**Report of the Meeting
of the
Cities Alliance Consultative Group
8 - 9 November 2007
Manila, the Philippines**

The Consultative Group meeting was chaired by Laszlo Lovei of the World Bank and Inga Björk-Klevby of UN-Habitat. The Co-Chairs began by warmly welcoming the delegates for the Cities Alliance's newest members attending the meeting, Chile and the Philippines. This also marked the first CG meeting for the African Development Bank and Slum Dwellers International (SDI) who participated as Associate Members.

The CG meeting followed a Public Policy Forum hosted by the Government of the Philippines on the theme of "Leveraging Resources for Liveable Cities". Among the highlights of the two and a half day event were a dinner hosted by President Gloria Macapagal-Arroyo, the active and sustained participation by Vice President Noli de Castro and over ninety local government representatives in the Forum, and a theatrical presentation of the City Development Strategy of Yangzhou China. The Forum also included a presentation by the Deputy Prime Minister of Thailand, Paiboon Wattanasiritham, who was also warmly received at the opening session of the Consultative Group meeting.

Among the topics of discussion of the Forum were the city development strategy process; mainstreaming access to financing for local authorities and stakeholders for urban development and slum upgrading; and institutionalising collaboration and leveraging mechanisms. The event culminated in the presentation by the Philippine Housing and Urban Development Coordinating Council of a Manila Declaration, calling on the continued commitment of local authorities, national governments, civil society, the business sector and international development partners, each identified as distinct contributors to the transformation of cities into liveable, competitive, bankable and well-governed politico-economic units.

The Manila Declaration and presentations made at the PPF are available on the Cities Alliance website.

1. Secretariat Report

Summaries of the individual presentations made by the Secretariat follow. The full powerpoint presentations are on the Cities Alliance website.

Summary of CDS Portfolio Presentation (Pelle Persson)
- There is evidence that the scope of CDSs is broadening. In addition there are number of discernible global trends related to CDSs, including: the replacement of master planning by strategic planning; lagging fiscal reforms; greater knowledge sharing amongst cities; democratisation; decentralisation; and the issues of environment and city development.

- Among the more frequent issues being addressed in current Alliance-supported CDSs are: service delivery and utility reform; local economic development; metropolitan management; slum upgrading; strengthening of local authority associations; and municipal finance. National reforms, the urban environment and, to a lesser extent, transport also feature in CDSs.
- Analysis of the CDS portfolio has highlighted: the importance of LED in job creation and economic growth; the scaling up of CDSs to national levels for a systemic approach; the knowledge base being created at national levels through State of the Cities Reporting; and the increasing importance of metropolitan management.
- A review of CDS funding applications has revealed an increasing focus on client execution, linkages to investment, partnerships and broad participation. Among some of the weaknesses that require attention, are: poor reporting of co-financing; weak coherence of effort amongst Alliance members; unrealistic timeframes for activities, and the rarity of systemic approaches to the environment.
- Looking forward, and based on the above-mentioned trends and analysis of the CDS portfolio, Alliance-supported CDSs should consider systemic and longer-term approaches which influence national policies and provide for networking at the national, regional and global level. Climate change should increasingly receive special focus. Targeted knowledge and learning products might include benchmarking, thematic papers on cities and climate change, and a technical guide to CDSs.

Summary of Slum Upgrading Portfolio Presentation (Farouk Tebbal, Andrea Merrick)
- Upgrading at scale is being promoted through a number of unprecedented national urban upgrading programmes, such as in Brazil, India, South Africa, Morocco and the Philippines. There is also evidence around the globe of attention being paid to the issues of: slum prevention and planning for urban growth, land regularisation, and metropolitan governance. Examples of large-scale community-driven upgrading programmes and of significant South-South exchanges also exist.
- A review of the Alliance's current slum upgrading portfolio points to a number of areas that are of particular interest to Alliance partners, including: infrastructure and services, land and tenure, housing, the prevention of new slums and financing of slum upgrading. A significant number of applications for Alliance support for slum upgrading have included a CDS component, and support for policies, strategies and national reforms is also in demand.
- Analysis of the slum upgrading portfolio has underscored the importance of: providing for the implementation of a few small-scale activities or 'quick wins'; striking a balance between expectations and available resources; weighing project complexity against capacity to deliver; and identifying follow-on investment at the earliest stage.
- A review of slum upgrading funding applications has provided evidence of: strong coherence of effort, with multiple sponsors actively involved in project design and implementation; local and national authorities demonstrating commitment through cash co-financing; early and meaningful involvement of the private sector and communities; and engagement of investment partners at an early stage. At the same

