

Cities Alliance Executive Committee Meeting

7-8 September 2009

Santiago de Chile, Chile

Meeting Report

Attendance:

Executive Committee:

Messrs. Richards Rojas and Jimenez (Chile); Rolot (France); Baehring (Germany); Gateau (UCLG -Chair); Martinez Leal (UN-Habitat); Allaoua and Joshi-Ghani (World Bank)

Absent: Representatives from South Africa and UNEP

Secretariat:

Messrs. Cobbett, Milroy and Henderson

Morning Session: 7 September 2009

Venue: Santiago InterContinental Hotel

The meeting was called to order and the agenda (see Annex 1) of the Executive Committee of the Cities Alliance was adopted.

Presentation of FY09 Financial Results by Secretariat (Kevin Milroy)

Documentation: FY09 Portfolio Summary and FY09 Financial Approved Funding Allocations

Highlights of FY09 Portfolio Summary

Country Specific Grants Approved:

12 City Development Strategy Grants

4 Slum Upgrading Grants

Regional and Global Grants Approved:

4 City Development Strategy Grants

7 Slum Upgrading Grants

There was an equal distribution of small (US75,000 and under) and large (US250,001 and over) grants approved (44% each) for country-specific projects. The Cities Alliance small grant option is very popular with proponents as there is a faster approval time. The Secretariat is working on a revised small grants application form and process. These grants are mainly used for preparatory grants with typical output resulting in a second, follow-on, larger application to the Cities Alliance.

As instructed by the Consultative Group, the distribution of country-specific projects by DAC list classification approved in FY09 was more evenly distributed amongst Least Developed Countries (LDCs) 5 projects, Other Low Income Countries (OLIC) 3 projects, Lower Middle Income Countries and Territories (LMICs) 6 projects, and Upper Middle Income Countries and

Territories (UMIC) 4 projects. The Secretariat works through its members and traditionally has had limited ability to move towards LDC approvals based on type of applications received. It is expected that the three Cities Alliance Regional Advisors based in World Bank Offices in Africa (Ethiopia, Côte d'Ivoire and South Africa) will continue to assist in improving the number of submission of applications from LDCs. The Secretariat indicated that this is an issue that is receiving dedicated attention.

Each Cities Alliance application must be sponsored by at least one member. The World Bank and UN-Habitat continue to sponsor the largest amount of country-specific projects, 13 and 6, respectively, largely due to their decentralised country offices. The Secretariat has developed a Terms of Reference for project sponsorship to ensure that at least one member is actively involved throughout the life of the project. CA member involvement should contribute to coherence of effort, reduced duplication and improved reporting and learning. The Secretariat will continue to review this issue, and try to constantly improve effectiveness of sponsors.

Following on from the Consultative Group's approval of the Medium Term Strategy (MTS) in May 2008, there has been a shift in grant recipient for country-specific projects, from more than 50% of grant agreements being signed by international/regional organisations (development co-operations, multi- and bi-lateral organisations) in FY07 and FY08, to 41% in FY09, with more grants agreements being signed amongst other recipients such as NGOs/Civil Society (6%), Academia/Research Institutions (6%), Network/Association/Foundation (12%), Municipal/Sub-National (12%) and National Governments (24%).

The funding for Regional and Global approved projects for FY09 increased as the Cities Alliance Secretariat entered into several, multi-year Joint Work Programmes with its members including "Mainstreaming the Environment in the Cities Alliance activities" with UNEP, "Successful Approaches to National Slum upgrading and Prevention" with the World Bank Institute, GTZ and UN-Habitat, "Lessons and Policy Recommendations from Urbanisation Programmes of Precarious Settlements in Brazil" with the Inter-American Development Bank and Brazil Ministry of Cities, "Cities and Climate Change" with the World Bank, UN-Habitat and UNEP, "UCLG Municipal Finance Commission – Second Phase" and "UCLG City Future CDS – Second Phase" both with UCLG and "Enhancing Enumerations as a Tool" with UN-Habitat. The Secretariat expects to link many of the Joint Work Programmes with its CDS and Slum Upgrading Sub-Groups which are either under way or currently being designed. The types of organisations receiving funding for Regional and Global projects in FY09 has also expanded to include network/associations/foundations, academia/research institutions and national governments.

Grant recipients, co-financing partners and other partners involved in the implementation of a project are considered to be Project Implementing Partners. Project implementing partners for country specific project approvals in FY09 continued along the same trend as in FY07 and FY08 with high involvement from national governments, municipal/sub-nationals, development and international/regional organisations as well as networks/associations/foundations. For regional and global projects, funding increased significantly due to Joint Work Programmes members and the role of national government, networks/associations/foundations and academic research institutes increased as well.

Executive Committee Comments:

Request from GTZ for update to the EXCO on the allocation of the Gates Foundation Grant and explanation as to why half of the projects approved in FY09 are Regional/Global Projects.

The World Bank would like to see better coordination between the Cities Alliance and World Bank Country Offices in terms of application sponsorship and grant implementation and requests that the Secretariat tries to encourage members to use local/regional consultants wherever possible.. It is noted that the World Bank experiences problems with capacity and financial management with its own client executed loans and so prefers to have the World Bank execute the loan/grant but clients still receive the funding and the experience from the management process of the project.

Secretariat Responses:

Highlights from FY09 Financial Approved Funding Allocations

The US\$15million from the Gates Foundation will be treated as a facility to enable the Secretariat to capture the grant's actual impact on LDC countries. A US\$1.2million allocation has been reflected in the approved funding allocations for FY09 to account for programme supervision and implementation support, programme management and trust fund administration. The US\$13.5 million available for country programmes will be allocated as the country projects are developed. The programme is currently being launched in Uganda.

