recommendations to the CG;</li> <li>• Participate in the selection of the Manager of the Secretariat;</li> <li>• Approve any operating manuals produced by the Secretariat;</li> <li>• Select countries for country programmes;</li> <li>• Nominate the Chairperson of the Policy Advisory Forum for CG appointment;</li> <li>• Respond to requests from the CG; and</li> <li>• Consider applications for membership and makes recommendation to the CG.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Member involvement in the activities of the Cities Alliance;</li> <li>• Screen and evaluate project proposals, in accordance with criteria approved by the CG;</li> <li>• Provide Secretariat services to the CG, EXCO and PAF;</li> <li>• Prepare and present medium- and long-term strategies, for consideration by EXCO and the CG;</li> <li>• Support the CG and EXCO in fundraising on behalf of the Cities Alliance;</li> <li>• Maintain a database of projects of the Cities Alliance;</li> <li>• Monitor the implementation of projects and disseminate lessons learned from CA and other activities, including an Annual Progress Report;</li> <li>• Draft the Work Programme and budget for EXCO approval and CG ratification, and facilitate its implementation; and</li> <li>• Prepare and present status reports on progress and results.</li> </ul>

As it appears there is a quite clear distribution of tasks and responsibilities among the governing bodies. Overall, strategic decisions are taken by the CG. ExCo makes more specific and operational decisions while the Secretariat carries out the specific activities.

The 2006 independent evaluation found that there was some uncertainty about the responsibilities for strategic planning and agenda setting, as these were divided between the CG, the steering committee<sup>67</sup> and the secretariat. As can be seen from the table, strategic planning and agenda setting is still divided, but with clearly defined roles relegated to each body.

Several members feel that the secretariat plays a too dominant role as driver in the development of the CA. There may be different explanations as to why the secretariat has too dominant a role, even though roles and responsibilities are clearly defined on paper, including:

- Lack of clearly elaborated strategies in relation to some of the business lines, e.g. communication and advocacy, and knowledge management, as discussed in sections 5.3.3 and 5.3.4. If the strategies do not clearly define the objectives, expected outcomes and specific activities, it leaves the secretariat a wide margin when defining its role.
- Lack of ownership by the members. The members have the possibility to take the lead. Thus, ExCo has the possibility, through e.g. establishment of working groups, to set the strategic agenda and instruct the secretariat accordingly. Thus, it is up to the members to take more responsibility for the strategic development of the Alliance.

Another issue which compromises accountability is the lack of a well developed M&E system. The donors are held accountable by the political system, and ultimately the citizens, in their respective countries. Thus, they have a need to document the results of their financial support.

### 7.1.3 Responsibility and Fairness

Responsibility relates to the acceptance and exercising of social responsibility by adhering to accepted global norms regarding human rights, poverty reduction, environmental sustainability and gender inclusion.

Fairness concerns the extent to which partners and participants, similarly situated, have equal opportunity to influence the programme and to receive benefits from the programme

**Key finding: The CA set-up adheres to the principles of responsibility and fairness**

Poverty reduction is a core element of CA's objectives, and all the above mentioned norms are included in the MTS and the BP as well as in the criteria for evaluation proposals for the Catalytic Fund.

<sup>67</sup> The ExCo was named Steering Committee in the old charter

Almost all members find that they have sufficient influence on decisions of the programme. Two members find that "the decisions follow the money" meaning that it at the end of the day is the main donors that take the important decisions. One member thinks that the important decisions are not taken in the open forums at the CG and ExCo meetings, but in the "corridors". It is not possible for the evaluation team to document whether this is true or not. However, we recommend that the CG takes it seriously and takes an open minded debate about it.

#### 7.1.4 Transparency

Transparency concerns the extent to which the programme's decision making, reporting, and evaluation processes are open and freely available to the general public.

**Key finding: The overall transparency of the CA is somewhat undermined by the lack of free access to key strategic documents on the organizations website.**

The main tool providing information on the CA is the web-site ([www.citiesalliance.org](http://www.citiesalliance.org)).

The website consists of an open area and a member's area with restricted access. The open area contains general information about the alliance (general description, annual reports, information about the members etc), a project database, publications and knowledge resources and a media section with press releases, news etc.

The restricted members area contains strategic documents (charter, mid term strategy etc.), meeting reports, news from the secretariat manager and the previous independent evaluations.

Restricted access to documents in the members area hampers the transparency. There is no obvious reason why partners, potential members and the general public should not have access to the important information in the members' area.

There might be a need to restrict access to draft documents and work in progress but everything else should be freely accessible.

Most of the former members interviewed had clearly negative views of the CA's performance on information dissemination. None of the current members complained about this. They have, however, also full access to all documents.

### 7.1.5 Efficiency

Efficiency concerns the extent to which the government and management structures enhance efficiency in the allocation and use of the programmes resources.

#### Key finding:

- The governance structure ensures efficiency
- The mix of competencies in the secretariat covers the needs and ensures an effective management.

As discussed in section 7.1.2, there is a clear distribution of tasks and responsibilities among the governing bodies. This, together with effectively executed annual CG meetings and biannual ExCo meetings, ensures an efficient governance of the programme.

The secretariat staffs in the head quarter consist of:

- The manager and the deputy manager
- A senior urban specialists and two urban specialists
- A financial management specialist and a resource management analyst
- A communication officer, a web editor and an information analyst
- Two consultants
- A research analyst
- Three assistants

Three of these staff members are on secondment from member organisations the other are permanent staff.

In addition to the HQ staff there are three regional advisors and an office in Sao Paulo in Brazil staffed with a research analyst and an assistant.

As outlined in section 6.1, the secretariat operates efficiently, which is also acknowledged by the members.

As discussed in section 6.2, the new business plan enhances efficiency by providing grants through the Catalytic Fund and CPP's instead of the open grant facility. However, as also discussed, the WB's administrative procedures are limiting the efficiency.

### 7.1.6 Probity.

Probity refers to the adherence, by all persons in leadership positions, to high standards of ethics and professional conduct.

The evaluation has not revealed anything that could compromise the ethics and professional standards if the CA management.

Several members explicitly highlight the professional skills, dedication and enthusiasm of the secretariat manager and staff.

## 7.2 World Bank hosting of the Cities Alliance

According to the ToR it should be assessed to what extent the location of the CA Secretariat in the WB is affecting the prioritisation of activities, governance, management, or other aspects of the CA, and to what extent the role of the bank in the programme affects the incentives for other partners to participate effectively.

### Key finding:

- Although both positive and negative implications, the location of the CA Secretariat in the WB is an asset
- There is no obvious alternatives to WB hosting of the CA

The CA Secretariat has been located at the headquarters of the WB in Washington DC, since its inception in 1999. The role of the WB is multifaceted including: Founder, co-chair of the CG, host organization, donor and implementing agency of some of the Alliance's activities.

Over the years the WB's involvement in global or regional partnerships programs (GPP) has expanded and today the Bank participates in nearly 120 programs. Because of the bank's substantive involvement in GPP such as the CA, there have been numerous evaluations and assessments on how the Bank and the programs collaborate together.

The great majority of the members find it overall positive that the WB hosts the CA, although most see both pros and cons. A few members find that the WB is too dominant.

One of the benefits, which seem to be overlooked by many, is that members of the CA have a unique opportunity to exert influence on the WB and its operations within the area of slum upgrading and city development strategies. Under the new business model the CA will have leverage force over WB programs and it will be a part of the WB's sector boards. Furthermore, the WB has taken the first step to engage programmatically with the CA in Africa through the creation of a JWP. The Africa Region of the Bank has indicated its intention to move away from *ad hoc* projects and to embrace a national-system-of-cities approach in order to empower cities and towns as centers of governance, in order for them to be able to manage the urbanization process. The Bank is looking to invest in the capacities in cities and towns and link the leadership of cities to their citizens. The JWP is an invitation to the CA to partner with the Bank programmatically and use its resources in a demand-driven way for policy advocacy, city-to-city exchanges, and operational support.

At the operational level, it is mainly the Bank's task team leaders working in the country operations who interact with the work of CA. The task team leaders who were interviewed in connection with this evaluation were all very informed about the CA work and activities. There was a general census that the CA work provided value added to the task team leaders' own programs and activities. The CA activities were able to bring in additional stakeholders e.g. representatives of the slum dwellers. There was some evidence that the task team leaders were less familiar with the new CA business model and the country program approach. Considering that this approach is new and only preliminary lessons are emerging this may not come as a surprise, however as the approach matures it is important that outcomes and lessons learned are shared with the Bank's task team leaders.

On the one hand, the CA benefits from the professional reputation, credibility and clout that is associated with the WB. On the other hand it might blur CA's own profile.

As is the case for similar programs hosted by the bank, there is a well known potential for conflict of interest, in the sense that the Manager of the Secretariat has a direct reporting relationship to the Bank's director of the Finance Economics and Urban Department (FEU). Furthermore, staff is World Bank Staff members recruited and managed according to Bank policies and procedures. However, in theory the Secretariat should receive instructions and guidance from the CG.

This was already pointed out in previous evaluations and IEG has made various recommendations to the Bank on how to address these issues that is equally valid for other GRP, however these guidelines still need to be implemented at the Bank. This includes Bank wide guidelines and TOR for Bank staff serving on the governing boards of global programs including the CA and clear and well-planned exit processes.

As discussed in section 6.2, the procedural requirements of the WB have been one of the main reasons for the increase in the overall average processing time from proposal submission to countersigned grant agreements.

The role of the WB, including pros and cons of WB hosting, has been continuously discussed in the CA governing bodies over the years. However, no real alternatives have ever been presented.

## 8 Resource mobilisation and sustainability

The CA's activities are funded through membership fees, other core funding contributions from members, and non-core funding from members or other donors. Non-core funding means that the money is earmarked for a specific facility, region or activity.

**Key finding: CA is vulnerable in relation to resource mobilization, which is threatening the medium to long term sustainability**

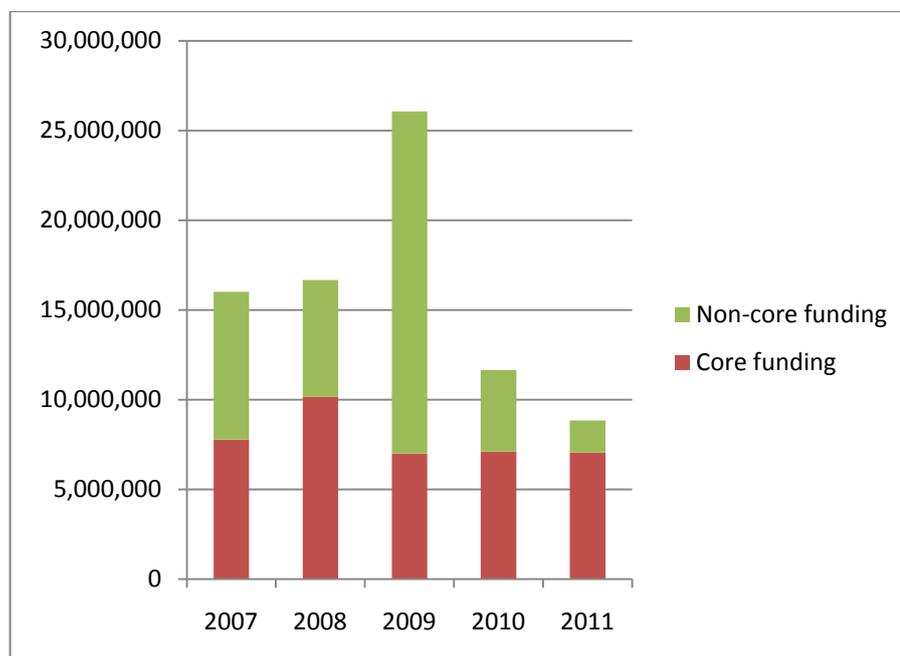
As can be seen in Figure 8.1, the core funding has been relatively stable over the last five years.

The substantial increase in the non-core funding in 2009 is a result of a \$ 15 million donation from the Bill and Belinda Gates Foundation earmarked to the development of CPP's.

If this donation is counted out, the non-core funding shows a quite significant decrease since 2008.

It should however be noted, that new non core funding will draw on the secretariat resources and thereby divert staff time from other important tasks. It must thus be carefully considered how possible new non-core funding support the overall strategic goals of the CA.

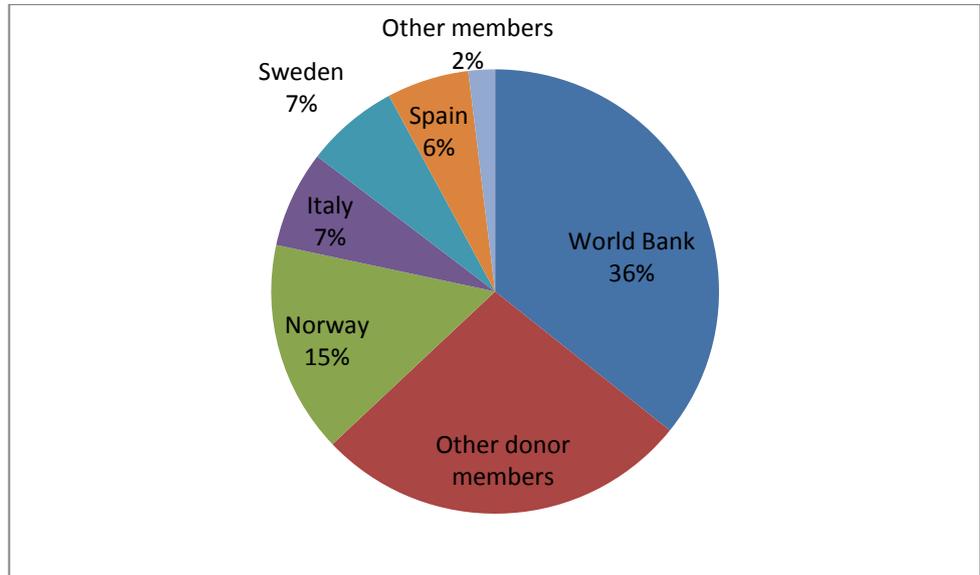
Figure 8.1: Development in core and non-core funding USD, FY07-11



As it appears from Figure 8.2, 71% of the core funding comes from 5 donors with the WB as far the largest, accounting for not less than 36%. However, WB funding will decrease to regular membership status by FY2013, so from then on WB will only contribute 250,000 USD per year<sup>68</sup>. This is a consequence of the changes to the Bank's Development Grant Facility (DGF) that essentially dictates an exit from partnerships after a certain period.

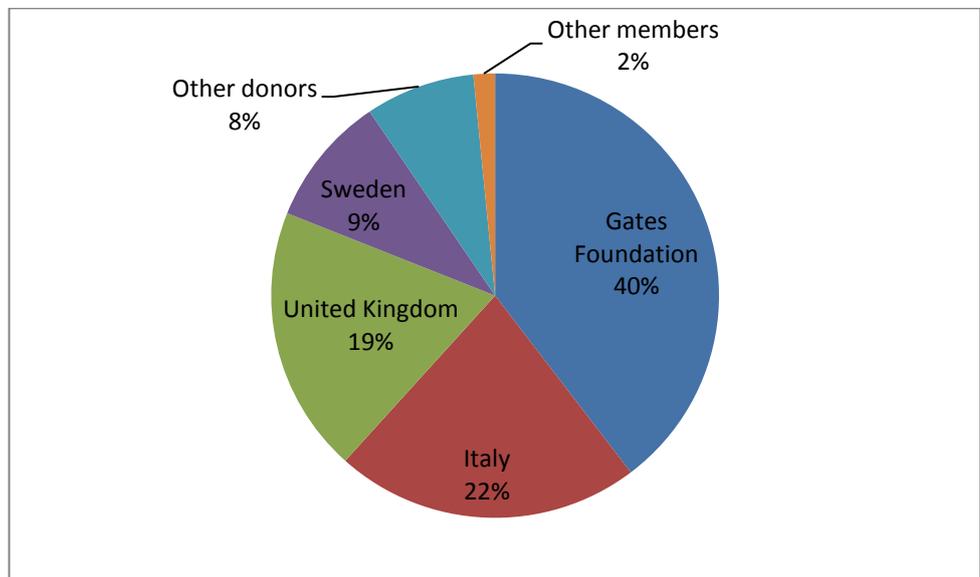
<sup>68</sup> Interview with Director of the WB's Finance, Economics and Urban Development Department, Mrs Zoubida Allaoua, 2 11.2011

Figure 8.2 Share in core funding contributions, USD, FY07-11



The non-core funding is coming from even fewer members. The donation from the Melinda and Bill Gates foundation in 2009 accounts for 40% of all non-core funding in the period from 2007 to 2011 and 50% comes from Italy, UK and Sweden.

Figure 8.3: Share in non-core funding contributions, USD, FY07-11



The reliance on relatively few donors for as well core and non-core funding, and the decrease in non-core funding contributions from CA members makes the CA financial vulnerable and threaten the medium to long term sustainability.

The baseline budget outlined in the business plan seems to be realistic. However, the plan is silent on how to sustain the longer time funding.

CA's ability to mobilise resources depends to a large extent on the perception among the current and potential donors of the need for CA's services, and the effectiveness and efficiency of the operations.

Another important factor is the extent to which urban issues is high on the development agenda in the donor countries and among the international organisations.

As discussed in section 4.2, most members find that there is a need for the services provided by the CA (Supply-side relevance).

Several members specifically stress the need for CA to show and document results.

Thus, it is very important to develop the M&E system further, as the donors have a need to document effect and impact of their contributions.

It will in the coming years be especially important to document positive results from the CPP's, as most members have very high expectations to this concept.

*"We need to see results, in particular outcomes from the country programmes....we will give the new business model two to three years, then we need to see concrete results."*

Quote from interview with one of the main donors.

The main reason mentioned by previous members for ceasing their membership, is that urban issues are not high on the development agenda anymore, and that development activities have been focused in fewer areas. The perception of the importance of urban issues in the future is also mentioned by some current members as decisive for their continued membership.

The donor's perception of the importance of urban issues in comparison with other development issues highlights the importance of CA's advocacy activities and the importance of developing a comprehensive advocacy strategy.

We suggest including a resource mobilisation strategy in the business plan, addressing the above mentioned issues as well as an analysis of potential donors and how they should be approached. The resource mobilisation plan should also include an analysis of the costs and potential benefits of a permanent CA representation in Europe as well as a strategy for attracting private sector funding.

## **8.1 Influence of resource mobilisation on governance and management**

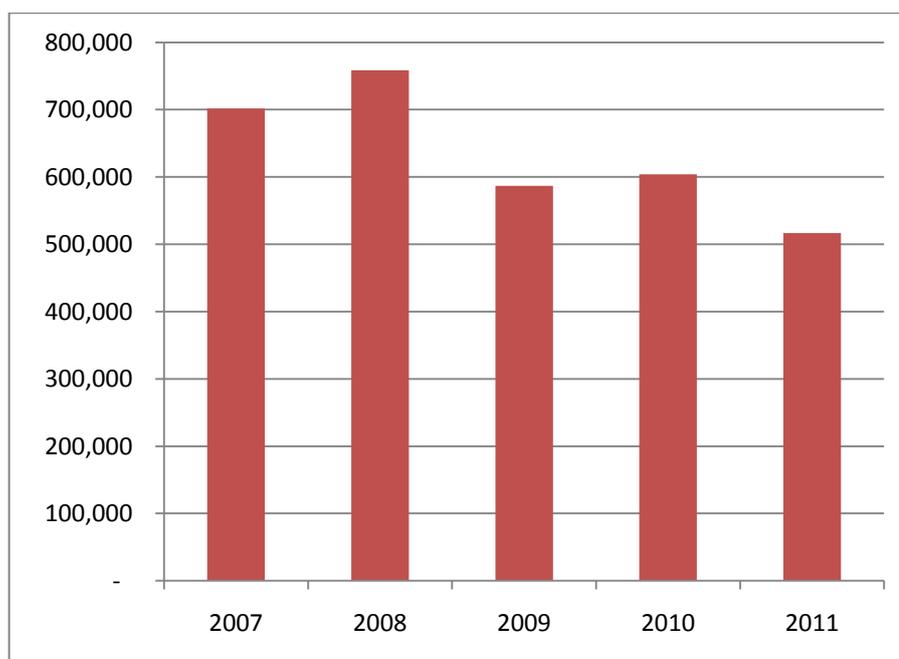
The resources mobilisation influences government and management in a number of ways.

A few members find that the relatively high share of non-core funding tied to specific regions or activities limits the flexibility of the CA. One member argues that it is difficult to give untied funding as it is then difficult to show concrete results of their specific funding.

The relatively limited share of core funding makes the secretariat dependent on staff secondments from the donors. This may have both positive and negative effects. On the one hand, it makes it difficult for the secretariat management to plan the long term secretariat activities, as the number and professional skills of the future seconded staff is unknown. On the other hand it is an effective way of sharing experiences and information with the members from where the secondments come.

As can be seen in Figure 8.4, there has been a slight decrease in the non-core secretariat funding since 2008.

Figure 8.4: Non-core secretariat funding, USD, FY07-11.



The biggest non-core donation in the history of the CA, the \$15 mio donation from the Bill and Melinda Gates foundation has had substantial influence on the strategic direction of the CA. The donation is earmarked to the Land, Services and Citizenship Programme, and has been decisive for the development of the Country Partnerships programmes, which is the corner stone in the new business model.

