

CITIES
WITHOUT
SLUMS



The Cities Alliance 2010 Consultative Group Meeting

Meeting Documentation

Mexico City, Mexico
16-17 November 2010

Cities Alliance
Cities Without Slums

**The Cities Alliance
2010 Consultative Group Meeting
Agenda
16-17 November 2010**

**Venue: Hilton Hotel Reforma
Avenida Juarez #70, Mexico City, Mexico 06010, Tel: 52-55-5130-5300**

DAY 1: TUESDAY, 16 NOVEMBER 2010		
9h30–10h00	<i>Coffee/Tea</i>	<i>Venue: Hilton Hotel Reforma</i>
10h00-13h00	Member Policy Discussion: “Thinking Strategically About Africa” <i>Facilitator: Clare Short, Policy Advisory Forum Chair</i>	
3h00-14h30	<i>Lunch</i>	<i>Venue: Hilton Hotel Reforma</i>
14h30-15h30	Introductory Statements & Welcome <i>Co-Chairs:</i> <i>Inga Björk-Klevby, UN-Habitat Deputy Executive Director & Zoubida Allaoua, Director, Finance, Economics and Urban Division,</i> <i>Manager: William Cobbett</i> Report Back: Executive Committee July, October and November 2010 Meetings <i>Elisabeth Gateau, UCLG Secretary General and Executive Committee Chairperson</i>	<i>Handouts: Medium Term Strategy Update (October 2010)</i>
15h30-16h00	<i>Coffee/Tea Break</i>	
16h00-18h30	Presentation: Cities Alliance Charter <i>Executive Committee</i> Member Charter Discussion	<i>Handouts: Current Charter, Draft Charter 26 October 2010 version</i>
18h30	Summary of discussions <i>Co-Chairs: Inga Björk-Klevby, UN-Habitat Deputy Executive Director & Zoubida Allaoua, World Bank, Director, Finance, Economics and Urban Division</i>	
19h00	Member Cocktail Reception	<i>Venue: Hilton Hotel Reforma</i>

DAY 2: WEDNESDAY, 17 November 2010		
08h30	<i>Coffee/Tea</i>	<i>Venue: Hilton Hotel Reforma</i>
09h00-10h00	Conclusion of Member Charter Discussion and Adoption of the new Cities Alliance Charter	
10h00-11h00	Partnership Matter ➤ <i>New Executive Committee Member Election</i>	<i>Handouts: Partnership Matters</i>
11h00-11h30 <i>Coffee/Tea Break</i>		
11h30-12h30	Presentation: Evaluation of Project Implementation Modalities of the Cities Alliance: Findings and Signposts <i>Jamie Simpson, GHK International, Director</i>	<i>Handouts: GHK International power point, CA Evaluation Briefing Note</i>
12h30-13h00	Member Discussion/Q&A Update on Results Based Management and Discussion of the Terms of Reference, Independent Evaluation 2011 <i>Gunter Meinert, Secretariat</i>	
13h00-15h30 <i>Lunch with the UCLG Executive Bureau Members</i>		
15h30-16h00	Presentation: Cities Alliance Business Matters <i>Kevin Milroy and Phyllis Kibui, Secretariat</i> ➤ <i>Budget and Work Programme FY10-FY11</i> ➤ <i>Forward Planning and Resource Mobilisation</i>	<i>Handouts: Work Programme and Financial Plan, Portfolio Review FY00-FY10, Catalytic Fund, Small Grant Facility</i>
16h00-17h00	Presentation and Discussion: Catalytic Fund <i>Federico Silva and Gunter Meinert Secretariat</i>	
17h00-17h30 <i>Coffee/Tea Break</i>		
17h30 18h30	Presentation: Country Programmes <i>Julian Baskin and Andrea Zeman, Secretariat</i>	<i>Handouts: Back-Up Initiative (to be circulated during meeting)</i>
Member Discussion/Q&A ➤ <i>Germany Presentation of “Back-Up Initiative”</i> <i>Franz Marre, BMZ</i>		
18h30-19h30	Presentation: Knowledge and Communication <i>Chii Akporji, Ricardo Jimenez, Hilde Refstie, Gunter Meinert, Secretariat</i>	
Member Discussion/Q&A		
19h30-19h45	Next Consultative Group Meeting	
19h45-20h00	Closing Remarks by the Co-Chairs <i>Inga Björk-Klenby & Zoubida Allaoua</i>	

	<i>UCLG Hosted Evening Events</i>	
19h00-20h00	<i>Inauguration and Tour of the World Congress Exposition</i>	<i>Venue: Calle Dr. Mora, Alameda Central</i>
20h30-22h00	<i>World Congress Welcome Reception</i>	<i>Venue: Palacio del Ayuntamiento, Zócalo de la Ciudad de México</i>

DRAFT

Cities Alliance Consultative Group 2009¹
21 – 22 January 2010
Taj Mahal Palace and Tower Hotel, Mumbai, INDIA

ANNUAL MEETING MINUTES

Meeting chaired by Zoubida Allaoua of the World Bank and Inga Björk-Klevby of UN-Habitat.

21 January 2010

Morning Session

The meeting was called to order and the agenda (see Annex 1) of the 2009 Meeting of the Consultative Group of the Cities Alliance was adopted.

Welcomes were extended to Minister Patricia Poblete of Chile and the delegation from Chile; the State Minister from Uganda, Michael Werikhe; Rt. Hon Clare Short, MP, Chair of Cities Alliance Advocacy Panel; the Chief Executive Officer from Lilongwe, Malawi, Kelvin M'mingisa; and Jan Erasmus, Johannesburg City Council, South Africa.

Also welcomed as **Observers** were representatives from the Bill and Melinda Gates Foundation, Melanie Walker; GHK International, Jamie Simpson; Habitat for Humanity International, Stephen Weir; and UNICEF, Joaquin Gonzalez – Aleman.

Thanks were also expressed to SDI and SPARC for the excellent and informative site visit day on Monday, 18 January and to the Governments of India, and Maharashtra, and the Mumbai Transformation Support Unit (MTSU) for Tuesday's Public Policy Forum, which focused on implementing India's multi-level Urban Policies.

Particular thanks were given to the delegations from Ethiopia and Nigeria for their participation.

Apologies received: CAIXA, DFID, USAID

Item One: Report Back from Executive Committee Meetings held in Santiago de Chile, Chile, 7-8 September 2009 and Mumbai, India 17 January 2010 by EXCO Chairperson, Elisabeth Gateau

The Chairperson of the Executive Committee summarised the debates and the decisions from Santiago and Mumbai EXCO meetings. (The Santiago meeting report has already been circulated to the CG. The summary of the Mumbai meeting is attached as **Annex 2**)

The CG expressed thanks to the members of the EXCO for their work. Various members of the CG expressed the desire to build upon the work of the EXCO and to clarify aspects of the future direction of the Cities Alliance, in particular the suggested European Office, the revision of sections of the Charter and the need to keep cities and the urban poor in the forefront of the Alliance's work. Support was also expressed for the new business model.

¹ The 2009 meeting of the Consultative Group was moved to early 2010 due to scheduling conflicts.

Item Two: Report Back from Member Policy Debate Forum: 20 January 2010 by Advocacy Panel Chairperson, Clare Short

The Policy Debate of the 20th was deemed to have been an excellent and welcome innovation, with the platform being laid by a number of high quality presentations from Uganda, Johannesburg/Lilongwe, and Chile. Thereafter, CG members participated in a lengthy and lively debate on the proposed revisions to the MTS, as presented by the Manager of the Secretariat.

Summary of Key Points from MTS Presentation, and Debate:

There was strong support for the overall direction of the proposals by the Secretariat to update and implement the MTS, with a preference for the business model in the Manager's presentation - which incorporated the EXCO discussion - over the written document circulated in advance of the meeting. There was unanimous endorsement of the focus on poverty reduction, least developed countries and the role of cities in development.

The Chairperson reported that the meeting endorsed the overall direction of the Land, Services and Citizenship Programme. However, the most significant area of consensus - and clarity - to emerge from the debate was a strong endorsement for the new business model of the Cities Alliance which would increasingly emphasise in-country programmes for cities and local governments, while the current grant-making facility would be replaced by a new Catalytic Fund.

After a long debate, the importance of continuing to engage with Middle Income Countries was endorsed, although it is also envisaged that their role will evolve, and become more of a resource to be utilised by the Cities Alliance, sharing their experiences and lessons with Least Developed Countries (LDCs) facing similar developmental challenges. In this context, members strongly endorsed the need for the Cities Alliance to pay far more attention to the potential of horizontal forms of support, particularly between cities, as had been exemplified in the case study of Lilongwe and Johannesburg. The whole area of south-south learning should also receive more attention from the Cities Alliance.