The Secretariat spent approximately US\$1.4million on multi-year Joint Work Programmes with Cities Alliance members in FY09, and therefore, regional/global spending is expected to decrease in FY10.

As per the recommendation of the EXCO in Trondheim (April 2008) and the confirmation from the Consultative Group (January 2009), the Secretariat has begun the process of commissioning an external firm to evaluate the of project implementation modalities of the Cities Alliance (see afternoon session for further explanation).

Presentation of the Working Group Report by GTZ (Annette Baehring)

Documentation: Working Group Report (30 July 2009) and Powerpoint Presentation.

Written comments from South Africa 4 September 2009, Comments from Clare Short 17 July 2009 (Cities Alliance Policy Advisory Panel) are included in this meeting report as they were not included in the Working Group Report of 30 July 2009.

It is noted that the majority of the Executive Committee meeting was spent deliberating the recommendations from the Working Group.

Working Group Background

Some members of the Cities Alliance have during the last years jointly suggested a number of changes and improvements in priorities, criteria, advocacy activities and other areas. These suggestions have been presented in various contexts, e.g. in connection with annual revisions of the Medium Term Strategy (MTS), meetings of the Consultative Group (CG) and other occasions. 2009 is the 10th anniversary of the Cities Alliance. Experiences from these 10 years of existence, new global challenges and recent changes in the aid architecture, make it particularly relevant to update Cities Alliance operations. The Consultative Group therefore decided, in January 2009, to establish a temporary working group, which is to make recommendations on specific issues related to the work and structure of the Cities Alliance.

It was agreed that the composition of the working group should reflect the composition of the membership of Cities Alliance maintaining a workable group size (see Annex 2). The following members participated in the activities of the working group:

Founding members: UN-Habitat, World Bank
Developing countries: South Africa
Donor countries: Germany, Sweden/Norway
Focal groups: SDI, UCLG
Chair of the Advocacy Panel

The Terms of Reference established in Barcelona (see Annex 3), specified that the working group shall assess the following structure and governance issues:

- 1) How to enhance the role and ownership of cities in design and implementation of Cities Alliance activities.
- 2) Governance issues: a) how to include foundations and other types of new members; b) representation of cities; and c) decision making and reporting formats.
- 3) Cities Alliance secretariat staffing and Cities Alliance presence in Europe - objectives, value added and possible solutions.

At its second meeting in Nairobi in April 2009 the Group decided to include an additional point into the deliberations and the resulting recommendations, which is of particular importance for some members and has been raised at various occasions, even if it is not part of the TOR:

- 4) Focus on poor countries and secondary and tertiary cities

The temporary working group suggests to the Consultative Group and the Executive Committee to accept a retrospective amendment of the Terms of Reference and a corresponding consideration of the proposals presented in this report.

The Working Group had an intense exchange and discussion process on all the issues raised, which involved all its members. The analyses carried out by the group have taken into account the knowledge gathered from the external evaluations undertaken by the Cities Alliance as well as recent annual reports and the Medium-term Strategy 2008-2010.

Executive Committee Decision:

The Executive Committee agreed to listen to the entire Working Group Presentation before taking a decision on whether or not to agree to include the fourth topic, “Focus on poor countries and secondary and tertiary cities” in the Working Groups Terms of Reference. After each recommendation of the Working Group was presented, the comments of Clare Short and the Government of South Africa were read out, after which the EXCO discussion took place. This procedure ensured that all viewpoints were represented.

1. Enhancement of the role and ownership of cities in Cities Alliance

Recommendation 1: Independent Review:

The group recommends to carry out the intended review of the entire system and procedures supporting project execution, including client execution – with a view to identifying obstacles and bottlenecks. This review should be combined with a client-survey to assess the experience of cities and their difficulties in the process and should be carried out by independent consultant or research bodies, incorporating existing knowledge at the level of the Secretariat and of members in an appropriate way.

The recommendations of the review shall include basic information and proposals for the following issues:

- *A comprehensive and consistent policy for capacity development at the level of cities and groups, networks, and associations of cities.*
- *Modifications of application procedures, conditionalities and products suitable to strengthen the ownership of cities.*
- *The promotion of longer term cooperation including programme approach and partnership agreements with selected countries and cities, and the strengthening of the articulation of urban development at cities, regional (where existing), and national level (systemic approach). While presenting proposals for the implementation of appropriate procedures for such longer term orientation the review should as well consider maintaining sufficient space for shorter term-oriented, flexible interventions, whenever justified.*
- *Necessary adjustments to the monitoring and evaluation system of the Cities Alliance in such a way, that it reflects the type and degree of ownership of cities and countries*

The Secretariat should be requested to implement the recommendations of the review after its endorsement by the EXCO and the CG, in particular the establishment of modified procedures, project terms and conditionalities and the new services and products needed for capacity development.

South Africa’s Comments: Recommendation 1 (role and ownership by cities) is already a subject of the MTS

Clare Short's Comments:

This would involve expensive use of resources and staff time. There have been a number of recent evaluations. The recommendation does not delve into whether there is any substance in the complaint made and proposes a very expensive and long winded enquiry. I do not support this.