## 9 Conclusions and recommendations

### 9.1 Conclusions

Our overall conclusion is that the CA has succeeded in establishing a unique platform for international urban development cooperation, bringing together key actors including bilateral donors, multilateral organizations, associations and NGOs.

Although the new business model has only been operational for a short period of time, and therefore only produced a limited number of specific results, we find that the reform process has strengthened the CAs work and the organization considerably through:

- Improved coherence of effort among members and other partners
- Defining the concepts on which most partners agree. There is not necessarily a mutual normative understanding on what the 'good city' is, but the concepts facilitate processes where partners and beneficiaries define the end goals/strategies for city development in the specific countries and cities where CA is working.
- The introduction of the CPP concept. As the cornerstone in the new business model, this concept has very promising potential in establishing new ways of organizing urban development cooperation by:
  - increasing ownership and leadership of cities and countries
  - multi-donor/partner programming
  - involving slum dwellers and urban poor
  - focusing on longer term support

- leveraging investments
- A clearer governance structure
- A more focused and innovative knowledge production through JWP and potentially through the catalytic fund.

Thus, we find that the new business model has improved, or is expected to improve, the set-up and work of the CA in relation to all the evaluation criteria analyzed. However, we also find potential for further improvement, particularly in relation to the development of more comprehensive strategies for advocacy, communication and knowledge and learning as well as in relation to the organization of the work.

Our overall and specific findings relating to each of the evaluation criteria is outlined in the following

### 9.1.1 Relevance

The objectives of the CA and the design of the programme are relevant. The reform process has enhanced this relevance. Furthermore, we find that the core competency of the CA is relevant and provides added value in relation to other multi and bilateral development programmes.

The CA objectives and activities are consistent with the needs of the beneficiary countries and cities. The voices of the beneficiaries are, to a large extent, reflected in the CA objectives and in the design of the programme. The introduction of CPPs is expected to further improve the consistency with the beneficiaries' needs as well as increase their influence on programme activities.

Clear focus on improving the quality of urban development as well as on ensuring that it is high on the development agenda, as well as CAs unique partnership approach, is relevant in relation to a number of international trends and conditions in urban development, especially:

- The rapid increase in urbanization and in the number of slum dwellers
- The world-wide financial crisis, which intensifies the competition for development assistance between different development issues
- The continuously increasing demand for improved aid effectiveness.

The main comparative advantage of the CA, in relation to other multi and bilateral development programmes, is that it has succeeded in creating an international platform, focused exclusively on urban issues, bringing donors, ministries and international organizations together. This facilitates the discussions and analysis of urban issues, as well as harmonizing members work in relation to urban development.

The CA's work is complementary to other programmes, with no major overlaps. However, in relation to knowledge activities there might be room for a more intensified collaboration, particularly in relation to the WB and UN-Habitat.

### 9.1.2 Efficacy

Efficacy has been assessed in relation the achievements of overall objectives and in relation to the four business lines established under the new business model, focusing on the period from 2007-2011.

The new business plan has provided a results framework which sets up measurable targets at outcomes/immediate objectives level. This is an important step forward. However, we find that the CA would benefit from developing an even more comprehensive indicator framework. This is important in order to document results and impacts and to demonstrate the value added of the CA to current and potential donors.

Achievements of overall objectives

The overall objectives, as formulated in the MTS<sup>69</sup>, are:

- Improved lives of urban poor
- Reduction in number of slum dwellers
- Improved health of cities
- Increase in cities without slums
- Reduced urban poverty
- Socially inclusive cities

Some progress in relation to achieving these objectives has been made. However, it is not possible to provide an assessment on the extent of this progress (e.g. in terms of number of urban poor experiencing improved lives, reduced number of slum dwellers, reduced slum areas, etc.) due to the lack of quantified evidence on impacts achieved through the CA supported grants.

Country programmes

The limited data available indicates that country programmes have been successfully implemented since the introduction in the MTS. The concept has now developed into Country Partnership Programmes which, appear to provide a very promising framework, as outlined above. Although it is too early to determine the degree of success, there are already positive results.

Projects

In general, projects have been successful in generating planned outputs and outcomes, leading to improved political awareness of urban development issues and methods for CDS/CU. Projects seem to have had limited effect in terms of creating coherence of effort.

Knowledge and learning

The MTS introduced an increased focus on knowledge and learning, including the need for a knowledge management strategy. Also, the MTS has prioritized an M&E strategy based on impact chains. None of these strategies have fully

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<sup>69</sup> The evaluation team regards these general valid

materialized and not all the output planned in the MTS have been achieved. However, the result-based management indicators established in the business plan, as mentioned above, provide an important step in the development of an M&E strategy

A number of JWPs have been successfully implemented, contributing to knowledge generation and coherence of effort among the partners. However, we find that the JWPs could focus more on dissemination and learning.

#### Advocacy and communication

The MTS also called for a communication and advocacy strategy, which has not been developed.

Furthermore, the MTS included several actions to improve the communication about the CA, most important, improvement of the web-site. A major restructuring of the web-site was successfully carried out during 2008-2009, including the establishment of a project database, reorganizing of the content and development of a content management system. However, today most of the information about the CA is contained in a closed section for members only. This information might be valuable for potential members and other parties interested in the CA, and there seems to be no rationale to secluding it.

CA carries out advocacy activities within different kinds of fora, and events, however, we find that these activities should focus more towards on high-level decision makers.

### 9.1.3 Efficiency

The CA's overhead costs are reasonable compared to other Global and regional partnership programmes.

Although important steps have been taken to increase effectiveness in grant making procedures, the overall grant processing time has increased during recent years, mainly due to increased procedural requirements from the WB. Although the CA comprises only a small grant making unit, its grant administration has gradually become fully mainstreamed into normal World Bank procedures. The steps taken to reduce the costs and processing time include a change in the evaluation and approval procedures for applications to the Catalytic fund, compared to the procedures for applications to the previous Open Grant Facility.

### 9.1.4 Governance and management

The governance and management structures and processes established in the new charter are well articulated and work well to bring about a legitimate and effective governance and management.

Legitimacy is ensured by the broad composition of the CG and by CA's ability to bring the voices of the poor into various decision making fora. However, we find that cities could be better represented. Not necessarily by full membership

of the CG for individual cities, but through either attracting more national city associations or by allowing individual cities to participate as associated members.

The new charter clearly defines the roles and responsibilities, ensuring a high degree of accountability. However, this accountability is somehow compromised by the lack of an efficient M&E system.

The transparency of the programme is somewhat undermined by the lack of free access to key strategic documents on the organizations website

The location of the CA secretariat in the WB gives the CA a number of benefits including:

- It gives CA an opportunity to exert influence on the WB and its operations within the area of slum upgrading and city development strategies.
- The professional reputation of the WB gives credibility to the CA

However there are also a number of challenges:

- The WB is able to influence the CA more than other members
- The above mentioned evaluation and approval procedures, which increase the overall processing time from proposal submissions to counter signed grant agreements.
- The strong profile of the WB may blur CAs own profile.

All told, the evaluation team finds that the CA gains more than it loses by being hosted by the WB. The WB hosting has been discussed several times in the CG, but no real alternatives have ever been presented.

### **9.1.5 Resource mobilization and sustainability**

The CA is vulnerable in relation to resource mobilization which is a threat to medium and long term sustainability.

Both the core and non core funding come from a small number of donors which makes the CA vulnerable. In the period from 2007 to 2011 the WB has accounted for 36% of the core funding. However, WB funding will decrease to the regular \$ 250,000 membership fee as from FY 2013 which increases the pressure on the CA to raise additional funding.

## **9.2 Recommendations**

The evaluation gives rise to a number of recommendations, which are presented below. We have divided the recommendations into strategic recommendations and operational recommendations.

### 9.2.1 Strategic recommendations

#### **Recommendation 1: Continue according to agreed strategy and consider how to attract additional members and resources**

The evaluation shows the continued relevance of the CA and that, with focus on a programmatic approach and the four business lines, the CA has increased its relevance. At the moment, the CA is working on the basis of a 'consolidation strategy', i.e. getting planned CPPs underway and getting the four business lines to operate. This is a sensible strategy in the short term considering the significant changes that have been implemented. Also, it is reasonable to await more concrete results and experience with the CPP concept before venturing into additional CPPs.

Nevertheless, this should not prevent the CA from thinking about the long term perspectives and planning ahead for resource mobilization for future activities. Membership base and options for resource mobilization are therefore natural ingredients of the long term strategy of the CA.

The fact that the CA unites many of the key global players in relation to urban development cooperation is a key to its continued relevance and value added. In order to further enhance legitimacy and increase client focus the evaluation suggests that the CA seeks to attract national associations of local government. This would be well in line with the CPP approach and also a support of the knowledge and learning business line, where these associations would be among the key partners.

#### **Recommendation 2: Elaborate clear and concise strategic results framework**

The evaluation shows that the CA is moving from a demand-led project funding mechanism towards a partnership program with four business lines guided by agreed objectives and priorities. These priorities are currently established by the business plan, which has a fairly short perspective, is focused on results and does not specify objectives to be achieved and how to measure this. A clearer strategic results framework agreed among the members would enhance focus on the internal logic in the program, provide a more specific mandate for the secretariat and be a good basis for communicating about the CA.

The evaluation therefore recommends that the CA, building on the business plan, should work towards a strategic results framework consisting of three layers:

- Overall strategy (5-10 year scope)
  - Overall objectives for each business line
  - Placing the business lines within the context of overall trends and conditions and the strategies and actions of partners/key actors
  - Requirements and options for resource mobilization

- Directions for selection of countries (CPP) and themes (K&L)
- Medium-term strategy / business plan (2-3 year scope)
  - Operational objectives (results) for each business line as well as means to achieve these
  - For knowledge and advocacy business lines, conduct in-depth analysis of target groups to devise specific strategies encompassing target groups to be addressed, themes and messages to be disseminated and channels and means of communication to be utilized.\*
- Annual work programs to guide the key actions to be taken within the coming year within each business line

We suggest that the CA use the intervention logic approach as an inspiration and starting point to the development of the strategic framework.

\*As the current business plan approved in November 2011 does not contain fully-fledged strategies for the knowledge and advocacy business lines, we suggest that strategies are developed as soon as possible, in separate documents, which can then be annexed to the business plan. The analysis should consider the need for regional (including European) representation as an instrument in the advocacy work.

### **Recommendation 3: Develop a monitoring and evaluation framework**

The evaluation finds that the current monitoring and evaluation framework is insufficient. Despite recommendations made in previous evaluations, progress has been slow in this area. The need to revise the framework is even more evident now in light of the considerable changes that have taken place as a result of the reform process. Inclusion of the results framework in the business plan is an important first step.

The evaluation therefore recommends that the CA develop a monitoring and evaluation framework, which reflects the overall strategic framework and thus seeks to measure performance in relation to overall objectives, operational objectives and activities/outputs.

The first step in this process is to develop a set of indicators corresponding to the objectives defined in the strategic documents.

The monitoring and evaluation at the levels of CPPs and individual grants should be an integrated part of the system and therefore, key indicators should be incorporated into CPPs and grant application and reporting requirements.

The evaluation suggests the following fundamentals for the future monitoring and evaluation system:

- Key indicators and performance targets corresponding to strategic objectives, operational objectives and outputs
- Performance review corresponding to business cycle (2-3 years) where performance in respect to all objectives is assessed
- Annual progress reports providing assessment of progress in respect to targets set for the specific year (annual work program), implications for performance in relation to operational and overall objectives and corrective measures where relevant
- Progress and completion reporting for CPPs and individual grants, which report on key performance indicators as well as specific indicators decided for the individual CPP/grant.
- Impact assessment / ex-post evaluation of CPPs and individual grants 2-3 years after closure.

### 9.2.2 Operational recommendations

#### **Recommendation 4: Reconsider monitoring and reporting arrangements for the CPPs**

Currently, the monitoring and reporting of the CPPs refers to the individual grants. e.g. for the Uganda CPP there are three grants involved and progress reporting is done respect to each of these. There is no consolidated monitoring and reporting of progress for the CPP as a whole. This is unfortunate as the program encompasses elements, which are not directly supported by the CA grants, and because it is against the holistic approach associated with the CPPs. It implies a risk of not detecting key issues, which impede the implementation of the CPP.

A related issue in this regard, is the question of CA presence in countries where CPPs are implemented. The CA has regional advisors but is not directly present in the CPP countries for monitoring and back-stopping to the CPPs. Given the size and complexities of the CPPs, the role of the CA in providing supervision and support could prove quite important and difficult to fulfill for the member(s) involved.

The evaluation recommends that:

- The CA secretariat initiates a discussion with the partners involved in the CPPs on how to set up monitoring and reporting in a way which reflects the holistic programmatic approach and implements and documents the agreed approach in existing and future CPPs

- The CA secretariat considers how it can organize most effectively and efficiently to meet the needs for monitoring and follow-up of the CPP. The following solutions could be considered: Adding regional advisors who are devoted to one or several CPPs in their region, devoting staff members and travel budget to CPPs, and relying more on outsourcing through e.g. hiring consultants on a monitoring contract for CPPs. In respect to the latter option, it should be carefully considered whether the volume of the program is large enough to justify outsourcing, considering that the outsourcing in itself carries quite substantial transaction costs.

**Recommendation 5: Further enhance cooperation with members on knowledge & learning and advocacy & communications**

Since the adoption of the mid-term strategy, the CA took important steps in developing joint work programs for knowledge generation and learning between the secretariat and the members. Also, advocacy activities were stepped up. These two business lines represent areas where the members are generally also very active. This means that the CA should be very attentive about the role it is playing and about its added value to what members are already doing and the potentials for creating synergies.

The evaluation recommends that:

- The CA secretariat should take a more active role in linking members' knowledge resources and learning capabilities where there are obvious possibilities for achieving synergies and should inform and involve the members in on-going knowledge and advocacy activities
- The CA increases its focus on the learning and dissemination aspect in relation considering how it can reach target audiences using members' dissemination tools and channels and also reconsidering the design of its own web-site
- National associations of local governments, as central actors in respect to reaching out to secondary cities, are integrated in the knowledge and learning business line when the strategy for this business line is unfolded

**Recommendation 6: Make more information available to non-members to increase transparency and enhance communication**

The CA web-site currently consists of a closed section and an open section. Most of the information on CA is contained in the closed section for members only. This includes the charter, reports from meetings, evaluations, etc. This information is valuable for potential members and other parties interested in the CA and there seems to be no rationale for withholding it. A greater degree of openness would generally be supportive of the CA as an advocacy initiative. Most of documents in the closed section are organized according to CG or Exco

meeting. This does not help the user to easily retrieve specific documents or get an overview of a specific theme.

On the open section of CA's website, information on the CA current activities seems incomplete and in need of an update - in particular considering the adoption of the new charter and business plan.

The evaluation recommends that the main content from the websites closed section be made available to all and structured so that key information is easy to find, e.g. organized thematically according to the four business lines, with relevant sub-themes. The specific organization of the web-site should be considered in the light of the strategies for knowledge & learning and advocacy & communication.

**Recommendation 7: Put in place the necessary operational guidelines**

The CA has developed operational guidelines for the new catalytic fund, however, grants for the CPPs are still issued according to old guidelines because new ones have yet to be finalized. There is a need to establish the operational framework for the CA operations within the four business lines to make the shift from the previous modality to the new one complete. The evaluation recommends that the CA secretariat prioritize this task in the near future.

## Appendix A: Terms of Reference



*Providing an Independent Opinion on  
the Effectiveness of the Cities Alliance*

### **Terms of Reference for an Independent External Evaluation**

**March 22, 2011**

## A. Background

The Cities Alliance (CA) is a global partnership established to promote the role of cities in poverty reduction, and sustainable development, established in 1999. In an administrative sense, the Cities Alliance is a Global Programme, financed through a Multi Donor Trust Fund and other resources, with day-to-day operations managed by the CA secretariat, and hosted by the World Bank. Additional Information on the Cities Alliance (including its Charter, annual reports, evaluations, and list of activities financed) can be obtained from its website: [www.citiesalliance.org](http://www.citiesalliance.org).

Ten years after its foundation, the Cities Alliance has undergone a reform process which reflects changes in international cooperation in general, and the adjustments resulting from the experiences gained during one decade of operations.

The external and the internal changes of the conditions framing the work of the Cities Alliance (CA) include, but are not limited to:

- The global urban transition and other global challenges, namely finance, food, energy and climate change;
- The increasing role of cities and local governments for broader development goals;
- The request to CA from members and partners to engage in a broad range of topics, and in policies and strategies at the local and the national level;
- The paradigm shift in international aid cooperation to more partnership-oriented forms of cooperation, with emphasis on ownership by partner countries and cities;
- The modified World Bank Policy on Trust Funds and Global Programmes, with its corresponding implications for the Cities Alliance, i.e. on substantive alignment and administrative mainstreaming;
- The changing architecture of international cooperation, with the rise of new actors such as foundations and other international NGOs, as well as the increasing importance of networks and city-to-city cooperation;
- The continuous changes in the membership of the CA, and in its governance structures as well as processes; and
- The increased recognition of urban development as a progressive transformation process, and of its support correspondingly based on a multi-level and multi-stakeholder approach.

The reform process of the Cities Alliance had been incremental over an extended period of time, with substantial modifications in approaches, structures and processes.

Significant milestones have been achieved:

- The Charter of 1999 was replaced by a new Charter, adopted by the Consultative Group (CG) of the CA in November 2010;
- The Medium-Term Strategy of the CA reflects a new business model, broadening the range of instruments of operation of the CA;
- The implementation of various new instruments has begun with different speeds and progress, but which nevertheless permit initial assessments; and
- Adaptation of Cities Alliance's work flows and procedures to World Bank requirements have been made.

Programmes receiving DGF funding by the World Bank of US\$300,000 or more over the life of the programme must undertake an external evaluation every three to five years that is independent of the programme's management. The DGF encourages programmes to follow the *IEG/DAC Sourcebook of Indicative Principles and Standards for Evaluating Global and Regional Partnership Programs* in terms of both process and substance. The governing bodies of the programmes should commission the evaluation, approve the evaluation terms of reference, select the evaluation team (ideally using competitive methods), comment upon the draft report and receive the final evaluation report—or establish an oversight subcommittee for these purposes. The World Bank typically provides feedback and comments on the draft terms of reference for upcoming evaluations.

## **B. Objectives of the evaluation**

Based on a consolidated and comprehensive view of the Cities Alliance with the above-mentioned modifications in structures and processes, and of the context in which the CA is operating, the evaluation will assess the overall relevance and effectiveness of the Cities Alliance and the extent it has achieved program objectives.

Recommendations shall provide guidance to the Cities Alliance, referring to its strategic orientation in terms of topics, approaches, instruments (i.e. country programmes, Catalytic Fund, knowledge and learning, communication and advocacy) and operating modalities, in order to further refine its on-going reform process.

The evaluation should elaborate in depth on the guiding questions presented below and generate corresponding findings and recommendations:

- On an aggregated level, what were the main outputs and outcomes of the CA in the past five years? How was the performance with respect to the agreed objectives? To what extent are the new Charter, the new business model, the modified governance structure and modified administrative processes expected to affect the intended outputs and outcomes of the partnership in the future?

- What are the relevant trends and conditions of international cooperation in urban development which shape the context for the Cities Alliance? Special attention should be given the role of traditional development agencies, as well as local governments, the civil society and the corporate sector.

The evaluation will refer to the substantive topics of urban development, but will focus mainly on the international policies and institutional arrangements. The trends mentioned above are intended to give initial guidance to the evaluation and are not meant to be limiting its scope.

- What are the most relevant changes in approaches, instruments, structures and processes of the Cities Alliance, and what are their consequences for the relevance, efficacy, efficiency, governance, and management of the Cities Alliance and the competency mix of the Secretariat staff? What were the main achievements and the main constraints of the Alliance in the past, and how will they be affected, positively or negatively, by these changes?

The analyses should consider formal as well as informal arrangements and processes, structural and procedural aspects, facts and generalised perceptions. Special attention should be given to the evolving new policies for Global Programmes and other organisational changes by the host of the Cities Alliance, the World Bank, which might affect the Cities Alliance, as well as the role of other key members, such as UN-Habitat and UCLG. The resulting synthesis should provide a comprehensive and consolidated view of the Cities Alliance with its strength and weaknesses in the global architecture of international cooperation in urban development. The comparative advantage of the CA and the possible duplication with other multilateral programmes should be specifically investigated.

- Placing the Cities Alliance in the changing organisational context of its host, the World Bank, the diverse Cities Alliance membership, and in the changing context of the international urban development cooperation, as analysed above, what is the relevant niche for now and within the foreseeable future for the Cities Alliance? What adjustments and refinements are suggested to the Cities Alliance to further increase its relevance, efficacy, and efficiency as a partnership for cities and local governments?

The findings and recommendations can cover a broad range of substantive, structural, procedural, instrumental or managerial issues. The recommendations should be prioritised, synthesised and presented in a way to give effective guidance to the Consultative Group (CG), Executive Committee (ExCo) and the Secretariat to successfully conclude the current reform process and to tackle the organisation's weaknesses.

## C. Evaluation Criteria and Guiding Questions

### Relevance

#### 1. Demand-side relevance: Alignment with beneficiary needs, priorities, and strategies

To what extent are the objectives and activities of the Cities Alliance consistent with the needs, priorities, and strategies of beneficiary cities and countries and global trends in urbanisation and urban development?