Members reiterated the city focus of the Cities Alliance, which is what makes the partnership unique in international development. To this end, the role of local government and, in particular, national associations of local government should, wherever possible, play a leading role in Cities Alliance activities, and in-country programmes.

Members also endorsed the Catalytic Fund, which should increasingly be utilised as a mechanism to consistently raise the quality of Cities Alliance-funded activities and, more specifically, act as an entry mechanism for the identification of potential in-country programmes. This will increase the overall coherence of the Cities Alliance work programme, and its portfolio.

Members, therefore, endorsed the proposal that the Catalytic Fund should operate on the basis of a Call for Proposals, initially semi-annually and, in due course, on an annual basis. This will also allow the secretariat to free more time to actively manage the portfolio, pay more attention to ensuring coherence within in-country programmes, and better manage funds under its control. To this end, the CG endorsed the proposal that the grant-making facility be wound up as soon as possible, even by 31st March, and the catalytic Fund launched soon thereafter.

Members noted that the new business model will generate the need for increased resources, as well as the identification of potential new members.

The Secretariat was asked to immediately work on the details for the implementation of these decisions, and report to the Executive Committee prior to the next CG meeting.

Finally, members also identified the need for enhancements to the new business model in a number of important areas. These include the need for a significantly improved approach to advocacy and communications, both at an in-country level, but also globally.

Members also strongly endorsed the need for more consistent attention to be paid to producing CA materials in relevant languages, particularly French, as the CA expands in activities in LDCs in general, and in sub-Saharan Africa in particular.

Item Three: “Updating and Implementing the Medium Term Strategy” report by Programme Manager, William Cobbett

MTS Update and Repositioned Business Model

With respect to the proposed revisions of the Cities Alliance business model and the Medium Term Strategy (summarised in Item Two), augmented by contributions by various members, the following decisions were taken:

Decision One: The CG endorsed the overall direction as outlined by the Manager on 20 January 2010

Decision Two: The Secretariat will capture those decisions in a revised MTS, to be presented to EXCO at its next meeting (mid 2010).

Decision Three: The Secretariat will prepare a more detailed document outlining the process and procedures of the Catalytic Fund, to be presented to EXCO.

Decision Four: The transition to the Catalytic Fund, effective 1st April, was confirmed. All current proposals in process by 31 March 2010 will be submitted as a batch to EXCO for ratification.

Decision Five: Secretariat will elaborate conceptual and operational description of country programmes, and a proposal for countries, including the criteria for their selection, with inputs from CA members; reporting back through Exco at next CG meeting. A draft will be prepared for the next EXCO meeting.

Decision Six: The Secretariat will work with UCLG and other members to pilot feasibility/assessment process in Francophone Africa, and bring outputs to EXCO as a basis to develop criteria and other aspects of ICP design.

Item Four: Presentation: The Road to Results-based Management, Günter Meinert

Based on the presentation, the discussion focussed on three major issues concerning M+E and results-based management of the Cities Alliance overall work programme:

- 1.) Whether to adopt a sector approach to M+E, with many indicators, or an integrated approach promoting improved, pro-poor and inclusive urban development;
- 2.) The adoption of a Results Framework, to guide the work programme;
- 3.) The selection of the appropriate level of monitoring and evaluation for the Cities Alliance.

Members expressed a desire to keep M+E and RBM simple, and quantifiable. Support was expressed for an integrated approach to pro-poor urban development as well as for the draft Results Framework and implementing the output based M&E. Subject to these comments, there was support for the Secretariat to begin implementation and, if necessary, finalise this issue with EXCO,

Decision Seven: The Secretariat to begin implementation and provide a progress report to EXCO.

Item Five: Presentation: Work Programme and Financial Plan, Kevin Milroy

The Secretariat revised its presentation of the Work Programme to reflect Results Based Management and improved Monitoring and Evaluation. The report is organised around OECD-DAC income classifications and the main results objectives of improved knowledge, improved policy and improved implementation. The Secretariat will be aligning all input and information systems around this framework and business line, as far as practical. The portfolio analysis is based on results from types of countries.

Members complimented the Secretariat on the new format of the work programme and financial plan, which was generally held to be far more readable and user-friendly.

On-Going Funding Allocations

(As of 31 December 2009)

- Approximately \$28m of country-specific and knowledge and advocacy activities were on-going as of end of 2009.
- More than 80% of on-going Core-funded activities were country-specific projects from the open-access grant facility, mostly for elaboration of policies and strategies.
- The plans for 2010-2012 would reduce funding for the open-access facility (Catalytic Fund) to approximately 33% of Core funds, and to less than 24% of total funding (including Gates and Africa Facility).
- Country Programmes would increasingly focus on implementation of policies and strategies.

Approved and Recommended Funding Allocations – SUMMARY FY10 to date

(As of 31 December 2009)

- More than \$9.5m approved during first half of FY10, of which \$6.5m from Core funds.

Approved and Recommended Funding Allocations – DETAILED FY10 to date

(As of 31 December 2009)

- Detailed listing of approved and recommended allocations.
- No objections were made to the \$510,000 of fund allocations recommended for approval.

Sources and Uses of Funds – Estimated FY10 for entire year

- Summarized by main sources of funds – Core, Gates Foundation (for Land, Services & Citizenship programme), Africa Facility and other Non-Core.

Sources and Uses of Funds – Budgeted FY10-FY12

- Projected 3-year budget presented to illustrate the cash flow implications and trade-offs of the on repositioned business model,
- Assumes 33% increase in Core funding contributions (\$7m over 3 years).

<p>Decision Eight: FY10 Allocations, as recommended, were approved.</p>
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Item Six: Statement: The Bill and Melinda Gates Foundation, Melanie Walker

Ms Walker briefly addressed the CG, and emphasised that the Foundation is very proud to be supporting the Land, Services and Citizenship Programme. She expressed her organisation’s support for the long-term, programmatic, multi-stakeholder approach that the Alliance is taking with its LSC and other programmes, and strongly endorses the need for long term commitment.

In May 2010, the Board of the Gates Foundation will be reviewing and deciding on the future of the urban programme portfolio of the Foundation.

Item Seven: Presentation: “The Land, Services and Citizenship Programme,” Julian Baskin

Julian Baskin gave an overview of progress made in the implementation of the LSC programme, which has – thus far - been launched in Uganda, with the next countries likely to be Ghana and Vietnam. Using the convening power of the Cities Alliance and its members, the programme creates a platform for each country to adopt a programme to help manage the dynamics of rapid urbanisation. The programme has proved to be an excellent vehicle to simultaneously engage national government, local government, community organisations, CA members and other interested urban stakeholders (universities, banks).

The CG expressed its strong support of the programme and would like to see, *inter alia*, the institutional learning, south-south cooperation, capacity building, knowledge management and advocacy aspects strengthened.

Item Eight: Presentation: “Cities and Climate Change and the CDS sub-group,” Andrea Haer

The CDS team reported on the new approach to knowledge management of the revised MTS:
1.) Joint Work Programme example – WB, UNEP, UN-Habitat - \$500,000 CA funding has leverage almost \$5million dollars around cities and climate change, aiming to:

- Bring new coherence of effort amongst members
- Create a database to track partners work

2.) CDS Sub-Group of several CA members aiming to improve collective know on CDS. The two initial tasks of the Sub-Group are to develop a:

- Conceptual Framework for CDS, and a
- Taxonomy of CDS support from CA members

The CG commented that both programmes are an excellent illustration of how the Cities Alliance can provide a platform for members. It was commented that the Secretariat should work to simplify the CDS Sub-Group, and clarify the link between Slum Upgrading and the City Development Strategies.

Item Nine: Partnership Matters

1.) World Bank Presentation – Restructuring of the Finance, Economics and Urban Department (FEU), *Zoubida Allaoua, Director FEU*

The FEU Director explained that the Cities Alliance is now a component of the new Urban Pillar within the Finance, Economics and Urban Department, the other Pillar being focused on Finance.

While concern was expressed by some members that, in the visual presentation, the Cities Alliance looks like just another programme of the World Bank, reassurance was given by the Director that the Secretariat remains independent, with control over its own work programme, and budget. For example, the CG – and not the World Bank - decides who will be the Programme Manager. The World Bank has strict rules concerning Trust Funded programmes – staff whose positions are funded by Trust Funds, as in the case of the Secretariat staff, cannot work directly on World Bank activities, for example. The new structure of FEU is trying to break down barriers that have built up over time within the unit and make the department more efficient and effective.