time, however, instances of co-sponsorship citations without the endorsement of the listed Alliance sponsor have occurred. Likewise, there are examples of investment partners being left to be identified at a late stage, absence of private sector or involvement of the urban poor, in-kind contributions that are difficult to assess or unrelated to the project.

- As experience has underscored the signficance of approaching slums as a city problem rather than a slum problem, the benefits of a 'slum upgrading plus CDS' approach should be considered. Looking forward, longer term partnerships, with sustained involvement of Alliance partners, will also be important, as will increasing client execution for improved capacity and ownership. Areas of continued importance will be the anticipation of future urban growth and the issue of land availability, both to be addressed in the forthcoming *Slum Upgrading Policy and Resource Guide*.

Summary of Urban Finance Presentation (Rajivan Krishnaswamy)

- Current public and private investment trends reinforce the need for cities to be empowered to leverage budgetary resources with domestic capital and invest in infrastructure.
- Prospects for repeated access to domestic finance have been shown to improve when CDSs attempt at least three key reforms: (i) national actions empowering cities to raise finances, create infrastructure and pay for their use over time; (ii) city level actions that carry out accounting reforms and allow flexibility in tariffs; and (iii) supply-side initiatives that improve cities' access to commercial finance through effective intermediation or pooling.
- Sustainable assistance from international development partners, which promote improved systems, has five reinforcing components: (i) decentralisation reforms, which empower cities to perform legal, financial, technical and managerial functions; (ii) incentivising cities to invest in public infrastructure in slums through loan-grant blends; (iii) mobilisation of local private financing; (iv) work with microfinance institutions for home improvement loans for the poor; and (v) use of financial models to facilitate the prevention of new slums.
- Looking forward, the Alliance should consider: integrating financial operating plans into CDS and slum upgrading activities; developing partnerships with UCLG for the Municipal Finance Commission of Mayors; partnering with the Metropolis Bank of Cities in assisting cities to access domestic finance; partnering with the Sub-National Technical Assistance Window to develop (i) a Municipal Fund Performance Tracker to stimulate action plans for linking with domestic markets, and (ii) a Fiscal Devolution Performance System for comparisons over time and across countries; work with Alliance members' financing initiatives, such as those of AFD, USAID-DCA, CDIA, PPIAF, and CGAP, support for financing of African cities, and; engaging partner countries in framework agreements to promote systemic change.

Consultative Group comments on issues raised in Secretariat Reports:

- Interest was expressed in the levels of investment that CDSs generate.
- It was noted that the investment partnerships that CDSs call for may not be readily available to cities and local authority associations where Alliance support is requested, an issue requiring attention.

- There was a call for fewer desk studies of completed Alliance-funded activities and a greater number of deeper field evaluations.
- The Alliance was encouraged to continue to pay attention to capacity building for purposes of institutionalisation. In this regard, the Philippines' efforts to integrate CDSs into the national process were noted.
- The importance of quantifying the poor empowered and engaged in an upgrading programme was noted.
- The significance of engaging the private sector to mobilise private sector funding of urban infrastructure was highlighted. In the interest of scale, it was proposed that the Alliance continually investigate ways to incite private sector financing of infrastructure. A note of caution was raised that the private sector does not readily invest for the poorest of the poor who should remain the target beneficiaries.