To what extent has the voice of developing and transition countries been expressed in the international consensus underlying the Cities Alliance?

#### 2. Supply-side relevance

What is the comparative advantage, value added, and core competency of the CA relative to other multi- and bilateral development programmes? What are the recommendations to the Cities Alliance to minimise duplications?

#### 3. Relevance of the design of the programme

To what extent are the strategies, including its results chain (–Approach to Change”) and the activities of the programme, primarily as expressed in the Medium-Term Strategy and the Work Plan, appropriate for achieving its objectives?

### Efficacy

#### 4. Achievement of objectives

To what extent have the stated objectives of the Alliance been achieved, or has satisfactory progress been made towards achieving these objectives?

#### 5. Progress of activities, outputs, and outcomes

On an aggregated level, what were the main outputs and outcomes of the CA in the past five years? To what extent are the new Charter, the new business model, the modified governance structure and modified administrative processes expected to affect the outputs and outcomes of the partnership in the future?

How did, and how should the Cities Alliance in the future, aggregate its outputs and outcomes at all levels—global, regional, national, and local—to provide an overall summary reports of its results and to address the risk of fragmentation?

## **Cost-effectiveness**

### **6. Cost-effectiveness**

Are the overhead costs of governing and managing the Cities Alliance reasonable and appropriate in relation to the objectives, activities and services? The analysis should take the current efforts of streamlining of processes into account.

For beneficiary countries, has receiving the development assistance through the CA caused additional or reduced transactions costs compared with traditional development assistance programmes? If so, how and why?

For CA members, has delivering the development assistance through the CA reduced costs by harmonising efforts among development partners or by reducing overlapping work (such as through joint supervision, monitoring and evaluation)? On the other hand, how do CA transaction costs compare to members' transaction costs?

## **Governance and management**

### **7. Compliance with generally accepted principles of good governance**

To what extent are the governance and management structures (Consultative Group, Executive Committee and Secretariat) and processes well articulated and working well to bring about legitimate and effective governance and management?

To what extent do governance and management practices comply with the principles of good governance, such as Legitimacy, Accountability, Responsibility, Fairness, Transparency, Efficiency, and Probity?

### **8. Programmes located in host organisations**

To what extent is the location of the CA Secretariat in the Bank affecting the prioritisation of activities, governance, management, or other aspects of the CA?

To what extent does the role of the Bank in the programme affect the incentives of other partners to participate effectively?

## **Resource mobilisation**

### **9. Resource mobilisation**

To what extent are the sources and conditions of funding for the Cities Alliance affecting, positively or negatively, its governance, management or sustainability?

## Sustainability

### 10. Prospects for continuation

In what areas could the CA improve in order to enhance its sustainability?

What should be considered to sustain the CA's results more cost-effectively, in light of the findings of previous evaluations?

### D. Scope of Work

The consultant activities should include, but not be limited to:

- Analysis of the medium- and long-term trends in international urban development cooperation, through literature review, media analysis, interviews or other.
- Review of the CG and ExCo deliberations 2008-2010, especially on the MTS, the Charters of 1999 and 2010, business model and work programme, including the "working group on governance".
- Review of previous evaluations of the CA, including the 2002 and 2006 independent evaluations, the 2007 Global Program Review of the Cities Alliance by the Bank's Independent Evaluation Group, and the "Evaluation of the project implementation modalities of the Cities Alliance", conducted on behalf of the CA by GHK international in 2010. Review of final project evaluations available in the Secretariat, including reports on field evaluations.
- Capture of the motivations for and the perceptions of the changes in the Cities Alliance from different constituencies, namely the CA members (including organisations that left the Alliance recently); past, present and potential partner cities and national governments; and the CA secretariat. Emphasis will be given to capture the policies, motivations and perceptions of the World Bank, (i.e. the urban sector board; SDN management; DGF/partnerships unit; IEG), UN-Habitat, UCLG and the other members of the ExCo.
- The analysis should be based on desk studies and interviews (i.e. of all current and past CA members, including Japan, Canada and ADB; project partners such as local or national government; task managers; sponsors and other stakeholders; and CA secretariat staff). Such interviews may include telephone, e-mail, video conference communications and personal interviews.
- Field visits may be undertaken, but are not deemed essential.

The consultants will be requested to present the basic methodology in their proposals for the selection process. The quality of the methodology will be object of a significant part of the selection criteria. After selecting the consultancy, the methodology will be further developed by the consultant and presented in an Inception Report. The Inception Report shall be in English and

submitted to ExCo for approval. Upon approval of the inception report by ExCo, the consultant will proceed with the evaluation.

The written final report should be in English, digital format, and must not exceed 50 pages, excluding appendices. It should include an executive summary and a comprehensive narrative of evidence, findings, methodology and recommendations. The appendices should provide an adequate level of documentation to sustain the findings and recommendations.

The consultant will present and discuss the recommendations with the Cities Alliance Consultative Group, Executive Committee (EXCO) and the CA secretariat in Washington or other locations.

#### **E. Indicative time schedule**

June 6, 2011	Targeted start of contract
July 11-12, 2011	Inception report from selected consultancy, including the detailed work plan, to be reviewed by ExCo
September 2011	Discussion with ExCo about trends and conditions of international cooperation
October 2011	Draft final report from the consultancy submitted to ExCo, and, upon decision by ExCo, to CG
November/December 2011	Final report to CG; consultancy presents findings and recommendations

#### **F. Contributions from CA members and from project partners**

- Make time available to cooperate with evaluation team.
- Facilitate contacts with others within partner organisations, and with external stakeholders, as appropriate.
- Provide project documentation and other project related information, as appropriate.

#### **G. Obligations of the CA Secretariat**

- Provide key documents.
- Facilitate contacts with Alliance constituents.
- Facilitate access to World Bank video conference facilities.
- Ensure independence of the evaluation.

#### **H. Obligations of the consultant**

- Inform the CA Secretariat in timely fashion of all contacts made with Alliance constituents.
- Treat documents in a confidential manner.
- Not publish evaluation results or output without permission from the Secretariat.
- Return all Cities Alliance documents used in the evaluation.
- Report on a timely basis any possible conflicts of interest.

## **Appendix B: Judgement criteria and data sources**

The tables below show how we have answered each of the evaluation questions of the Terms of Reference (TOR), which are organized according to the evaluation criteria: Relevance, efficacy, cost effectiveness, governance and management, resource mobilisation and sustainability. In other words, the tables include - as direct quotations – all the questions from the TOR (see the table's first column).

## 1 Relevance

Evaluation questions from TOR	Judgement criteria	Data sources
<p><b>Demand-side relevance</b></p> <p>To what extent are the objectives and activities of the Cities Alliance consistent with the needs, priorities, and strategies of beneficiary cities and countries and global trends in urbanisation and urban development?</p>	<p>CA objectives and activities (new charter, three pillars of intervention as well as new business lines) are consistent with needs in beneficiary cities and countries.</p> <p>Urban slums are considered a problem in developing countries</p> <p>City Development Strategies (CDS) are considered necessary/potentially beneficial by cities in developing countries</p> <p>Slum upgrading as advocated by CA is considered (potentially) suitable by cities in developing countries</p>	<p>Interviews with all CA members and selected project partners.</p> <p>Interviews with selected national city associations</p> <p>Interviews with other institutional actors in urban international development</p> <p>Previous evaluations of the CA.</p> <p>Literature review.</p>
<p>To what extent has the voice of developing and transition countries been expressed in the international consensus underlying the Cities Alliance?</p>	<p>Developing and transition countries have influenced Consultative Group (CG) and Executive Committee (ExCo) as well as the reform process</p> <p>CA members consider the voice of developing and transition countries is sufficiently represented.</p>	<p>Analysis of CG and ExCo deliberations</p> <p>Interviews with all CA members</p>
<p><b>Supply-side relevance</b></p> <p>What is the comparative advantage, value added, and core competency of the CA relative to other multi- and bilateral development programmes? What are the recommendations to the Cities Alliance to minimise duplications?</p>	<p>A high degree of coherence and complementarity exists between CA objectives and activities and objectives/activities of multilateral and bilateral actors</p> <p>Stakeholders find that activities of the CA work well together with, and do not duplicate, efforts of other donors/members.</p>	<p>Interviews with all CA members (including past members) and selected project partners.</p> <p>Interviews with selected national city associations.</p> <p>Interviews with other institutional actors in urban international development</p> <p>Previous evaluations of the CA.</p>
<p><b>Relevance of the design of the programme</b></p> <p>To what extent are the strategies and the activities of the programme, primarily as they are now expressed in the <i>new Business Model and the Business Plan</i> (rev TOR), appropriate for achieving its objectives?</p>	<p>A high degree of consistency in the "change logic" of the CA - the internal logic linking overall objectives with activities on the ground and the underlying assumptions</p>	<p>Interviews with all CA members and selected project partners.</p> <p>Desk study of Charter, Business Model and Business Plan</p>

## 2 Efficacy

Evaluation questions from TOR	Judgement criteria	Data sources
<p><b>Achievement of objectives</b></p> <p>To what extent have the stated objectives of the Alliance been achieved, or has satisfactory progress been made towards achieving these objectives?</p>	<p>Results fulfil the targets set for the CA as a whole</p> <p>CA contributes to creating synergies and leveraging of resources CA contributes to harmonisation of efforts</p> <p>CA members consider progress to be satisfactory</p>	<p>Previous evaluations of the CA (systematic review of reported results)</p> <p>Review and analysis of a sample of ten CA project completion reports</p> <p>Interviews with a sample of sponsoring CA members and some project partners.</p> <p>Review of all field evaluation reports from 2007-2011</p>
<p><b>Progress of activities, outputs, and outcomes</b></p> <p>On an aggregated level, what were the main outputs and outcomes of the CA in the past five years?</p>	<p>Aggregated results which can be attributed to CA activities. Results of each of the three pillars of intervention + advocacy + knowledge sharing.</p>	<p>Review of results as summarised in CA reports (e.g. annual reports)</p>
<p>To what extent are the new Charter, the new business model, the modified governance structure and modified administrative processes expected to affect the outputs and outcomes of the partnership in the future?</p> <p>How did, and how should the Cities Alliance in the future, aggregate its outputs and outcomes at all levels—global, regional, national, and local—to provide an overall summary reports of its results and to address the risk of fragmentation?</p>	<p>Perception of changes in the CA and expectations for the future of CA members, partner cities/governments and the Secretariat.</p> <p>Usefulness of M&amp;E system and indicators for aggregating results</p> <p>Communicative value of previous reports</p>	<p>Interviews with all CA members and the CA Secretariat.</p> <p>Assessment of previous efforts to establish an M&amp;E system</p> <p>Previous evaluations of the CA</p>

### 3 Cost-effectiveness

Evaluation questions from TOR	Judgement criteria	Data sources
<p><b>Cost-effectiveness</b></p> <p>Are the overhead costs of governing and managing the Cities Alliance reasonable and appropriate in relation to the objectives, activities and services? The analysis should take the current efforts of streamlining of processes into account.</p>	<p>Overhead costs stable or decreasing compared to previous years or increase can be explained by additional tasks</p> <p>Overhead costs similar to or lower than other similar partnerships/funding mechanisms</p> <p>Overhead costs considered reasonable by CA members</p> <p>CA SEC consider that possibilities for lowering costs have been captured</p>	<p>Comparison of annual administrative overhead costs (administration cost in % of grant budget) to overhead costs in previous years and overhead costs in the WB and in other global partnership programmes</p> <p>Interviews with all CA members and the CA Secretariat.</p>
<p>For beneficiary countries, has receiving the development assistance through the CA caused additional or reduced transactions costs compared with traditional development assistance programmes? If so, how and why?</p> <p>For CA members, has delivering the development assistance through the CA reduced costs by harmonising efforts among development partners or by reducing overlapping work (such as through joint supervision, monitoring and evaluation)? On the other hand, how do CA transaction costs compare to members' transaction costs?</p>	<p>CA members' and project partners' consider level of transaction costs and degree to which these have been reduced through harmonisation of efforts/reduction of overlapping work to be satisfactory</p>	<p>Interviews with a sample of sponsoring CA members and some project partners Interviews with all CA members.</p> <p>Previous evaluations of the CA</p>

## 4 Governance and management

Evaluation questions from TOR	Judgement criteria	Data sources
<p><b>Compliance with generally accepted principles of good governance</b></p> <p>To what extent are the governance and management structures (Consultative Group, Executive Committee and Secretariat) and processes well articulated and working well to bring about legitimate and effective governance and management?</p> <p>To what extent do governance and management practices comply with the principles of good governance, such as Legitimacy, Accountability, Responsibility, Fairness, Transparency, Efficiency, and Probity?</p>	<p>Governance and management structures permit and facilitate the effective participation and voice of the different categories of stakeholders in the major governance and management decisions, taking into account their respective roles and relative importance.</p> <p>Roles and responsibilities are clear</p> <p>Acceptance and exercising of social responsibility</p> <p>Equal opportunities for partners and participants</p> <p>Decision-making, reporting and evaluation processes open and freely available</p> <p>Efficiency in use of resources and possible trade-offs with legitimacy</p> <p>High standards of ethics</p> <p>Governance is effective in comparison to other similar international programmes</p>	<p>Review of previous and present charter</p> <p>Review of previous evaluations.</p> <p>Review of CG and ExCo deliberations</p> <p>Review of procedures for evaluating project proposals</p> <p>Review of annual reports</p> <p>Interviews with all CA members and the CA Secretariat</p>
<p><b>Programmes located in host organisations</b></p> <p>To what extent is the location of the CA Secretariat in the Bank affecting the prioritisation of activities, governance, management, or other aspects of the CA?</p> <p>To what extent does the role of the Bank in the programme affect the incentives of other partners to participate effectively?</p>	<p>The location of the CA in the Bank affects positively on activities through synergy, etc.</p> <p>The location of the CA in the Bank does not compromise performance, transparency, or fairness</p>	<p>Interviews with all CA members and the CA Secretariat.</p> <p>Review of minutes and reports from CG and ExCo meetings</p> <p>Annual data on the time it takes to process an application through the funding cycle in accordance with the established (WB) procedures</p>

## 5 Resource mobilisation

Evaluation questions from TOR	Judgement criteria	Data sources
To what extent are the sources and conditions of funding for the Cities Alliance affecting, positively or negatively, its governance, management or sustainability?	<p>The link between governance and financing is suitable and does not prevent potential stakeholders from participating</p> <p>The CG is exercising its role in an appropriate manner providing guidance, setting rules and staying open to new possibilities</p> <p>Financial reporting and auditing are satisfactory to all contributors</p> <p>There is a reasonable trade-off between the disadvantages associated with tied funding (constraints to prioritization) and the benefits achieved.</p>	<p>Interviews with all CA members (including previous ones)</p> <p>Data on level of annual contribution</p>

## 6 Sustainability

Evaluation questions from TOR	Judgement criteria	Data sources
<p>Prospects for continuation</p> <p>In what areas could the CA improve in order to enhance its sustainability?</p> <p>What should be considered to sustain the CA's results more cost-effectively, in light of the findings of previous evaluations?</p>	<p>The range and depth of political commitment, support and financing for the CA and its objectives are sustainable.</p> <p>Continuing demand for the CA - in the light of the new charter and the new business model.</p> <p>The CA has a unique role and comparative advantage in urban development architecture, which is likely to continue in the future given the new charter/business model</p> <p>Identification of areas for improvement based on analysis of relevance, efficacy, governance and management (see above), in particular legitimacy.</p> <p>Identification of areas for improvement based on analysis of cost-effectiveness and comparison with previous evaluations</p>	<p>New charter/business model</p> <p>Interviews with all CA members</p> <p>Number of project applications processed / approved</p> <p>Previous evaluations</p>

## Appendix C: List of documents reviewed

- CA strategic documents:
  - Current and previous charter
  - Mid-term strategy 2008-2010
  - Review of the mid-term strategy, 2010
  - Business plan (draft and final versions from 2011)
- All CA annual reports
- ECON Analysis and Centre for Local Government, UTS, The Impacts of City Development Strategies, 2007
- Working Group on Governance and Structures of Cities Alliance, Report on Recommendations to the ExCo on Specific Governance and Structural Issues of the CA, July 2009
- CA Country Partnership Programme Progress Report
- CG and ExCo (steering committee) reports and documentation
- Previous evaluations of the CA
  - DPU, Independent Evaluation of the Cities Alliance, November 2002
  - Nasser Munjee, Development Grant Facility, 2005
  - Universalialia, Independent Evaluation of the Cities Alliance, October 2006
  - IEG World Bank, Global Programme Review Cities Alliance, June 2007
  - Evaluation of the Cities Alliance, Scanteam, October 2007
  - IEG World Bank, An Independent Assessment of the WB's Involvement in Global and Regional partnership programmes, 2010
  - GHK, Evaluation of Project Implementation Modalities of the Cities Alliance, March 2011
  - IEG World Bank, An Evaluation of the WB's Trust Fund Portfolio, 2011

- "Transforming Settlements of the Urban Poor Uganda, a secondary cities support programme (TSUPU)", Programme document, 2010
- TSUPU progress reports
- Ghana Land, Service and Citizenship for the Urban Poor, draft in-country support programme, August 2010
- Spreadsheet with key information about projects FY2005-2011.
- All field evaluation reports from the period from 2007 to 2011 (seven evaluation reports and three rapid desk review reports).
- 12 project completion reports
  - Ghana Municipal Finance and Management Initiative (p98387)
  - Municipal Finance / UCLG Committee on Local Finance and Development (p96739)
  - Formulation of Bhutan National Urbanisation Strategy, Thimphu City Development Strategy and Thimphu State of the Environment (p96685)
  - Guatemala Program for Slum Upgrading Through Financing from the private banking sector - phase 1 (p98170)
  - Chuvasia Regional Development Strategy - Financial Assessment and Investment Review (p98178)
  - Colombia: Housing and Land for the Urban Poor (p94822)
  - Alexandria City Development Strategy for Sustainable Development - Phase II (p99290)
  - Kigali Financial Modernization and Development Strategy (p100699)
  - Mongolia, Citywide Pro-poor "Ger-area Upgrading Strategy and Investment Plan" (GUSIP) for Ulaanbaatar (p98471)
  - Preparation of a proposal for city development strategies and state of the cities report programme for Kenyan urban local authorities (p106503)
  - DCS and C (w/o Support to Pacific Island Countries to Strengthen Implementation of the Pacific Urban Agenda under the Pacific Plan (p116677)
  - Preparation grant for an upgrading strategy of informal settlements in Rief Damascus (p116508)
- CA Communication Strategy, slide show, 2005
- WEB-sites
  - CA web-site
  - CA members web-sites
  - Previous members of the CAs web-sites
- Other documents:

- IEG Sourcebook for evaluation of global and regional partnership programmes, indicative principles and standards. IEG-World Bank, 2007
- UN-HABITAT: Global Report on Human Settlements 2009
- The World Bank in Vietnam: Urban Development Strategy, 2006
- Urban Development & Local Government Program (WB brochure)
- The International Bank for Reconstruction and Development/The World Bank, Private Sector Initiatives in Slum Upgrading, 2009

## Appendix D: List of persons interviewed

Institution	Person
<b>CA secretariat</b>	William Cobbett, Manager
	Kevin Millroy
	Gunter Meinert
	Phyllis Kibui
	Madhavan Balachandran
	Oksana Mushtatenko
	Erika Puspa
	Rodolfo Gaspar
	Juliet Bunch
	Rene Hohmann
	Federico Silva
	Chii Akporji
	Andrea Zeman
Susanna Henderson	
<b>Members of the CA</b>	
United Cities and Local Governments (UCLG)	Emilia Saiz
AusAID (Australia)	Craig Gilbert
Ministerio de Vivienda y Urbanismo (MINVU) (Chile)	David Silva Johnson
Ministério Das Cidades (Brazil)	Ines Magalhaes
CAIXA Econômica Federal (Brazil)	Jorge Hereda
Ministry of Foreign and European Affairs (France)	Emilie Maehara
Agence Française de Développement (Afd)	Samuel Lefevre

Federal Ministry for Economic Cooperation and Development (BMZ) (Germany)	Franz Marré
Ministry of Foreign Affairs (Italy)	Alessandro Gaudiano
Utenriksdepartement (Norway)	Erik Berg
Housing and Urban Development Coordinating Council (HUDCC) (Philippines)	Celia Alba
League of Cities of the Philippines (LCP) (Philippines)	Jeremy Philippe Nishimori
National Department of Human Settlements (South Africa)	Neville Chainee
SIDA (Sweden)	Mikael Atterhog
DFID (UK)	Stephen Young
USAID (USA)	Jessica E Rosen & Nancy Leahy
DG DEV (EU)	Christophe Fleureau-Dauloudet
Habitat for Humanity International	Steve Weir
Slum Dwellers International (SDI)	Joel Bolnick
UN-Habitat	Alioune Badiane
UNEP	Soraya Smaoun
The World Bank	
	Judy Baker
	Andre Hezog
	Rumana Huque
	John Morton
	Madhu Raghunath,
Bernice K Van Bronkhorst,	

	Junaid Ahmad
<b>Past Members</b>	
ADB	Michael Lindfield
Canada	Jeea Saraswati & Wassala Nimaga
Ministry of Land, Infrastructure & Transport (Japan)	Etsuo Okuda
Ministerie van Buitenlandse Zaken (Netherlands)	Frits van der Wal
<b>Associations of Cities</b>	
Mongolian Association of Urban Centres,	Mr. Tserendulam
National Association of Local Authorities in Ghana (NALAG)	Mr. Baffour,
<b>Cities</b>	
Nairobi	John Ntoiti
<b>Other stakeholders</b>	
Bill and Melinda Gates Foundation	Melani Walker
East Asia Regional Organisation of Planning and Housing	Khairiah binti Talha
International Institute for Environment and Development (IIED)	Diana Mitlin & Gordon McGranahan
Inter American Development Bank (IDB)	Jose Brakarz
African Development Bank (AfDB)	Thomas Roberts

## Appendix E: Interview guide

	Question	Rating
1	<p>What is your view on the CA seen in relation to other development programmes and partners?</p> <ul style="list-style-type: none"> <li>- key strengths / value added</li> <li>- any overlaps?</li> </ul>	Rate level of "strategic fit" of the CA from 1-5 where 1 is low and 5 is high
2	<p>Do you find that delivering development assistance through the CA harmonises efforts of the development partners?</p> <ul style="list-style-type: none"> <li>- if yes, does this contribute to reducing costs?</li> <li>- are there any particular effects of the CA being located within the WB?</li> </ul>	
3	<p>Are CA activities consistent with needs of beneficiary countries/cities?</p> <ul style="list-style-type: none"> <li>- Any differences in level of consistency between CDS and SU?</li> </ul>	<p>Rate level of consistency from 1-5 where 1 is low and 5 is high -</p> <ul style="list-style-type: none"> <li>- Rate CDS</li> <li>- Rate SU</li> </ul>
4	<p>Are the resources available to the CA commensurate to the needs and absorption capacity in beneficiary countries/cities?</p> <ul style="list-style-type: none"> <li>- is the level of tied funding appropriate</li> </ul>	Rate: Too much, too little, adequate
5	Is the membership fee level reasonable?	Rate: too low, yes, too high
6	What was the main rationale for your organisation to become a member of the CA and what will be decisive for you to continue the membership?	

