

Working Group on the Governance and Structure of Cities Alliance

Final Draft of the Report on:

Recommendations to the Executive Com- mittee on specific Governances and Struc- tural Issues of the Cities Alliance

30th of July, 2009

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UN-Habitat, World Bank
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Sweden/Norway, Germany
SDI, UCLG
Chair of Advocacy Panel

Executive Summary: Recommendations for the EXCO

This executive summary presents a concentrated abstract of the recommendations the working group wants to submit to the EXCO for assessment and forwarding to the Consultative Group for endorsement.

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

Purpose of the topic

Decide on necessary modifications of policies, procedures, and roles of members and partners, which shall lead to an effective enhancement of the role and ownership of cities in the Cities Alliance.

Recommendations for concrete measures

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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:

- 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.

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.

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.

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.

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.

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0. Introduction

Members of the Cities Alliance (CA) 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 has therefore decided in January 2009 to establish a temporary working group, which is to make recommendations on specific governance and structural issues of 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 Appendix 1). The following members have been participating 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 (Appendix 1), specify 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 early 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.

The present report summarizes the recommendations concluded by the group. They shall be submitted to the Executive Committee for analysis and feedback and then presented to the Consultative Group for final decision and commissioning of appropriate subsequent initiatives.

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

1.1 Background and purpose of the topic

The Cities Alliance considers urban development in a comprehensive and systemic way and not only as infrastructural or investment related development. It supports a citywide and in some cases even countrywide, multi-sectoral approach, which often requires a fundamental reexamination of priorities, policies, budgets and governance systems. This can only be successful in a sustainable way through an active engagement and commitment of local governments involving themselves in the elaboration of development strategies and the planning and execution of corresponding development programmes.

The **Medium Term Strategy 2008-2010** (MTS) of Cities Alliance names the systematic increase of ownership and leadership of cities and countries as one of its priority objectives. This objective is reinforced by the fact that a number of its members have signed and are committed to the **Paris Declaration on Aid Effectiveness**. According to the Medium Term Strategy the Alliance wishes local governments and/or state and national governments to take a more active role in conceiving, designing, proposing and managing activities supported by Cities Alliance, in order to have a better chance of success, to achieve more and a wider impact and to contribute to capacity development at local level. It states that Cities Alliance wishes cities to be more assertive in their choice of partners, control Cities Alliance grant funds, be able to take a more direct role in selecting the sources of technical assistance, and possibly enhance the utilization of local or regional capacity and skills.

The Medium Term Strategy also indicates that only in those instances where the city or its local partners clearly have insufficient capacity to properly manage and administer Cities Alliance funds, a member of the Cities Alliance, or a third party, should continue to be requested to act as agent of the city and manage the implementation. However these exceptions should occur with a clear view to building capacity of the local partners, reduce over time, and ultimately disappear.

Client execution will, according to the Medium Term Strategy, require an appropriate and reinforced **monitoring and evaluation** within Cities Alliance and additional assistance in order to enable particularly smaller and weaker cities to access the Cities Alliance members and resources. In this respect CA can, where appropriate, provide preparatory grants tailored to assist cities and countries in the in the initial stages.

Considering the limited capacities of many cities and national governments, in particular in poorer countries, the Medium Term Strategy suggests that Cities Alliance should be willing to enter into a stable, long-term **partnership agreement** with cities, associations of cities or national governments, in order to design and support a systemic change and to achieve a delivery at scale. This strategy has been underlined

and supported by the evaluation carried out in 2007 by Scanteam, which also suggests a corresponding amendment of the Cities Alliance-Charter.

All the members of the Working Group support the objective of strengthening the role and ownership of cities in Cities Alliance activities. Experience shows that this will not happen automatically. It needs improved advocacy, more proactive measures, changes in procedures, and a **longer term orientation** of CA-cooperation. The group also believes that strengthening the role and ownership of cities in poor countries and less developed cities will probably not be possible without the Cities Alliance entering into the field of **capacity development**.

It is important for the group that such changes are designed and implemented in an effective and appropriate way. It is therefore considered necessary to create sufficient knowledge and understanding on the relevant existing mechanisms and procedures in Cities Alliance and on the real situation and needs of the different types of cities. Such knowledge should be gained on one hand via an extensive, independent **review of the entire system**. On the other hand, enhancing the role and ownership of cities is in a more systematic way linked to the next topic of this report, which is the improvement of the representation mechanisms for cities.