2. Medium Term Strategy and FY08-10 Work Programme

In adopting the findings and recommendations of the 2006 Independent Evaluation of the Cities Alliance, the Consultative Group requested the Secretariat to produce a draft medium term strategy to guide the organisation for the next three years. The Draft Medium Term Strategy (MTS) submitted to the Consultative Group for deliberation in Manila incorporated comments received over the course of 2007 from Steering Committee, Policy Advisory Board and Consultative Group members.

The Cities Alliance Manager's introduction of the Draft Medium Term Strategy and FY08-10 Work Programme, opened with a summary of the context motivating the proposed MTS:

- In general, urban development assistance has been dominated by sectoral projects, limited in focus and in scope, and constrained by short-term political considerations, and donor funding requirements;
- Supply-driven developmental models have continued to plague overseas development assistance. At the same time, the tendency has been for development priorities to change; and
- Stand-alone, one-off projects have tended to have very limited impact.

Four specific points of departure for the MTS were noted:

- The work of the Cities Alliance needs to build upon that of its members, utilising their respective strengths and mandates, and not duplicating their efforts;
- The Cities Alliance Secretariat has very specific functions and tasks, all of which are determined by the Consultative Group – however, the Secretariat is not the Cities Alliance;
- Although the Cities Alliance will require increased resources to achieve its potential, and implement this Medium Term Strategy, it is not designed to achieve its major impact through its funding activities; and
- The Cities Alliance's major impacts will be achieved through the sharpness of its focus; the quality of its work portfolio; the value of the knowledge that it generates;

the analyses it produces; the quality of support it provides; and the learning that it promotes.

Against the overarching goal of increasing the Cities Alliance's contribution to systemic change, and to scale, the MTS proposed the following four objectives along which the Strategy would be implemented:

- **Objective 1:** To systematically increase the ownership and leadership of cities and countries;
- **Objective 2:** To raise the profile of cities, and of slums;
- **Objective 3:** To increase the depth and breadth of Cities Alliance members' involvement; and
- **Objective 4:** To continually improve the management of the Cities Alliance work programme.

These objectives were presented, sequentially, by the Secretariat in greater detail:

Objective 1: To systematically increase the ownership and leadership of cities and countries

Client execution
In the belief that Alliance members would want to identify mechanisms that strengthen both the ownership and the leadership of partner cities and countries, as underscored in the Paris Declaration on Aid Effectiveness, it was recommended that, as a matter of policy, the Cities Alliance indicates its preference for its activities to be implemented and managed by the partner, be it a city, a country or a local partner.

Three mechanims to engage with clients were proposed:

1. Framework Agreements, providing for a stable, long-term partnership agreement with a selected country, or city, designed to support systemic change, and delivery at scale. Such a Framework Agreement would largely be built around issues of knowledge and learning, and an assessment of strategic gaps and priorities for which the assistance of the Cities Alliance and its members might be sought. Amongst the advantages of a Framework Agreement would be:
  ➤ The development and regular review of a joint strategic work programme;
  ➤ Mitigating against common uncertainties, such as a change of government or personnel, or changes in donor priorities;
  ➤ Providing coherence to a range of different donor-supported activities;
  ➤ Capturing and disseminating nationally and internationally major lessons from the experience of the city or country; and
  ➤ Joint advocacy by the Cities Alliance and its partners.

2. Partnership Grants as a vehicle for cities and countries, particularly Least Developed Countries (LDCs), that may not yet be in a position to formalise a Framework Agreement, but nonetheless wish to engage with the Cities Alliance and its partners on a more structured basis. Such a mechanism could provide for:

- ➢ Establishment of a Cities Alliance "knowledge node" in the country or city with a local partner, to provide knowledge, tools and two-way information flow on strategic city development planning and on slum upgrading;
- ➢ Introduction of the Cities Alliance to, and deeper engagement with, the recipient government, the national local government associations, as well as different partners;
- ➢ Identification of Cities Alliance members active in the country, and solicitation of their active involvement;
- ➢ Engagement of relevant stakeholders in the country, at local and national levels, the public and private sectors, including NGOs and CBOs; and
- ➢ Preparatory assistance for CDS and slum upgrading programme(s) of action or for learning, knowledge sharing and advocacy activities.