The structure allows the Secretariat to leverage Cities Alliance’s position with the World Bank to build partnerships. The World Bank’s new urban and local government strategy provides an appropriate vehicle for improved alignment between the Cities Alliance and the World Bank through, for example, specific mechanisms such as the Urbanisation Review. The third component of the Urban Pillar is another Global Programme, the Global Facility for Disaster Reduction and Recovery (GFDRR), which includes a number of critical areas of work relevant to the Cities Alliance, such as the importance of disaster-resilient cities, or the risks to which the urban poor are exposed through their location on marginal and dangerous land.

CA members were reminded that (i) most risks associated with the Cities Alliance – financial, fiduciary and reputational – were borne by the World Bank, and (ii) CA staff were treated as full members of Bank staff, and had access to all privileges and services offered by the Bank. The Director expressed the view that this was a relationship that had worked very well in the past, but it was important to ensure that the activities of the Cities Alliance were aligned with those of the Bank, and other CA members, which can be achieved without undermining the Alliance’s independence or lessening the value of the other CA members. In the view of the World Bank, the Cities Alliance provided the platform for a valuable partnership, and it was her hope that the CG would move on from debating this relationship, which has consumed a great deal of time and energy.

The Manager emphasised the importance of CA members familiarising themselves with the reality – and the complexity – of the Cities Alliance’s relationship with the WB, which remains substantially the same since the foundation of the Cities Alliance. He also emphasised the reality that he was a Manager with two reporting lines – one through the Director, FEU, and the other through the Executive Committee of the Cities Alliance.

2.) Cities Alliance Advocacy Panel

Members noted that the Advocacy Panel still had only one member and that, in light of the new business model and the increased emphasis on communications and advocacy, it would now be appropriate to set the Advocacy Panel on a more secure footing.

Decision Nine: Secretariat to present a paper on the future of the Advocacy Panel to the EXCO.

3.) Executive Committee Membership

Decision Ten: Norway to replace France, which has completed its three year term.

3.) 15% Supervision Guideline

This matter was raised by the secretariat, which had noted possible non-compliance or reinterpretation by a few CA members.

Decision Eleven: EXCO agreed to change procedures, making the 15% guideline solely for supervision, and directed that any implementation fees or costs should be motivated as a separate budget line outside the 15% cap.

Item Ten: Presentation by Metropolis: “Global Fund for Cities Development Metropolis”

Metropolis made a presentation of the Global Fund for Cities Development (FMDV), which they view as complementary to the mission and activities of the Cities Alliance. The Facility would be designed to would allow Metropolis members much needed access to funds to support its 1.2 billion constituents through technical assistance, financial engineering and financing.

CG members expressed some support for the initiative but cautioned that there a number of international finance institutions already in existence. It would be beneficial for Metropolis to learn from their mistakes.

Metropolis will contact members individually to set up meetings.

Item Eleven: Governance of Cities Alliance

CHARTER:

Norway, Sweden, France and Germany presented a proposal on the way forward for the governance of the Cities Alliance. The proposal suggests a two step phase for the revision of the CA Charter,

Phase 1: A limited immediate process is initiated to look at:

- Membership issues, in particular how to include cities, LGAs, NGOs, Foundations and other types of new members

- The decision making structure – roles, functions and necessary composition of EXCO, CG and Advocacy Panel

Phase 2: A full revision of the whole charter is undertaken after the 2011 independent evaluation and a proposal is presented to the CG for decision at its 2012 meeting.

This issue was discussed for some time, during which some members noted that the paper was not circulated prior to the meeting to EXCO, which had considered similar Working Group recommendations on the Charter.

Decision Twelve: The proposal was referred to the forthcoming meeting of EXCO for action.

OTHER MATTERS:

Request for the MTS to be revised to capture the comments and conclusions of the week and re-circulated to the CG, after presentation to EXCO.

Request from France to have all CA documents translated into French. It was also requested to have simultaneous interpretation at CG meetings in French.

Item Twelve: Presentation: Knowledge Management and Advocacy

There is CG agreement that the Cities Alliance needs an aggressive advocacy plan. Members expressed the need to put pressure on donors and multilaterals such as the OECD and EU, decide upon the future of the CA Advocacy Panel, and use economists to quantify the urban problem.

The Secretariat will incorporate the CG’s ideas into an informal task force to help it develop advocacy plans, to include UCLG, HFHI, Clare Short, SDI, and any other interested members, and report to EXCO.

Item Thirteen: Request for Membership

Request from Habitat for Humanity International (HFHI) for Membership. Habitat is a membership organization that works in over 100 countries around the world. Established in 1976, HFH is now looking to build new partnerships, and to focus more in a relatively limited number of countries. In response to a question, Steve Weir confirmed that HFHI is a faith-based organization, but nonetheless worked on a secular, non-discriminatory basis in different countries in all parts of the world.

Habitat for Humanity already has operational (or other) relationships with most of the CA members.

After a long discussion about the future of Cities Alliance membership, the caution not to dilute the existing membership, the request to review the governance, organizational structure and Charter of the Cities Alliance, the CG approved the membership.

Decision Thirteen: Habitat for Humanity International’s request to join the Cities Alliance Consultative Group was approved.

Item Fourteen: Next CG Meeting

Decision was taken to have the next CG meeting in Mexico City in conjunction with UCLG's World Congress in November 17-20, 2010, pending a formal invitation. It is anticipated that two days will be needed for the CG meeting, one day for EXCO, and that the PPF might be incorporated into the World Congress (2000-3000 mayors are expected). The events would be held in the historic centre of the city and would involve changing venues for the various meetings.

<p>Decision Fourteen: The next CG meeting would be held in Mexico City in November 2010, in conjunction with the UCLG World Congress.</p>
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Thanks were given to the members for their active participation, and to the Secretariat for the presentations and logistical arrangements and, in particular, to the team led by Susanna Henderson.

The meeting was adjourned.

ANNEX I

**The Cities Alliance
2009 Consultative Group Meeting
Agenda
21-22 January 2010**

Venue: *Taj Mahal Palace and Tower Hotel, Mumbai, INDIA

THURSDAY, 21 January 2010		
8h30–9h30	<i>Morning Coffee</i>	<i>Venue: Rooftop Rendezvous</i>
9h30-10h45	Introductory statement & Welcome to Observers <i>Co-Chairs: Inga Björk-Klevby & Zoubida Allaoua</i> Report Back: Executive Committee <i>Elisabeth Gateau, Executive Committee Chairperson</i>	
10h45-11h00	<i>Coffee/Tea Break</i>	
11h00-12h30	Report by Manager: Updating and Implementing the Medium Term Strategy Summary of discussion from PPF debate 20 January <i>Clare Short, MP, Advocacy Panel Chair</i> Implications <ul style="list-style-type: none">➤ Grant Facility➤ Knowledge and Learning programme➤ Staffing	<i>Handouts: Updating and Implementing the Medium Term Strategy</i>
12h30-14h00	<i>Lunch</i>	<i>Venue: Starboard</i>
14h00-16h30	Presentation: The Road to Results-based Management <i>Günter Meinert, Sr. Urban Specialist</i> Presentation: Work Programme and Financial Plan <i>Kevin Milroy, Sr. Operations Officer/ Deputy Manager</i> Presentation: “The Land, Services and Citizenship Programme” <i>Julian Baskin, Andrea Merrick, Celine d’Cruz, Slum Upgrading Team</i> Statement: <ul style="list-style-type: none">➤ The Bill and Melinda Gates Foundation, <i>Melanie Walker, Senior Programme Officer, Global Development</i>	<i>Handouts: Work Programme and Financial Plan</i>
16h30-16h45	<i>Coffee/Tea Break</i>	