1.2 Recommendations for concrete measures

Recommendation 1: Independent Review:

The group recommends to carry out the already 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 carried out by independent consultant or research bodies, who should be requested to incorporate existing knowledge at the level of the Secretariat and of members in an appropriate way. The Terms of Reference for this review should be drafted by the Secretariat and presented to members of the working group for comments and inputs.

The Terms of Reference of the review should, amongst others, take the following issues into consideration:

- Analyze existing mechanisms, procedures and instruments at all levels of the project cycle.
- Identify capacities and skills needed along the entire process and obstacles and bottlenecks for an enhanced role and ownership of cities.
- Combine this review with a client-survey, to assess the experience of cities both, during the development of proposals, and the implementation of projects, to evaluate the kind of difficulties and obstacles cities face, and to find out, what cities really need and want.
- Analyze present roles and types of involvement of members and other partners in the process.
- Develop proposals for a clear definition of what enhanced role and ownership of cities should mean, taking into consideration different levels of capacity in the countries and in the cities.

- Develop proposals for corresponding indicators of ownership, which allow monitoring the type and degree of ownership of a project.
- Elaborate recommendations for changes in application procedures, facilitating the direct applications from cities and the mechanism of getting support from a member. Such proposals should include the possibility for joint applications coming from several cities, and/or for an integral approach involving different levels: national and or provincial level, big cities and small cities, in order to provide a wider basis for learning, networking and development.
- Analyze possibilities of Cities Alliance to directly support the articulation process on urban development issues between the level of cities, regions (where existing) and the national level both bottom up and top down.
- Make suggestions for modifications of other procedures, prerequisites and exigencies that are appropriate to enhance the role and project ownership of cities.
- Make proposals for the modification of existing and the development of new products Cities Alliance can deliver, in order to attract stronger engagement and ownership of cities.
- Make suggestions towards the clarification and modification of roles, responsibilities and types of support of members of the Cities Alliance and other partners involved in preparation and execution of projects under the revised scheme.

The recommendations of the review should further include necessary information and proposals for the following basic issues:

- The development and implementation of a comprehensive and consistent policy for capacity development at the level of cities and groups/networks/associations of cities, with respect to the entire project cycle (conceiving, designing, proposing, managing and monitoring projects and its activities).
- The promotion of longer term cooperation within Cities Alliance by analyzing the appropriateness of longer project periods, of the (multidimensional) programme approach and of the promotion of partnership agreements, in order to establish a longer term strategic cooperation with selected countries and cities. The main focus should be laid on systematizing and harmonizing ongoing activities in cooperating countries and cities, which fulfill the conditions that are considered essential for success. While this longer term orientation should be the guiding principle, there should, however, remain the possibility for additional, flexible and short term interventions, whenever they are justified.
- Appropriate consideration of all the above mentioned issues in the ongoing efforts of the Secretariat to improve and adjust its monitoring and evaluation mechanisms, in order to appropriately reflect the type and degree of ownership of cities and countries in the process. Such a monitoring should also include regular or specific client surveys in order to get appropriate information for a more continuous process of improvement of procedures and instruments.

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.

Recommended procedure

- The Secretariat should improve its first draft of the Terms of Reference for the review taking into consideration the various aspects raised by the working group and mentioned above. The draft should be submitted to the members of the working group and receive their feedback until the end of July 2009.
- The review should be carried out and its results presented to EXCO until the end of 2009 for analysis and comments.
- Both the results of the review and the corresponding comments of the EXCO should be presented to the CG in its next meeting early 2010 for decision and commissioning the Secretariat with the approved policies and implementation measures.

2. Governance Issues

The Terms of Reference of the working group include 3 major topics under the heading “governance issues”:

1. Representation of cities in Cities Alliance
2. Include foundations and other types of new members
3. Decision making and reporting formats

The first two topics refer to aspects of the governance structure. They are presented subsequently in the first sub-paragraph, while the deliberations on decision making and reporting form the second sub-paragraph.

2.1 Governance structure (representation of cities and inclusion of NGOs and other types of new members in Cities Alliance)

2.1.1 Background and purpose of the topic

From the creation of the Cities Alliance, strengthening ties with and the appropriate representation of cities has been an important concern. The possibility for an intensive dialogue between donor organizations and the target group is one of the strong trademarks of the Cities Alliance, allowing a visionary focus on urban development.