Executive Committee Discussion and Decisions:

The Executive Committee agreed that there is no current need for another independent review of the Cities Alliance at this time. The Secretariat is in the process of commissioning an external review of the Cities Alliance project implementation modalities per the direction of the Consultative Group in January 2009 and will provide an update/draft report to the EXCO and Consultative Group in Mumbai in January 2010. It was suggested that the Secretariat amend the current terms of reference to include a web-based client survey in order to address some concerns raised in the Working Group and work directly with UCLG to achieve better contact/communication with client cities. It was noted that the Cities Alliance is a catalytic programme, not an independent aid agency, and therefore expectations of the programme should be viewed with this in mind. It was suggested that the Medium Term Strategy be revised and presented to the EXCO and the Consultative Group in Mumbai in January 2010.

2. Governance Issues**2.1 Governance structure (representation of cities and inclusion of NGOs and other types of new members)*****Purpose of the topic***

Design and implement appropriate structures and mechanisms that allow the Cities Alliance to strengthen its ties with cities, to improve their representation in the Alliance and achieve their more active participation in the policy and strategy dialogue, as well as to strengthen the involvement of NGOs, private sector foundations, and CBOs.

Recommendations for concrete measures***Recommendation 2: Modify the mandate and strengthen the Public Policy Forum and the reach out mechanisms:***

The group recommends to modify the mandate of the Public Policy Forum in such a way, that it allows a more systematic engagement of cities, NGOs, CBOs and private sector representatives in learning and exchange of experience and in the policy and strategy dialogue with Cities Alliance members. It should be extended to two days, new mechanisms for regionally balanced participation of representatives of cities should be implemented and the meetings should be prepared and organized in a well planned and efficient way. The results of the meeting should be systematically reported to the subsequent CG meeting by 2 or 3 participants that are elected by the PPF.

As a complementary mechanism to the above mentioned, the group suggests that the Cities Alliance improve its reach out capacities by active participation of members in local government-organized events.

South Africa's Comments: Recommendation 2 (extending participation) is a perspective of some members (mostly Sweden and Norway) and has the potential to undermine the balance of representivity in the CG. The recommendation is debatable and unresolved. Therefore there is no agreement and cannot be constituted as a representation of the WG.

Clare Short's Comments:

This contains no detail of the way the Public Policy Forum should change but simply calls for more time and invitees. Again, this is potentially expensive in resources and staff time and the purpose is unclear.

Executive Committee Discussion and Decisions:

The Executive Committee welcomed the focus on the structure and function of the Public Policy Forum and agreed that it should be an engaging platform where key urban actors/stakeholders can participate in active debate. After much discussion, EXCO decided that the PPF should not focus solely on the activities of the host city/country, but should also be used to provide time for CG members, and partners, to deliberate on key, strategic policy issues. The outcomes of such debate(s) would then feed directly in the CG meeting itself. The EXCO decided that Mumbai 2010 should be the pilot for a new PPF format and it was decided to lengthen the Public Policy Forum meeting from one day to two days. It was also decided that EXCO should take a more active role, working with the Secretariat to set the agenda for the PPF meetings. The Secretariat has been requested to send a draft Public Policy Forum Meeting Agenda to the EXCO by September 18, 2009.

Recommendation 3: Strengthen the involvement of NGOs, CBOs and private sector representatives:

The group recommends a stronger involvement of major stakeholders of development like NGOs, CBOs and private sector representatives in the Cities Alliance at three different levels:

- a. Continue deciding on the acceptance of additional members to the Consultative Group on a case by case basis, as long as the existing strategic framework is valid. Such decisions should be based on clear criteria, like for example the representativeness, the international scope and the relevance of the institution for the Cities Alliance.*
- b. A stronger involvement of such bodies in the PPF, as indicated in the above mentioned recommendation #2.*
- c. Strengthen their involvement on national and local level into the concrete process of preparation and implementation of programmes and projects and support the strengthening of their organizational capacities, in order to make them competent and effective partners.*

South Africa's Comments: While recommendation three (related to the role of NGOs, CBOs etc) offers a multiplicity of views, they are not dissimilar to what was agreed upon at the CG about how to deal with the matter. Thus reconfirming the approach adopted at the CG.

Clare Short's Comments:

It is all very well to say more NGOs, CBOs and Private Sector should be involved, but the recommendations suggest simply adding more to the PPF and CG. I am not sure that the GC works at all well as it is and I do not support adding more participants. It is not in any way clear how this would improve the work of the Cities Alliance.

Executive Committee Discussion and Decisions:

The Executive Committee agreed to recommendations 3a and 3b (see above), with the caveat that the Cities Alliance should be careful not to dilute its membership. It was suggested the Cities Alliance could work with World Bank Country Offices to support recommendation 3c. It was also suggested that the Secretariat, itself, does not need to implement strategies to strengthen the involvement of NGOs, CBOs and private sector partners and support the strengthening of their organizational capacities, but rather include ways in the Cities Alliance tools, slum upgrading and city development strategy instruments, to be more inclusive. It was also recommended that the Secretariat present a proposal on how the Cities Alliance can formalise its membership process based on the Charter. EXCO noted that both 3b and 3c may require more funding.

2.2 *Decision making and reporting formats*

Purpose of the topic

Develop and implement processes and instruments that allow the Cities Alliance to improve the management, in particular the strategic management, of its work programme, to allow for a more programmatic approach, and to establish an effective accountability relationship between the Secretariat, the Consultative Group and the Executive Committee.

Recommendations for concrete measures

Recommendation 4: Improve the format and the process of the annual work plan:

The EXCO should request the Secretariat to improve and establish both an appropriate format and a new procedure for the Annual Work Plan. The new format shall provide for a clear reference to the Medium Term Strategy and to annual strategic priorities and objectives, supported by measurable indicators, while allowing an appropriate balance between a programmatic approach and a window for non programmatic proposals coming from the dynamic demand side. The procedure shall allow an interactive planning process between CG, EXCO and the Secretariat.