<p>16h45-17h30</p> <p>17h30–18h00</p>	<p>Presentation: Knowledge Management and Advocacy <i>Kevin Milroy, Sr. Operations Officer/ Deputy Manager</i></p> <p>Presentation: “Cities and Climate Change and the CDS sub-group” <i>Andrea Haer, City Development Strategy Team</i></p> <p>Summary of decisions <i>Co-Chairs: Inga Björk-Klevby & Zoubida Allaoua</i></p>	
FRIDAY, 22 January 2010		
<p>8h30</p> <p>9h00-10h45</p>	<p><i>Morning Coffee</i></p> <p>Partnership Matters</p> <ul style="list-style-type: none"> ➤ World Bank Presentation – Restructuring of the Finance, Economics and Urban Department (FEU), <i>Zoubida Allaoua, Director FEU</i> ➤ Cities Alliance Advocacy Panel ➤ Executive Committee Membership ➤ 15% Supervision Guideline <p>Presentation: “Global Fund for Cities Development Metropolis”</p> <ul style="list-style-type: none"> ➤ <i>Josep Roig & Alain LeSaux, Metropolis</i> 	<p><i>Venue: Rooftop Rendezvous</i></p> <p><i>Handout: Partnership Matters</i></p> <p><i>William Cobbett and Kevin Milroy</i></p>
<p>10h45–11h00</p>	<p><i>Coffee/ Tea Break</i></p>	
<p>11h00-12h00</p>	<p>Request for Membership:</p> <ul style="list-style-type: none"> ➤ Habitat for Humanity International, <i>Steve Weir, Vice President, Global Programme Development</i> ➤ Government of Ghana, <i>Honourable Minister Joseph Chireh, Ministry of Local Government and Rural Development</i> <p>Discussion on next steps for review of Cities Alliance membership and other governance issues</p>	<p><i>Handouts: Letters of Intent</i></p>
<p>12h30-13h00</p>	<p>Closing Remarks by the Co-Chairs <i>Inga Björk-Klevby & Zoubida Allaoua</i></p>	
<p>13h00–14h30</p>	<p><i>Lunch</i></p>	<p><i>Venue: Starboard</i></p>

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Annex 2: Summary of the EXCO Meeting Mumbai, India - 17 January 2010

1.) Presentation of revised MTS

The Secretariat presented the revised Medium-Term Strategy (MTS), which was then followed by a lengthy and lively debate by EXCO members. A number of areas were identified for clarification, to be incorporated for the presentation at the forthcoming policy debate on 20th January.

2.) CLIFF

The Secretariat explained the reasons behind the recent decision to decline to act as a financial agent for the next phase of CLIFF. In summary, this decision was informed by recent changes to WB Trust Fund policy, as well as the new direction of the Cities Alliance.

3.) Monitoring and Evaluation

The Secretariat explained that the CG has yet to come to a definitive decision on the proposed M&E strategy. The discussion on the new business model would provide an appropriate context for implementing the M&E strategy.

4.) Update on Advocacy Plan and Results Based Management

The Secretariat identified advocacy as an area requiring particular attention, especially given the interest of a number of members. To this end, a professional firm with international expertise has been identified.

It was agreed that this matter would be further discussed at the CG meeting.

5.) Evaluation of Project Implementation Modalities

Following the decisions of the Barcelona meeting, an international tender had been issued by the CA, with GHK International being selected. The inception report should be ready by the end of January. February – April has been reserved for field work, with half of the field visits taking place in Africa. The evaluation should be completed by the end of June. EXCO and CG members will be contacted for interviews.

6.) European options paper

The Secretariat presented three options for EXCO to consider. After discussion, the creation of a sub-office in Europe attracted little support, and members believed that underlying concerns could better be addressed through an advocacy programme in Europe.

7.) 15% supervision fee

After a presentation by the secretariat, EXCO endorsed the Secretariat's recommendation that that the 15% guideline pertain only to grant supervision and

administration. Any proposed fees for implementation would need to be clearly motivated, and presented in a separate budget line. EXCO forcefully reiterated, however, that agreed supervision budgets were to be rigorously enforced.

a. Staffing Issues

The Manager signaled that, if the new business model was adopted by the CG, then the Secretariat will need to be restructured. Members were also informed of the secretariat's current institutional, and physical, location within the WB. EXCO also endorsed the recommendation of the Director (FEU) that the Manager of the CA serve as a Principal Member of the Urban and Local Government Sector Board of the World Bank.

8.) Membership

EXCO reaffirmed the decision of the Barcelona meeting that members who do not pay their membership fees for two consecutive years will de-select themselves from Membership of the Cities Alliance. Accordingly, it was confirmed that Asian Development Bank, Canada and Japan are no longer members of the Cities Alliance.

There was a lengthy discussion on the merits, and implications, of the membership application by Habitat for Humanity International. Some members had reservations, worrying about a gradual dilution of the original purpose, and focus, of the Cities Alliance. There was general agreement that the whole issue of membership needed a fuller examination.

EXCO recommended that CG approve the membership of HFHI.

9.) Location of next CG meeting

The Secretariat raised concerns about holding CG meetings in cities/countries where the host is not adequately engaged. The Secretariat also recommended that the timing of the CG revert to its traditional slot, in Q3/Q4 of the calendar year.

Members welcomed and endorsed UCLG's suggestion for the next CG to be held in Mexico City, in conjunction with the UCLG Congress, 17 – 20 November 2010

DRAFT AS OF 11NOVEMBER

Confirmed	Country Organisation	Mr/ Ms	First Name	Last Name	Title	Affiliation	Address	City, State	Post Code	Country	Phone	Fax	e-mail 1
	CG MEMBERS												
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Medium Term Strategy (MTS) Update

October 2010

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MTS Update to CG

October 2010

Executive Summary

This document contains a summary of the progress made thus far by the Secretariat in implementing the decisions adopted by the CG in Mumbai. It also incorporates, in a preliminary manner, some of the outcomes of the Exco meeting that took place in July.

The document also reflects the Secretariat's proposed adjustments to the new business model, based on an assessment of initial responses to the business model from a number of CA members. In general, a more cautious approach to the transition has ensured a gradual implementation of the business model, thereby not pre-empting the decisions of the CG in Mexico City.

Over the same period, the Executive Committee has deemed it appropriate to take a bolder approach to the redrafting of the Charter. This follows the first of two EXCO meetings in Paris, the second of which is due to focus almost exclusively on a revised Charter. At the July meeting, the Secretariat had recommendedthat CA members give high priority to re-building the Cities Alliance as a Partnership, capitalising upon the diverse strengths of all Cities Alliance members, rather than relying on a limited number of active members and/or the Secretariat.

In July, in response to some concerns amongst a number of members, the Secretariat had proposed a gradual approach to the transition, which was reflected in the following aspects:

- 1. An enhanced role for the Catalytic Fund, which will be more readily available to fund the broader engagement of members in providing support to developing cities and countries;*
- 2. Allowing time for an assessment of the first four in-country programmes;*
- 3. The improved alignment between the work programme, and the allocation of the budget. Specifically, the Secretariat recommends that the EXCO and/or the CG make clear budgetary allocations to the four different pillars of the work programme, viz.: The Catalytic Fund, In-Country Programmes, Knowledge and Learning, and Communications and Advocacy;*
- 4. A concerted attempt to engage more CA members in the strategy and activities of the partnership; and*

5. *A newly defined relationship between the Secretariat and the Executive Committee, with the latter playing more of a leadership role within the Cities Alliance.*

1. Overview – Context and Strategic Orientation of the Cities Alliance

The Medium Term Strategy (2008-2010) was designed to consolidate and build upon the mandate and success of the Cities Alliance after its first eight years. Produced after the second independent evaluation, and incorporating an honest assessment of the perceived strengths and weaknesses of the organisation, the MTS has been instrumental in providing a strategic framework for the Cities Alliance.

The impact of the MTS will form a key component of the forthcoming independent evaluation. At the time of the meeting in July, it was argued that the MTS had helped the Cities Alliance to:

- Improve its contribution to the Paris and Accra agendas adopted by the international development community;
- Contribute to an improved international focus on urban development;
- Sharpen the focus of CA interventions; and
- Improve the efficiency and management of the Cities Alliance overall.

Where the MTS was arguably less successful was in the objective of increasing the breadth and depth of member involvement in the affairs of the organisation. It is the strong view of the Secretariat that renewed and sustained attention will be necessary to redress this problem.

More recently, in the deliberations at the Barcelona CG meeting in 2009, and more evidently at the Mumbai meeting in January 2010, it was clear that the founding Charter was beginning to show signs of age, raising questions about its effectiveness as a consensus document, and in directing the organisation. In particular, the following strains were identified:

- The changing membership of the CG, and in the turnover of personnel representing member organisations;
- The subsequent loss of institutional memory;
- A changing international developmental context;
- The evident gaps within the document; and
- Significant, ongoing changes within the host organisation, and their impacts on the CA.

As a first step, the CG decided at Mumbai to undertake this review of the Charter in two phases, with the first focusing on the membership of the organisation, and the process of decision-making, prior to a more comprehensive review of the entire Charter, following the third independent evaluation, scheduled for mid-to-late 2011. However, when this issue was discussed at the July meeting of EXCO

in Paris, it was clear that there existed a substantial appetite for completely reviewing the Charter in a more streamlined manner, and bringing a lengthy period of member introspection to finality, ideally by the time that the CG meets in Mexico City. To this end, EXCO decided to convene a second meeting in October, to consider either a draft version of a wholly new Charter, to be presented to the CG the following month, or a substantially amended Charter.¹

Considerable progress was made at the Paris meeting, which also dealt – at length – with the perennial issue of the relationship between the Cities Alliance, the secretariat, and the World Bank, both as co-founder of the organisation, as well as host and administrator of the Partnership. A great degree of clarity and consensus emerged from this meeting, with EXCO expressing a general satisfaction with the balance of alignment and autonomy that the Cities Alliance had achieved, and been allowed, within the World Bank.