The basic principles for the membership and representation in the Cities Alliance are laid down in its Charter. Paragraph 21 of the **Charter** of Cities Alliance indicates that “the **Consultative Group** (CG) is composed of financial contributors to the Cities Alliance Trust and the political heads of the international associations of cities and local authorities which have pledged their strong commitment to and engagement in achieving the goals of the Cities Alliance”. Representation of local authorities is established in paragraph 22 of the Charter. After the merger-formation of UCLG, the

Charter was amended to read: “The world organisation, United Cities and Local Governments (UCLG), will ensure an active representation of local authorities in the Cities Alliance and will guarantee balanced representation from different regions in the Alliance. Metropolis, the Metropolitan section of UCLG, will have one of the agreed permanent seats for local authorities.”

The Medium Term Strategy also recognizes under the heading of its second objective that private sector foundations have long been development stakeholders of enormous significance and that the Cities Alliance should have a conscious strategy to reach out and engage with this constituency, not so much as sources of funding but rather as development partners. The Secretariat has recently begun to engage with the Rockefeller and the Gates Foundation and both relationships have the potential to be extremely beneficial to all parties.

The Secretariat occasionally receives expressions of interest about joining the Cities Alliance, for example recently from Habitat For Humanity International (HFHI), a network of housing NGOs operating in 90 countries. Another interesting question is, how to better link with UN-organisations and development banks, both of which are non traditional donor organizations, and most of which have difficulty finding appropriate funding mechanisms for Core funding. An observation to this point has also been made by the Scanteam evaluation.

Representation of local authorities is established in the Charter, as indicated earlier in chapter 2.1.1 of this report. Subsequently, the Consultative Group agreed in its Manila meeting 2007 to welcome Shack/Slum Dwellers International (SDI) into the Consultative Group, as a representative organization of the urban poor. There was no general agreement in the Consultative Group as to the annual membership rate for NGOs and private sector organizations, but the Consultative Group agreed to accept SDI for a \$ 50.000 annual membership. The Charter was not amended.

The working group feels, on one hand, the need for the Cities Alliance to further review and improve its mechanisms regarding its ties with cities. However, it is considered necessary to distinguish clearly between **representation** of cities at the governance level of the Cities Alliance and **participation** of cities in the policy dialogue. The group recognizes the need to strengthen the involvement of cities in the dialogue on policies and strategies of the Cities Alliance and to improve the opportunities for city-to-city cooperation and exchange of experience. As mentioned in the Medium Term Strategy, cities need to be viewed as resources rather than merely as “clients”. On the other hand the working group is concerned about the functionality and efficiency of the Consultative Group, which might be weakened if adding additional individual members were accepted.

Paragraph 24 of the Charter stipulates that “a global **Public Policy Forum (PPF)** will take place immediately before Consultative Group meetings and provide substance for discussion. Such forum will be organized by the Secretariat in consultation with the Policy Advisory Board”². Most members of the working group are of the opinion that the PPF has in the past not been utilized to its full potential. Expanding its mandate and changing its organization could, therefore, be an important step to achieve the above mentioned purposes.

² The Policy Advisory Board was reconstituted as a Policy Advocacy Panel by the Executive Committee in January 2009.

Some members of the working group raised the issue to verify if there is a need to modify existing regulations for membership in the Alliance, in particular the Associate Membership rule, in order to allow more NGOs and Community Based Organizations to become members of the governing body. On the other hand, there are observations suggesting that instead of increasing the number of members in the Consultative Group, it would be more important to mobilize and ensure participation of households, community organizations, NGOs and the private sector at the level of the preparation and implementation of projects. Mechanisms to improve their involvement should be improved, in order to contribute to the development of sustainable structures and conditions in urban development.

2.1.2 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. This would need a number of modifications, not only of the structure and organization of the meeting but also of the role and mandate of its participants, in order to allow for a real dialogue on urban development strategies and policies. Such modifications should include:

