

**Cities Alliance
Consultative Group Meeting
21-22 January 2010
Mumbai, India**

PARTNERSHIP MATTERS

The following background information pertains to the Partnership Matters agenda item for the CG meeting.

Advocacy Panel

BACKGROUND:

At its 20 January 2009 meeting, the Executive Committee further reviewed and approved the Secretariat's proposal to restructure the Policy Advisory Board (PAB) into an Advocacy Panel. To date, only one member serves on the Advocacy Panel - the former PAB Chair, the Honorable Clare Short, MP. The TOR and work programme for the Advocacy Panel has not yet been determined.

UPDATE:

The Secretariat recommends that the TOR and work programme for the Advocacy Panel be developed in conjunction with Advocacy Plans for the Alliance, which are still under development. Discussions during the course of the 17-21 January events in Mumbai are anticipated to significantly contribute to the development of the Advocacy Panel concept. CG members will be briefed on the status of the Advocacy Panel, with possible actions proposed.

Executive Committee Membership Rotation

The Executive Committee was established during the November 2007 meeting of the CG in Manila. The membership of EXCO currently consists of:

STANDING MEMBERS:	World Bank UN-Habitat UCLG
ROTATING MEMBERS:	
Bilateral (OECD):	France, 2007-2009 Germany, 2009-2011
Bilateral (DAC):	Chile, 2009-2011 South Africa, 2009-2011
Multilateral:	UNEP, 2009-2011

A decision is needed on the replacements for France, whose three-year terms expired at the end of 2009 (but who remains on EXCO for the January 2010 meeting, until replaced by the Consultative Group).

Previous rotating members: Netherlands (2001), United Kingdom (2001-2002), Germany (2002-2003), United States (2003-2004), Sweden (2004-2005), Japan (2005-2006), Norway (2006-2008), Brazil (2006-2008), Asian Development Bank (2007-2008), and Nigeria (2007-2008).

TOR of the Executive Committee:

1. The EC has two main functions:
 - (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 (ie, primarily on issues of budget, and staffing);
2. Composition of the EC - three permanent and five rotating members:
 - i) Permanent members– UCLG, UN-Habitat and WB;
 - ii) Two bilateral donor members;
 - iii) Two developing country members – (preferably one middle income country and one lower income country);
 - iv) One multilateral member;
3. Terms of rotating members would be three years, preferably on a staggered basis to retain institutional memory;
4. UCLG will chair EXCO for the period of the Medium-Term Strategy.

15% Staff Costs Guideline

BACKGROUND:

Since the early days of the Alliance, the CA has applied a guideline that up to 15% of a CA project budget could be used for costs of staff of the implementing organization for “identifying, supervising and delivering activities.”

At Santiago meeting of EXCO (7-8 Sept 2009), the Secretariat reported on discrepancies in member reporting of uses of funds. The 15% fee is not being systematically followed. Certain members have been charging an administration fee and a project level fee (e.g., for project technical support). The Secretariat reported on its efforts to increase transparency in its required budget reporting and correct some bad practices.

The EXCO endorsed 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.

UPDATE:

Although the secretariat has not yet made a comparison with other WB-based programmes, it has made progress in investigating this issue since the Santiago meetings. It has also implemented the Costing Definitions presented at the meeting (see Annex), to bring increased transparency and accuracy to the budgets in project applications. Precise analysis of the problem is difficult, though, even with good definitions because of the structure and limitations of accounting, costing and reporting systems of CA member organisations. There is inherently a certain amount of the problem of "comparing apples and oranges."

The secretariat continues to receive pressure to increase the 15% guideline.

For purposes of addressing the issues, it is useful to look at two dimensions of the problem:

1. Administration costs (costs of identifying and supervising the project) – for which there are standards and norms in the industry for administrative fees for grant administration.
2. Costs of staff and staff-consultants in delivering TA, training and other project activities – for which the procurement issue is a central policy consideration. A reason to limit the amount of staff and staff-consultants costs for delivery of project services is the principle that clients should have the best qualified specialists to deliver the project activities, procured on a competitive basis.