3. **Existing work programme and proposal process** whereby a city or country could submit an application supported by Alliance members, for Cities Alliance funding.

Objective 2: To raise the profile of cities, and of slums
Operating as a coalition, reinforcing and drawing together the analysis of individual members, the Cities Alliance could help to draw national and international attention to the existing and the emerging developmental challenges in cities of all sizes.

The Cities Alliance would increase its efforts to refine and promote central messages through an expanded communications strategy, utilising the communications capacities of Alliance members, and incorporating the more effective use of the internet, as well as an expanded and structured programme of knowledge products.

Amongst the existing platforms and vehicles to raise the profile of cities and slums would be: UN-Habitat's World Urban Forum (WUF), its Sustainable Urbanisation Campaign, as well as its State of the World's Cities report. Structured engagement with the World Bank, and in particular the Word Bank Institute, as well as with SDI and its network of slum dweller federations would also support this objective. Similarly, reaching out and engaging more strategically with private sector foundations and their constituencies as well as with Alliance members UCLG and Metropolis, which represent local government associations, would be important. The recent Metropolis initiative towards a Bank of Cities being championed by the President of Metropolis, was deemed of particular significance.

In the context of this objective, it was also proposed that the Cities Alliance become far more systematic in the manner in which urban environment issues are addressed, as has been stressed by UNEP.

Objective 3: To increase the depth and breadth of Cities Alliance members' involvement
In an effort to increase the involvement of all Cities Alliance members, especially those that do not have operational capacity, the MTS argued for more strategic joint work programmes (both thematic and operation) among members; staff secondments from a

wider range of members; increased translation of key Cities Alliance documents; and more dynamic use of the Cities Alliance website.

Objective 4: To continually improve the management of the Cities Alliance work programme.
Amongst the areas proposed to support this objective were the development and implementation of an overarching knowledge management system and the development and maintenance of a comprehensive monitoring and evaluation strategy. A number of specific proposals were also noted, including:

(i)   **Introduction of service standards** by the Secretariat across the range of service and functions it performs both to improve transparency and the quality of the services to members and partners;
(ii) **Young Professionsals Programme** within the Secretariat, with the secondment or financing of up to four qualified professionals who would provide capacity to the Secretariat in a number of substantive areas;
(iii) **Overhauling Monitoring and Evaluation** (M&E), a recognised weakness in the management of the Cities Alliance work programme. In this connection the Secretariat welcomed the recent secondment of a fulltime M&E professional, who would be working with the team to develop the Alliance's monitoring and evaluation strategy.

In conclusion, the Cities Alliance Manager noted that the success of the MTS would rest on the engagement of the Alliance's members: this was not a MTS of the Secretariat, but rather one in which all members were implicated. Beyond this, and by way of summary, the MTS aimed at maximising the impact of the Cities Alliance, moving to scale, leveraging knowledge, and focusing on cities and local governments.

Comments on Medium Term Strategy
The Secretariat took note of Consultative Group and Policy Advisory Board members' comments on the Medium Term Strategy, highlights of which are provided below.

- The Policy Advisory Board, acknowledging that it was represented in Manila by only three of its eight members, expressed its support for: the longer term partnerships of Framework Agreements, and; growth of the Secretariat to meet the demands of the MTS and growing demands of partners. With respect to the proposed additional attention to the environment (with introduction of Strategic Environmental Assessments), the PAB encouraged that due attention be paid to the impacts on women.
- UN-Habitat observed that the distinction between Framework Agreements and Partnership Grants required further reflection and clarification. It also noted that in view of the higher percentage of slum dwellers in Least Developed Countries (LDCs), the Cities Alliance should remain flexible to engage with committed but poor cities. With respect to LDCs, UN-Habitat also expressed its support for the provision of additional capacity building in the context of CDSs. UN-Habitat endorsed the call for enhanced M&E and improved coordination and collaboration

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amongst members, and recommended that mechanisms for knowledge sharing be addressed further in the revised MTS.