- Expand the duration of the Forum to two days.
- Create new mechanisms for participation of major stakeholders of cities, where not only local authorities but also representatives of the administrative body of cities can participate. A regional balance of participants should be envisaged.
- Use modern technology, for example video conferences, in order to allow a bigger number of representatives to participate in an appropriate way.
- Prepare and organize the meetings in such a way that they allow for an efficient exchange and discussion of strategic priorities, project portfolio and the need for new products, as well as for the systematic collection of feedback from cities to the Alliance.
- Prepare the agenda of the PPF in such a way that the Secretariat, in coordination with the EXCO, proposes one strategic topic reflecting the interest of the Alliance and invites the interested participants to also bring up proposals on additional topics for the meeting. One topic for the next meeting could, for example, be the discussion on the future policy of Cities Alliance in the field of Capacity Development.
- Foresee the participation of representatives from relevant NGOs, public sector representatives and Community based Organizations.
- Establish systematic mechanisms that guarantee an appropriate feedback from the Public Policy Forum to the Consultative Group and vice versa, and allow an appropriate consideration of results of the PPF-meeting in the

agenda and discussions of the CG. The group suggests that participants of the PPF elect 2 or 3 of their members (like for example, one member per category of participants: mayors, NGOs etc), who would participate in the CG on a rotational basis and present the results of the PPF-meeting.

Such modification of the PPF would entail additional costs. The group recommends to make necessary provisions in the budget and elaborate proposals on the appropriate contribution from participants themselves.

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. This should foster the systematic collection of feedback from local government representatives and increase the possibilities for practical advocacy work of the Cities Alliance.

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, international scope and the relevance of the institution for the Cities Alliance.

The group also encourages the Consultative Group to continue accepting that NGOs, foundations or other private sector representatives can support the Cities Alliance without becoming a member, as long as their initiatives are in line with the Cities Alliance principles and policies.

- b. A stronger involvement of such institutions in the PPF, as indicated in the above recommendation #2.
- c. Strengthen the involvement of NGOs, CBOs and the private sector on national and local level into the concrete process of preparation and implementation of programmes and projects. To this effect the group suggests that the Alliance could actively support the strengthening of organizational capacities, in particular of CBOs, in order to make them competent and effective partners.

Recommended procedure

- The Secretariat should redraft the TOR of the PPF for its next meeting according to the above made recommendations and present them to the next EXCO for feedback and approval. The proposal should include an estimate of necessary additional financial support.
- After approval by the EXCO, the Secretariat and the hosting country organization should prepare the next PPF in line with the new TOR.
- All the members of the Alliance should take their own initiatives for the strengthening of their reach out mechanisms.

- The EXCO should include the elaboration of concrete proposals on the strengthening of the involvement of NGOs, CBOs and the private sector on project level in the TOR of the two existing working groups that have been established for the modification of instruments of CDS and SU.

2.2 Decision making and reporting formats

2.2.1 Background and purpose of the topic

Objective four of the Medium Term Strategy stipulates “To continually improve management of the Cities Alliance work programme”. It not only stresses on the improvement of the Secretariat’s ability to provide the necessary support to the Medium Term Strategy by changes in its work processes and enhanced capacities, but also underlines the priority of enabling the Cities Alliance to act as a learning alliance. The evaluation carried out in 2006 found that there is no formal instrument or established process to ensure the accountability relationship between the Secretariat, the Consultative Group, and the Steering Group³.

On the basis of these orientations and observations, the Secretariat already undertook a number of modifications on its management procedures: a new format of the Work Programme, a new communication strategy, and the revision of its monitoring and evaluation system. First drafts of revised formats have been sent out to members of the working group for comments and feedback.

While acknowledging these past and ongoing efforts of the Secretariat, the working group is of the opinion that this process needs additional attention and a systematic approach. The subsequently presented recommendations take into account the respective suggestions made in both independent evaluations realized in 2006 and 2007. They should be designed and conceived in such a way that they allow the Cities Alliance to achieve a set of complementary management objectives that can be summarized in the following way:

- Strengthen the role and capacities of the Consultative Group and of the Executive Committee to provide strategic orientation to the Cities Alliance and the Secretariat and to monitor its implementation and the achieved impacts.
- Lead to a more programmatic approach in the planning and implementation of the operational work of the Cities Alliance, which should be directly linked with the Medium Term Strategy. It will be important for such an approach to find an appropriate balance between programming at local and national level and on an aggregated global level. And it will be necessary to find the adequate balance between being programmatic and maintaining sufficient flexibility to react to a dynamic demand situation.
- Foster the policy and strategy dialogue within the Consultative Group and the Executive Committee as well as between cities and their development partners.

³ The Steering Group has been reconstituted to the Executive Committee.

- Improve the transparency and accountability between the Cities Alliance-Secretariat and the governance level (CG and EXCO) in a formally established process.
- Improve the scope and the quality of the monitoring and evaluation system of the Cities Alliance allowing it to follow up on activities, results and impacts.