South Africa's Comments: Recommendations 4, 5 and 6 (related to decision making and reporting formats) were all subjects of discussion and approvals related to the MTS.

Clare Short's Comments:

I am not close enough to the process to know whether this is desirable.

Executive Committee Discussion and Decisions:

The Executive Committee agreed with the recommendation from the Working Group, that the Secretariat should formalise its Work Programme process and link its annual Work Programme with an updated, strengthened Medium Term Strategy document. The EXCO also identified a more significant role for itself in working with the Secretariat in the formulation and elaboration of the annual work programme. It was requested that the Secretariat improve its procedures for producing such management instruments. It was also noted that the Secretariat is well tuned to the fast moving agendas of its membership and that had it been requested by the CG to reformat the Work Programme and include such information as a table of contents at the meeting of the CG in January 2009.

Recommendation 5: Introduce a result based management:

The EXCO should also charge the Secretariat to continue with the development and introduction of a result based management that complements the above mentioned planning process. The system should establish a systematic reference to the Medium Term Strategy and other relevant strategic decisions and the respective formats should provide a systematic link between planning, reporting and monitoring. The system should include appropriate procedures for the presentation, feedback and approval by the EXCO and the CG.

South Africa's Comments: Recommendations 4, 5 and 6 (related to decision making and reporting formats) were all subjects of discussion and approvals related to the MTS.

Clare Short's Comments:

This appears to say that the Secretariat should continue with what they are doing.

Executive Committee Discussion and Decisions:

The Executive Committee agreed that the Secretariat should continue on its course and endorses recommendation 5 of the Working Group.

Recommendation 6: Strengthen the monitoring and evaluation system:

The EXCO should encourage the Secretariat to continue developing and implementing a comprehensive, but also simple and easily manageable monitoring and evaluation system at the Cities Alliance and to allocate sufficient resources to it.

The group also recommends to include specific criteria on environment and climate, poverty, social, ethnical and gender aspects, and local governance into the monitoring system and the assessment process for project eligibility. They should not diffuse the focus of CA, but rather provide important orientations towards sustainable development, while allowing for enough flexibility in their application, in particular with regard to the capacities and conditions in smaller cities and in poorer countries.

South Africa's Comments: Recommendations 4, 5 and 6 (related to decision making and reporting formats) were all subjects of discussion and approvals related to the MTS.

Clare Short's Comments:

Work is going on at present on improving monitoring and evaluation.

Executive Committee Discussion and Decisions:

The Executive Committee agreed with the Working Group on the importance of the M&E Strategy. EXCO further noted the fact that the Secretariat had presented a comprehensive M&E Strategy earlier in 2009, and had been awaiting clear guidance prior to moving forward. EXCO requested the Secretariat to present the final Monitoring and Evaluation (M&E) Strategy to the next EXCO meeting, January 2010 in Mumbai before the Consultative Group Meeting as there is a political necessity for members to show Cities Alliance results. It was also agreed that the specific criteria stated above, "environment and climate, poverty, social, ethnical and gender aspects, and local governance" should all be incorporated as broad categories with the exception of "ethnical" which the EXCO felt to be inappropriate.

3. CA Secretariat staffing and CA Presence in Europe

Purpose of the topic

Support the continuous process of improving the operational capacity of the Cities Alliance, strengthen its advocacy role, and foster the potential of tapping Europe-based networks and organizations and of getting involved in the promotion of the urban agenda in Europe.

Recommendations for concrete measures

Recommendation 7: Permanent staff at the Secretariat:

The working group welcomes the decision taken in the last CG meeting in Barcelona to approve four key positions at the Secretariat to be held by permanent staff. It suggests to the CG to additionally approve the creation of a fifth permanent post for the Reporting, Monitoring and Evaluation Officer at the Secretariat and to provide necessary funds.

South Africa's Comments: Recommendation 7 (permanent staff) was the subject of discussion on the MTS at the CG and the desire of the WG is not inconsistent with the direction adopted at the CG. The proposal (for an M&E post) however has merit and should be a subject of the next CG.

Clare Short's Comments:

Everyone agrees that this is desirable, but it is a matter of resources.

Executive Committee Discussion and Decisions:

The Executive Committee agreed that assigning specific posts within the Secretariat is micro-management and is not the role of the Executive Committee. It was noted by the Programme Manager of the Cities Alliance that the Secretariat is currently without a Senior City

Development Strategy Advisor and as such, would prefer to use resources to fund this post as opposed to a full time M&E position, when such a post is currently funded for within the Secretariat by GTZ until 2011. It was agreed that as long as the Secretariat can fully respond to the M&E needs of the Cities Alliance members and clients, then there is no need to create an additional post.

Recommendation 8: Develop a systematic advocacy strategy:

It is suggested that the EXCO should request from the Secretariat the elaboration of a proposal for a systematic and comprehensive advocacy strategy for the Cities Alliance, which not only identifies the necessary mechanisms and activities, but also defines the roles and contributions of the members, the Secretariat including its regional advisors, and the Advocacy Panel. The Secretariat should be encouraged to engage a professional firm if such assistance were helpful.

South Africa's Comments: Recommendation 8 (Advocacy Strategy) is contained in the MTS and is a matter for the Advocacy Panel. To suggest otherwise would be to undermine the CG.

Clare Short's Comments:

This is also desirable and would be more easily done if resources were not wasted on working group meetings and resource-expensive recommendations.