Subsequent to the July meeting, further attention has had to be given to the dual issues of the programmatic alignment of the Cities Alliance work programme with that of the World Bank, and the associated mainstreaming of Cities Alliance procedures with those of the Bank. The practicalities of these adjustments are in the process of being resolved (and streamlined) between the CA Secretariat, and the respective operational and administrative parts units within the Bank.

It is very important that Cities Alliance members are fully apprised of the detail and implications of these further adjustments to the daily and strategic decisions of the Cities Alliance. In the view of the Secretariat, properly and openly managed these new working arrangements could offer the Cities Alliance an excellent opportunity to leverage not only the World Bank, but also more Cities Alliance members. This is an issue that deserves to be fully canvassed at the CG meeting in Mexico City.

Developing a Cities Alliance Theory of Change

In framing its own responses to the challenges raised by its members, the Secretariat has subsequently sought to provide a framework, in order to help itself and members to contextualise the current and future role of the organisation. Following the Mumbai meetings, in which a number of significant decisions were taken in respect of the CA's business model, the Secretariat grappled with some of the central themes raised by the MTS: the challenges of *systemic change*, and of *scale*. We believe these remain valid objectives to continue to guide the organisation in the immediate future, while moving towards a complete revision of the Charter itself.

This issue will need to be more fully developed in the revised MTS, which will eventually emerge from the process of revising the Charter. However, it will certainly be useful to outline some of the major issues that a theory of change will need to address, many of which build directly on the logic of the current MTS.

The first assumption that needs to be made explicit is that, increasingly, the focus of the Cities Alliance and its members will be on cities and countries that are at comparatively early stages in managing their process of urbanisation. This assumption complements both the emerging consensus within the CG for an increased focus on poorer countries, as well as building on the experience and lessons that the Cities Alliance has gained from a decade of working with urbanised countries such as Brazil, South Africa, Chile and the Philippines. In addition, it also provides a very clear basis and rationale for the continued engagement with CA's MIC members, both as repositories of relevant and replicable knowledge but, equally importantly, as mentors for countries faced with similar challenges,

¹ This version of the MTS was updated immediately prior to the second EXCO meeting, which is again scheduled to be hosted by UNEP at its Paris offices, subject to the prevailing situation in France.

eager to both avoid the same mistakes, and learn from the successes. The Cities Alliance has already been able to demonstrate the interest in this methodology in the engagement between Malawian and South African cities, the ongoing interest in lessons from Brazil (for example, from India and South Africa), the emerging relationship between Brazil and Mozambique, with support from the Government of Italy, and the example of intra-city networking offered by the League of Cities of the Philippines.

The second, and broader assumption, is that the challenges associated with rapid urbanisation are consistently exacerbated by inappropriate and counter-productive policies, at both the local and national level. This is an issue that the Cities Alliance has consistently covered, most recently in the opening chapter of the 2009 Annual Report.

It is upon this combination of factors influencing the trajectory of change - where demographic realities are increasingly at a variance, or even clash with, the prevailing policy environment – that the Cities Alliance and its members will increasingly focus, and provide support to governments wishing to manage a more orderly, dynamic and productive process of change. Or, to put the issue more starkly, what should not be at issue is the fact that fundamental, profound change is certain in developing cities and countries – but, rather, **the nature, pace and process of that change**. Different decisions, and different policy approaches, especially learning from other cities and countries, can make significant differences between successful and orderly transformation, and difficult, socially disruptive and unproductive transitions.

More recently, there has been increased attention on the role of cities in contributing to, and mitigating against, the impacts of climate change, with a particular focus emerging on green cities, as well as city resilience, not only to climate change, but also to systemic shocks and disasters. In the view of the Secretariat, these issues can and have been most appropriately addressed through the non-formulaic vehicle of a city development strategy, but it would be appropriate for EXCO to provide some guidance on the importance of these issues to the Cities Alliance.

The context of the CA's work, therefore, includes:

- Rapid urbanisation, mainly within Africa and Asia, encountering similar pressures to those witnessed in Latin America and the Caribbean over the past 3-5 decades;
- Evolving, if sometimes inadequate, policy responses;
- The growth of informality, and associated governance challenges;
- Changing demographics – internal and cross-border migration, the growth of secondary cities, and the growing proportion of youth within the population;
- The increasing confluence between the impacts of climate change and urban risks arising from poor policies; and
- More recently, the impacts of the economic crisis, and the need for improved systems of financing.

In the recent past, there has been a discernable increase in international attention on urban issues, and the analysis of the changing nature of challenges facing cities. Amongst a number of reports produced by private sector organisations (McKinsey, Arup), UN agencies (UNFPA, UN-Habitat), the World

Development Report 2009 stands out for the compelling case that it made for cities and, indeed, for systems of cities. Equally importantly, the WDR 2009 improved our understanding of the uneven nature of growth, the importance of agglomeration and the need for informed interventions.

It has always been the view of the Cities Alliance that, aside from advocacy and information sharing, development partners should not attempt to insert themselves into the decision-making process in a given country. It is the local society and its government(s) that are the main drivers and decision makers, either pushed by the increasing dysfunctionality of the old systems of management and control or, increasingly in a globalising world, in observing and learning from less disruptive experiences from other cities and countries – particularly from those cities and countries with appropriate, relevant and transferable experience. The language of ‘south-south’ points to this emerging tendency, even if it oversimplifies the practice.

It is, therefore, important to record that some of the most significant policy shifts that have emerged in the past few years are those of developing countries themselves, including in sub-Saharan Africa. Not only in the more urbanised countries in west Africa, such as Senegal, Benin and Ghana, but also in countries noted for their low levels of urbanisation, such as Uganda, Malawi and Tanzania, or those with an historic apathy to the urban poor, such as Kenya, have introduced new policies and initiatives to respond to their growing urban reality. Globally, the most significant lessons have been learned from the manner in which China has attempted to harness the process of urbanisation and the economic power of its cities, which have been instrumental in driving the country’s unprecedented economic growth, and transformation. More recently, we have begun to witness the preparedness of India to contemplate comprehensive programmes to reform cities, as well as support *in-situ* slum upgrading on what would need to be an unprecedented scale.

In summary, the last few years have demonstrated that there is emerging a new understanding of the nature, extent and urgency of the urban challenge. In particular, there is now a consensus that cities have problems, but are not the problem. Policy makers are increasingly realising that slums and grinding, unrelenting poverty that are the menace, and not slum dwellers.

As welcome as these changed perceptions are, more urgent action and bolder actions are vital. Not only do cities in the developing world need to respond to current backlogs and challenges, but they also need to be anticipating, and actively planning for future growth. The Cities Alliance needs to pay attention to the nexus of decentralisation and urbanisation, which is not only where many of these developmental challenges will manifest themselves, but also where long-term solutions will need to be found.

There is also a greater clarity that most national developmental challenges will be concentrated in cities of all sizes. The greatest challenge is for the local population, the political leadership, and their institutions – the building of an evidence-based consensus, the taking of the necessary decisions, the introduction of necessary reforms, the allocation of the budget, the reorientation of the administration, and the measuring and reporting on progress – these are all issues for **that** city, **that** society, **that** government. The provision of support, and learning from outside, are roles that can be played by international development agencies, and facilitated by partnerships like the Cities Alliance.

The Role of the Cities Alliance

In this context, we also need to briefly consider how international aid, and the development architecture, is changing, and further needs to change. What is clear is that the traditional pre-eminence of a limited number of countries and organisations is being challenged by the emergence of

new power systems and models of cooperation, and by the rejection of top-down, supply-driven and high-cost models of development assistance.