The working group is aware that the following recommendations can only be a first part of necessary improvements. These are considered necessary and helpful under a short term perspective. In the long run also the format of the Medium Term Strategy will need to be modified, in order to facilitate a more systematic strategy orientation of the work programme and the reporting.

2.2.2 Recommendations for concrete measures

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

One of the procedures that need revision should be the Annual Work Plan of the Cities Alliance. The working group recommends to the Executive Committee to entrust the Secretariat with the development of proposals for both the format and the procedure of the Annual Work Plan.

The new formats should take the following issues into consideration:

- Make clear reference to the Medium Term Strategy and to annual strategic priorities and other strategic orientations given by the Consultative Group and the Executive Committee.
- Provide annual objectives, supported by measurable indicators, which show how the selected policies and strategies should be achieved, both on global and on national and city level.
- Indicate how the Cities Alliance intends to come to an appropriate balance between a programmatic approach (supply side) and a window for non programmatic proposals open for the dynamic demand side (applications from cities and or other bodies), including appropriate filter mechanisms.

Not only the format of the Annual Work Plan needs to be elaborated, but also the procedure of its elaboration, presentation and approval. The new procedure should foresee first of all for a mechanism allowing the Executive Committee to provide the Secretariat with a set of strategic orientations and result framework, which should serve as a reference for the planning. It should then include an early submission of the draft plan to the members, allowing them individual analysis and comments before the formal joint discussion and approval at the Consultative Group.

Recommendation 5: Introduce a result based management:

The second element to be improved should be the introduction and application of a result based management that complements the above mentioned planning process. The working group suggests to the Executive Committee to also charge the Secretariat with the elaboration of proposals for respective formats of the regular reports, for the link between planning reporting and monitoring, and for the procedures for the presentation, feedback and approval by the Executive Committee and the Consultative Group.

Recommendation 6: Strengthen the monitoring and evaluation system:

The group also recommends to the Executive Committee to encourage the Secretariat to continue developing and implementing a comprehensive monitoring and evaluation system at the Cities Alliance and to allocate sufficient resources to it. This system must be linked to the above mentioned planning and reporting mechanisms in an appropriate way and allow to monitor and evaluate not only the working process and its immediate results, but also the impacts of Cities Alliance with respect to the relevant strategic orientations. The group is further concerned about the danger for such a system being too complicated and difficult to manage, and therefore suggests to develop it in such a way that it is easy to handle and to understand.

The group further recommends that a set of specific criteria for the following important aspects of sustainable development are included, both in the assessment process for project eligibility and in the monitoring system:

- Environment and climate
- Poverty, social, ethnical and gender
- Local governance.

These criteria should, however, not diffuse the core focus of the Alliance and therefore be considered as important orientations with a strong commitment of the Cities Alliance towards their achievement while allowing for enough flexibility in its application, in particular with regard to the capacities and conditions particularly in smaller cities and in poorer countries.

The Secretariat should be requested to verify if such criteria can be included in both processes under the principles of the actual Charter of the Cities Alliance and develop appropriate proposals in case of conflicts with it.

Recommended procedure

- The Secretariat is presently developing proposals for a number of formats and procedures. They should take into consideration the above recommendations and be submitted first to the Working Group for comments and then to the EXCO for further analysis and approval. If necessary, the Secretariat should be encouraged to engage the support of external consultants for this work.
- In case of needing a more intense feedback on the presented proposal, the working group suggests to the Executive Committee to establish a small task force composed of 3 of its members, which should elaborate the systematic feedback and input for all the proposals presented by the Secretariat. It could, in case of necessity, also be supported by competent external consultants.

3. Cities Alliance Secretariat staffing and Cities Alliance Presence in Europe

3.1 Background and purpose of the topic

This Heading of the Terms of Reference includes three topics that have been put forth by members of the group at various occasions and that are strongly interrelated:

- a) Increase staffing of the secretariat
- b) Strengthen Cities Alliance presence in Europe
- c) Concretize and reinforce advocacy.

The Medium Term Strategy considers an **improvement of the operational capacity** of the Cities Alliance and an **increase in the utilization of networks** as central parts that are needed to improve efficacy and efficiency of Cities Alliance's work. The working group, in line with the findings of the independent evaluation of 2006, shares the opinion that both channels need to be reinforced.