- The World Bank also noted the need for further clarification on proposed Framework Agreements and Partnership Grants, adding that all partnerships should consider longer time frames than one or 2 years as well as the need for flexibility. The World Bank also recommended that Alliance support be better balanced amongst LDC and Middle Income Countries (MICs).
- The MTS' call for greater client ownership was strongly endorsed by France. With regard to Framework Agreements and Partnership Grants, France recognised the rationale for working with committed partners, but noted that attention also needs to be paid to reaching more difficult environments, especially LDCs in sub-Saharan Africa. France stressed the importance it attaches to providing services to poorer areas and urged that this continue to be well reflected in Cities Alliance strategies.
- Nigeria confirmed its interest in engaging more deeply with the Cities Alliance and indicated its intention to discuss the MTS further at relevant fora in Nigeria.
- In addition to its strong endorsement of the MTS' emphasis on demand-driven assistance, SDI reinforced the message that the Cities Alliance is not primarily a funding institution but a learning institution. Drawing on the practical experience of its South African Federation, it cautioned the Alliance against quick replication to achieve scale at the expense of consolidation and transfer of knowledge which, in turn, would provide greater opportunity for going to scale.
- The Philippines expressed its full support for Framework Agreements but with the proviso that they be demand-driven and performance-based. Noting that the Philippines itself was testament to the value of Cities Alliance support for knowledge sharing - CDSs having expanded in this country from 10 to 30 to over 60 cities -- it also expressed strong support for city to city exchanges and mentoring.
- Norway echoed the call for flexibility (suggesting that the MTS be considered a "living document") and also encouraged greater targeting of the poorest. It recommended that the Alliance prepare more specific policies, guidance and indicators, particularly regarding marginalised groups (i.e. women) which it noted were not reflected in the MTS. Norway expressed its support for the Alliance entering into more formal, long term relationships, particularly if all players are given a role within this framework. With regard to the LDC/MIC focus, Norway mentioned its policy of allocating 70% of funds for LDCs and 30% for MICs.
- UNEP concurred with balancing assistance between LDCs and MICs. It welcomed the MTS' recognition of the role of the environment for sustained urban growth and development, urging that these environmental issues must be addressed at the local level. It offered its continued support to the Cities Alliance and the Secretariat, including with integration of the environment in Alliance proposals.
- The Asian Development Bank strongly endorsed the thrust of the MTS, expressing particular support for strengthening network relations of the Cities Alliance, such as with Metropolis, UCLG and their constituencies; as well as strengthening the associations of local governments.
- In recording its strong support for the MTS, Germany observed that the objectives state *how* it should be done and could be more precise as to *what* is going to happen. Germany noted that it did not view the Cities Alliance as a project implementing

agency, arguing that the Alliance's most significant task is knowledge management – a point it suggested might be reflected in the MTS. It also pointed to a dilemma in being demand-driven, warning that the Alliance must be careful to focus not only on those cities who want assistance but those who need assistance.

- Sweden echoed calls for an LDC focus, an African focus and a gender focus. It also warned against becoming a 'one-issue organisation', dominated at any given time by a perceived priority (i.e. climate change), arguing that there are mutliple issues that the Alliance needs to address.

- Whilst confirming its strong satisfaction with the MTS, UCLG raised a few concerns for consideration: (i) while the Cities Alliance is doing well, the issue of urbanisation is not faring as well globally; (ii) while the Alliance claims to be a learning and sharing alliance, there is not enough sharing amongst the Alliance's own members, including members' own policies; (iii) while a protagonist role for cities is welcome, how this might realistically be achieved remains questionable. UCLG also noted that while the focus on LDCs is commendable, Alliance outreach tools will need to be more user-friendly, and, at the same time, the capacity to use these tools will need to be addressed. In this regard, UCLG observed that where the Alliance has concentrated its efforts, experiences have been successful.