	Question	Rating
7	<p>Are the activities defined in the new charter the relevant ones to meet CA objectives?</p> <ul style="list-style-type: none"> <li>- country partnership programmes</li> <li>- catalytic projects</li> <li>- knowledge activities</li> <li>- communication support and advocacy</li> </ul>	<p>Rate level of relevance of activities in new charter from 1-5 where 1 is low and 5 is high</p> <ul style="list-style-type: none"> <li>- rate country programmes</li> <li>- rate catalytic projects</li> <li>- rate knowledge activities</li> <li>- rate comm and advocacy</li> </ul>
8	<p>How do you expect the results of the reform process to affect the performance of the CA?</p> <ul style="list-style-type: none"> <li>- Which elements of the reform process are important in this respect (new charter, new business model, modified governance structure, modified administrative processes)</li> </ul>	<p>(Rate your expectation to change in performance from 1-5 where 1 is worse and 5 is better.)</p>
9	<p>Are the roles and responsibilities of the different CA bodies clear (ExCo, C.G., PAF and Secretariat)?</p> <p>If scored 3 or below: what are the main problems?</p> <p>Who is/should be the main driver in the development of the CA: The secretariat, the ExCO or the Consultative group?</p>	<p>Rate clarity from 1 to 5 where 1 is unclear and 5 is clear.</p>
10	<p>Do you have sufficient possibility to influence major CA decisions?</p> <p>If scored 3 or below: what are the main problems?</p>	<p>Rate level of satisfaction from 1-5 where 1 is low and 5 is high</p>
11	<p>Are the right stakeholders represented in the CA? If no, what should be changed?</p>	

	Question	Rating
12	<p>What is your view on the general performance of the CA?</p> <ul style="list-style-type: none"> <li>- delivering results on the ground, including leveraging other financial resources and scaling up results</li> <li>- advocacy and networking</li> <li>- monitoring and evaluation</li> <li>- communication of results</li> <li>- financial reporting and auditing</li> </ul> <p>Where the scored is 3 or below: what are the main problems?</p>	<p>Rate from 1- 5 where 1 is poor and 5 is good</p> <ul style="list-style-type: none"> <li>- rate results</li> <li>- rate advocacy/networking</li> <li>- rate M&amp;E</li> <li>- rate communication</li> <li>- rate FRA</li> </ul>
13	<p>Does the CA in your view operate in an efficient manner? (why? what could be done to improve?)</p> <ul style="list-style-type: none"> <li>- is the level of overhead costs reasonable?</li> </ul>	<p>Rate efficiency from 1-5 where 1 is low and 5 is high</p>



# Cities Alliance

Cities Without Slums

Executive Committee Meeting  
Kampala, Uganda  
6 June 2012

Agenda Item No. 3: Proposed actions in response to Independent Eval.  
Support Document: Cities Alliance Results Architecture and Performance  
Monitoring System

## Background:

During the past few years the CA has been developing its “theory of change” and a “results framework” against which to monitor and evaluate programme success. The outcomes from this work were reflected in the CA business plan for FY12-FY14, approved at the 2011 annual meeting of Consultative Group (Maputo, Nov. 2011).

The 2011 Independent Evaluation of the CA noted the progress in moving to results-based management, but still identified this key area for improvement.

In response, immediately after the Maputo meeting, the Secretariat retained an experienced senior consultant, who assisted the Water & Sanitation Program to develop a results-based performance management system, to assist the CA.

Attached for EXCO review is a reporting on progress to date.

## Recommended Action:

1. Provide guidance to Secretariat on the proposed Results Architecture, including specific feedback on the draft Secretariat Results Chain.
2. Provide guidance to Secretariat and Consultative Group on next steps for developing the CA Corporate Results Chain, including indicators.

## Managing for Results:

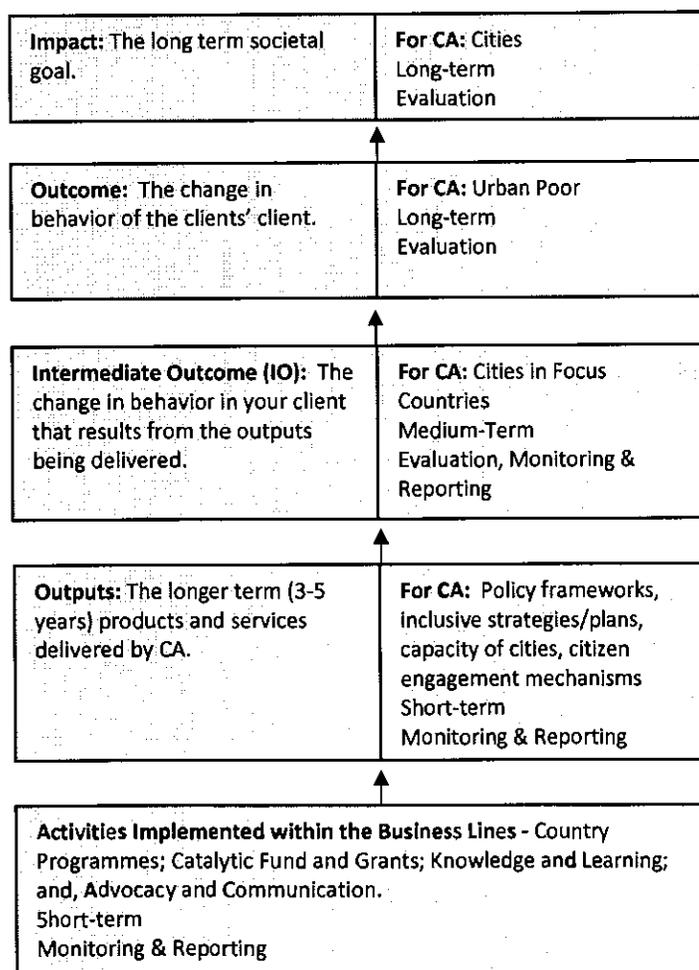
### The Cities Alliance Results Architecture and Performance Monitoring System

Over the last several years, Cities Alliance has been in a period of transformation. A new Charter and Business Plan developed and approved by the Executive Committee, Business Lines defined to better focus CAs' efforts and an evaluation of the program as a whole conducted. The next critical step in this transformation is the development of a Results Architecture and associated Performance Monitoring System (PMS). These two interrelated systems will enable Cities Alliance to objectively and transparently monitor, measure and report on results, outcomes and, over the long term, impact. The purpose of a performance monitoring system is to empower managers with the information that they need, when they need it to make informed decisions. First and foremost, it is a management tool. Secondly, it provides a repository of data that can be mined to systematically report on results being delivered, rather than on activities being implemented or monies spent. The Cities Alliance Performance Monitoring System is a tool that will deliver the right information to the right people at the right time so they can make effective, responsive and timely decisions. These decisions drive results for our clients and for the organization as a whole.

Since January, 2012 the Cities Alliance Secretariat has been working intensely on developing the foundation of the PMS – the Cities Alliance Results Architecture. The Results Architecture defines the theory of change of an organization. It sets forth in easy to understand and realistic results the products and services that will be delivered over a period of time (the Outputs), the effect these products and services will have on the client (the Intermediate Outcome – “IO”), the effect this will have on the clients' client (the Outcome) and finally, how this will impact the livelihood of citizens, especially the urban poor and the cities in which they live (Impact) (Figure 1).

Cities Alliance is responsible and should be held accountable for effectively delivering the Activities and Outputs. These form the basis for CAs Terms of Reference. As one moves up the chain, the level of control decreases and therefore risk increases. For this reason, and at IO level, Cities Alliance has a *shared responsibility* with its government clients to deliver this desired change. Outcome and Impact

Figure 1: Cities Alliance Corporate Results Chain Defined

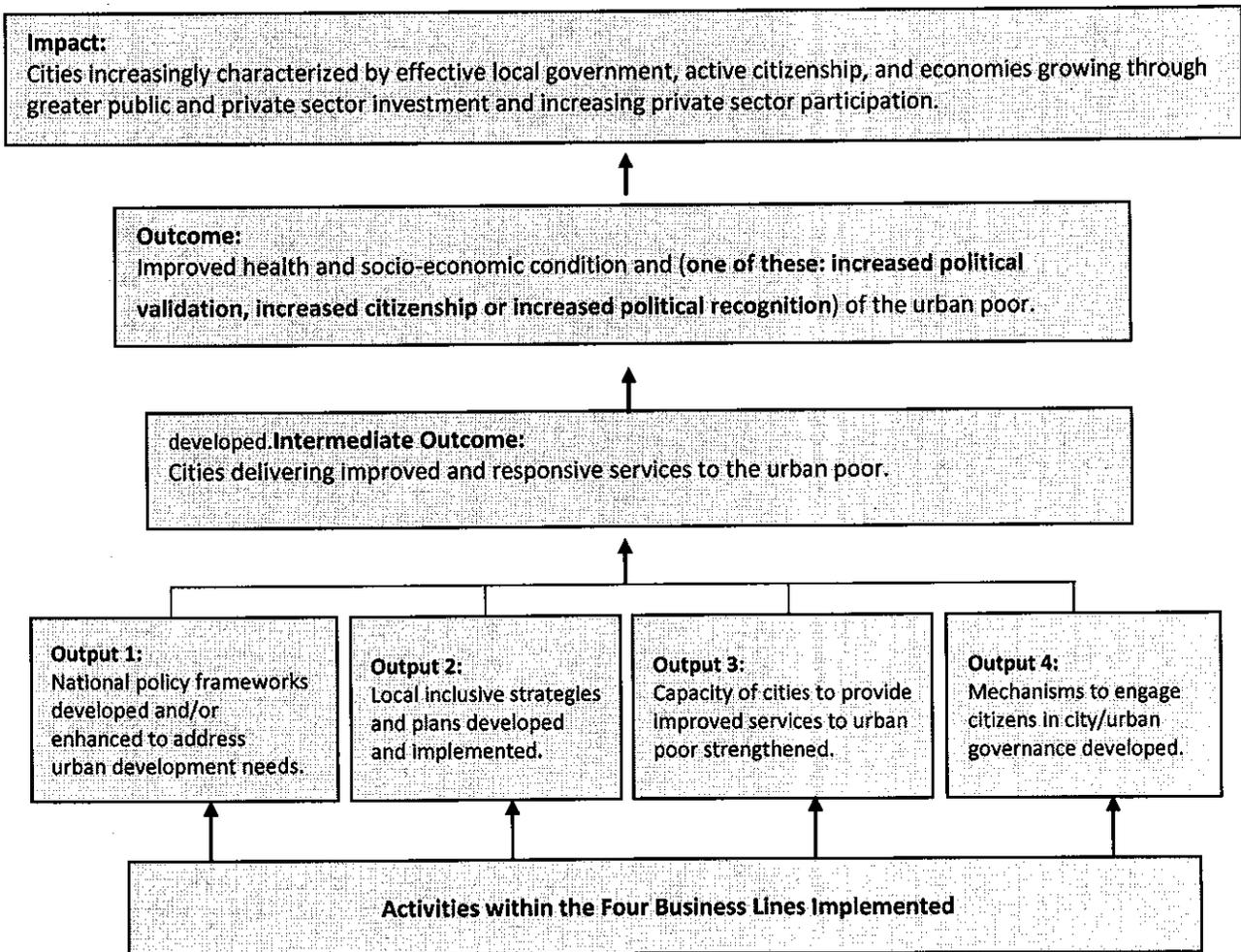


levels are well beyond the control of Cities Alliance. CA is therefore not responsible for delivering these objectives but, because they are the basis for any future evaluations, it is in CAs interest to track progress against key indicators with other partners.

**The Cities Alliance Theory of Change – The Method: The Results Chain**

The Corporate Results Chain captures CAs Theory of Change in a user friendly, measurable and concise way. The client is very clear, what CA will deliver over a 5 year time frame is also clear and measurable. The “So What” question- yes, we delivered workshops, training programs knowledge products, etc., but SO WHAT? What effect do you expect these activities to have once they are implemented? Who will benefit and how? How does the organization’s work contribute to long-term outcomes (MDGs and beyond)? All of these questions must be answered if a program is to be effective, well monitored and well managed, and are done so in the graphic below (Figure 2).

**Figure 2: Cities Alliance Corporate Results Chain – Theory of Change**



## Cities Alliance Theory of Change – The Narrative

The City is the client of Cities Alliance. Within the next five years, the Cities Alliance raison d'être is to **enable cities to deliver improved and responsive services to the urban poor**. To realize this objective (the Intermediate Outcome), partnerships of CA members will deliver four interrelated Outputs, each responding to a specific need and/or gap affecting a cities' ability to deliver services to the urban poor:

1. developing and/or enhancing national policy frameworks;
2. developing and implementing local inclusive strategies and plans;
3. building the capacity of cities to deliver improved services to the urban poor; and,
4. developing mechanisms to engage citizens in city/urban governance.

While each output is designed to address a particular need; they should be viewed as a comprehensive and holistic approach to enable cities to deliver improved and responsive services to the urban poor.

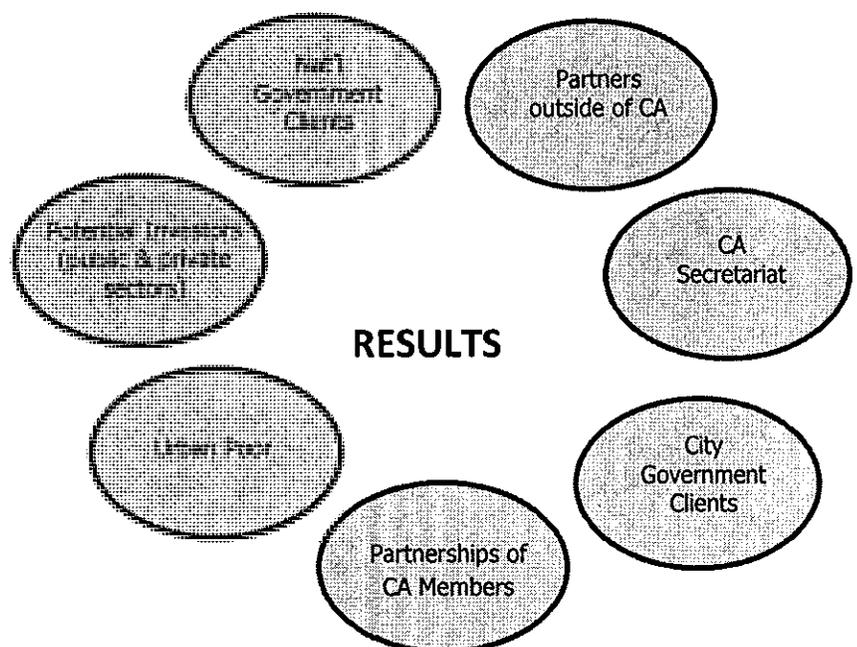
In order to deliver each output, a number of activities will be implemented within each of the four Business Lines. Just as the Outputs should be viewed as a system of products and services, the CA Business Lines should be taken together as a comprehensive and holistic approach to implementing various activities in order to deliver the Outputs. In other words, there is not a one to one correlation between a Business Line and an Output.

Over the longer term, and as cities are delivering improved and responsive services to the urban poor, the CA Theory of Change aims to see improvements in the health and socio-economic condition of the urban poor. Ultimately, and as a result of cities delivering improved and responsive services to the urban poor and improvements in their health and socio-economic condition, CA aims to demonstrate cities which are increasingly characterized by effective local government, active citizenship, and economies growing through greater public and private sector investment and participation. This is the Cities Alliance Theory of Change. Once performance indicators are defined for each of the results and at each level of the chain, this Theory of Change can be effectively monitored, reported on and evaluated.

## Cities Alliance Theory of Change – The Actors & the Architecture

Cities Alliance is a partnership-based organization, with partnerships forged between members, between members and government clients, between the Secretariat and

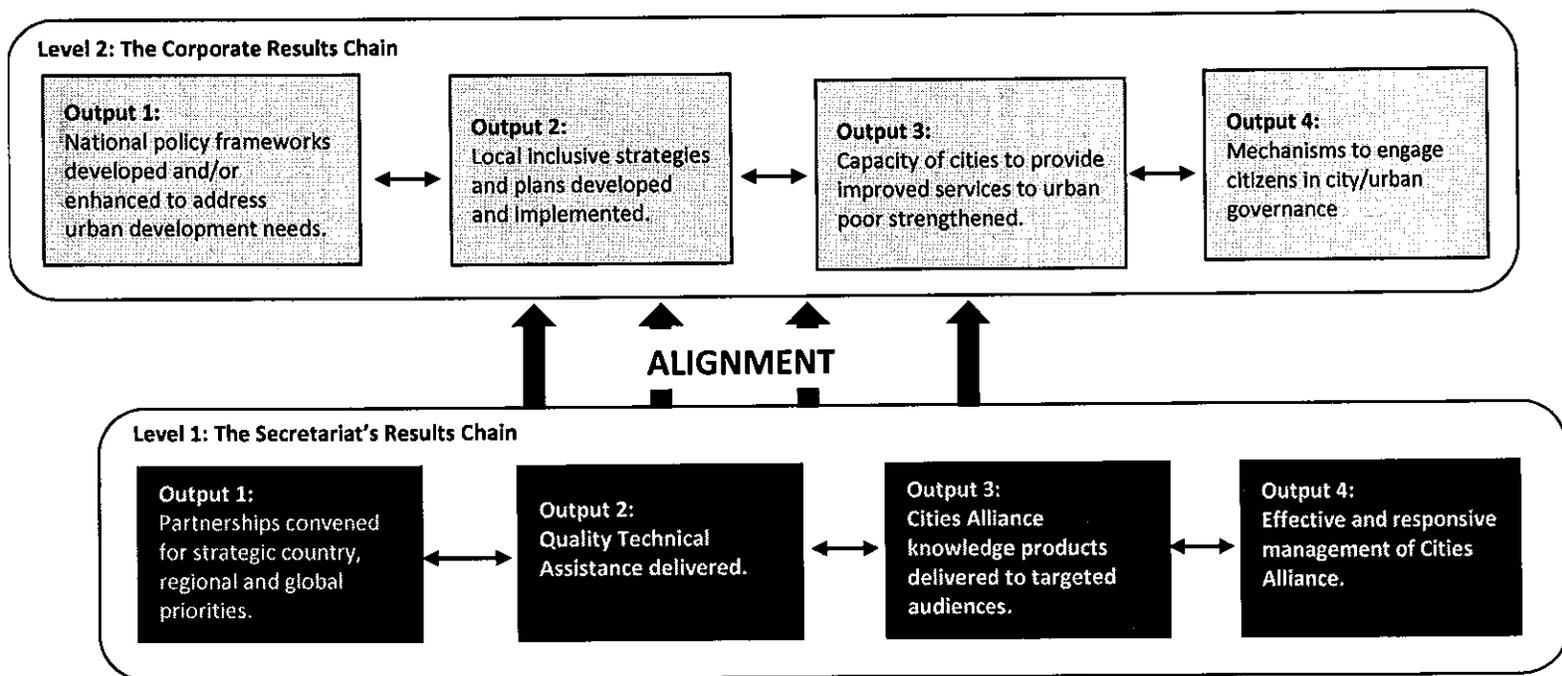
Figure 3: Cities Alliance Actors



members, and partnerships delivering products and services in client countries. In this type of business model, it is critical to clearly articulate what each partner is accountable for delivering by way of results and those to which they can only contribute. This clarity in results drives accountability and transparency and enables the partners to clearly understand what they are responsible for delivering, how it will be measured, and how it may be leveraged by other partners to assist in the delivery of their respective results.