The Medium Term Strategy focuses mainly on the possibility of additional staff secondment by members as potential solution for an increase of the secretariat's capacity. While underlining the importance of this mechanism, the working group also stresses on the **need for sufficient permanent staff**, in order to build up institutional capacity and memory and guarantee sufficient continuity. Under this perspective the group welcomes the decision taken in the last Consultative Group-Meeting in Barcelona, which approved the following key positions to be held by permanent staff:

- The Manager of the Secretariat
- The Financial Manager, acting as Deputy Manager
- The Slum Upgrading Advisor
- The CDS Advisor

In addition to these four positions the group identifies a fifth post that could possibly be held by permanent staff: the Officer for Reporting, Monitoring and Evaluation, taking into consideration that these functions are part of the core management mechanisms that should have an institutionalized solution.

There is a general understanding in the group that such permanent posts require the necessary financial resources for the Secretariat and the willingness of members to contribute accordingly.

An increased use of existing networks is considered crucial for the necessity to strengthen the capacity of the Cities Alliance in the field of learning and knowledge channeling. The group therefore appreciates the initiatives put forth by the Secretariat at the Barcelona meeting, which include:

- Increasing knowledge activities with national and local governments through a project with UCLG;
- Promotion of urban research through university networks;

- Develop national state of cities reports in cooperation with the African Centre for Cities and the Association of African Planning Schools.

The primary role of Cities Alliance is thereby seen in channeling and disseminating knowledge that is developed by other institutions, both from members and from independent research and development bodies that are strongly involved in the production of knowledge on urban development. In this respect, the group considers the potential of tapping various European-based networks and organizations, including official bodies such as the European Union, OECD and EBRD, research institutes and universities and professional networks of important value. Appropriate organizational steps should be taken that allow strengthening the involvement of Cities Alliance in such knowledge creation mechanisms and in a better promotion of the urban agenda within Europe. One of the practical consequences could be to **strengthen Cities Alliance-presence in Europe**.

The group is aware that in addition to learning and knowledge dissemination, the Cities Alliance also has to improve and strengthen its mechanisms and capacities for **advocacy**. The Medium Term Strategy not only stresses the need, but has given the Secretariat new tools and instruments, allowing it to play a more proactive role. The evaluation carried out by UNIVERSALIA underlines the need for Cities Alliance to develop a comprehensive approach or strategy for learning and advocacy and to develop corresponding programmes and actions, like programming visits to members and strengthening partnerships with associations/networks of local authorities in countries and regionally. While having consensus on the objectives to be achieved by reinforced advocacy, the group feels the necessity to undertake appropriate initiatives that help define clearly what advocacy shall mean in the framework of the Alliance and that allows developing such a comprehensive advocacy strategy.

3.2 Recommendations for concrete measures

Recommendation 7: Permanent staff at the Secretariat:

The working group suggests to the EXCO and the CG to approve the creation of a fifth permanent post for the Reporting and Monitoring and Evaluation Officer at the Secretariat and to ensure the necessary funds.

Recommendation 8: Develop a systematic advocacy strategy:

Secondly the group recommends to the Executive Committee to request from the Secretariat the elaboration of a proposal for a systematic and comprehensive advocacy strategy for the Cities Alliance. Such a strategy should not only identify the necessary mechanisms and activities that are needed, but also define the roles and contributions of the members of the Alliance. It should finally define the corresponding role and activities of the Secretariat and of the possible substructure to be created in Europe. The Executive Committee should encourage the Secretariat to engage a professional firm to assist in the development of the strategy and the design and implementation of an advocacy campaign, if such assistance proves to be helpful.

The working group also recommends that the advocacy strategy includes the improvement of the advocacy capacities of the Advocacy Panel.

Recommendation 9: Cities Alliance presence in Europe:

The group finally suggests to the Executive Committee to encourage the streng-

thening of Cities Alliance-presence in Europe, which is presently the only region without Regional Advisor of the Secretariat. It recommends to establish a small European Sub-Office of the Secretariat, to be staffed initially with 2 technical staff (1 Senior and 1 Junior staff), which should have a clear focus on advocacy for urban development issues and on networking in Europe. It might also cover neighboring regions like for example the former Soviet Union and the Caucasus region. Since it is difficult to evaluate the real benefit of such an office for the Alliance and to compare it with the additional costs in advance, the group recommends to establish this office on a pilot base for a period of three years and to evaluate its costs and benefits after the second year of its existence before deciding on its longer term establishment. The modalities and the location should be further explored taking into account cost effects, travelling convenience and the possibilities of utilizing structures and services of existing institutions. Possible locations could be Brussels (closeness to the European Union and other international Organizations), or Barcelona (linked to UCLG).