Executive Committee Discussion and Decisions:

The Executive Committee agreed with this recommendation of the Working Group, and agreed with the recommendation from the Secretariat that it could be helpful to engage a professional firm to assist the Secretariat in elaborating a proposal for a systematic and comprehensive advocacy strategy for the Cities Alliance as stated above. It was noted that funding would be required and it was also suggested that a full time advocacy position could possibly be created within the Secretariat.

Recommendation 9: Cities Alliance presence in Europe:

The group suggests to the CG to encourage the strengthening of Cities Alliance-presence in Europe, which is presently the only region without Regional Advisor of the Secretariat. It recommends opening a small sub-office in Europe (1 Senior and 1 Junior staff), which shall have a clear focus on advocacy and networking for urban development issues in Europe including its neighboring regions. It should be established for a period of 3 years on a pilot basis. An evaluation after the second year of its existence should analyze the efficacy and efficiency of this office before deciding on its longer term establishment. Modalities and location should be further explored taking into consideration cost effects, travelling convenience and the possibilities of utilizing structures and services of existing institutions.

South Africa's Comments: Recommendation 9 (Cities Alliance presence in Europe) is inconsistent with the purpose of the CA in relation to its primary activities. The application of

resources on the north when the organizations focus is in the south would be a contradiction and completely is at odds with the approved MTS.

Clare Short's Comments:

I am completely opposed to this proposal. The majority at the Nairobi meeting were opposed. It would be an inefficient use of resources.

Executive Committee Discussion and Decisions:

The Executive Committee discussed this issue at length but, overall, there was limited support for the Working Group proposal. However, in order to bring finality to this issue, it was nonetheless deemed appropriate to request the Secretariat to prepare a three year budget and Terms of Reference for the proposed European regional office to the next EXCO meeting in Mumbai, January 2010 so that all the implications of the office and the additional funding that would be required could be properly discussed. It was noted that this office could be linked with the Advocacy Strategy of the Cities Alliance and that new sources of non-core funding would have to be found. It was also requested that both Europe and the Middle East/North Africa Region should be covered in the terms of reference and that existing member offices be explored as options, such as UCLG in Barcelona and the Marseille Center in France.

Notwithstanding the fact that recommendations 10 – 14 were outside the scope of the Working Group's Terms of Reference, EXCO decided that these items should be discussed and included in the deliberations for recommendation to the CG Meeting.

4. Focus on poor countries and secondary and tertiary cities

Purpose of the topic

Develop and implement measures that are appropriate to achieve a stronger concentration of funds and projects of the Cities Alliance on poor countries, and on secondary and tertiary cities¹.

This issue is not an explicit part of the TOR of the working group. Given the importance for some members, the group suggests to the EXCO and the CG to accept an amendment of its TOR, in order to include this topic.

Recommendations for concrete measures

Recommendation 10: Define a gradual target for the concentration of funds and projects:

The working group recommends to the ECXO to define targets for the concentration of funds and projects of the Cities Alliance on poor countries and secondary (and tertiary) cities that should be achieved in a gradual way over the next few years. Such targets could be:

¹ The working group is aware that the differentiation between secondary and tertiary cities is difficult to make on an operational level, since most global statistics do not foresee such a distinction. It therefore suggests to utilize the existing UN-statistics that only distinguish between primary cities and secondary cities applying a threshold of 500.000 inhabitants. The term "secondary cities" would then include both secondary and tertiary cities.

- *at least 50 % of funds and projects to be utilized for poor countries and*
- *at least 50 % of funds and projects to be utilized for secondary (and tertiary) cities.*

The monitoring and evaluation system and the reporting of the Secretariat should be adjusted in such a way that it reflects the repartitioning of funds and projects on these different categories of countries and cities.

South Africa's Comments: Recommendations 10, 11, 12, and 13 (focus on the poorest countries and secondary and tertiary cities) have all been a primary subject for two members of the work group (Sweden and Norway). The element is not in the ToR for the WG. More importantly we have stated that the issues cannot be addressed because the approved MTS provides for the strategic direction of the CA with regard to its institutional and operational focus.

Clare Short's Comments:

All are agreed on the objective. There is no need for a bureaucratically rigid recommendation. Cities Alliance is a small catalytic organisation with a major donor.

Executive Committee Discussion and Decisions:

Overall, the Executive Committee supported an increased focus on poorer countries, and also noted the existing positive trends in the work programme of the Cities Alliance in this regard. It was also noted that, prior to the adoption of the MTS, the Secretariat was solely dependent on proposals submitted at the instance of CA members. Overall, the EXCO was not in support of setting numerical targets, nor of excluding middle income countries, which are seen as valuable partners and excellent sources of knowledge and expertise. . There was much debate amongst the Executive Committee on this topic and the consensus was reached that this topic needs to be brought to the entire Consultative Group at the Mumbai meeting for debate and decision.

Recommendation 11: Increase and improve preparatory measures:

The EXCO should approve the increase and improvement of proactive initiatives, including measures for capacity development, to be taken by Cities Alliance, in order to promote the project pipeline in such targeted countries and cities. They should be included into the forthcoming work programmes of the Alliance.

South Africa's Comments: Recommendations 10, 11, 12, and 13 (focus on the poorest countries and secondary and tertiary cities) have all been a primary subject for two members of the work group (Sweden and Norway). The element is not in the ToR for the WG. More importantly we have stated that the issues cannot be addressed because the approved MTS provides for the strategic direction of the CA with regard to its institutional and operational focus.

Clare Short's Comments: These should be part of a general ongoing discussion on the role and work of Cities Alliance.