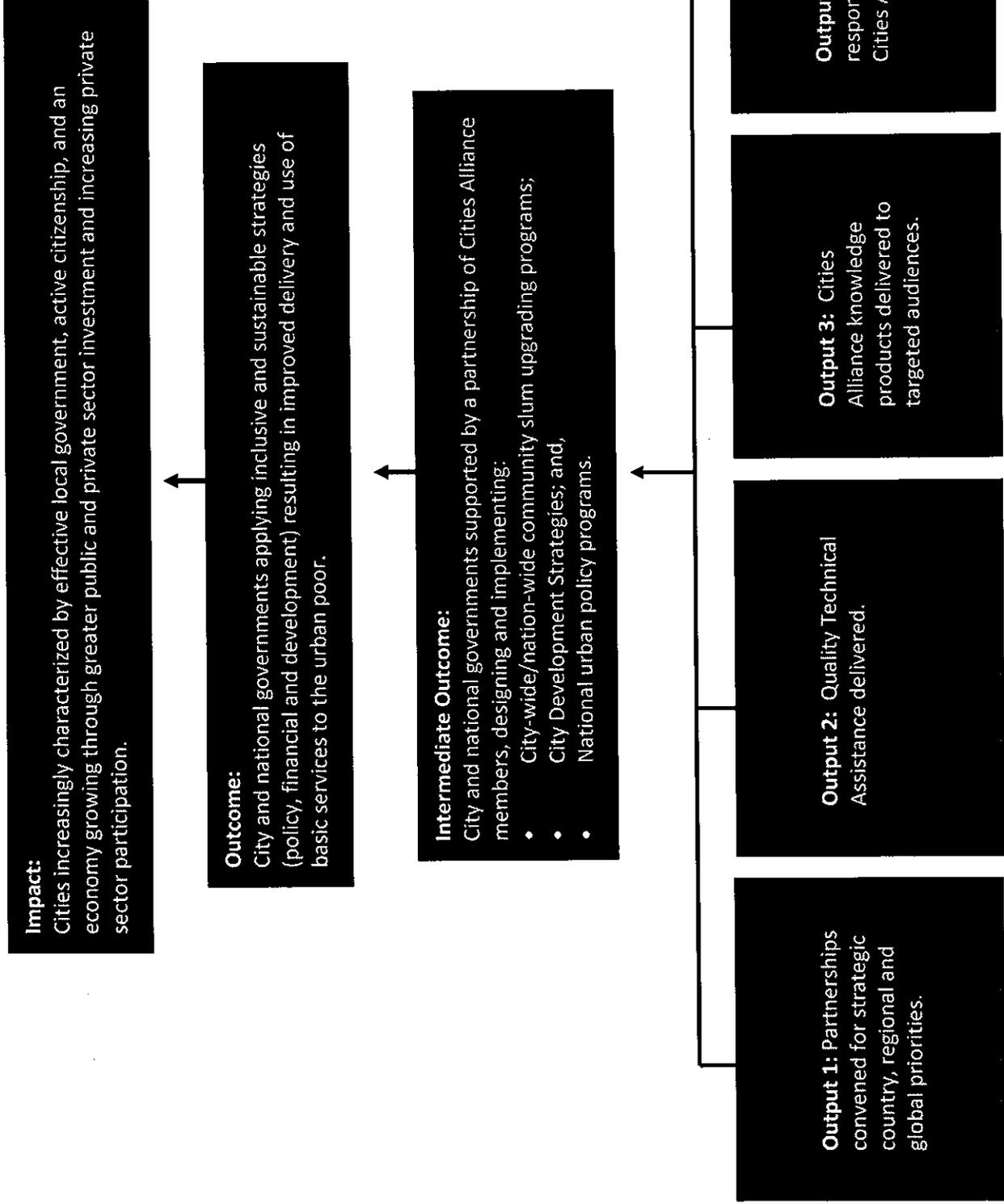
For this reason, it is important for the successful development and use of a Cities Alliance Performance Monitoring System that Results Chains and Results Frameworks be developed for the key actors in the CA landscape (Figure 3). As the management engine that drives the successful efforts of its members and partners, the CA Secretariat has developed a Results Chain and Results Framework which clearly articulates the performance indicators by which it will be monitored, evaluated and its performance measured. The outputs from the Secretariat Results Chain then feeds into the outputs from the overall CA organizational (coporate) results chain (Figure 4). In the coming months, the Secretariat will work with focus country governments to develop their own Results Frameworks which will articulate their 5 year strategy for urban development and improved service delivery to the urban poor. The Results Chains that emerge from this process will become Level 3 of the Cities Alliance Results Architecture.

**Figure 4: Cities Alliance Results Architecture**



The Secretariat has drafted a more detailed framework for the Secretariat Results Chain.

See the following pages.



# Cities Alliance Results Framework for the Secretariat

April 12, 2012

Level	Results Chain	Performance Indicators	Indicator Definition
Impact	<p>Cities increasingly characterized by effective local government, active citizenship, and an economy growing through greater public and private sector investment and increasing private sector participation.</p> <p><i>Time period 2018 and beyond</i></p>	<ol style="list-style-type: none"> <li>1 Increase access to clean water, sanitation, energy and solid waste management services at city level.</li> <li>2 Increase in security of tenure.</li> <li>3 Increase access to commercial finance at community and household levels.</li> <li>4 Civil society organizations participating in the public debate.</li> <li>5 Increase in public finance channeled through city governments.</li> <li>6 Increase in public and private sector investment.</li> <li>7 Increasing and diversification of revenue sources for Local Governments (LGs).</li> <li>8 Increasing number and quality of long term strategic planning processes and plans developed by cities.</li> </ol>	<p>To be further defined based on available data sources (e.g. DHS, MICS, etc.).</p>
Outcome	<p>City and national governments applying inclusive and sustainable strategies (policy, financial and development) resulting in improved delivery and use of basic services to the urban poor.</p>	<ol style="list-style-type: none"> <li>1 Percent and number of countries that adopt national supporting frameworks for local slum upgrading, CDSs and enabling policies increased from x to y by 2016 and from y to z by 2018.</li> </ol>	<p>Indicator measure strategic framework uptake by clients and assumes that adoption means dedicated funds, clear implementation roles, planning, etc.                      Data source: Annual slum-upgrading watchdog report. Baseline indicator: JWP slum-upgrading study.                      Numerator = number of countries which adopt frameworks. Denominator = number of countries in</p>

**Cities Alliance Results Framework for the Secretariat**

**April 12, 2012**

**Indicator Definition**

**Performance Indicators**

**Results Chain**

**Level**

Time period 2012 - 2017		which frameworks were developed.
<p>2 Percentage of citizens reporting that they have both the opportunity and have participated in the planning of:</p> <ul style="list-style-type: none"> <li>• national policies,</li> <li>• national programs and</li> <li>• city development programs.</li> </ul>	<p>Indicator measures the perceived opportunity and participation in planning process of citizens, a prerequisite for inclusive development.</p> <p>Data source: Citizen report cards</p> <p>Numerator = Respondents reporting both opportunity and participation by each type of program.</p> <p>Denominator = Total number of respondents by each type of program.</p>	
<p>3 Percentage of LGAs reporting that they have both the opportunity and have participated in the planning of:</p> <ul style="list-style-type: none"> <li>• national policies,</li> <li>• national programs and</li> <li>• city development programs.</li> </ul>	<p>Indicator measures the perceived opportunity and participation in planning process of citizens, a prerequisite for inclusive development.</p> <p>Data source: Citizen report cards</p> <p>Numerator = Respondents reporting both opportunity and participation by each type of program.</p> <p>Denominator = Total number of respondents by each type of program.</p>	
<p>4 Partner requests to support city and local governments in structured dialogues and partnerships with the urban poor are increased from x to y by 2016 and from y to z by 2018.</p>	<p>Indicator measures the commitment of partners to engage urban poor in a strategic and formalized way.</p> <p>Data source: Tri-annual combined monitoring report of CA partnership on member activities in urban development. Baseline indicator: CA records</p> <p>Numerator = number of partner request for urban poor engagement support. Denominator = number of total partner requests.</p>	

# Cities Alliance Results Framework for the Secretariat

April 12, 2012

Level	Results Chain	Performance Indicators	Indicator Definition
Intermediate Outcome	<p>City and national governments, supported by a partnership of Cities Alliance members, designing and implementing:</p> <ul style="list-style-type: none"> <li>• City-wide/nation-wide community slum upgrading programs;</li> </ul>	<p>5 Membership of Cities in Local Government Networks in CA country programs are increased by 25% by 2014.</p>	<p>Indicator measures city recognition of importance of urban poor and other "non-formal" city actors through their affiliation with LGNs. Data sources: Tri-annual reports from CA country team in collaboration with UCLG/Metropolis. UCLG/metropolis membership reports. Numerator = City membership in 2014. Denominator = city membership in 2012.</p>
		<p>6 Cases in which follow-up action and investments to CA funded strategic planning processes is taken, are increased by X%.</p>	<p>CA Secretariat records. Baseline indicator: CDS portfolio list/ TTL reports.</p>
		<p>7 Donor Aid for urban development and decentralization increased by 25% by 2015 and by x% by 2017 and local private sector investment increased by x % by 2016 and y% by 2018.</p>	<p>Indicator is a proxy measure for the effectiveness of Cities Alliance advocacy, effective knowledge product dissemination and results reporting. Data sources: Reporting on DAC Codes (43030, 15040) and tri-annual combined monitoring reports of CA partnership on member activities in urban development. Numerator = Amount of donor aid for urban development in 2015 and 2017. Denominator = amount of donor aid in 2012 and 2015.</p>
		<p>1 Increased % of CA programs and projects designed and under implementation through formal multi-partner frameworks increased from x to y by 2015 and y to z by 2018 (regional, country-based, knowledge, TA projects).  A special focus on local government, urban poor and local private sector involved.</p>	<p>Indicator measures an increase in the number of formalized partnerships delivering services to cities, which is the focus of the secretariat's efforts to create a more collaborative and harmonized approach to urban development assistance. Data source: CA secretariat records. Numerator = number of active partnership agreements. Denominator = number of CA activities under implementation.</p>

# Cities Alliance Results Framework for the Secretariat

April 2, 2012

## Indicator Definition

## Performance Indicators

## Results Chain

## Level

Level	Results Chain	Performance Indicators	Indicator Definition		
<p>• City Development Strategies and                      • National urban policy programs</p> <p>Time period 2013 – 2018</p>	<p>2 Percent of co-financing by CA members attracted by national and local governments in the agreed TA projects (CDS, policy work) increased from x to y by 2015 and from y to z by 2018.</p> <p>3 Level of satisfaction of members (and non-members) of CA related-value in country, regional and knowledge program frameworks.</p> <p>4 Number of unique access for projects related paper of CA website by 2014.</p>	<p>Indicator measures member financial contributions to TA and is a proxy measure for member commitment to urban development.                      Data source: CA financial records.                      Numerator = amount of member co-financing for TA projects.                      Denominator = Total financing for TA projects.                      Indicator measures: Value added of partnership frameworks, TA and quality and usefulness of knowledge.                      Data source: Member score card.                      Numerator = Number of score cards rating CA added value at satisfactory level or higher.                      Denominator = Total number of added value ratings.                      Indicator measures the extent to which knowledge products being posted on the CA website are being used.                      Data source: Project statistics reports.                      Numerator = Total number of hits without                      Denominator = Number of unique accesses.                      Denominator = downloads.</p>	<p>Indicator measures the population (urban/rural) status of participating cities.                      Data source: CA statistical records.                      To be measured by number of participating cities per country by year.                      Indicator measures the extent to diversity the membership base and impact of the mechanisms by local private sector.</p>		
				<p>1.1 At least x number of partner employment (excluding activities conducted in each partner's priority by 2013, y by 2014 and z by 2018.</p>	<p>Indicator measures the population (urban/rural) status of participating cities.                      Data source: CA statistical records.                      To be measured by number of participating cities per country by year.</p>
				<p>1.2 New types of partners (private sector) engaged in CA partnering activities increased from x to y by 2011 and y to z by</p>	<p>Indicator measures the population (urban/rural) status of participating cities.                      Data source: CA statistical records.                      To be measured by number of participating cities per country by year.</p>
				<p>Output 1: Partnerships continued for strategic country, regional and global priorities.</p>	<p>Indicator measures the population (urban/rural) status of participating cities.                      Data source: CA statistical records.                      To be measured by number of participating cities per country by year.</p>

## Outputs

**Cities Alliance Results Framework for the Secretariat**

**April 12, 2012**

**Level**

**Results Chain**

**Performance Indicators**

**Indicator Definition**

Time period 2012 – 2016	2014	Data source: CA Secretariat records Numerator = # of business private sector partnerships. Denominator = total number of partnering activities
1.3 Increased number of formal partnerships entered into in x, y and z.	Indicator measures formalization of partnerships and success of Cities Alliance convening process.	Data source: CA Secretariat records. Numerator = Number of deals. Denominator = Number of deals in prior year
2.1 80% of TA projects meet clear Results Framework in place prior to implementation and track and report on progress against performance indicators threshold by 2013, 75% by 2014.	Indicator measures increased quality of support and monitoring of TA projects.	Data source: Secretariat records. Numerator = Number of TA projects with R&S. Denominator = Number of TA projects
2.2 # of TA and ICPs delivered in city enabling environments, country/city team supporting programs, city development strategies planning processes etc. in year 2013, 2014 and 2015.	Indicator measures diversity in portfolio of projects by type.	Data source: Secretariat records. Numerator = number of project by type Denominator = Number of total projects
2.3 Number of projects and value of projects implemented in Sub-Saharan Africa and other low income countries increase respectively by a amount and y amount by 2013 and 2016.	Indicator measures increasing priority of projects in Sub-Saharan Africa and LDCs.	Data source: Secretariat records. Numerator = Number and value of projects in SSA and LDCs. Denominator = Number and value of projects in entire portfolio

**Outputs  
Continued**

Child Alliance Results Framework for the Secretariat

April 12, 2012

Results Chain

Partnership Indicators

Indicator Definition

<p>Indicator measures demand side (partnering/clients) of quality of TA projects. Data source: Member report card, client surveys for subset of clients.</p>	<p>Indicator measures demand side (partnering/clients) of quality of TA projects. Data source: Member report card, client surveys for subset of clients.</p>	<p>2.4 % of TA where objectives have been satisfactorily fulfilled rating TA at least satisfactory levels for partners and clients.</p>	<p>Indicator measures demand side (partnering/clients) of quality of TA projects. Data source: Member report card, client surveys for subset of clients.</p>
<p>Numerator = Number of satisfactory ratings Denominator = Total number of ratings Both for member report cards and client surveys.</p>	<p>Indicator measures the alignment of the knowledge products and strategy and demonstrates clear and proactive management of the delivery of CA knowledge to targeted audiences.</p>	<p>3.1 Knowledge products designed and developed (matching demand and supply).</p>	<p>Indicator measures the alignment of the knowledge products and strategy and demonstrates clear and proactive management of the delivery of CA knowledge to targeted audiences.</p>
<p>Data source: Knowledge pipeline and distribution schedule</p>	<p>Numerator = KPs developed and delivered Denominator = KPs defined in knowledge strategy</p>	<p>3.2 KPs delivered to targeted audiences by x date</p>	<p>Indicator measures the KP delivery process to targeted audiences.</p>
<p>Output B: Child Alliance knowledge products delivered to targeted audiences.</p>	<p>Numerator = Number of KPs Denominator = Number of audience types receiving KP (number and type)</p>	<p>3.3 Number of hits/type of knowledge product on web site</p>	<p>Data sources: KP dissemination list Numerator = Number of KPs Denominator = Number of audience types receiving KP (number and type)</p>
<p>Indicator measures demand for CA knowledge products by type based on hits by number and type.</p>	<p>Data source: Web site report Numerator = Number of hits on KPs Denominator = Number of hits on CA site</p>	<p>3.4 Corps identified in country program assessment filled by new/refreshing KPs, by x date</p>	<p>Indicator measures demand for CA knowledge products by type based on hits by number and type. Data source: Web site report Numerator = Number of hits on KPs Denominator = Number of hits on CA site</p>
<p>Indicator measures the level of responsiveness of CA KPs to client needs within countries.</p>	<p>Data source: Program assessments and KP pipeline</p>	<p>Indicator measures the level of responsiveness of CA KPs to client needs within countries.</p>	<p>Indicator measures the level of responsiveness of CA KPs to client needs within countries. Data source: Program assessments and KP pipeline</p>

Output B: Child Alliance knowledge products delivered to targeted audiences.

**Cities Alliance Results Framework for the Secretariat**

**April 12, 2012**

**Level**

**Results Chain**

**Performance Indicators**

**Indicator Definition**

Level	Results Chain	Performance Indicators	Indicator Definition
Output 4: Effective and responsive management of Cities Alliance	3.5 Increase utilization of member-generated KPs (packaged, targeted, disseminated)	3.5.1 % of positive responses that knowledge products are useful to members and clients by type of KP	Indicator measures member recognition of value added CA Secretariat's knowledge product production and dissemination process Data source: KP dissemination pipeline Indicator measures the "usefulness" of KPs received/downloaded by users. Usefulness will be defined by several criteria and measured by surveys disseminated to selected members and clients.
		4.1 Secretariat services rated as least satisfactory by members in the following categories: <ul style="list-style-type: none"> <li>• Value for money</li> <li>• Efficiency</li> <li>• Responsiveness</li> </ul>	Indicator measures level of satisfaction with secretariat Data source: Cities Alliance Report Card
		4.2 Formal members of the CA increased (classification (e.g. private sector))	Indicator measures the friction of efforts to diversify the makeup of members. Data source: Member list
		4.3 At least 80% of the PA portfolio using the CA performance monitoring system to track and report on progress by the end of 2012	Indicator measures the effective installation and use of the CA Performance Monitoring System Data source: Database reports Numerator: Number of projects using PMS Denominator: Total number of projects
	4.4 Time from final disbursement to closing decreased to x	Indicator measures the operational efficiency in closing projects.	

**Output 4  
Continued**

**Global Alliance Results Framework for the Secretariat**

April 12, 2012

Level

Results Chain

Performance Indicators

Indicator Definition

	<p>4.5 Time from submission of proposal to grant agreement to disbursement to closing decreases from x to y by end of 2012 and from y to z by 2014.</p>	<p>Data source: Secretariat database/SAP                  Indicator measures improved efficiency of grant cycle (from submission, agreement signing to disbursement).                  Data source: Secretariat records (SAP)                  Numerator: Time from submission to disbursement in 2013 and then in 2014.                  Denominator: Time from submission to disbursement in 2011 and 2012.</p>
	<p>4.6 Number of projects in which disbursements are made on time according to agreed disbursement schedule increases from x to y by 2014 and y to z by 2017.</p>	<p>Indicator measures improved efficiency of disbursement process as well as effectiveness of implementation based on schedule.                  Data source: Secretariat records (SAP)                  Numerator: Number of on time projects.                  Denominator: Total number of projects.</p>

# **Cities Alliance**

Cities Without Slums

Executive Committee Meeting  
Kampala, Uganda  
6 June 2012

Agenda Item No. 4: Business Plan FY12-FY14 Update  
Support Document: Financial and Budget Report, FY12-FY13

## Background:

The CA has been operating under the Programme and Secretariat budgets approved by EXCO at its July 2011 meeting in Accra and ratified by the CG at its November 2011 meeting in Maputo.

This report provides estimated FY12 financial results (projected to June 30, 2012) and operational highlights from the year. The report also includes proposed Programme and Secretariat budgets for FY13, along with a summary of Outputs budgeted for the year.

## Recommended Action:

- Approve Programme and Secretariat budgets for FY13.

