

Cities Alliance (CA)

CA is a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development. Administered by the World Bank, it provides funding for activities, focused primarily on slum upgrading and the development of city development strategies, which are sponsored by its members and implemented by cities, member organizations or other partners. Over the period 2007-11, the program received \$75.5 million in contributions from 24 donors (including 16 governments, 5 international organizations, and 3 non-governmental organizations). Australia, which signed a new \$4.3 million three-year agreement in FY11, is currently one of the three largest donors of core funds. In FY11, the Program allocated \$12.3 million, of which \$8.2 million went to country/regional projects, \$0.6 million to global knowledge and communication activities, and \$3.5 to partnership and secretariat (program and administrative) costs.¹

CA is now at the end of a transformation period, which began with the adoption of a Mid-Term Strategy in 2008, and culminating with adoption of a new Charter and business model in 2010 and the draft of a Business Plan (FY12-14) in November 2011. The objectives of CA, as formulated in the new Charter, are: 1) to strengthen and promote the role of cities in poverty reduction and sustainable development; 2) to capture and strengthen the synergies between and among members and partners; and 3) to improve the quality of urban development cooperation and lending. The transformation has led to a substantial redesign of the CA changing its mode of operation from support for ad hoc projects to a more systemic and catalytic approach comprising four business lines: country partnership programs (CPP), catalytic projects, knowledge activities, and advocacy.

Relevance to AusAID Programs

CA's activities contribute directly to three AusAID strategic goals (saving lives, sustainable economic development, and effective governance) and their related development objectives (of improving public health by increasing access to safe water and sanitation, improving incomes, and improving governance to deliver better services) through support for slum upgrading, city development strategies that promote equitable growth and an improved quality of life for all, and national policies on urban development and local government. The activities are also strongly aligned with two of the infrastructure pillars (related to water and sanitation and urban development). Also, CA's approach of providing platforms at the urban, national and global level for partner coordination, knowledge exchange, and joint action contributes to AusAID's new strategic goal of making aid more effective.

Effectiveness

CA has contributed to the effectiveness of IPP by providing a unique platform for international urban development cooperation that brings together key actors including bilateral donors, multilateral organizations, associations and NGOs. There are many good examples of individual projects that have been successful in increasing awareness, introducing new ideas and approaches, encouraging inclusive city development planning, and increasing capacity among key stakeholders. For example, with CA support Ekurhuleni, South Africa, has adopted an approach to slum upgrading that goes beyond a focus on housing to providing opportunities for economic growth that meet livelihood and social needs of the poor within the city's informal settlements. CA has also contributed to

Slum Upgrading adopted as part of National Housing Policy

In South Africa, with the help of CA's National Upgrading Support Program in 2008, slum upgrading has for the first time become part of the South African Housing policy, offering more flexible approaches to large scale subsidized housing production. With a government unit set up to coordinate program and project implementation, 46 of 49 target municipalities have been briefed on the program and, to-date, 23 municipalities have put upgrading strategies and programs in place.

¹ This review draws heavily on the 2007-2011 independent evaluation of CA now in draft and the program's annual report of achievements in 2009-11.

policy change in some countries, as in the case of South Africa. In South Africa, with the help of CA's National Upgrading Support Program slum upgrading has for the first time become part of the South African Housing policy, offering more flexible approaches to large scale subsidized housing production. Overall, progress in achieving objectives has occurred in particular in middle income countries. As reported in the draft evaluation, however, CA has not gathered data that make it 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, or reduced slum areas).

The new business model, which has only been operational for a short period of time, has begun to improve CA's work considerably, especially by the introduction of country partnership programs now operational in five countries. For example, the Uganda CPP has potential for scaling up through a World Bank investment program built on CA program experience. The business model also promises to improve the coherence of effort between members and other partners and a more focused and innovative knowledge production through joint work programs (among members). The new Catalytic Fund (which has replaced CA's use of an open access grant facility) is designed to achieve a more strategic allocation of short-term project grants. In addition, once operational, CA's new comprehensive M&E framework will facilitate a more systematic monitoring of performance.

Efficiency

CA's administrative costs (management, finance, communication and administrative operations) amounted to \$1.7 million in FY11, or just under 14 percent of total program costs. In addition, \$1.3 million was approved for Secretariat "operations" (including grant-making and identifying and disseminating lessons); and another \$0.5 million covered partnership costs (including staff support to regional programs and partner events such as the CA Policy Advocacy Forum). These costs cover on an annual basis the Secretariat processing of some 25 new activities and management of a portfolio of some 80—100 ongoing projects. As reported in the draft evaluation, members view CA as an efficient operation—with a small staff and large mandate. Program efficiency is likely to be further enhanced by key features of the new business model—notably the CPP approach involving larger grant allocations, the shift under the new Catalytic Fund to grant allocations through scheduled calls for proposals, and support for joint work programs among CA members and partners—notably, joint actions by UNEP, UN-Habitat, and the World Bank around issues of cities and climate change.