Recommended procedure

- The EXCO should analyze the above recommendations and, in case of positive analysis, suggest to the CG their approval.
- While the establishment of the additional permanent post and of the European Sub-Office should only be initiated by the Secretariat after the formal approval by the CG, the EXCO could charge the Secretariat with the drafting of the TOR for the elaboration of the advocacy strategy and the engagement of a professional firm for it already after analyzing this proposal at its next meeting.

4. Focus on poor countries and secondary and tertiary⁴ cities

As indicated earlier in this report, the working group suggests to the Consultative Group and the Executive Committee, to accept an amendment of its TOR and include this topic into the analysis and the eventual decisions.

4.1 Background and purpose of the topic

The Medium Term Strategy clearly states that “the Cities Alliance will continue to ensure that **least developed countries are well represented** in its work programme, and does not privilege middle income countries”. The Consultative Group identified sub-Saharan Africa as a priority for Cities Alliance, since it is the continent urbanizing the fastest, and having the world’s greatest development backlogs and challenges. The issue of a stronger focus on poor countries and on secondary and tertiary cities has been raised by several members of the Cities Alliance at various occasions. For some of them it is of high priority importance.

⁴ 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.

The working group concurs with these strategic objectives and confirms the necessity for the Cities Alliance to make a considerable move towards the practical implementation. And it is of the opinion that these objectives should be seen in conjunction with the main goal of the Medium Term Strategy, which “is that the Cities Alliance increases its contribution to **systemic change, and to scale**”, an issue remaining a big challenge for Cities Alliance as it is mentioned in the 2006 evaluation carried out by UNIVERSALIA. Also the Charter stipulates “scaling-up successful approaches to overcome urban poverty”. The Medium Term Strategy therefore indicates, that “the issue of scale is not addressed by merely finding the greatest concentration of poverty, but rather in working with those governments which hold the greatest promise for improving the living conditions of the greatest number of urban poor. Such conditions include aspects of the local governance system and of the willingness to actively implement decentralization policies and the related reforms.

For the working group it is important to clearly increase the focus of the Alliance on poor countries and on secondary and tertiary cities, without excluding middle income countries and while maintaining the consideration of the above mentioned quality criteria, which describe the conditions needed in order to achieve real impact on urban poverty.

The working group underlines that systemic change cannot be achieved by limited, short term engagements with a large number of individual cities. It rather needs a longer term orientation of the Cities Alliance Cooperation. The Medium Term Strategy, consequently, suggests entering into **longer-term partnership agreements** with a select number of countries. And it proposes to focus the work on dealing with systems, instead of individual cities, including the national level, big cities and smaller cities. The earlier mentioned programme approach could be another important element.

Recognizing the difficulty for many, in particular poorer, countries and cities to access the Cities Alliance support, the Medium Term Strategy also foresees “the use of a more flexible approach to providing initial assistance to a city or country” and the provision of “preparatory grants tailored to assist cities and countries in the initial stages to developing a range of activities that could lead to an agreement.” The group values the initiatives already taken by the Secretariat, and the ones presented in the work programme in Barcelona and suggest increasing and complementing them even further.

The working group underlines the importance to transform the Middle Income Countries and big cities from being primarily recipients of Cities Alliance funding to becoming 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.

4.2 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 and establish a corresponding guideline for the concentration of funds and projects of the Cities

Alliance on poor countries⁵ and secondary (and tertiary) cities that should be achieved. Such targets cannot be met at once; they should rather guide the strategic prioritization of activities and funds over the next few (2 or 3) years, in order to be achieved gradually. Such concrete targets could be:

- 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.

Recommendation 11: Increase and improve preparatory measures:

The group also suggests the increase and improvement of proactive initiatives taken by Cities Alliance to promote the project pipeline in such targeted countries and cities. Such activities could include assistance to cities in the establishment of Capital Investment Plans including the necessary economic justification and cost estimates. Both members and the Secretariat, including its regional advisors, should enhance their respective efforts. They should be part of the forthcoming work programme of the Alliance.

The development of a comprehensive capacity development strategy proposed under recommendation # 1 should be designed in such a way that the particular needs of poorer countries and of secondary and tertiary cities are taken into consideration.

In the same perspective, the implementation of a longer term perspective for projects and the active promotion of partnership agreements equally suggested under recommendation # 1 should be carried out in such a way that particularities of poor countries and smaller cities are duly reflected.