**Cities Alliance Financial and Budget Report**  
**FY12-FY13**

*As of May 16, 2012*

<b>PAGE</b>	<b>CONTENTS</b>
<b>2</b>	<b>Financial Summary – FY07-FY12</b>
<b>3</b>	<b>FY12 Financial Summary</b>
4	Sources & Uses of Funds – Summary
5	FY12 Sources & Uses of Funds – Combined Sources
6	FY12 Sources & Uses of Funds – Core Funds
7	FY12 Sources & Uses of Funds – Non-Core Funds
8	FY12 Sources & Uses of Funds – Notes on Variances
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**FINANCIAL SUMMARY**  
(In US\$ millions)

FY12 estimated as of May 16, 2012 ^

	FY07	FY08	FY09	FY10	FY11	FY12^	FY12- FY11 % Change
<b>Contributions Paid In:</b>							
Core	7.782	10.158	7.001	7.101	7.075	7.352	4%
Facilities*	4.565	1.355	16.844	2.000	0.000	0.000	0%
Other Non-Core	3.244	4.404	0.788	1.955	1.274	0.037	-97%
<b>Total Paid In</b>	<b>15.591</b>	<b>15.917</b>	<b>24.633</b>	<b>11.056</b>	<b>8.348</b>	<b>7.389</b>	<b>-11%</b>
<b>Disbursements:</b>							
Core	8.264	7.145	7.451	8.503	8.023	8.528	6%
Facilities*	1.559	3.583	3.417	3.266	0.929	2.104	127%
Other Non-Core	2.888	4.250	0.870	2.954	1.921	2.175	13%
<b>Total Disbursements</b>	<b>12.711</b>	<b>14.978</b>	<b>11.738</b>	<b>14.723</b>	<b>10.873</b>	<b>12.808</b>	<b>18%</b>
<b>Approved Funding Allocations:</b>							
Core	4.641	7.662	8.983	10.746	8.604	6.949	-19%
Facilities*	4.392	0.392	1.515	3.274	2.047	1.420	-31%
Other Non-Core	0.626	1.578	0.475	2.000	1.681	0.532	-68%
<b>Total Allocations</b>	<b>9.659</b>	<b>9.633</b>	<b>10.973</b>	<b>16.020</b>	<b>12.332</b>	<b>8.901</b>	<b>-28%</b>

\* *Facilities include: Africa Facility; Land Services & Citizenship (Gates); and three closed facilities: Community-Led Infrastructure Finance Facility (CLIFF), Slum Upgrading Facility (SUF); and Community W&S Facility.*

*Excludes In-kind contributions for staff secondments to Secretariat.*

## FY12 FINANCIAL SUMMARY

This past year was the first managed under the new Cities Alliance business planning process. The FY12 programme budget was made against the CA Business Plan for FY12-FY14 that was approved by EXCO and ratified by the CG at its November 2011 meeting.

The contributions received and funding allocations made during FY12 were substantially as had been budgeted. The biggest variance in the Core budget was in the Catalytic Fund, for which approved allocations were \$624,500 less than had been budgeted. See below and page 8 for more details - Notes on Variances.

### Highlights from the year include:

The first cohort of **Catalytic Fund** proposals was approved, resulting from the FY11 Call for Concept Notes. Seventy two projects had been proposed and seven were invited to submit full proposals, and six were approved, totaling \$1.5m.

Proposals totaling \$1.4m for the Ghana country programme were approved from the **Land, Services & Citizenship Programme** (funded by the Gates Foundation), and \$0.4m in Core funds for the CDS component of the Uganda secondary cities country programme. FY11 approved projects for Mozambique and Vietnam CPs began implementation during the year, and on-going projects in Uganda were supported. In addition, development of the country programme for Burkina Faso was initiated, and Mozambique and Vietnam CPs were further developed, with additional project approvals expected during FY13.

A set of small proposals supporting the CA's **country partnership programme** with Brazil were approved, including TA funding (\$0.15m) to formulate a national involuntary resettlement policy. Funding for a knowledge management and exchange system for city managers of the Philippines was approved (\$0.25m).

**Regional work programme** activities were approved for Middle East and North Africa (MENA) and Sub-Saharan Africa regions. In **MENA**, CA members active in the region, in collaboration with the Centre for Mediterranean Integration (CMI), have formed a partnership to support cities and national partner institutions to design and implement strategies on inclusive economic growth, accountability and subsidiarity. CA members include Italian, French and German development cooperation, UCLG, UN-Habitat and WB. Funding was approved for an urbanization review in Tunisia (\$0.2m), the first activities agreed under the joint work programme. The CMI is funding two other activities under the programme.

In **Sub-Saharan Africa**, joint work with UCLGA to improve enabling environments for sustainable urbanization was initiated (\$0.32), State of Cities Reports were funded for Ethiopia and Ghana, as part of the joint work programme with the African Centre for Cities (ACC) and Africa Association of Planning Schools (AAPS). Funding was also approved for ACC/AAPS to revitalize planning education in Africa in partnership with SDI (\$0.13).

The **knowledge** budget was used to support city-to-city learning around urban planning within the UCLG network, for dissemination of the Financing of African Cities research that was published during the year from the joint work programme with AFD, and for dissemination of the Housing Quick Guides published in partnership with UN-Habitat.

The **communications and advocacy** budget was allocated to a joint work programme led by UCLG to increase visibility and knowledge on the role of cities and local authorities in sustainable development and poverty reduction, and promote UCLG's third Global Report on Decentralization and Local Democracy.

CITIES ALLIANCE  
**Sources & Uses of Funds - SUMMARY**  
 Estimated as of 30 June 2012

<b>CORE FUND</b>			<b>NON-CORE FUNDS</b>	
<u>Cumulative</u>	<u>FY12 (est.)</u>		<u>FY12 (est.)</u>	<u>Cumulative</u>
82,492,353	7,351,000	Contributions Received	(196,688)	74,458,903
-	-	In-Kind Contributions	420,977	9,547,462
5,848,031	116,000	Investment Income	88,751	930,542
<u>88,340,384</u>	<u>7,467,000</u>	<b><u>Total Sources of Funds</u></b>	<u>313,040</u>	<u>84,936,907</u>
(73,138,994)	(8,527,986)	Project Disbursements	(4,279,728)	(58,420,760)
-	-	In-Kind Disbursements	(420,977)	(9,547,462)
(1,062,536)	(78,765)	Trust Fund Administration Fees	(1,633)	(1,522,976)
32,001	-	Foreign Exchange Gain (Loss)	(75,158)	235,071
<u>(74,169,529)</u>	<u>(8,606,751)</u>	<b><u>Total Uses of Funds</u></b>	<u>(4,777,496)</u>	<u>(69,256,127)</u>
<u>14,170,855</u>		<b><u>Fund Balance \$</u></b>		<u>15,680,780</u>
(9,911,764)		Less: Undisbursed Allocations		(6,592,008)
<u>4,259,091</u>		<b><u>Funds Available for Allocation</u></b>		<u>9,088,772</u>

## FY12 Sources & Uses of Funds -- Combined Sources

*FY12 Totals, estimated as of 14 May 2012*

UNAUDITED

<b><u>COMBINED CORE &amp; NON-CORE FUNDS</u></b>	<b><u>FY12 Actuals (Est.)</u></b>	<b><u>FY 12 Actuals by Funding Source</u></b>		
		<b>Core</b>	<b>Gates (LSC)</b>	<b>Other*</b>
<b>FUNDS AVAILABLE FOR ALLOCATION - Estimated</b>				
Balance Forward from FY11 - Unallocated Funds	14,951,796	3,742,755	10,005,525	1,203,516
Contributions Received	7,459,836	7,351,000	0	108,836
Investment Income	190,500	116,000	74,500	0
Allocation Cancellations, Reflows & Adjustments	150,000	150,000	0	0
Less WB TF Admin Fees Paid	(80,397)	(78,765)	0	(1,632)
<b>FUNDS AVAILABLE FOR ALLOCATION</b>	<b><u>22,671,735</u></b>	<b><u>11,280,990</u></b>	<b><u>10,080,025</u></b>	<b><u>1,310,720</u></b>
<b>ALLOCATION OF FUNDS</b>				
Partnership Operations (incl Secretariat Costs)	2,857,204	2,750,000	0	107,204
Global Program Operations:				
Grant Facility (old) - Country/Regional Activities	0	0	0	0
Catalytic Fund (new)	1,575,500	1,575,500	0	0
Knowledge & Learning Work Programme	500,000	500,000	0	0
Communications & Advocacy Work Programme	300,000	300,000	0	0
Monitoring & Evaluation Work Programme	75,000	75,000	0	0
Country / Regional Partnership Programming:				
Land, Services & Citizenship Programme	1,895,055	475,000	1,420,055	0
Country Partnership Programmes (Brazil, Phil, & India)	624,000	624,000	0	0
Other Country/ Regional Programming & Support	1,073,550	649,000	0	424,550
<b>BUDGETED ALLOCATION OF FUNDS</b>	<b><u>8,900,309</u></b>	<b><u>6,948,500</u></b>	<b><u>1,420,055</u></b>	<b><u>531,754</u></b>
<b>ENDING BALANCE - UNALLOCATED FUNDS</b>	<b><u>13,771,426</u></b>	<b><u>4,332,490</u></b>	<b><u>8,659,970</u></b>	<b><u>778,966</u></b>

\* Other funding sources include Africa Facility and non-core funding from Japan and Netherlands.

## FY12 Sources & Uses of Funds -- Core Fund

*FY12 Totals, estimated as of 14 May 2012*

UNAUDITED

Notes	<u>CORE FUNDS</u>	<u>CORE FUNDS</u>		Variance
		FY12 Budget	FY12 Actuals To Date	
<b>FUNDS AVAILABLE FOR ALLOCATION</b>				
	Balance Forward from FY11 - Unallocated Funds	3,742,755	3,742,755	0
1	Contributions Expected	8,000,000	7,351,000	(649,000)
	Investment Income Received	150,000	116,000	(34,000)
2	Allocation Cancellations, Reflows & Adjustments	0	150,000	150,000
	Less WB TF Admin Fees Paid	(88,500)	(78,765)	9,735
	<b>FUNDS AVAILABLE FOR ALLOCATION</b>	<b>11,804,255</b>	<b>11,280,990</b>	<b>(523,265)</b>
<b>ALLOCATION OF FUNDS</b>				
	<b>Partnership Operations</b> (incl Secretariat Costs)	2,750,000	2,750,000	0
<b>Global Program Operations:</b>				
3	Grant Facility (old) - Country/Regional Activities	350,500	0	350,500
4	Catalytic Fund (new)	2,200,000	1,575,500	624,500
5	Knowledge & Learning Work Programme	500,000	500,000	0
6	Communications & Advocacy Work Programme	300,000	300,000	0
7	Monitoring & Evaluation Work Programme	100,000	75,000	25,000
<b>Country / Regional Partnership Programming:</b>				
8	Land, Services & Citizenship Programme	500,000	475,000	25,000
9	Country Partnership Programmes (Brazil, Phil, & India)	500,000	624,000	(124,000)
10	Other Country/ Regional Programming & Support	1,000,000	649,000	351,000
	<b>BUDGETED ALLOCATION OF FUNDS</b>	<b>8,200,500</b>	<b>6,948,500</b>	<b>1,252,000</b>
	<b>ENDING BALANCE - UNALLOCATED FUNDS</b>	<b>3,603,755</b>	<b>4,332,490</b>	<b>728,735</b>

## FY12 Sources & Uses of Funds -- Non-Core Funds

FY12 Totals, estimated as of 14 May 2012

UNAUDITED

Notes	NON-CORE FUNDS	Gates (LSC) Funding		Other Non-core*	
		FY12 Budget	FY12 LSC Actuals (Est.)	FY12 Budget	FY12 Actuals (Est.)
	<b>FUNDS AVAILABLE FOR ALLOCATION</b>				
	Balance Forward from FY10 - Unallocated Funds	11,033,237	10,005,525	2,191,498	1,203,516
	Contributions Expected	0	0	0	108,836
	Investment Income Received	150,000	74,500	0	0
	Allocation Cancellations, Reflows & Adjustments	0	0	0	0
	Less WB TF Admin Fees Paid	0	0	0	(1,632)
	<b>FUNDS AVAILABLE FOR ALLOCATION</b>	<b>11,183,237</b>	<b>10,080,025</b>	<b>2,191,498</b>	<b>1,310,720</b>
	<b>ALLOCATION OF FUNDS</b>				
	<b>Partnership Operations</b> (incl Secretariat Costs)	0	0	0	107,204
	<b>Global Program Operations:</b>				
	Grant Facility (old) - Country/Regional Activities	0	0	0	0
	Catalytic Fund (new)	0	0	0	0
	Knowledge & Learning Work Programme	0	0	0	0
	Communications & Advocacy Work Programme	0	0	0	0
	Monitoring & Evaluation Work Programme	0	0	0	0
	<b>Country / Regional Partnership Programming:</b>				
11	Land, Services & Citizenship Programme	8,000,000	1,420,055	0	0
	Country Partnership Programmes (Brazil, Phil, & India)	0	0	0	0
12	Other Country/ Regional Programming & Support	0	0	1,000,000	424,550
	<b>BUDGETED ALLOCATION OF FUNDS</b>	<b>8,000,000</b>	<b>1,420,055</b>	<b>1,000,000</b>	<b>531,754</b>
	<b>ENDING BALANCE - UNALLOCATED FUNDS</b>	<b>3,183,237</b>	<b>8,659,970</b>	<b>1,191,498</b>	<b>778,966</b>

\* Other Non-core funding sources include Africa Facility and non-core funding from Japan and Netherlands.

## **NOTES to FY12 Sources & Uses of Funds reporting**

### **CORE FUNDS**

1. The FY12 Contributions are expected to be 8% less than budgeted, including a reduction of expected Italian contribution to the minimum \$250,000.
2. Project allocations approved in prior years expected to be cancelled during FY12.
3. A budget of \$350,500 had been reserved for proposals still in the pipeline from the closing of the old grant facility, but this reserve was not needed.
4. The first cohort of Catalytic Fund proposals were processed during FY12. Only six projects totaling \$1,450,500 were approved for funding from the Cat Fund, less than the \$1,800,000 budgeted. A seventh proposal was cancelled because of local implementation issues. In addition, only two small grants ("Kitty Fund") totaling \$125,000 were approved, against a \$400,000 budget.
5. The focus of knowledge and learning work programme during FY12 was implementation/supervision of previously funded knowledge projects, as well as consolidation of lessons and outputs from the CA's grant-funded country portfolio. In addition, new phases of three on-going knowledge projects were approved.
6. Most of the communications and advocacy budget was utilized for joint activities with UCLG.
7. The M&E budget was allocated for senior consultant to assist finalization of the CA results framework and begin development of a Performance Management System.
8. The Core fund budget was used to support components of LSC country programmes that were not eligible from Gates Foundation funding.
9. New allocations in support of country partnership programmes with Brazil and Philippines were approved. The \$124,000 budget overrun will be deducted from FY13-FY14 budgets.
10. Joint work programmes with members were under development during FY12 for the MENA and Sub-Saharan Africa regions with initial activities approved. The budget under-run of \$351,000 will be rolled over into FY13-FY14 budgets.

### **NON-CORE FUNDS**

11. LSC country programme approvals were made for the Ghana country programme during the year, but unutilized budget for Burkina Faso, Mozambique and Vietnam will be rolled over into FY13.
12. Approvals were made from the Africa Facility in support of national State of Cities Reports, in partnership with the African Centre for Cities and the Africa Association of Planning Schools. Funding for the Ethiopia report and well as a preparatory grant for the Ghana report were approved. Unutilized budget will be rolled over into FY13-FY14.

## Approved Funding Allocations – Detailed FY12

*FY12 Totals, estimated as of 14 May 2012*

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Other Non-Core	Approval Date
<b>Partnership Operations</b>		<b>2,857,204</b>	<b>2,750,000</b>	<b>0</b>	<b>0</b>	<b>107,204</b>	
<b>Management, finance and administrative operations</b>		<b>1,600,000</b>	<b>1,600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	Secretariat - Management, finance communication and administrative operations	1,600,000	1,600,000	0	0	0	7/11/2011
<b>Technical, knowledge, communications and M&amp;E operations</b>		<b>1,042,204</b>	<b>935,000</b>	<b>0</b>	<b>0</b>	<b>107,204</b>	
	Secretariat - Technical, knowledge, and M&E operations	935,000	935,000	0	0	0	7/11/2011
	Regional Advisors, East & Southern Africa - increase (Sweden Non-Core)	107,204	0	0	0	107,204	12/31/2011
<b>Governance and Administration</b>		<b>215,000</b>	<b>215,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	Consultative Group/ EXCO Meetings	185,000	185,000	0	0	0	7/11/2011
	WUF/ Africities / Urban Forum / Others	30,000	30,000	0	0	0	7/11/2011
<b>Global Programme Operations</b>							
<b>Catalytic Fund (New grant facility)</b>		<b>1,575,500</b>	<b>1,575,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Kitty Fund</b>		<b>125,000</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asia regional	Institutionalizing urban reforms in India by integrating the Indo-FIRE(D) experience into the regional training network: knowledge	50,000	50,000	0	0	0	8/5/2011
Global	Catalytic Fund administration and peer-to-peer learning support	75,000	75,000	0	0	0	In Process
<b>Catalytic fund</b>		<b>1,450,500</b>	<b>1,450,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Cameroon	Urban Development Strategy of Yaounde and its metropolitan areas of Yaounde-CDS	240,000	240,000				1/17/2012
Chile	Strategic Plan of the Southern Association of Municipalities of Santiago of Chile: Processing, territorial approach and citizen participation	250,000	250,000				In Process
Ethiopia	Housing Sector Development: Making Shelter Assets Work	250,000	250,000				3/13/2012
Sierra Leone	Promoting affordable and sustainable sanitation services in Freetown	0	0				Cancelled
Sub-Saharan Africa region	Tenure Security Facility Southern Africa: the provision of technical assistance and advisory services on incrementally securing tenure in slum upgrading	250,000	250,000				11/2/2011
Sri Lanka	Promoting Climate Resilient City Development and Settlements Upgrading Strategies for Sri Lankan Cities	240,500	240,500				In Process

## Approved Funding Allocations – Detailed FY12

*FY12 Totals, estimated as of 14 May 2012*

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Other Non-Core	Approval Date
Uzbekistan	Sustainable Development Strategy for the Historic Cities of Bukhara, Samarkand and Nukus	220,000	220,000				9/13/2011
<b>Global knowledge and advocacy activities</b>		<b>997,587</b>	<b>875,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Theme: Slum Upgrading</b>		<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Africa region	Development and Adaptation of Quick Guides for Policy Makers on Housing the Poor in African Cities - Dissemination and Training phase	100,000	100,000	0	0	0	In Process
<b>Theme: Strategic City Development</b>		<b>200,000</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Global	City Future: manage and apply practical knowledge (urban planning) of and for cities	200,000	200,000	0	0	0	In Process
<b>Theme: Environment/ Climate Change/ Disaster Risk Reductio</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Theme: Finance</b>		<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Africa region	Financing of African Cities - Phase II (Marketing & Dissemination)	100,000	100,000	0	0	0	10/8/2011
<b>Other Learning &amp; Knowledge Sharing</b>		<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Global	General Learning & Knowledge Sharing (FY12 increase)	100,000	100,000	0	0	0	7/11/2011
<b>Theme: Communications &amp; Advocacy</b>		<b>422,587</b>	<b>300,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Global	The Governance of basic local public services - 3rd Global Report on Decentralization and Local Democracy (GOLD III)	90,844	50,000	0	0	0	10/28/2011
Global	Advocacy campaign: Cities Contributing to The future we want towards Habitat II	241,008	200,000	0	0	0	4/9/2012
Global	General Communications & Advocacy (FY12 increase)	90,735	50,000	0	0	0	7/11/2011
<b>Theme: Monitoring &amp; Evaluation</b>		<b>75,000</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Global	Development and Implementation of Cities Alliance M&E system	75,000	75,000	0	0	0	1/5/2012
<b>Country / Regional Programming Allocations</b>		<b>3,592,605</b>	<b>1,748,000</b>	<b>1,420,055</b>	<b>424,550</b>	<b>0</b>	
<b>Land, Services &amp; Citizenship Programme</b>		<b>1,895,055</b>	<b>475,000</b>	<b>1,420,055</b>	<b>0</b>	<b>0</b>	
Burkina Faso	Formulation of the Burkina Faso Country-Programme	75,000	75,000	0	0	0	2/6/2012
Ghana	Ghana LSC: Building the Capacity of the Urban Poor for Inclusive Urban Development in Ghana Phase I	250,000	0	250,000	0	0	10/2/2011

## Approved Funding Allocations – Detailed FY12

*FY12 Totals, estimated as of 14 May 2012*

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Other Non-Core	Approval Date
Ghana	Ghana LSC: Support to Develop a National Urban Agenda Focused on Inclusive Urban Development Policies and Strategies	755,895	0	755,895	0	0	11/11/2011
Ghana	Ghana LSC: Sustainable Urban Local Government Capacity Building in Ghana: An Enabling Platform for Effective Governance and Enhancement of Service Delivery	414,160	0	414,160	0	0	11/11/2011
Uganda	City development strategies for Uganda's secondary cities	400,000	400,000	0	0	0	In Process
<b>Country Partnership Programmes</b>		<b>624,000</b>	<b>624,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Brazil	Technical Assistance to structure the National Monitoring System for Urban Settlement	74,000	74,000	0	0	0	12/12/2011
Brazil	Development of a methodology for the customization and implementation of a Social Housing Information System in Brazilian municipalities based in the experience of the municipality of São Paulo	75,000	75,000	0	0	0	10/10/2011
Brazil	Technical Assistance to the Ministry of Cities in formulating an Involuntary Resettlement Policy and Guidelines to improve social sustainability in urban development and infrastructure projects	150,000	150,000	0	0	0	10/8/2011
Brazil	Brazil / LAC Support Office (increase)	75,000	75,000	0	0	0	3/13/2012
Philippines	Developing A Knowledge Management and Exchange System for City Managers	250,000	250,000	0	0	0	8/18/2011
<b>Other Country / Regional Programming &amp; Support</b>		<b>1,073,550</b>	<b>649,000</b>	<b>0</b>	<b>424,550</b>	<b>0</b>	
Africa Region	Promoting City Enabling Environments in Africa (UCLGA JWP)	75,000	75,000	0	0	0	3/2/2012
Africa Region	Creating enabling environments for sustainable urbanization (UCLGA JWP)	244,000	244,000	0	0	0	In Process
Africa Region	Urban Planning Education and Applied Research in Sub-Saharan Africa	130,000	130,000	0	0	0	3/5/2012
Ethiopia	Ethiopian State of the Cities Report - Good Governance for Growth & Transformation	351,700	0	0	351,700	0	In Process
Ghana	Preparation for the State of Ghanaian Cities Project 2012	72,850	0	0	72,850	0	2/6/2012
MENA Region	MENA JWP: Tunisia- Urbanization Review	200,000	200,000	0	0	0	4/5/2012
<b>TOTAL ALLOCATIONS</b>		<b>9,022,896</b>	<b>6,948,500</b>	<b>1,420,055</b>	<b>424,550</b>	<b>107,204</b>	