Executive Committee Discussion and Decisions:

The Executive Committee agreed to this recommendation with the caveat that the wording, “in such targeted countries and cities” be removed. It was noted that the Secretariat is working to develop a smaller grant tool with less stringent requirements and reporting to assist Least Developed Countries to significantly increase their profile within the work programme of the Cities Alliance.

Recommendation 12: Modification of procedures and project terms:

The EXCO should encourage the modification of procedures and project terms in such a way that conditionalities are higher for Middle Income Countries and primary cities and lower for Low Income Countries and secondary and tertiary cities.

South Africa’s Comments: Recommendations 10, 11, 12, and 13 (focus on the poorest countries and secondary and tertiary cities) have all been a primary subject for two members of the work group (Sweden and Norway). The element is not in the ToR for the WG. More importantly we have stated that the issues cannot be addressed because the approved MTS provides for the strategic direction of the CA with regard to its institutional and operational focus.

Clare Short’s Comments:

These should be part of a general ongoing discussion on the role and work of Cities Alliance.

Executive Committee Discussion and Decisions:

The Executive Committee was of the view that the Working Group had raised an interesting perspective. However it recommended changing the word “conditionalities” to “thresholds” and the consensus was reached that this topic needs to be brought to the entire Consultative Group at the Mumbai meeting for debate and decision.

Recommendation 13: Revise the role of Middle Income Countries and big cities:

The EXCO and the CG should revise the role of Middle Income Countries and big cities and transform them from being primarily recipients of Cities Alliance funding to becoming more partners and development agents, which assist low income countries and smaller cities, for example through south-to-south exchange or by sharing their knowledge and experiences.

South Africa’s Comments: Recommendations 10, 11, 12, and 13 (focus on the poorest countries and secondary and tertiary cities) have all been a primary subject for two members of the work group (Sweden and Norway). The element is not in the ToR for the WG. More importantly we have stated that the issues cannot be addressed because the approved MTS provides for the strategic direction of the CA with regard to its institutional and operational focus.

Clare Short’s Comments:

These should be part of a general ongoing discussion on the role and work of Cities Alliance.

Executive Committee Discussion and Decisions:

The Executive Committee found this recommendation to be similar to Recommendation 12 and overall agreement was reached with the recommendation. The Executive Committee noted that this recommendation could also be linked to the Advocacy Strategy.

5. General observations and recommendations

Purpose of the topic

Prepare the ground for a wider reflection at the Cities Alliance, which would be necessary to discuss important strategic aspects in a more fundamental way, and is considered appropriate for the upcoming celebration of 10 years of existence of the Cities Alliance.

Recommendations for concrete measures

Recommendation 14: Review the vision, role and strategy of the Cities Alliance:

The group recommends to the CG to initiate a systematic stock taking of present strategies and organization of the Alliance and a wide reflection on the future nature and role of the Alliance under the changing development architecture, the roles of members, adjustments of its vision, roles and mandates of the governance bodies, the elaboration of a new Medium Term Strategy, and if necessary the Charter.

South Africa's Comments: The element is not in the ToR for the WG. More importantly we have stated that the issues cannot be addressed because the approved MTS provides for the strategic direction of the CA with regard to its institutional and operational focus

Clare Short's Comments: I agree with this. It means that all previous recommendations are redundant. We need a constructive consideration of the best way forward after 10 years. This requires realism, trust and mutual respect. These values have not been reflected in the work of the working group.

Executive Committee Decisions:

The Executive Committee agreed that this is a huge undertaking and while the 10th Anniversary is a good time to reflect upon the vision, role and strategy of the Cities Alliance, it would be advisable as a first step for the Secretariat to adapt the current Medium Term Strategy (2008-2010) based on the recommendations from the Working Group and the Executive Committee to present to the Consultative Group and give the Secretariat time to act accordingly as well as make its own inputs. It was agreed by the EXCO that the next Medium Term Strategy should be developed in a more participatory approach with the members and that the Secretariat will present a working plan and timeline for the next MTS development at the next EXCO in January 2010 in Mumbai. The next independent evaluation of the Cities Alliance is planned for calendar year 2011 when it will be independently reviewed by the World Bank Development Grant Fund (DGF) Facility. It was recommended that the Secretariat combine this review with a review of the achievements of the Medium Term Strategy to provide a basis for a larger review of the vision, role and strategy of the Cities Alliance.

Thank you from the Chair, to the Working Group and to Annette Baehring for her clear reporting style and presentation.

Afternoon Session: 7 September 2009

Review of Secretariat (Billy Cobbett and Kevin Milroy)

Documentation: Secretariat Organisation Chart and FY10 Budget: FY09 Sources/Uses of Funds and FY10 Proposed Budget

Review of Secretariat Organisation Chart

The Secretariat has two special project staff, Thierry Paulais on secondment from AFD, who is working specifically on Municipal Finance in Africa and Celine d’Cruz, who has just joined the Secretariat from Shack/Slum Dwellers International (SDI) and will be focusing on CLIFF and the Land Services and Citizenship Programme (the Gates Grant). We have five regional advisors/offices: Central and West Africa, East Africa, South Africa, South Asia, Brazil/Latin America. The South Africa Regional Advisor is currently a World Bank Institute staff member funded through the Cities Alliance by Sida with a high specialisation in knowledge management but will now become a regional advisor with a specialised Knowledge Management focus. The Secretariat would like to reconfigure the Knowledge Management position already approved and move it from Washington to the regions. The position would transfer inside the World Bank from the World Bank Institute to Finance, Economics and Urban Department while still paid for by Sida. We have two Young Professionals funded by Norway, one on the Slum Upgrading team with a specialisation in gender and youth and one on the City Development Strategy team with a specialisation on the environment. The Italian Government has just funded a third Young Professional/Junior Programme Officer post, who has yet to join the Secretariat but was competitively selected. We have an Urban Specialist secondee from UN-Habitat and a Sr. Urban Specialist/M&E expert on secondment from GTZ, both through 2011.