The location of the CA secretariat in the World Bank ensures the application of Bank fiduciary standards and practices and gives CA an opportunity to exert influence on the World Bank and its lending operations.

Sustainability

The sustainability of CA's activities in the past has not been robustly demonstrated according to the forthcoming evaluation. Although there are examples where countries have mobilized more resources for urban development and slum-upgrading, the current evaluation finds limited evidence of achievements in retaining donor and country commitments to continued financing. Also, some projects focusing exclusively on the city level have run into barriers caused by weak national policy and planning frameworks. The new CPP approach is expected to address this issue by increasing ownership and leadership of cities and countries, encouraging multi-donor/partner programming, and focusing on long-term support and leveraging of investment. Implementation of CA's new M&E framework will be important to determining these results.

Monitoring and Evaluation

A 2007-11 independent evaluation of CA will be submitted to the CG at this year's annual meeting. To-date, CA has tracked and reported outputs and outcomes on an activities level (if not completely systematically when it comes to outcomes), but it has not done so at a country or global program level. Though CA has been slow to respond to recommendations to strengthen its monitoring and evaluation, it is now in the final stages of putting in place a robust M&E framework (modelled on the Framework developed by WSP). The need to develop a framework with monitorable indicators is essential for the success of CA's move from a demand-led project funding mechanism to a partnership program with four business lines guided by agreed objectives and priorities. Inclusion of the results framework in the

Business Plan is an important first step, and its design and implementation should be a matter for Australia and other members' close attention.

Gender Equality

Gender receives considerable, explicit attention in CA activities. Slum-upgrading strategies funded by CA generally take account of gender-related issues, such as participation, land rights, hygiene and sanitation and insecurity. For example, with CA support Costa Rica has developed a national neighbourhood improvement and slum eradication policy and strategy which give special attention to women-headed households. Partnerships, notably involving Slum Dwellers International with strong support from Norway, help CA raise the profile of gender in urban development. In recognition of the potential to do still more, gender mainstreaming is one of the corporate objectives of CA's FY12-14 Business Plan.

Cities Alliance: Targeting women-headed households in Costa Rica

Cities Alliance has supported the government of Costa Rica in its formulation of a national pro-poor policy and strategy for slum improvement that establishes the levels of competence and responsibility of national, provincial and local governments, including a component of effective citizen participation; and focus on women-headed households. Implementation of neighbourhood improvement pilot interventions in 12 districts (sub-municipal division) covering approximately 120 neighbourhoods with an estimated 6,000 families.

Analysis and Learning

As reported in the draft evaluation, CA is in a unique position to facilitate knowledge and learning to other cities and countries based on the experience gained in CA-funded activities. It has a useful website which provides access notably to a CA projects database and CA and non-CA publications. But its position has not been fully utilised. The increased focus on knowledge and advocacy activities in the new charter and business plan promises a substantial upgrade of CA's effort in this area, but real achievement will require the development of focused strategies for knowledge and learning and for advocacy and communication.

Governance and partner engagement

The governance arrangement established is well articulated and works well to bring about legitimate and effective governance. Legitimacy is ensured by the broad composition of the CG, notable for its inclusive representation of donor/members (which include national governments, multilateral organizations, the global organizations of local authorities (UCLG and Metropolis), and international networks of organizations), and by CA's ability to bring the voices of the poor into various decision-making forums—though the current evaluation finds that some members of CA think that cities are not adequately represented. The new Charter's establishment of an Executive Committee with powers previously ill-defined and largely assumed by the Secretariat is a big change supportive of enhanced governance effectiveness. CA hopes to bring in some new developing country donor/members as part of an effort to diversify funding as well as give voice to countries with current development and recipient experience.

CA's draft Business Plan acknowledges that "financially it has been a difficult time for CA and its members." While core funding has held stable (at a level of some \$7 million over the three years), FY11 is the last year of major World Bank core funding (in accordance with rules of the World Bank's Development Grant Facility). With the change in the business model, substantial targeted funding from the Gates Foundation is now directly tied into core business lines. Nonetheless, just over half of CA's 24 donors are relatively small contributors, the Business Plan makes clear that CA needs to further diversify its major sources of funding, and the draft evaluation emphasizes the need for "a more clearly defined strategy to attract new funding and thereby maintain medium and long term sustainability."

Though AusAID has been a CA member on the CG for some four years and is now one of the program's largest contributors, staff report that they have not been made aware of AusAID's strategy and objectives and that there has not been much substantive engagement due to lack of continuity in AusAID staff attending CG meetings and in ongoing interaction with CA staff.