CITIES ALLIANCE SECRETARIAT  
**FY12 BUDGET REPORT**  
 Estimated FY12 Totals (as of 8 May 2012)  
 (US\$)

CORE FUNDS

See Notes	<b>CORE FUNDS</b>	FY12 Original Budget Plan	Estimated Actuals - June 30, 2012	Utilization rate (%)
	<b>SOURCES OF FUNDS - Secretariat Budget</b>			
	Core Funds - Approval Requested for FY12	2,750,000	2,750,000	100%
#1	Core Funds, FY11 carry-forward	923,489	923,489	100%
	Staff secondments and JPO programs	0		
	On-going Regional Staff allocations	0		
	On-going Norway MTS Support	0		
	Funding from other Non-Core sources	0		
	WB/misc. funding	0		
	Travel Rebate	0		
	<b>Total Sources of Funds - Secretariat</b>	<b>3,673,489</b>	<b>3,673,489</b>	<b>100.00%</b>
	<b>USES OF FUNDS - by Secretariat Funding Source*</b>			
	Staff costs (salary + benefits) - HQ	2,241,471	2,023,000	90%
	Staff costs (salary + benefits) - Field	247,849	260,000	105%
#2	<b>Total Staff Costs</b>	<b>2,489,320</b>	<b>2,283,000</b>	<b>92%</b>
#3	Travel	306,220	160,000	52%
#4	Short-term consultants / other labor costs	217,000	228,000	105%
	Contract. Services (e.g. printing, publishing, food services, internal training)	62,000	19,000	31%
#5	Overhead Costs	383,949	295,000	77%
#6	Meeting & Events:			
	- CG/PPF/EXCO Meetings	185,000	300,000	162%
	- WUF/ Africities / Urban Forum / Others	30,000	9,500	32%
	<b>Total Meetings &amp; Events:</b>	<b>215,000</b>	<b>309,500</b>	<b>144%</b>
	<b>Total Uses of Funds - Secretariat</b>	<b>3,673,489</b>	<b>3,294,500</b>	<b>90%</b>
#7	<b>Ending Balance - Secretariat (to FY13)</b>	<b>0</b>	<b>378,989</b>	

Cost Groups	Actuals	Share of total Secretariat costs	Description
Program Management and Admin. Costs (PMA)	\$ 1,307,331	40%	Costs associated with the program management, related administrative support, strategy development, donor relationship, planning, program communication and outreach, budgeting and overall monitoring
Operational Costs	1,382,669	42%	Costs associated with the oversight and supervision of recipient managed activities, financial management and procurement services, project preparation, monitoring and evaluation
Overhead/Meeting Events	604,500	18%	Household expenses, design and publishing of materials, translation costs, food services, governance meetings
<b>Total</b>	<b>\$ 3,294,500</b>	<b>100%</b>	

- Note 1. The Secretariat had finished FY11 with savings of \$923,489, which was carried forward to FY12
- Note 2. FY12 actual staff costs were less than budgeted because of unfilled staff positions.
- Note 3. Travel expenses are estimated to be at middle point of the original FY12 budget, or 52%, due to unusually low staff travel (both operational and fundraising)
- Note 4. Costs were slightly higher than budgeted due to increased need for procurement consultant and other fiduciary support for grant-making.
- Note 5. Overhead costs include office space, IT and communications, representation and hospitality, supplies and miscellaneous - estimated at 77% by FY12 end
- Note 6. Costs were considerably higher than had been planned, resulting largely from a major Policy Advisory Forum held in conjunction with July 2011 EXCO meeting in Accra, and associated with the Ghana Urban Forum.
- Note 7. Balance of Secretariat Budget Core Funding will be carried forward to FY13 budget

## CITIES ALLIANCE SECRETARIAT

## FY12 BUDGET REPORT

NON-CORE FUNDS

Estimated FY12 Totals (as of 8 May 2012)

(US\$)

See Notes	NON-CORE FUNDS	FY12 Original Budget Plan	Estimated Actuals June 30th	Over (-) / Under (+) Plan
	<b>SOURCES OF FUNDS - Secretariat Budget</b>			
	Core Funds - Approval Requested for FY12	0	0	
	Core Funds, carry-forward (estimated)	0	0	
#1	Staff secondments and JPO programs	546,113	411,000	75%
#2	On-going Regional Staff allocations	157,661	125,000	79%
#3	Funding from other Non-Core sources	578,555	520,000	90%
	WB/misc. funding	0	0	
	Travel Rebate	0	0	
	<b>Total Sources of Funds - Secretariat</b>	<b>1,282,329</b>	<b>1,056,000</b>	<b>82%</b>
	<b>USES OF FUNDS - by Secretariat Funding Source*</b>			
	Staff costs (salary + benefits) - HQ	135,510	166,000	123%
	Staff secondments and JPO programs	546,113	411,000	75%
	Staff costs (salary + benefits) - Field	157,661	125,000	79%
#4	<b>Total Staff Costs</b>	<b>839,285</b>	<b>702,000</b>	<b>84%</b>
	Travel	200,000	200,000	100%
#5	Short-term consultants / other labor costs	99,045	115,000	116%
#6	Contractual Services (e.g., printing, graphics)	41,500	18,000	43%
#7	Overhead Costs	102,500	21,000	20%
	Meeting & Events:			
	- CG/PPF/EXCO Meetings	0	0	0%
	- WUF/ Africities / Urban Forum / Others	0	0	0
	<b>Total Uses of Funds - Secretariat</b>	<b>1,282,329</b>	<b>1,056,000</b>	<b>82%</b>

- #1 In-kind contribution represents secondments from France (MFA & AFD), Germany (GTZ) and funding for Italian Junior Professional Officer (Program Officer).
- #2 On-going regional allocations for the CA regional staff, funded by Italy, SIDA and the Africa Facility. Savings are mostly due to vacancy of Regional Advisor in Ethiopia
- #3 This includes Secretariat staff costs (travel, consultants and contractual costs) covered by the Land, Services & Citizenship program (LCS), funded by Gates Foundation.
- #4 Actual staff costs are lower vs. planned due primarily to still unfilled secondment from UN-Habitat.
- #5 Most expenditures related to on-going short-term consulting arrangements under LSC program.
- #6 Actuals less than had been planned due largely to cost savings in Sao Paulo office.
- #7 Costs savings under overhead expenses (office rent, IT and communications, representation and hospitality, supplies and miscellaneous) due to reduced presence and occupancy costs in local offices.

## **FY13 PROPOSED BUDGET and SUMMARY OF OUTPUTS**

The proposed FY13 CA program budget is drawn from the FY12-FY14 business plan approved by the EXCO and ratified by the CG during 2011, except for the minor variances noted on the following pages. The proposed Core budget is \$8.8m and non-core budget is \$9.6m.

FY13 begins a transition to results-based reporting, starting with this high-level summary of the strategic work programme and budget proposed for the year. Whereas the FY12 budget was reported against the CA product lines, this summary is made against the Outputs in the draft results framework for the CA Secretariat.

### **Output 1: Partnerships convened for strategic country, regional and global priorities**

The budget for this output is embedded largely in the Secretariat budget for the year – staff time and travel to facilitate partnership frameworks. Small budget is allocated for consultant and other support for development of regional joint work programmes.

#### *Country partnerships:*

On-going partnerships supported in Ghana and Uganda country programmes, and partnerships to be formalized in the Burkina Faso, Mozambique and Vietnam CPs. A country partnership would be convened for Tunisia for a prospective CP included in regional WP for Middle East and North Africa (MENA).

On-going country work programmes continued in Brazil, Philippines and South Africa, and on-going programme in India repositioned.

#### *Regional partnerships:*

Newly formed partnership of CA members (including and other partners for MENA region operationalized and initial WP activities initiated. The partners will support resource mobilization efforts for implementation of a regional WP and related CPs, targeting initially the EU.

Partnership for Sub-Saharan Africa to be mobilized, focused initially around bringing greater coherence and scale of support for knowledge dissemination, capacity building and advocacy for cities of the region, with focus on secondary cities. Develop plans for mobilizing resources to fully operationalize a regional joint WP.

#### *Global partnerships:*

Develop next phase of joint WP on Cities and Climate Change, with aim to moving the partnership (UNEP, UN-H and WB) to more sustainable platform.

Mobilize the partnership working on the joint WP on case studies on national slum upgrading policies to prepare for an advocacy driven dissemination and utilization of the research findings.

### **Output 2: Quality technical assistance funding delivered**

New TA grant approvals of \$12m expected during the year, including over \$3m from Core funding.

#### *TA for country programmes:*

The TA components for the Burkina Faso, Mozambique and Vietnam CPs are expected to be developed and approved during the year, to be funded mostly from the Land, Services & Citizenship Programme (Gates Foundation), estimated at \$8,000,000, with supplementary support

from Core funds (\$500,000). The on-going programmes in Ghana and Uganda will be monitored and supported.

Additional TA support for the India and Philippines country work programmes is also expected to be approved (estimated total of \$400,000). The on-going portfolios in these countries plus Brazil and South Africa will be monitored and supported – 38X projects totaling \$18.4m.

#### *State of Cities Reports (SoCR) and Urbanization Reviews*

Steps will be taken to better support and promote cross-learning from the SoCR portfolio (10 projects, \$2.2m), and to rationalize with country urbanization reviews. New approval is expected for a Ghana SoCR, and the Tunisia urbanization review will begin implementation. The Brazil and Latin America regional SoCRs and Vietnam urbanization review will be disseminated.

#### *Catalytic Fund TA:*

The FY12 call for concepts notes closed on April 30, 2012, on the theme of Youth and the City, and the winning proposals will be approved during FY13 (estimated 8 projects totaling \$2.0m). The approved projects from the FY11 Catalytic Fund will be under implementation during FY13 (seven projects, \$1.5m).

#### *Legacy Portfolio – old grant facility:*

Projects from the old grant facility will continue to be monitored and supported during the year. There will be 30 active standalone projects under implementation (totaling \$8.6m), and another 20 projects (\$13.7m) that have closed but for which final assessment and reporting will be completed.

### **Output 3: Cities Alliance knowledge products delivered to targeted audiences**

A primary focus in FY13 will be to disseminate and utilize knowledge outputs coming from prior-year knowledge work programme, as well extract and disseminate lessons and outputs from the on-going and completed portfolio of country/regional projects. New knowledge approvals are expected in support of the Africa action plan and in developing analytic foundation for evidence-based advocacy on the CA strategic focus on secondary cities.

Another primary focus in FY13 will also be to develop an advocacy strategy with CA members, and communication plans in support of the strategy.

Major knowledge and communications activities for FY13 are highlighted below.

#### *Financing African Cities*

This major research was published during FY12 and will be the focus of systematic efforts to disseminate the findings and promote policy and programmatic changes in Sub-Saharan Africa during FY13.

#### *Quick Guides for Policy Makers on Housing the Poor in African Cities*

This knowledge tool was published during FY12 and will be the focus of systematic efforts to disseminate the findings and promote policy and programmatic changes in Sub-Saharan Africa during FY13.

#### *Successful Approaches to National Slum Upgrading and Prevention*

The findings from this research project, which is developing case studies from 15 countries, is expected to be completed during FY13. Plans will be developed during the year for promoting and disseminating the findings.

#### *Strengthening CA's Knowledge Management Systems*

The CA knowledge management system will continue to be strengthened during FY13 to better extract, package and disseminate CA knowledge and tools for targeted city/local government and other audiences. This includes development of distinct periodical knowledge products aimed at specific target audiences; improved systems for feeding CA knowledge into those knowledge products; and, improved systems for dissemination and support for utilization of the knowledge products.

#### *Strengthening City Enabling Environments in Africa and UCLG's Knowledge Management System*

As a foundation for a CA action plan for Sub-Saharan Africa, the CA will support UCLGA to strengthen its knowledge management system as a vehicle for disseminating CA knowledge products. These knowledge products will be targeted, in particular, at city professionals (city managers, finance directors and planning/urban services staff). The knowledge management and advocacy capacity of UCLGA's network of national local government associations will also be strengthened. As a framework for the knowledge system, an assessment will be made of "city enabling environments" of countries in the region, and knowledge and other programmes of action will be developed to help countries/cities in the region improve the enabling environment for cities.

#### *Strengthening CA communications and advocacy capacity*

CA members will be engaged to agree on a set of global and thematic key messages that will form the strategic foundation of more systematic CA work programme for communications and advocacy. The global messages would include, for example, CA's position on strengthening secondary cities. Thematic messages might include, for example, the need to mobilize private as well as public resources around strategic city development priorities. Plans for promoting these messages at key targeted and global audiences will be developed, as well as a work programme for improved delivery.

#### *Management of on-going knowledge and communications/advocacygive m portfolio*

Knowledge rojects from the old grant facility will continue to be monitored and supported during the year. There will be 26 active or recently closed standalone knowledge or communication projects under implementation or in dissemination phase (totaling \$5.9m).

#### **Output 4: Effective and responsive management of Cities Alliance**

The budget for this output is embedded in the Secretariat budget for the year – staff time and travel to program management and administration. The main priorities for FY13 are:

- Finalizing CA results framework, and developing baseline data for monitoring and evaluation indicators.
- Develop performance management system.
- Review CA membership.
- Resource mobilization.
- Continue adapting to WB grant-making procedures

## Sources & Uses of Funds -- FY 13 Budget

PROPOSED

UNAUDITED

Notes On Budget	<b>COMBINED CORE &amp; NON-CORE FUNDS</b>	<b>FY 13 Budget by Funding Source</b>			
		<b>FY13 TOTAL</b>	<b>Core</b>	<b>Gates (LSC)</b>	<b>Other*</b>
	<b>FUNDS AVAILABLE FOR ALLOCATION - Estimated</b>				
1	Balance Forward from FY10 - Unallocated Funds	13,771,426	4,332,490	8,659,970	778,966
2	Contributions Expected	7,350,000	7,250,000	0	100,000
	Investment Income	255,000	150,000	105,000	0
	Allocation Cancellations, Reflows & Adjustments	0	0	0	0
	Less WB TF Admin Fees Paid	(78,750)	(77,250)	0	(1,500)
	<b>FUNDS AVAILABLE FOR ALLOCATION</b>	<b>21,297,676</b>	<b>11,655,240</b>	<b>8,764,970</b>	<b>877,466</b>
	<b>ALLOCATION OF FUNDS</b>				
3	Partnership Operations (incl Secretariat Costs)	3,423,500	3,325,000	0	98,500
	Global Program Operations:				
4	Catalytic Fund (new)	2,200,000	2,200,000	0	0
5	Knowledge & Learning Work Programme	750,000	750,000	0	0
6	Communications & Advocacy Work Programme	400,000	400,000	0	0
7	Monitoring & Evaluation Work Programme	200,000	200,000	0	0
	Country / Regional Partnership Programming:				
8	Land, Services & Citizenship Programme	9,431,752	500,000	8,795,470	136,282
9	Country Partnership Programmes (Brazil, Phil, & India)	425,000	425,000	0	0
10	Other Country/ Regional Programming & Support	1,642,684	1,000,000	0	642,684
	<b>BUDGETED ALLOCATION OF FUNDS</b>	<b>18,472,936</b>	<b>8,800,000</b>	<b>8,795,470</b>	<b>877,466</b>
	<b>ENDING BALANCE - UNALLOCATED FUNDS</b>	<b>2,824,740</b>	<b>2,855,240</b>	<b>(30,500)</b>	<b>0</b>

\* Other funding sources include Africa Facility and non-core funding from Japan and Netherlands.

### **NOTES to FY13 Proposed Budget**

The proposed budget is consistent with the FY13 budget projected in the FY12-FY14 business plan, except as noted below.

1. The Core balance forward was greater than projected because FY12 new funding allocations are expected to be \$728,000 less than had been budgeted. Some of the cumulative unallocated balance will be utilized as part of FY13 budget, but most will be carried forward to FY14 as contingency against the loss of WB DGF funds (FY13 is last year for WB DGF).
2. The Core contributions projected for the year are less than the \$8.0m that had been projected in the FY12-FY14 business plan due to expected reduction in contributions from Italy and USA.
3. The proposed Core secretariat budget is less than the \$3.5m that had been projected in the business plan, due largely to reduced travel and staffing costs.
4. The budget for Catalytic Fund includes \$2.0m for the 2012 call for proposals on theme of Youth and the City. The balance of budget is for structured learning associated with Catalytic Fund projects and small, discretionary projects.
5. A \$250,000 increase in Core knowledge budget is requested, to be invested in improved packaging and dissemination of CA knowledge products, and for activities of the Policy Advisory Forum.
6. The communications and advocacy budget includes funds for the advocacy joint work programme with UCLG.
7. The M&E budget is \$100,000 more than had been projected in business plan to support development of indicators and baseline data for the CA results framework.
8. The remaining unallocated LSC funds are expected to be programmed during FY13.
9. The Country Partnership Programmes budget is \$100,000 less than had been projected in business plan, reduced to partially offset a over-run in FY12.
10. The budget will primarily support the regional programmes in Sub-Saharan Africa and Middle East & North Africa.

**CITIES ALLIANCE SECRETARIAT  
FY13 PROPOSED BUDGET  
(US\$)**

See  
Notes

	Core	Non-Core	In-Kind	TOTAL
<b>SOURCES OF FUNDS - Secretariat Budget</b>				
Core Funds - Approval Requested for FY13	3,325,000	0	0	3,325,000
Core Funds, FY12 balance carry forward	378,989	0	0	378,989
#1 Staff secondments and JPO programs	0	0	420,977	420,977
#2 On-going Regional Staff allocations	0	155,390	0	155,390
#3 Funding from other Non-Core sources	0	364,929	0	364,929
WB/misc. funding	0	0	0	0
<b>Total Sources of Funds - Secretariat</b>	<b>3,703,989</b>	<b>520,319</b>	<b>420,977</b>	<b>4,645,284</b>
<b>USES OF FUNDS - by Secretariat Funding Source*</b>				
#4 Staff costs (salary + benefits) - HQ	2,394,847	49,929	420,977	2,865,752
#4 Staff costs (salary + benefits) - Field	250,300	155,390	0	405,690
<b>Total Staff Costs:</b>	<b>2,645,147</b>	<b>205,319</b>	<b>420,977</b>	<b>3,271,442</b>
#5 Travel	200,000	176,000	0	376,000
#6 Short-term consultants / other labor costs	184,000	100,000	0	284,000
#7 Contractual Services (e.g., printing, graphics)	22,842	18,000	0	40,842
#8 Overhead Costs	327,000	21,000	0	348,000
#9 Meeting & Events:				
- CG/PPF/EXCO Meetings	125,000	0	0	125,000
- WUF/ Africities / Urban Forum / Others	200,000	0	0	200,000
<b>Total Uses of Funds - Secretariat</b>	<b>3,703,989</b>	<b>520,319</b>	<b>420,977</b>	<b>4,645,284</b>
<b>Budgeted Ending Balance-Secretariat</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Cost Groups	Costs	Share of total Secretariat costs	Description
Estimated Program Management and Admin. Costs (PMA)	\$ 961,654	26%	Costs associated with the program management, strategy development, donor relationship, planning, budgeting and overall monitoring
Estimated Operational Costs	2,067,493	56%	Costs associated with the oversight and supervision of recipient managed activities, financial management and procurement services, project preparation, monitoring and evaluation
Estimated Overhead/Meeting Events	674,842	18%	Household expenses, design and publishing of materials, translation costs, food services
<b>Total</b>	<b>\$ 3,703,989</b>	<b>100%</b>	

## NOTES ON FY13 BUDGET

- Note 1.** In-kind contribution represents secondments from France (MFA), Germany (GTZ) and 6 month funding for the Italian Junior Professional Officer who joined the CA in January of 2010.
- Note 2.** On-going non-core allocations for regional advisory staff are funded from SIDA and Africa Facility.
- Note 3.** This primarily includes Secretariat costs covered by the Land, Services & Citizenship programme.
- Note 4.** The proposed budget includes no additional staff slots beyond those already approved. Regional advisors for India and West Africa are now funded from the Core Fund, others (Latin America and South Africa) are funded from Non-core sources.
- Note 5.** The travel budget line excludes Secretariat travel to Events/Meetings.
- Note 6.** The budget includes costs of writers for CA knowledge products, communications support, consultant for Policy Advisory Forum, and fiduciary services (procurement, safeguards), as well as local consultants for the LSC programme.
- Note 7.** Contractual services line item represents estimated cost of services to be provided by various vendors during the course of FY13. The services include contractual designing and production of CA materials, other communications & publishing costs, minor representation/hospitality costs.
- Note 8.** Estimated overhead cost budget is mostly based on FY12 actuals and covers expenses such as office space, IT costs, supplies and other miscellaneous.
- Note 9.** The meeting/events budget is greater than normal because of two major events during FY13 -- WUF and Africities. Budget includes travel for staff and specially-invited guests, speakers, participants.