The Cities Alliance is both affected by these changes, and also attempting to influence the debate, combining as it does elements of both the old and the new. While it is hardly alone in the field of urban development, it has a number of strengths, which include:

- The CA is an **alliance focused on cities**. While working through, and with, national government, the focus of the Cities Alliance is on the *local*, where the citizen meets city hall, the formal meets the informal, and where daily life is lived, and where livelihoods are transacted and transformed;
- The eclectic composition of the Cities Alliance, which incorporates the post-WW2 multilateralism of the UN system (UN-Habitat, World Bank and UNEP), the G7-G20 bilateral, emerging regional/global powerhouses (Brazil, South Africa, Chile, Philippines, Nigeria), representatives of LDCs (Ethiopia), OLCs (Nigeria), as well as new (SDI) and established (HFHI) international NGO and, most importantly, the international organisations representing local government (UCLG and Metropolis);
- From its very launch, the Cities Alliance has been conceptualised as more than the sum of its parts, to be achieved not through acting as a financier (or a Trust Fund), but through **the power of its members working together**, the alignment of its interventions, the quality of its work, the knowledge that it generates, the analysis that it produces and the learning that it shares;
- A Secretariat dedicated to helping members achieve the goals and vision of the Alliance, and strengthening the organisation as a Partnership.

Developing the New Business Model

Arising from the intense debate that was generated by the different responses of members to the Medium Term Strategy, the Secretariat proposed a number of revisions to the CA's business model, which had been debated and developed since Barcelona, and which were finally adopted in Mumbai. These revisions stem from a number of inputs, which include the 2006 Independent Evaluation, constant assessments of the strengths and weaknesses of the CA portfolio, as well as observations of the most effective processes that contribute to systemic change and to scale.

Based on the preceding factors, the Secretariat found it necessary to develop a theory of change to guide the organisation through this transition, and to forge a consensus about its vision, role and the methods it uses. Re-emphasising its core principle of examining the city in its entirety, the Cities Alliance seeks to promote inclusive cities that are both integrated (comprehensive and holistic) in their approach, as well as integrative, providing space, voice and opportunity for the urban poor.

In considering essential changes to the Cities Alliance's business model, the Secretariat has necessarily started from the guidance that already exists in the current Charter. The following two policy statements from 1999 have helped to frame our thinking in 2010:

1. The Cities Alliance is a global coalition of cities and their developmental partners;
2. The Cities Alliance has been conceived to improve the efficiency and impact on urban development cooperation, making unprecedented improvements in the lives of the urban poor.

This we understand to mean that the primary focus of the CA is on (poverty in) **Cities**, and our primary method is that of cooperation, with our members acting as a **Partnership**. *We further interpret this to mean that the modest resources should not be used to merely augment the ongoing work programmes of our members, but rather add qualitative value which members and partners could/would not generate individually.* It is these understandings that inform the logic of the business model which is presented in the rest of this document.

Based on early member responses, Secretariat adopted a more cautious, transitional approach to the new business model, envisaging a more prominent role for the Catalytic Fund in this period. This will have important implications for the CA's approach to budgeting, and to nascent country programmes.

Summary of Recommendations from the Secretariat:

- ✓ Overall, the Secretariat proposes a business model that is predicated on the more active involvement of CA members;
- ✓ The Secretariat believes that this would most obviously be facilitated by an empowered and more active Executive Committee;
- ✓ In particular, the Secretariat believes that the selection of countries for in-country programme support should be a decision for EXCO, acting on information and recommendations provided by the Secretariat;
- ✓ In selecting a country, the Executive Committee should also very clearly identify the leading CA member for such a programme, who will facilitate the involvement of other CA members, with Secretariat support;
- ✓ No new items / themes should be added to the work programme without the identification of the necessary budget and resources for implementation;
- ✓ It is proposed that, during the transition, EXCO makes clear budgetary allocations between the four pillars of the CA's work programme, which will then be conveyed to all CG members, and acted upon by the Secretariat; and
- ✓ In-country programmes would, in the transition, be limited to the three already identified (Uganda, Vietnam and Ghana), with the fourth being selected by EXCO, from recommendations submitted by the Secretariat.

2. The Four Pillars of the Cities Alliance Work Programme

2.1 The Catalytic Fund

Rationale

After 10 years of experience, the CA Open Access Grant Facility has been replaced by a Catalytic Fund as one of the four strategic pillars of the CA business model. The Catalytic Fund (CATF) has been developed in accordance with the following principles:

- Strategic alignment with the new CA business model: The CATF harmonizes with the new CA business model, following the MTS, adhering to the theory of change and complementing the other CA tools, namely In-Country Programmes (ICP), Communication and Advocacy and Knowledge and Learning (K+L).
- Global Reach: The CATF is to maintain a wide geographical scope of the CA, much beyond the limited number of countries envisaged for in-country-programming.
- Demand orientation: Cities are at the centre of the CATF, and mechanisms will be in place to foster ownership and commitment.
- Process optimization and transparency: The CATF will intend to systematically lower transaction costs for CA members and partners, while maintaining transparency in the selection process and increasing the developmental value of its projects.

Objectives

The Catalytic Fund has two major and complementary strategic objectives: The first objective is oriented towards the specific local situation while the second aims at the broader CA constituency.

Objective 1: The Catalytic Fund aims to have catalytic effects on initiating and enhancing urban transformation processes promoting more inclusive cities.

Objective 2: The Catalytic Fund aims at advancing collective know-how through the learning that can be distilled from the project experiences and shared with a broader audience.

Urban transformation is a long term process, with multiple actions and actors, which changes a city by developing innovative ideas and concretising them through cooperation. A **catalytic effect**, as intended by the Catalytic Fund, will:

Bring change: This change would not happen without the action of a catalyst able to initiate and then mediate the process of transformation.

Shape a ‘cooperation system’: A catalytic reaction develops through the building and development of a dense system of partnerships. Positive change in complex systems such as cities adapts to the idea of multiple drivers, different approaches, activities and competencies are being aligned for synergetic results towards a common goal.

Innovate: The catalytic effect is creative and value-added. It often relies on diverse combinations of inputs, alternative pathways and new solutions. Innovation will be measured in terms of new ideas, products and processes in the local city context.

As the CATF aims to „advance collective know-how through the learning that can be distilled from the project experiences and shared with a broader audience“, the CATF will prioritise projects with a high potential to generate case studies, practical experiences in dealing with a well defined problem, which address local needs as well as the knowledge interest of the Alliance. The main instruments of knowledge generation and sharing will be: (i) peer-to-peer exchange (in most cases city to city); (ii) advisory services provided by CA members; and (iii) the preparation and presentation of the case study by the applicant to a peer audience (e.g. at WUF, UCLG congress, Africities, and other). These instruments will be integrated into the design of each project, the peer to peer exchange and the advisory services will be incorporated in the project budget. The presentation to a peer audience will require an additional budget line as part of the Secretariat’s K+L programme, separate from project grants.

The appraisal process might also make a useful contribution to the CA learning function. The debates emerging from the consensus building for the funding decisions might be extremely relevant and insightful with regard to the current trends and innovative solutions in urban development and, as such, be of great interest to an audience beyond the CA Secretariat. A mechanism to facilitate the sharing of this knowledge into CA’s constituency would be to synchronize the selection meetings with a CA event, e.g. the CG meeting, or with renowned international events, e.g. WUF or UCLG congress, and/or report to the Policy Advisory Forum.

Basic Characteristics of the CATF Appraisal Process

The appraisal of proposals for CATF builds around the following major tenets:

- Grants are awarded in a competitive process intended to increase the quality and focus of the portfolio in order to leverage the impact of CA and tailor it to the new programmatic objectives;
- The application for CATF support will be through a call for concept notes (concise outline of the intended projects) twice a year, which will be processed in a batch, instead of appraising proposals individually, throughout the year. This is a direct consequence of the competitive process but will also contribute to the lowering of transaction costs;
- The proponents of the most promising concept notes will be asked to submit a fully elaborated project proposal, from which the projects for funding will be selected. This stage of the selection process will also be competitive, with the probability of success determined by budget availability;
- It is proposed that the selection process will use an external evaluation panel (EEP) to aid the CA Secretariat in assessing the relevance and quality of proposals, and in supporting objectivity and transparency. The EEP recommendations are reviewed by the CA Secretariat and revised in cases where strategic portfolio criteria will need to be taken into consideration. The final list approved by the Manager is referred to the CG for endorsement on a no-objection basis.

- Subject to guidance of EXCO and/or the CG, as well as budgetary allocations, it is further proposed that grants will not exceed \$250,000. Projects with high cost effectiveness and lower overall costs will be prioritised;
- All proposals shall include co-financing from the recipient organization, implementing partners, and other sources. The amount of co-financing shall be adequate to the capacity of the proponent and the size of the project.

Proposed Selection Criteria

The suggested selection criteria are in line with the core principles of the founding CA Charter and capture its nine criteria. They reflect a redefinition rather than a substantial change of the criteria. The rationale is to provide the CA Secretariat and the EEP with a tool which allow not only to judge if a proposal qualifies according to a set of criteria, but to decide among qualifying proposals which ones are comparatively better.