Recommendation 12: Modification of procedures and project terms:

The group further suggests to the Executive Committee to encourage the modification of procedures and project terms in such a way that conditionalities are higher for Middle Income Countries, for example innovative project designs or particular learning and scaling up opportunities, and lower for Low Income Countries (or LDCs), for example reduced co-financing criteria, or provision of more allowances for training and capacity building.

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

The working group finally recommends to the Executive Committee and the Consultative Group to 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.

⁵ The three lowest income categories in the DAC-list.

Recommended procedure

- The EXCO should analyze the above mentioned short term proposals and, in case of a positive analysis, suggest to the CG in its next meeting the approval of the targets and the related measures.
- The Secretariat should, in addition, develop a longer term action plan for its work with poor countries and secondary and tertiary cities and present it in subsequent meetings of the EXCO and the CG.

5. General observations and recommendations

5.1 Background and purpose of the topic

The duty of the temporary working group was to elaborate recommendations on specific governance and structural issues of the Cities Alliance, which allow the Alliance to improve its impacts and its functioning. The recommendations presented in this report express the concern of the members to initiate appropriate steps allowing the Alliance to operationalize and implement a number of structural and governance issues that have been identified as necessary, in order to improve its functioning and to achieve a number of important objectives defined in the Medium Term Strategy 2008-2010 (MTS).

However, discussions of the group at various moments showed that the existing strategic framework of Cities Alliance is limiting the scope of reflections and decisions that would be meaningful for some of the topics presented here. The group therefore feels the need for a wider reflection at the Cities Alliance, which would allow reviewing some fundamental aspects of its nature and functioning. Such an initiative would be particularly meaningful this year, when the Alliance will be celebrating its 10 years of existence.

5.2 Recommendations for concrete measures

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

The group recommends 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, adjustments to its vision, the governance structure, the elaboration of a new medium term strategy, and if necessary its Charter.

Examples of topics for such a fundamental reflection could be:

- The future nature of the Cities Alliance and its role in the international development system.
- The real value added of the Cities Alliance and the vision of the Cities Alliance taking into consideration its future nature, the changing development aid architecture and the tendency towards more horizontal exchange and cooperation.

- The appropriate roles of members, of “beneficiaries” becoming partners, and of the Secretariat under the revised vision.
- The corresponding roles and mandates of the governance bodies of the Cities Alliance and its operating mechanisms.

The results of these definitions could then form the new framework for necessary subsequent action, like for example elaboration of a new Medium Term Strategy, or even the revision of the Charter.

Being aware that such reflections and decisions would entail an extended process, which would take quite some time, the group considers the proposals presented earlier in this report as an important intermediate step, which is needed for the adequate implementation of a number of priority issues being part of the actual Medium Term Strategy.

The following elements could provide necessary background information or could be considered as first practical steps for such a wider reflection:

- The review on the project implementation system of Cities Alliance (see recommendation. # 1 of this report).
- The results of the upcoming expert panel in Germany on future global urbanization tendencies.
- The World Urban Forum taking place in Rio in March 2010.
- A study that could be commissioned by the CG on the future role of Cities Alliance under the changing aid architecture.
- A consultancy that could be commissioned by the CG for an expert on governance systems, who could propose options for adjustments of the governance structure and mechanisms of the Cities Alliance.

APPENDIX 1: 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 convener 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.

APPENDIX 2: Cities Alliance Working Group

Outcomes from Meeting #1 – 23 January 2009
(held immediately following conclusion of CG meeting, Barcelona)

Participants:

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Kevin Milroy, CA secretariat – kmilroy@citiesalliance.org

Absent:

Abha Joshi-Ghani, World Bank -- Ajoshighani@worldbank.org

Outcomes:

- 1- TOR for working group distributed.
- 2- Norway/Sweden agreed to circulate a short paper by end January or early February expanding on the arguments that would justify the need to address the points raised in the joint paper distributed to the GC.
- 3- WG to have virtual discussion by email on the issues raised in the issues paper, during February. Annette Baehring of GTZ agreed to serve as focal point for the email discussion forum and would present a report that will serve as basis for discussion during the next meeting of the WG. It is to include a list of concrete questions/issues to be considered by the WG.
- 4- The next meeting of the WG is scheduled to be held in Nairobi in conjunction with upcoming Governing Council meeting, taking advantage of the presence of all partners there.
- 5- A refined set of Issues will be discussed during this meeting, resulting in a first report.
- 6- A final meeting of the WG would be envisaged at the occasion of the next EXCOM meeting