The Secretariat would like to request permission from the EXCO to fill the position of Operations Coordinator, a position managing the Information Management Team, the Grant Administration Team and the Resource Management Team. The position will provide much needed to support to the Sr. Operations Officers position and allow for transfer of responsibilities.

Executive Committee Discussion and Decisions:

The Executive Committee thanks France for requesting the creation of a Secretariat Organisation Chart and endorses the Operations Coordinator position, and the revised Terms of Reference for the post in South Africa.

Review of FY10 Budget: FY09 Sources/Uses of Funds and FY10 Proposed Budget

Core contributions are stable and disbursements are inching up. No current significant effect from the financial crisis. More than \$300,000 in World Bank “use or lose” Development Grant Funds were returned to the Bank at the end of FY09, due to some grants expected to be approved during FY09 that slipped into FY10. The Secretariat costs were US\$2.8million with one unfilled position in the budget. Communication and Knowledge Management costs also include

Information Management staff costs. Costs listed as “Other” consist of consultant costs: experts, temporary assistance, file clerks. Consultants’ costs will decrease in FY10 due to filling of four senior level posts with full time or seconded staff.

Executive Committee Decisions:

The Executive Committee thanks the Secretariat for the presentation. Following a detailed discussion, and further clarity provided by the Secretariat, the EXCO endorsed the proposed FY10 Budget.

Operational/Administrative Issues (Kevin Milroy)

Update on Evaluation of project implementation modalities of the Cities Alliance

The terms of reference (US\$150,000) has been circulated to the EXCO along with the list of 25 projects to be evaluated. Thirty Expressions of Interest were received and the short list has been selected. An internal team on the Secretariat to include secondees from GTZ and UN-Habitat and one representative from the World Bank Urban Anchor unit will form a team to evaluate the proposals. Five firms have been short listed: Urban Management Centre (India), VNG International (Dutch), IHS (Netherlands), GHK International (UK) and Universal Management (Canada). If we increase the Terms of Reference to include recommendation one from the EXCO, client survey, we will need to increase the budget and the length of assignment. The goal is to have a draft report to present to the EXCO and the CG in Mumbai in January 2010.

Executive Committee Discussion and Decisions:

The Executive Committee asked the Secretariat to revisit the Terms of Reference to include suggestions from the Working Group’s Recommendation 1. It was also suggested to include analysis of the type of leverage donors achieved through the Cities Alliance. The EXCO also requested to revise the Terms of Reference to exclude the review of Cities Alliance key documents such as previous evaluations of the Cities Alliance. Report needs measurable indicators and analysis. EXCO will send any further comments for clarification to Kevin Milroy by Sunday, 13 September 2009.

Review of Costing Definitions

The Secretariat has found discrepancies in member reporting of uses of funds. The 15% Administration fee is not being systematically followed. Certain members have been charging an administration fee and a project level fee. The Secretariat has been working to increase transparency in its required budget reporting and correct some bad practices.

Executive Committee Discussion and Decisions:

The Executive Committee endorsed the Secretariat’s efforts and requested the Secretariat to bring to the Mumbai EXCO meeting in January 2010 an assessment of the problems and unsolvable issues and also a comparison with other World Bank-based Global Programmes.

Review of Cities Alliance Charter: Initial Discussion

Executive Committee Discussion and Decisions:

No need for discussion as topic has already covered above in Work Group Report Recommendation 14 decision.

Update on 2009 10th Anniversary Public Policy Forum (PPF) and Consultative Group (CG) Meeting

Meetings are scheduled for the week of 18-22 January 2009 in Mumbai, India hosted by the State Government of Maharashtra along with CA members, and partners such as The Society for the Promotion of Area Resource Centres (SPARC) and Mumbai Transformation Support Unit (MTSU). The EXCO will meet the day before the PPF, the PPF typically consist of one day for the host to showcase their work and the CG is normally one and a half days.

Executive Committee Discussion and Decisions:

See Executive Committee Decisions from Working Group Report Recommendation 2. The EXCO will be actively involved in planning this year's PPF meetings which it has extended to two days. The EXCO has requested the Secretariat to circulate a draft PPF meeting programme by 18 September 2009.

It was requested at the Mumbai EXCO meeting that the governance of the Executive Committee be tabled and discussed.

In summary, this was a very productive meeting of the Executive Committee. The bulk of time and energy was focused on a thorough discussion of the Working Group report, which provided an excellent platform for discussing many key, strategic issues facing the Cities Alliance. The meeting also identified a more active and supportive role for the EXCO in its relationship with the Cities Alliance Secretariat. The Chair thanked the Executive Committee for the open, lively and constructive nature of the discussions and the Executive Committee thanked UCLG for the excellent chairing of the meeting. Meeting adjourned.