The criteria for evaluating the proposals are deduced from the objectives of the CATF: (1) to cause catalytic effects on urban transformation (bringing change, system of cooperation, and innovation); and (2) advancing collective know-how. The „Implementation conditions“ - do not map to any specific goal but rather cover the probability of successfully concluding the project. It is worth noting that the criteria and sub-criteria are not meant to aggregate mathematically into a final numerical score. Criteria and sub-criteria are rather to function as guidance for evaluating those aspects that are most important to the CA, and that therefore need to be considered when evaluating the proposals competitively.

1. Implementation conditions	<ul style="list-style-type: none"> • Capacity • Cost-Effectiveness • Result Framework • Fiduciary Management • Risks and Mitigations • Co-Funding
2. Impact	<ul style="list-style-type: none"> • Scalability • Transferability • Institutionalization • Follow-up investments • Targeting the objective
3. Cooperation	<ul style="list-style-type: none"> • Ownership • Harmonization • Alignment • Partnerships, Dialogue and Consultations
4. Innovation	<ul style="list-style-type: none"> • Innovative design, process and products
5. Knowledge and Learning	<ul style="list-style-type: none"> • Learning from M&E • Learning and dissemination • Applicability

In addition to the generic criteria above, EXCO and the CG might consider additional criteria in order to generate case studies on issues of high interest, e.g. providing land for incremental housing, urban poor investment funds, or other. These additional criteria could be varied from year to year, thereby generating valuable case studies covering strategic issues. The Secretariat will also apply strategic

criteria to maintain the geographical scope of the portfolio, the balance between MIC and LDC, optimal member engagement, knowledge gap-filling and thematic balance.

The Small Grant Facility

Historically, there has been a consistent demand for small grants (<US\$75,000) within CA financing activity. Small grants average between 10% and 15% of the total CA budget and account for almost 50% of all the grants approved yearly. The majority of the small grants are directly executed by CA members often as knowledge related activities. With regard to small grants, the Catalytic Fund (CATF) appears as a less tailored accommodation than the previous Grant Facility, as small projects would compete with much larger ones. Against this background, the CA is introducing a specific tool, the Small Grant Project Facility (SGF). This is a separate part of the CATF and will be fully dedicated to the financing of small grants.

The main goals of the SGF are the same as in the CATF. Specifically, it aims (1) at initiating and enhancing catalytic transformations leading towards more inclusive cities; (2) at advancing collective know-how through the learning that can be distilled from the project experiences and shared with a broader audience. The SGF maintains different operational characteristics from the CATF which descends from their different rationale. Three major characteristics should be mentioned:

- (1) Reduction of transaction costs. The SGF will provide money in a timely and appropriate manner, simplifying the costs of transaction both internally for the Secretariat as well as for the applicants.
- (2) Supporting CA Members. The SGF will be open only to CA members (or their clients/partners)² providing a flexible window open all year round for catalytic opportunities that builds on members' strength.
- (3) Comparative selection. Although the SGF provides funding in a timely manner, proposals for funding will still be selected competitively. The idea of a competitive process for project selection derives in the first instance from the limited available resources upon which the fund will draw but will also allow the Secretariat to favor those proposals more in line with the CA renewed strategic objectives of scale and impact.

The SGF is open all year round and proposals are received by the Secretariat on an ongoing basis. Proposals are submitted to the Secretariat through an application form. At the end of each quarter on pre-established dates, all proposals received during the previous quarter will be batched and processed. The CA Secretariat is fully in charge of evaluating the proposals. The evaluation operates basically on the same criteria as for the CATF.

Requested Decisions

Subject to the endorsement by CG of the principal characteristics of the CATF as described above, presented in detail in the "Red Book" on the CATF, and the "Blue Book" on the SGF, the Secretariat will initiate the first call for concept notes shortly after the CG meeting in Mexico City, with submission date in early 2011. CG and EXCO members may also wish to recommend to the

² CA member execution is highly preferred to reduce the transaction costs. Third party execution is possible but the application should at any rate originate from members.

Secretariat additional candidates for the external evaluation panel, which will initially be built around the existing pool of Independent Technical Assessors (ITAs). Upon advice of EXCO, the CG will also decide on the budget available for the CATF – as well as the three other pillars of the work programme, which will then determine the number of full project proposals to be considered for funding.

2.2 Country Programmes

The need for the Cities Alliance to develop an In-Country Programme (ICP) approach was clearly identified in the Medium-Term Strategy (MTS):

The Cities Alliance Secretariat will develop criteria to identify those countries where Cities Alliance activities have the potential to achieve the greatest impact, to support activities that can achieve scale, and tailor a work programme accordingly. This will enable the Cities Alliance to indicate its willingness to become a stable partner and enter into a longer-term partnership with a select number of countries, agreeing to support such countries for a longer, specific period and in so doing help to consolidate city or country-led reforms by offering consistent, reliable, professional and critical support. This approach would allow both parties to move beyond the short-term, ad hoc, donor-driven projects, very few of which have any impact beyond the activities themselves.

Since the adoption of the MTS, the CA Secretariat has worked to outline the parameters and understand the implications of this new model of CA support. The first significant attempt to formulate a longer-term, programmatic approach was in the development of the Land, Services and Citizenship programme, which was the basis for a \$15m grant from the Bill and Melinda Gates Foundation. This programme has subsequently been launched by the Government of Uganda with a number of CA members, and is currently under development by the respective governments and CA members in Ghana and Vietnam.

With the development of criteria for the selection of countries for in-country programme support, the fourth country should be selected by the Executive Committee, based on information provided by the Secretariat³.

The ICP is primarily designed as a vehicle through which Cities Alliance members will support the national government, local authorities, communities and their development partners to comprehensively:

1. Engage in *meaningful dialogue* and cooperation;
2. Increase their *awareness* of the situation of the urban poor and their capacity to contribute to urban development;
3. Enhance their *knowledge* of inclusive urban development;
4. Elaborate inclusive urban *strategies, policies and plans*;
5. Identify and *mobilise finance* and other resources for inclusive urban development;
6. *Adjust their organisations* to support inclusive urban development; and
7. *Implement* inclusive urban policies, strategies and plans.

³ Due to the budgetary requirements of an in-country programme, it is proposed to reduce the number of LSC countries from five to four.

Country Programme Design

The core objective of an In-Country Programme is to bring CA members together into a series of facilitated engagements with national and local authorities. This process helps to collectively define the demand and informs how limited ICP resources can best be utilised to: 1) build on and support to CA member and other initiatives currently underway; 2) strengthen the operational synergies between members, and with national and local government; and 3) help fill the defined programming gaps that will enable an integrated focus on the inclusive city and the urban poor.

Bringing the drivers of development together in the design process of the ICP helps achieve two results: 1) set out a longer-term CA commitment to pro-poor urban programming within a specific country; and 2) enable purposeful coherence of effort between CA members in support of the programme.

The ICP supports the institutionalisation of dialogue between drivers of development at national and at local levels enabling the better formulation of policy, strategies and plans. In this respect the ICP aims to achieve the following:

- Improved national urban policies reflective of the inputs of local authorities and communities;
- Urban strategies and policies that reflect and respond to the needs of the urban poor; and
- Credible development plans aligned with investment.

The Country Programme is an approach, rather than a specific methodology, and will be tailored to the specific conditions and requirements of the country in question, whether low income, or middle income countries.

In-Country Programmes would be developed primarily in lower income countries, with a particular emphasis on Sub-Saharan Africa. From the outset, Cities Alliance members would work together in helping the government to: (a) build citizenship and good governance at a local level; (b) improve planning and urban management systems for effective municipal service delivery; and (c) enable the policy environment for efficient and effective pro active management of urbanisation.

The nature of the Alliance's implementing strategy for ICPs in LICs will depend on the budget allocated. It is envisaged that a small portfolio of carefully selected LIC countries will be programmed with parallel grants enabling the concurrent implementation of the three objectives above. Equally, an ICP could also be developed via a sequencing of a limited number of interventions, supported by CA grants.

Irrespective of whether an ICP is packaged as a programme of sequenced or parallel grants, the following fundamental characteristics would apply in both instances:

- The ICP would be a negotiated multi-year programme, identified and designed through a process of active stakeholder involvement; and
- The strategic point of entry of programme design is the city level, linking with *inter alia* the national association of local governments, national government, the private sector, and organisations of the urban poor.

The Cities Alliance may also provide ICP support to a limited number of MICs that have large populations of the urban poor and whose experience might be relevant to other low-income countries.