- With respect to Framework Agreements, Japan emphasised that coordination amongst all partners will be critical and wondered how this coordination will be handled. Regarding the introduction of service standards to promote transparency in Secretariat procedures, Japan expressed support for posting progression of proposal processing on the Alliance website.

- With the MTS' goal of achieving scale, USAID emphasised the significance of local government interaction with domestic capital markets and the need for further learning in this area during the three-year period of the MTS. It recommended that the Secretariat and interested Alliance members identify a mechanism by which local governments can interact with domestic capital markets.

- South Africa expressed support for the direction the MTS proposes for the Cities Alliance, noting that the environment and challenges that the Alliance now faces are different from those it faced when launched in 1999. Recalling South Africa's own motivation for joining the Alliance – "the opportunity to share, learn and grow" -- it urged that the Alliance continue to serve as a global platform for effective and innovative approaches to human settlements.

- Italy expressed its strong support for the MTS's call for client execution as well as for the importance for the Cities Alliance to be leveraging knowledge. It also echoed the call for a flexible approach with regard to Framework Agreements.

- Brazil noted that it did not view Framework Agreements and Partnership Grants as two separate instruments, but rather two aspects of the same whole. It also suggested that those involved in Framework Agreements might be active participants in Partnership Grants. Brazil recommended that a more concrete strategy and greater institutional leadership were needed for raising the profile of the urban agenda. Brazil urged that in moving forward with the MTS, and as the Alliance continues to become an increasingly international coalition, that the Cities Alliance website and significant publications be developed in multiple languages, and that future meetings provide simultaneous interpretation in Spanish.

Secretariat Response to Comments on Medium Term Strategy

- The Secretariat acknowledged the widely held concern for a careful balancing between LDCs and MICs;
- The suggestion that Framework Agreements and Partnership Grants not be distinguished as separate instruments was duly noted. However Framework Agreements might be reformulated, flexibility would remain important.
- Comments regarding gender issues were also well taken.

Decision on actions to be taken to finalise the Medium Term Strategy

It was agreed that the Secretariat would circulate a revised version of the MTS by 21 December 2007, for CG members' review during January 2008 and adoption by the CG on a no-objection basis on 31 January 2008.

3. Partnership Matters

(i)Governance of the Cities Alliance

Consultative Group members were informed of the Steering Committee's discussion of the Governance of the Cities Alliance, including the CG, Steering Committee and the Policy Advisory Board. A number of options with respect to the governance structure of the Alliance had been submitted to the Consultative Group for deliberation in Manila. As per the Report of the Steering Committee Meeting of 5 November 2007 distributed the CG at its meeting, the Steering Committee provided the following recommendations to the CG with respect to its own role and composition:

1. The role of the SC should be transformed to that of an Executive Committee (EC);
2. The EC should have the two main functions as proposed in the Governance paper:
      (i) Interpreting policy decisions of the CG, and providing policy guidance to the Secretariat between meetings of the CG;
      (ii) Providing oversight of the Secretariat, on behalf of the CG, doing so following the formalisation of a set of procedures;
3. The EC would not be involved in reviewing and recommending proposals to the CG;
4. Composition of the EC - three permanent and eight rotating members:
      i) Permanent members (same as current Steering Committee) – UCLG, UN-Habitat and WB;
      ii) Two bilateral donor members;
      iii) Two developing country members - one middle income country and one lower income country;
      iv) One multilateral member;
      v) Three independent expert members (with geographical and institutional balance);
5. Terms of rotating members would be three years, possibly on a staggered basis, to retain institutional memory;
6. The EC would select a Chair from among its members;
7. The changes should be effective immediately after adoption by the CG.

The proposed composition of the EC, and in particular point 4.v. above, reflected the Steering Committee's recommendation regarding the Policy Advisory Board; namely, for the PAB to be abolished in its current form, but for a few members to join the Steering Committee (now Executive Committee) -- one of four options proposed for the PAB in the Governance paper distributed prior to the Manila meeting.