This set of issues will be reviewed by EXCO at its 17 January 2010 meeting. **The Secretariat will be making a recommendation for an amendment to CA operating guidelines to re-categorize the 15% to cover only supervision and administrative costs**, and thus to exclude from the limit the implementation of activities by CA member organizations.

This recommendation is contingent upon CA members faithfully adhering to the Costing Definitions and transparently reflect in project budgets and financial reporting those costs which are for implementation and which for supervision/administration. This would then allow an appraisal, on a case-by-case basis, on the procurement processes for the CA member implementation costs and the rationale for the member implementing those specific activities.

Cities Alliance Cost Structure Definition for preparing proposal budgets.

The expenditures that are eligible for Cities Alliance funding are subject to policies and procedures governed by the Cities Alliance Charter. The expenditure definition provided below is in accordance with these policies and procedures. All proposal budgets submitted to Cities Alliance are reviewed and analyzed to make sure that the grant amount approved are only for the eligible expenditures.

Expenditure Heads	Definition of the Expenditures
<p>Project Management/ Supervision/ Administration Cost</p>	<p><i>Project Management/Supervision cost</i>- reasonable incremental expenditures directly attributable to the management, overall supervision, grant management and general execution of the project by the recipient/implementer.(e.g. recipient/implementer Personnel staff cost, travel and per diem cost and fee for grant management)</p> <p><i>Administration cost</i> – reasonable administrative and operating costs directly attributable to the project. (E.g. Office supplies, communication and logistics cost)</p> <p><i>Eligible expenditure for Management/Administration/Supervision/ Implementation cost should not exceed 15% of the funds requested from CA. This cost excludes any Consultancy Service Fee provided to Project Consultant hired for the project period.</i></p>
<p>Consultancy:</p>	<p>-The cost of providing Consultancy Services by International / National consultants or firms under a specific TOR for the project period or part of it. The costing assumptions should detail:</p> <p>Number of contracts involved for each component International or National consultant and Type of contract (individual or a firm) Fee/Rate (International and National Consultant fees should be costed separately) Period of the contract Travel costs, per diem and accommodations (if paid separately)</p> <p><i>The eligible expenditure charged against this expenditure category should also be verifiable against time sheets/invoices/other documentations. This excludes Consultant hired specifically for Training/ Workshop / Seminars</i></p>
<p>Training/Workshops/ Seminars/Consulting –</p>	<p>Training -- costs associated with the training of the project beneficiary for achieving and sustaining the project goals/objectives. This includes Consultants hired with specific TORs. The cost assumptions should detail:</p> <p>Number of training events Number of expected participants per training Cost of venue and equipment rental for training</p>

	<p>Cost of training supplies Travel cost of project beneficiaries Consultants Services assumptions (see Consultancy Service section above.)</p> <p>Workshops/Seminars –costs for conducting workshops/ seminars for achieving the project objectives/goals - The costing assumptions should detail: Number of workshop/seminars. Number of participants expected. Cost of workshop/seminar venue Cost of workshop/seminar supplies Consultants fee for conducting the workshop (if Consultants are specifically hired for conducting the training specific TOR)</p> <p><i>If recipient/implementing partner personnel staff cost incurred for Training/Workshop/Seminars under this category should be co financed by the recipient/implementing partner under the current policy of Cities Alliance</i></p>
Dissemination Cost:	<p>The cost associated with the production, preparation, acquisition, and distribution expenses of outputs not otherwise covered above. (E.g. reports/study materials etc). The expense can also include multimedia cost, web hosting, newspaper media, radio and Television.</p>
Others -	<p>Reasonable costs such as bank charges, project audits, and foreign currency exchange charges (if any). Itemize cost in this category as a note to the proposal budget table.</p>
<p>Note: If there are costs that do not fall within the above definitions please consult with Cities Alliance Secretariat to be included in the budget.</p>	