AGENDA
The Cities Alliance
Executive Committee
6-8 September 2009
Venue: InterContinental Santiago Hotel
Av. Vitacura 2885, Las Condes, C.P. 7550024, tel (56 2) 394 2000
Santiago, CHILE

SUNDAY 6 September 2008		
ARRIVAL DAY		
19h00	Walk to Informal Group Dinner	<i>Venue: To be determined</i>
MONDAY 7 September 2009		
08h30	<i>Morning Coffee/Tea</i>	<i>Venue: Sudamerica Room</i>
09h00	Presentation of FY09 Financial Results <i>(see Documentation)</i> <ul style="list-style-type: none"> ➤ FY09 Summary Portfolio Review ➤ FY09 Financial Reporting (as of June 30, 2009) 	<i>Secretariat: Kevin Milroy</i>
10h00	Working Group Presentation <i>(see Documentation)</i> <ul style="list-style-type: none"> ➤ Working Group Report 	<i>GTZ: Annette Baebing</i>
11h30	<i>Coffee/Tea Break</i>	
11h30	Continuation of Working Group Presentation <ul style="list-style-type: none"> ➤ Discussion and Recommendations 	
12h30	***** <i>Lunch</i> *****	<i>Venue: Club Lounge</i>
14h00	Review of Secretariat <i>(see Documentation)</i> <ul style="list-style-type: none"> ➤ Staffing - Organisation Chart ➤ FY10 Budget: FY09 Sources/Uses of Funds and FY10 Proposed Budget 	<i>Secretariat (Billy Cobbett and Kevin Milroy)</i>
15h00	Operational/Administrative Issues	<i>Secretariat (Kevin</i>

<p>15h30</p> <p>16h00</p> <p>16h30</p> <p>19h00</p>	<p><i>(see Documentation)</i></p> <ul style="list-style-type: none"> ➤ Update on Evaluation of project implementation modalities of the Cities Alliance ➤ Costing Definitions <p style="text-align: center;"><i>Coffee/ Tea Break</i></p> <p>Review of Cities Alliance Charter: Initial Discussion <i>(see Documentation)</i></p> <p>Update on 2009 10th Anniversary Public Policy Forum and Consultative Group Meeting</p> <ul style="list-style-type: none"> ➤ January 2010 Mumbai, India <p style="text-align: center;"><i>Dinner hosted by Minister Poblete Bennet</i></p>	<p><i>Milroy)</i></p> <p><i>Secretariat (Billy Cobbett)</i></p> <p><i>Venue: El Divertimento Chileno Restaurant, San Cristobal Hill</i></p>
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TUESDAY 8 September 2009

<p>08h30</p> <p>9h00 – 11h00</p> <p>11h30</p> <p>12h00</p>	<p>Cities Alliance Projects: “Support the implementation of the programme to recover 200 Neighbourhoods through Capacity Building and Strengthening among Local Actors (Municipality and Community) and Public Services” and “Lessons Learned in the Mes del barrio Experience”</p> <p>Depart for meeting at the Ministry of Housing and Urbanism:</p> <ul style="list-style-type: none"> ➤ Meeting in the context of the 200 Barrios Recovering Program <p>Arrival and Welcome – Minister Poblete Bennett</p> <ul style="list-style-type: none"> ➤ “Presentation of the background challenges and some lessons learned in Recovering Programs” ➤ Meeting with: Ministry authority (to be confirmed); Manuel Antonio Garreton, Sociologist and Political Scientist; and Alfredo Rodriguez, Architect, an expert on City Development <p>Meeting with Mr. Claudio Arriagada , Mayor of “La Granja” Municipality (Other Mayors to be confirmed)</p> <p>Site Visit to South East Santiago</p> <ul style="list-style-type: none"> ➤ “San Gregorio” Neighborhood, Municipality of La 	<p><i>Documentation: Project Summaries</i></p> <p><i>Venue: Hotel lobby</i></p> <p><i>Venue: Ministry of Housing and Urbanism</i></p>
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	Granja(one of the recovering program neighborhoods)	
13h30	Departure	
14h00	<i>Lunch at the Fire Station “Quinta Compañia de Bomberos”</i>	
15h30	Tour of the Presidential Palace, “La Moneda,” and site seeing of State buildings in down town	
17h30	Return to Hotel	

Terms of Reference
Working Group on the Governance and Structure of Cities Alliance

Background

2009 is the 10th anniversary of the Cities Alliance, an acknowledged actor on the urban development arena. Experiences from these 10 years of existence, new global challenges and recent changes in the aid architecture makes it relevant to update Cities Alliance operations. The Consultative Group has decided to establish a temporary working group to make recommendations on specific governance and structural issues of Cities Alliance drawing on, among other, recent evaluations and the Mid-term Strategy 2008-2010.

Scope

Based on this background, the working group shall assess the following specific structure and governance issues

- 5) How to enhance the role and ownership of cities in design and implementation of CA activities
- 6) Governance issues: a) how to include foundations and other types of new members; b) representation of cities; and c) decision making and reporting formats.
- 7) CA secretariat staffing and CA presence in Europe - objectives, value added and possible solutions.

Composition

The composition of the working group should reflect the composition of the membership of Cities Alliance maintaining a workable group size. Cities Alliance secretariat will act as convenor of the working group. Based on interests expressed, a possible composition could be:

Founding member: UN-Habitat, World Bank
Developing countries: South Africa
Donor countries: Germany, Sweden/Norway (alternating)
Focal groups: SDI, UCLG
Chair of the advocacy panel

Working Methodology

The analysis should take into account the knowledge gathered from the external evaluations undertaken by the Cities Alliance as well as recent annual reports. Comments from the members related to the scope described above will be invited from all members. The working committee may decide on the engagement of additional resources to facilitate the drafting of the report.

Reporting

The working group reports to the Executive Committee with endorsement by the Consultative Group.

Timing

The working group shall deliver draft report by the 1 of July. Comments should be received before 20 August. Final report will be delivered not later than 20 September.