Regarding new membership in the CG, the Steering Committee endorsed the recommendation in the MTS that, at its spring 2008 meeting, the Committee, should review the governance implications of continued expansion of the CG, and criteria for engaging with potential new members.

CG Comments on the Governance of the Cities Alliance
- It was suggested that EC meetings be held after CG meetings, so as to operationalise the deliberations of the CG;
- General support was expressed for the recommendations of the Steering Committee although concern was expressed over increasing the size of members of the EC to eleven;
- With regard to the PAB, support was expressed for disbanding the PAB in its current form, and identifying new mechanisms for using the PAB, focusing less on formal PAB meetings and more on the strategic use of individual PAB members in the regions/substantive areas of expertise and standing

Decisions related to Governance of the Cities Alliance
The transformation of the Steering Committee to that of an Executive Committee, as proposed in the Report of the Steering Committee Meeting of 5 November 2007 was endorsed by the CG. It was agreed that the EC would be comprised of 8 members. UCLG was confirmed as Chair of the EC for the period of the MTS, and would join the World Bank and UN-Habitat as permanent members on the EC. It was agreed that the selection process and function of the PAB would be considered further and discussed at a joint meeting of the Executive Committee and PAB members to be held in Norway in spring 2008.

On the question, raised in the Governance paper, of maintaining the current format of annual CG Meetings being preceeded by a Public Policy Forum, there was general consensus to retain this current practice.

(ii) Steering Committee Membership Rotation
With the expiration of Brazil and Norway's seats on the Steering Committee, France would remain as one of the two bilateral donor members to serve on the Executive Committee, for which two developing country members - one middle income country and one lower income country – and one multilateral member would also be required.

Decision: It was proposed and agreed that Brazil and Norway would continue to serve on the EC for an additional year, confirming, in the process, the shift from two-year to three-year terms. Brazil would serve on the EC as a lower middle income country, and Nigeria

was confirmed to serve as the lower income country representative. The Asian Development Bank was confirmed for the multilateral member for the EC.

(iii) Policy Advisory Board Membership Rotation
Decision: In view of the CG's discussions on the Policy Advisory Board, it was agreed that this matter would be held over to the joint spring 2008 meeting of the Executive Committee and the PAB.

(iv) Amendments to the Charter
➤ *Membership categories*
In the context of potential membership in the Cities Alliance of NGOs and private sector representatives, Article 34 of the Cities Alliance Charter related to funding was discussed. NGO financial contributions were particularly raised in the context of the anticipated membership of SDI, participating in the Manila Meeting in the capacity of Associate Member.

Decision: It was agreed that the issue of engaging the private sector and the question of whether NGO membership would require a $50,000 contribution to Core Funds would be discussed further at the spring 2008 meeting of the Executive Committee. At this point in time, SDI was welcomed as a member of the Cities Alliance, with an agreed contribution of $50,000 to Core Funds.

➤ *Proposal Criteria: Duration*
In view of the consensus on longer term engagement with a country or city, it was proposed that the Alliance's proposal criteria on duration of activities as prescribed in Article 15.j of the Charter be deleted.This criteria had provided for particular preference being given to activities promising deliverables within 24 months.

Decision: It was agreed that Article 15.j of the Cities Alliance Charter would be deleted.

4. Cities Alliance Business Meeting

Cities Alliance Finances and Work Programme
The Secretariat reviewed the Financial Report on the Cities Alliance Trust Fund and Secretariat budget that had been circulated in advance of the meeting. The Secretariat noted that the cash position of the Cities Alliance was sound, with stable contribution flows and good cash balances, sufficient for implementation of the MTS. It was also noted that there was a positive unallocated fund balance of US$3.2 million at the end of FY07 but, as noted in previous meetings, a negative unallocated balance is preferred because of the slow pace of disbursements.