BUSINESS PLAN

JULY 2011 – JUNE 2014

APPROVED BY THE CONSULTATIVE GROUP  
MAPUTO, MOZAMBIQUE

7 OCTOBER 2011

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# 1 Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

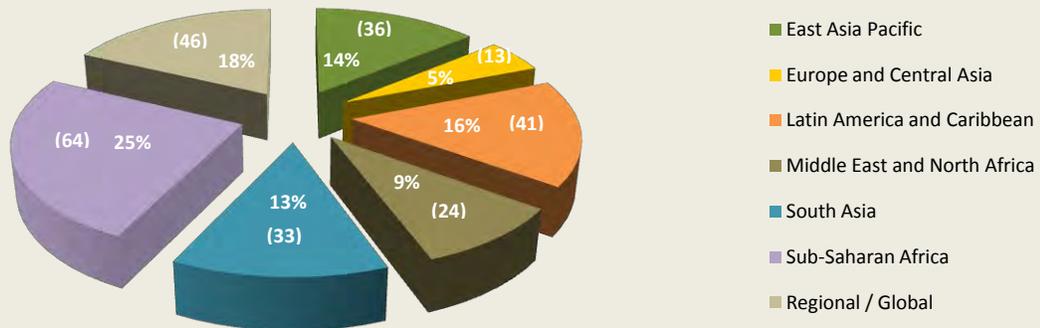
\*NOTE: Unaudited. Includes Core, Non-Core and In-Kind funding sources. FY11 figures are estimated.

## 2.2 Grant-Funded Activities and Results

### 2.2.1 A Global Portfolio of Grant Funding Support

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

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

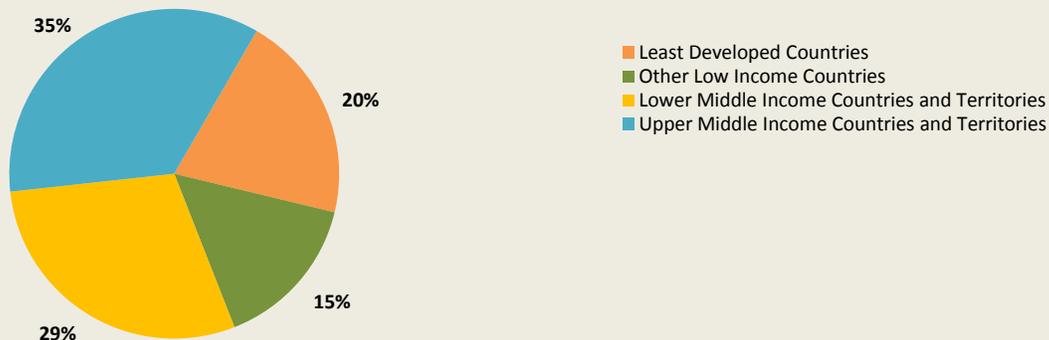


**Notes:**

- A. Figures reflect both country-specific projects and regional/global projects.
- B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- C. Projects cancelled during preparation or implementation were included in the calculation.

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

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



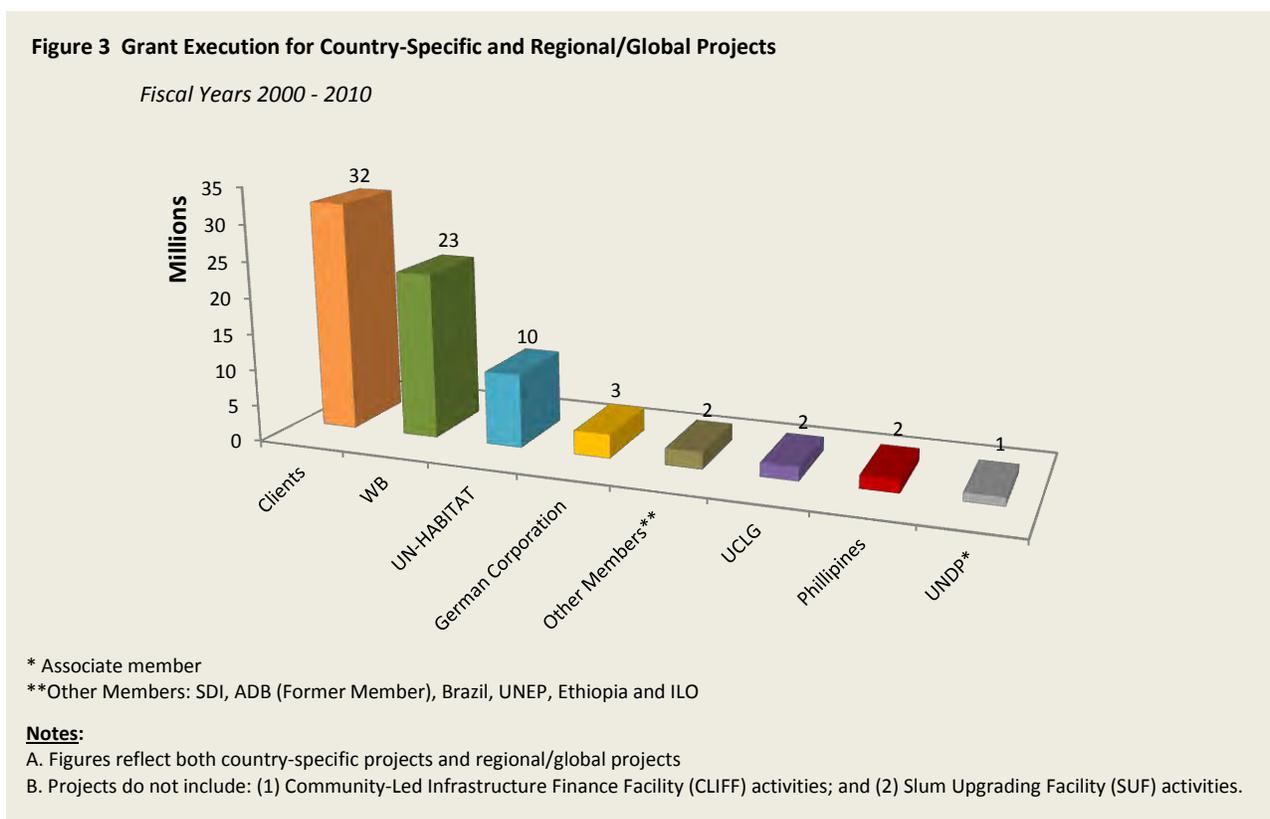
**Notes:**

- A. Classification of Cities Alliance projects has been based on the most current list available at the time of project approval.
- B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional- Global Projects.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2.4 Operationalising the Charter: Strategic Challenges and Choices

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

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

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

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

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

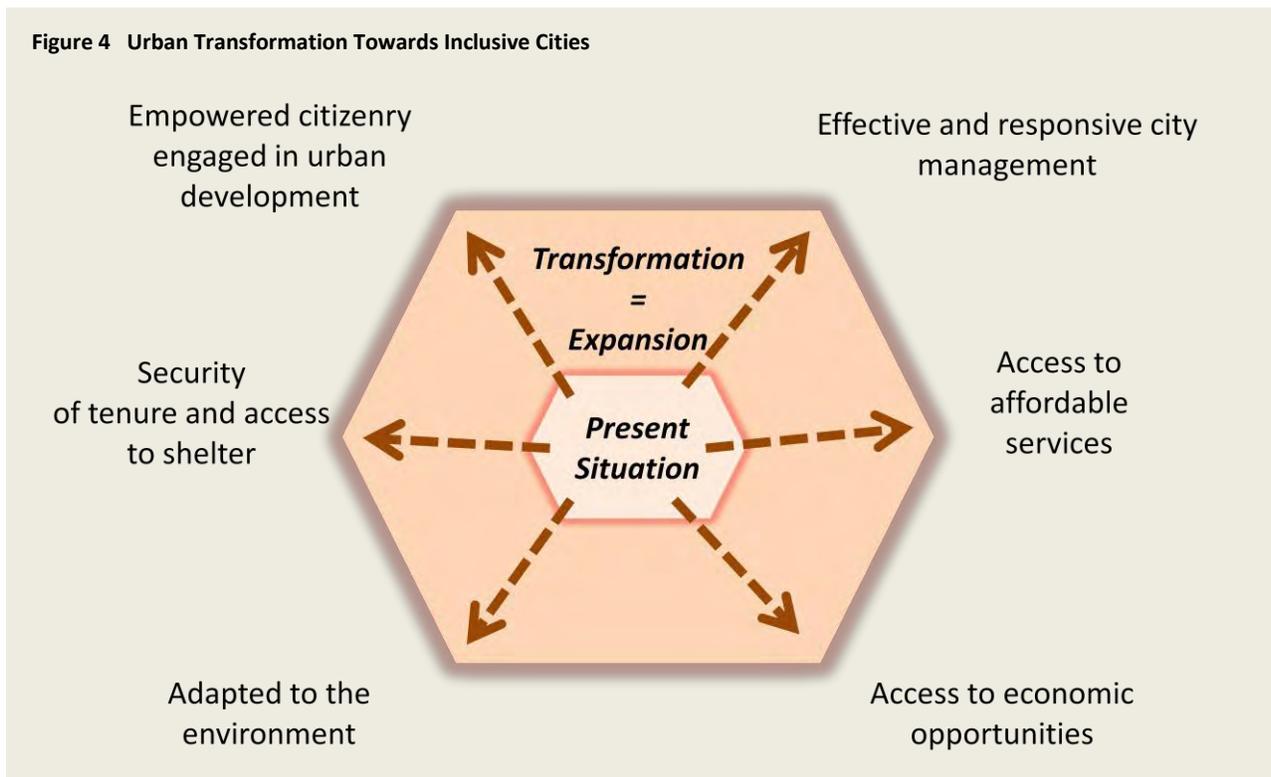
Ultimately, this Business Plan is predicated upon our ability to grow the Cities Alliance through improved outcomes from its existing capacities and funding stream, and through the mobilisation of significant new resources for the new CA service lines.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 4.1 Country and Regional Programming

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

#### 4.1.1 Country Work Programming

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

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

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

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

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

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

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

#### 4.1.2 Regional Work Programming (RWP)

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

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

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

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

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

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

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

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

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

#### 4.1.3 Country Programmes (CP)

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

CPs consist of three components:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Country Programmes: Initial Results

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

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

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

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

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

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

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

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

Three Arguments for Scaling up the Country Programme
<ul style="list-style-type: none"> <li>✓ <b>Better responds to the global scale of the need</b></li> <li>✓ <b>Better enables pre-emptive programming</b></li> <li>✓ <b>Opens the possibility of effective regional cooperation</b></li> </ul>

### OPTIONAL DELIVERABLES (subject to funding availability)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Our Aim in the Catalytic Fund Is**

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

### **Our Key Objectives**

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

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

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

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

Three Arguments for Scaling up the Catalytic Fund
<ul style="list-style-type: none"> <li>✓ <b>The first pilot call demonstrated that there is great demand for a flexible tool able to reach cities worldwide and encourage innovation.</b></li> <li>✓ <b>More calls and projects mean more generated themes, knowledge and experiences and the possibility to feed those into key policy debates (Rio+20; Habitat III).</b></li> <li>✓ <b>The CATF could highly benefit of a number of additional back-up and complementary activities to foster its knowledge impact and close the gap between implementation and follow-up investments.</b></li> </ul>

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

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

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

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

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

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

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

#### Knowledge and Learning: Baseline Results

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

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

**Our Aim in Knowledge & Learning is**  
**to facilitate partnerships at the local, national, regional and global level to maximise impacts.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Agreed Baseline scenario for Learning from the Legacy Portfolio

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

### Strategic Choices: Unleashing the tacit knowledge potential

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This will include a range of possibilities:

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

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

## 5 Governance, Management and Staffing

### 5.1 Governance Structure

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

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

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

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

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

### 5.2 Management Structure

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

### 5.3 Staffing

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

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

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

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

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

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

## 6 Financial Plan

### 6.1 Strategic Approach

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

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

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

### 6.2 The Baseline Budget

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

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

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

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

**Table 2: Baseline Budget**

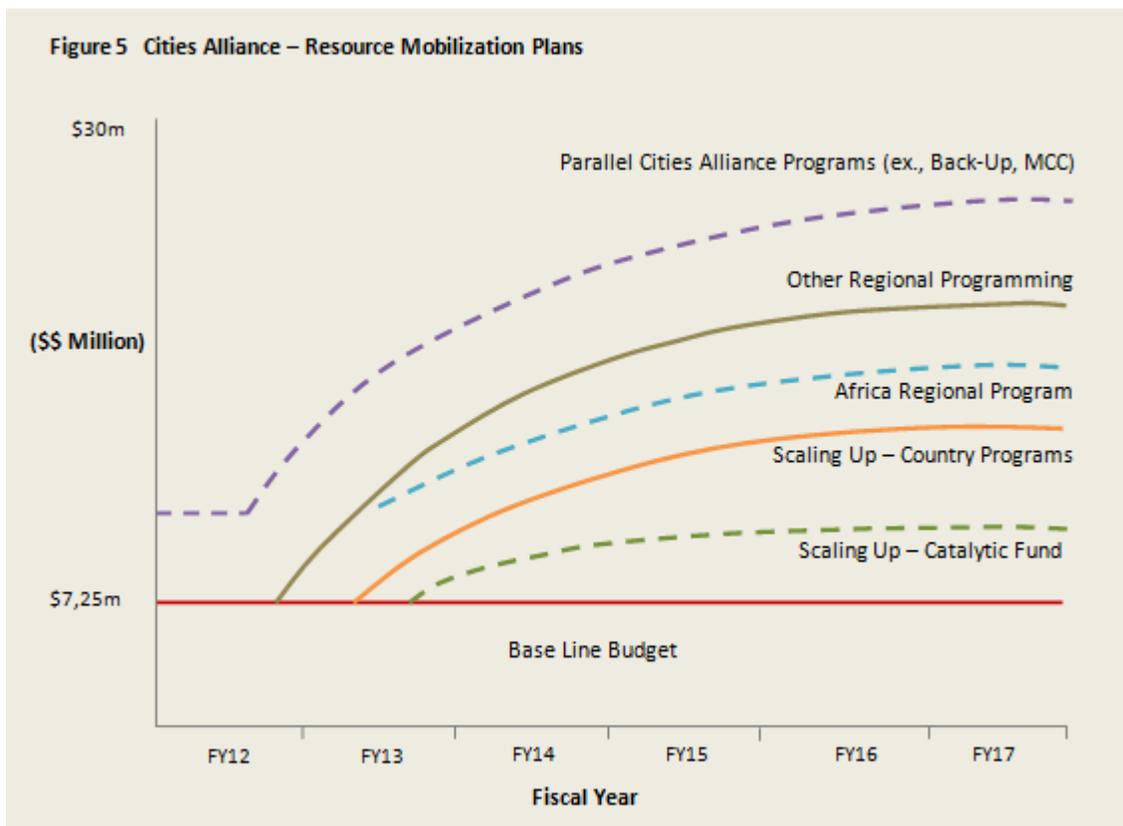
<b>Sources &amp; Uses of Funds: FY12 – FY14 Budget (CORE FUNDS)</b>				
<b>CORE FUNDS</b>	<b>FY12 – FY14</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
<b>FUNDS AVAILABLE FOR ALLOCATION – Estimated</b>				
Balance Forward - Unallocated Funds	2,581,013	2,581,013	2,460,513	1,840,513
Contribution Target - Baseline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

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

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

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

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



## 7 ANNEX

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

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

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

Executive Committee Meeting  
Kampala, Uganda  
6 June 2012

Agenda Item No. 4: Business Plan FY12-FY14 Update  
Support Document: MENA region joint work programme - Synopsis

Background:

As reported on during the Maputo EXCO and CG meetings, several CA members active in the Middle East and North Africa region have come together around a joint work programme for the region. This short synopsis provides background information.

Recommended Action:

- Provide guidance to the Secretariat on the development of the MENA region joint work programme.

## Middle East and North Africa region Joint Work Program

### SYNOPSIS

The Arab Spring provides a singular opportunity for the international community to respond in a coherent, collaborative and constructive manner, in which the long-term future of the citizens, cities and countries of the region is the overriding priority. Cities Alliance and the Center for Mediterranean Integration (CMI) members<sup>1</sup> active in the Region have therefore decided to respond, work together and create a partnership amongst themselves and with partner cities and governments in the region, to offer support through a Joint Work Program (JWP).

The support offered through this Joint Work Program is guided by a long-term view that specifically seeks to mobilize available local and regional experience and expertise, with international support as necessary. Its activities will revolve around three thematic pillars: (i) strengthening cities for inclusive economic growth; (ii) creating accountable cities and towns; and (iii) promoting subsidiarity.

The primary objective of this Program is to strengthen the process of democratization through inclusive city governance supported by enabling national frameworks in selected partner countries of the MENA Region.

For its first phase (2012 - 2015) the JWP envisages to deliver four particular outputs, which encompass the coherence of effort, technical collaboration, knowledge transfer, and raise awareness for inclusive and sustainable growth. It will be achieved through corresponding activities, such as country and regional projects. Each country or regional project is made up of several individual activities and will be based on a particular framework for collaboration. In this context, both the CMI and CA Secretariats jointly work to define a regional strategy and a country by country approach.

The first country project will be Tunisia with a particular focus on promoting subsidiarity. The JWP will be presented back to back the UCLG conference on decentralization in Tunis, May 29-30, to shed light on this unique collaboration in the Mediterranean region. It will be the opportunity to discuss the potential and challenges of decentralization as well as hear voices of Tunisian local governments. JWP members will present the first results of the needs assessment and cornerstones of such a country project for Tunisia. Furthermore, three studies will be launched, which will carry out national in-depth analysis on an urbanization review, municipal finance, and decentralization. JWP members active in Tunisia will commit themselves to contribute to strengthen the Tunisian decentralization process as identified in the needs assessment and expressed by partners and counterparts in Tunisia.

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<sup>1</sup> The JWP members are: Agence Française de Développement (AFD), European Investment Bank (EIB), French Caisse des Dépôts (CDC), French Ministry of Foreign Affairs, German Federal Ministry for Economic Cooperation and Development (BMZ), and the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ), Italian Ministry of Foreign Affairs, MedCities, UN Habitat, United Cities and Local Governments (UCLG), and The World Bank.

## **Cities Alliance-GPOBA-PPIAF-PIDG Joint Meetings** **June 5, 2012 | Uganda** **Agenda**

### **TUESDAY, JUNE 5, 2012: JOINT CITIES ALLIANCE-GPOBA-PPIAF-PIDG FORUM** **Hosted by the Mayor of Jinja and the Jinja Municipal Council** **Theme: *Managing a Secondary City***

- 7:30 a.m.**                      **Departure from Sheraton Kampala Hotel Lobby (two-hour drive to Jinja)**
- 9:30 a.m.**                      **Arrival to Jinja Municipal Council and Welcome Tea**
- 9:30–9:45 a.m.**                **Welcome and Opening Remarks**
- Honorable Mohammed Baswale Kezaala Al-hajj, Mayor of Jinja
  - William Cobbett, Manager, Cities Alliance
- 9:45–10:00 a.m.**              **Brief Participant Introductions**
- 10:00 a.m.–1:00 p.m.**      **Challenges on Managing and Providing Services in a Secondary City, Value Added of Working with Global Programs and Opportunities for the Future**  
*Moderated by Clare Short, Policy Advisory Chair, Cities Alliance*
- Honorable Mohammed Baswale Kezaala Al-hajj, Mayor of Jinja
  - Francis Barabanawe, Town Clerk of Jinja
  - Honorable Mafabi Mutwalibi Zandya, Mayor of Mbale
  - Joseph Kimbowa, Town Clerk of Mbale
  - Honorable Charles Asiki, Mayor of Arua
  - Andua Drani, Town Clerk of Arua
  - Honorable Pius Ruhemurana, Mayor of Kabale
  - Peter Masiko, Town Clerk of Kabale
  - Honorable Wilson Tumwine, Mayor of Mbarara
  - Paul Omoko, Town Clerk of Mbarara
  - Alex Gisagara, A.G. Managing Director, National Water and Sewerage Corporation (NWSC)
  - Phiona Kundakwe, Director, Trandint Limited [Busembatia Management Contract Operator]
- 1:00–2:00 p.m.**              **Lunch**
- 2:00 p.m.**                      **Departure for Site Visits**
- 2:15–4:00 p.m.**              **PPIAF Site Visit: NWSC Premises in Jinja and Site Visit to Works in Lake Victoria and Informal Settlements**  
Presentation of NWSC financing strategy related to bond issuance and investment program; site visit of works funded by AFD loan
- 4:15–6:00 p.m.**              **Cities Alliance Site Visit: “Transforming the Settlements of the Urban Poor: A Secondary Cities Support Program (TSUPU)”**
- Visit to a marketplace to see savings groups, women’s groups, and income generation programs
  - Visit a public toilet to discuss community property and affordability

**6:00–8:30 p.m.**

**Sunset Visit to the Source of the Nile and Dinner Hosted by the Mayor of Jinja and the Jinja Municipal Council**

**8:30 p.m.**

**Departure from Jinja to Sheraton Kampala Hotel**