The Consultative Group was advised that the Steering Committee had endorsed the Secretariat's budget proposal and staffing plan for FY08, which includes a new Core funding allocation of US$1,900,000 for FY08, and a total budget of US$3,373,000 (including staff secondments). The FY08 budget includes funding of US$210,000 for five new staff positions to be hired during the year, as proposed in the MTS. A sixth

position would be added in FY09. The estimated cost in FY09 for the six new positions is US$435,000.

The Secretariat outlined its Work Programme Update report, a new report introduced at the Manila Meeting in response to comments and recommendations made by the Consultative Group at its 2006 meeting, and the recent evaluations of the Alliance. Providing a comprehensive overview of on-going and planned activities funded by the Cities Alliance partnership, this report is designed to provide members with executive-level information needed to inform strategic planning, monitoring, oversight, and resource allocation. It also provides a framework for joint work programming with Cities Alliance members.

Decision: The budget and work programme were approved.

Pledging for 2008
In addition to the pledges announced by some members, as outlined below, the issue of exchange rate fluctuations and the weak US dollar were raised. The Secretariat noted it was looking into mechanisms by which these issues might be addressed.

Brazil announced it would be increasing its annual contribution by 50 percent from US$50,000 to US$75,000.

Germany noted it would be continuing its contribution of €250,000 per year to Core funds for 2008-2009, in addition to financing the secondment of Günter Meinert to the Secretariat. It also indicated it would be considering contributing to the Young Professionals programme.

Italy pledged to maintain its €400,000 contribution to Core funds as in the previous year. Pending positive budget discussions, consideration might also be given to increasing its Non Core contribution.

Norway confirmed it would be increasing its contribution from NOK5 million to NOK15 million, with the bulk of its support to be designated to Core funds.

Sweden regretted to advise that it would not be able to maintain its financial contributions or funding of a secondment to the Secretariat, owing to the international debate on urban issues as opposed to any concerns over the Cities Alliance.

United Kingdom was not in a position to confirm its financial contribution, but expected to maintain its current level of funding, expressing some optimism of a possible increase.

United States announced that its Core contributions for 2007 and 2008 would be financed by shifting unutilised funds from the Community Water and Sanitation Facility which has been closed.

World Bank confirmed its contribution of US$3 million for FY09 through its Development Grant Facility (DGF).

Review of FY08 Funding Allocations
The Consultative Group had been provided with a summary of the FY08 Funding Allocations in advance of the Manila Meeting. Allocations approved earlier in FY08 amounted to US$2.8 million, US$3.8 million was recommended for approval during this meeting, and US$3.1 million was in the immediate pipeline.

Decision: Members approved funding for the the Cities Alliance Secretariat budget (US$1,900,000), as well as for such activities as learning and knowledge sharing, monitoring and evaluation, and CG and PPF meetings. Supplemental funds for the MTS were also approved.

The proposal for an Aleppo City Development Strategy (Syria), which had been submitted for approval, was approved with the proviso that UN-Habitat's expression of interest during the final approval process to contribute to the implementation of Aleppo's CDS would be conveyed to the Mayor of Aleppo, for the Municipality's consideration.

Next Meeting of the CG
The CG endorsed the proposition of holding its next meeting in either Paris or Barcelona, to be hosted by UCLG. The venue of Paris was suggested in connection with the possibility of engaging with the Organisation for Economic Co-operation and Development.

It was agreed that the secretariats of the Cities Alliance and UCLG would determine the venue and confirm the dates for the meeting. Options for a Public Policy Forum or other substantive event would also be considered.

Any Other Business
- Both Chile and Brazil requested that partnership agreements, provided by the World Bank in English, be allowed to also be translated into their respective national languages in accordance with their national laws.
  Decision: With CG endorsement of the request the Secretariat would officially raise the matter with the World Bank.
- Sweden flagged a Discussion Paper on Urban Employment ("Cities Without Jobs") produced by the ILO and distributed to the CG at the meeting, urging members to provide comments on the document for the 2008 spring EC Meeting.
- Brazil noted that with the growing membership of the Cities Alliance it is important to find a mechnism by which all members can be kept abreast of relevant events.