As agreed in Mumbai, emphasis would be placed on strengthening and utilising the Alliance's existing portfolio of MICs as an asset base for South-South exchange. Thus, in MICs that are selected for in-country programming, many of the follow up grants would endeavour to facilitate this objective. In particular, these ICPs would:

- Focus on processes and outputs that might serve as a demonstration effect through South-South exchange;
- Target grants at strategic opportunities (national, local government and community) that would leverage knowledge, pro-poor policy reform and new praxis.

It is envisaged that ICPs in middle-income countries would build on the existing relationships with Brazil, India, Philippines, Chile and South Africa.

The Country Programme approach is still at an early stage, with the most progress having been made in Uganda, from which a number of important preliminary lessons have already emerged. These will be presented for discussion at the CG meeting in Mexico City.

Country Selection Criteria

Above and beyond due considerations of impact, geographic spread and the varied interests of the CA membership, the following are among the key assessment criteria:

1. Demonstrated demand from national and local government;
2. Political commitment to addressing the needs of the urban poor;
3. The nature and extent of CA member engagement;
4. Outcome/Impact of past CA investment(s);
5. The mobilisation of new partnerships.⁴

⁴ For example, universities and training colleges

2.3 Knowledge and Learning Programme

Rationale

Knowledge generation and sharing is one of the defining pillars of the Cities Alliance's role in international urban development. As motivated in the founding Charter, one of the priority objectives in creating the organisation was to *provide a structured vehicle for advancing collective know-how*. Considering the wealth of knowledge represented in more than 200 projects supported by the Alliance over the past decade, it seems that their potential to influence urban policies and practices has not yet been fully realised. The role of the Alliance as a global generator and provider of knowledge needs to be reinforced and substantiated.

Given limited scope and resources, this can only be achieved by focusing the knowledge and learning programme and linking it with the specific strength of the Alliance, namely:

- its specific approach to change, the urban transformation process towards inclusive cities;
- the reference to operations on the ground, which demand and provide *applied* knowledge;
- the variety of expertise of partners and CA members, offering options which are easily accessible and adaptable to specific situations; and
- the global character of the Alliance, which facilitates analysis of local experiences against a broader context.

Objectives

Taken the above as guiding principles, the evolving Knowledge and Learning Programme is designed to screen and capitalise worldwide experiences of transformation processes towards inclusive cities, make them available to urban practitioners and feed them into policy dialogues on local, national and international level. This is aimed to:

- encourage more urban actors to engage in transformation processes, as CA approaches are promoted by opinion leaders, training institutions and other multipliers;
- increase the effectiveness and efficiency of urban transformation processes, as policy makers and practitioners draw on previously developed approaches and instruments;
- increase the sustainability of CA support beyond the project duration as drivers of urban development integrate the knowledge into their individual and organisational work routines; and
- increase the coherence of effort among all parties involved, as they align their policies, approaches and instruments.

Once again, also in the context of knowledge and learning, it must be highlighted that the Alliance relies in first instance on its members, with only a supportive/complementary role for the Secretariat.

Knowledge Generation

The operations of the Cities Alliance, namely activities supported by the Catalytic Fund and the in-country-programming will generate knowledge. As experience shows, they will also identify knowledge gaps, where approaches or experiences are not readily available, neither by CA members and partners, much less by the CA Secretariat. The Secretariat will systematise this demand for knowledge, suggest possible means of knowledge generation and learning, and consolidate it into a K+L work programme, as part of the overall annual CA work programme to be submitted to the CG.

The Catalytic Fund will give priority to projects with a high potential to generate practical solutions to development challenges, address both local needs as well as the knowledge interest of the Alliance. These experiences will be analysed, synthesised and shared as case studies. The main instruments of knowledge generation and sharing will be advisory services from CA members, peer exchange (in most cases city to city); and the preparation and presentation of the case study by the applicant to a peer audience (e.g. at WUF, UCLG Congress, Africities, and other).

In-Country Programmes will also generate experiences, but of more complex nature, targeting more themes and engaging more actors. In addition, they will generate valuable experiences on managing complex urban transformation processes. Similar to the Catalytic Fund, advisory services, peer exchange and presentations to a peer audience are built into the design and the budget of In-Country Programmes. As has already been demonstrated in Uganda, Urban Fora at local and national level are a vital element of in-country programming and will be very significant for sharing information, for alignment and for joint learning. The participation of all CA members and partners active in the correspondent country needs to be strongly encouraged. In addition, and different from the Catalytic Fund, the CA Secretariat will have an active role in monitoring the substantive progress of the programmes, and in capturing the experiences, with a focus on learning about the management of transformation processes.

The third principal instrument to address knowledge gaps are **Joint Work Programmes** among CA members, mainly to generate concepts, position papers, or tools, including pilot experiences with their application. Preference should be given to Joint Work Programmes among several members, as this would contribute also to the alignment of concepts and approaches. Joint Work Programmes can also be extended to CA partner-countries with related expertise and experience, e.g. Brazil, India, Philippines, among other. The CA Secretariat will actively approach a CA member or a country to establish a Joint Work Programme addressing an identified knowledge gap.

Specific studies could also be commissioned to universities, think tanks or consultancies, if a Joint Work Programme is not feasible or deemed less efficient. However, such activities should also be undertaken in consultation with, or through, a CA member, and not by the Secretariat alone.

Knowledge Sharing and Learning

The CA Secretariat will continue to improve the Alliance's project data base, the web site, newsletter, CIVIS notes, and print publications. Whereas these tools are useful for the sharing of knowledge, more effort should be made by members to motivate their respective constituency to learn from knowledge

available in the CA, from partners and members. Members are encouraged to finance, convene, organise and support CA-related **learning-platforms**, further interrelating their networks and staff with CA experiences and partners. Prominent examples include the UN-Habitat's World Urban Forum and the World Bank's Urban Research Symposium.

CA members should be encouraged to enhance their efforts to mobilise and strengthen additional actors, such as Universities or Training Institutes, in their capacity to give technical advice to local and national governments and to train and qualify urban professionals. They should be engaged as local partners in In-Country Programmes and in projects of the Catalytic Fund, with the dual purpose of making their existing expertise available to cities and at the same time enhancing and updating it.

In addition to these project-related activities, longer term CA support will be made available to establish or consolidate cross-border **knowledge and learning networks**, which could also include northern Universities. The African Association of Planning Schools, the Commonwealth Association of Planners and the African Centre for Cities are examples to illustrate the potential long term impact on urban development.

The changing international architecture for urban development, the evolving business model of the CA, as well as the diversity in the CA membership suggests a strong need for policy discussions at the CG level to foster alignment among members. The Secretariat recommends that the current Public Policy Forum should be refocused as a Cities Alliance Policy Advisory Forum, as suggested by the draft new Charter. Participation could be extended to policy makers and practitioners from CA members, beyond the principal representatives to CG. CA members, the CA Secretariat, and – upon invitation- external guests would provide inputs for the Forum.

Current Knowledge Activities and Perspectives

Some examples for the activities and instruments suggested above can already be found in the current CA portfolio. However, they are not yet systematic nor consolidated enough as to shape the knowledge and learning programme with the characteristics and objectives described at the beginning of this chapter.

The Secretariat is compiling knowledge gaps and potential means of addressing them in a knowledge and learning programme for endorsement and further development by ExCo in 2011. This will permit to identify additional sources of available knowledge from members, to avoid duplication, and to prioritise knowledge activities. Hopefully, it will also encourage broader member participation in Joint Work Programmes.

The current Joint Work Programmes have a strong focus on environment and climate change. Other themes being more deeply examined through Cities Alliance support are housing, enumeration, municipal finance and slum upgrading policies. Additional topics might be identified by the CG and EXCO, subject to the availability of resources.

2.4 Communication and Advocacy

The Cities Alliance Medium Term Strategy identified “the need for increased advocacy, together with partners, to promote understanding of the role of cities and local authorities in development.” (April 2008)

The CA Working Group (WG; July 2009) recommended that the Secretariat elaborate a “systematic and comprehensive advocacy strategy for the CA, 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 WG also recommended that the CA strengthen its presence in Europe by establishing a small sub-office. EXCO was subsequently less supportive of establishing a sub-office in Europe, particularly in the context of a constrained resource environment.

The CA Executive Committee (September 2009) endorsed the WG recommendation for an advocacy strategy, noting that additional funding would be required, and additional Secretariat staff capacity might be needed to support the strategy.

Advocacy was also considered by the CG at the Mumbai meeting (January 2010), where there was agreement that the CA needs an aggressive advocacy plan. Members expressed the need to engage more proactively with donors and multilaterals such as the OECD and EU, decide upon the future of the Advocacy Panel, and use economists to quantify the urban problem. The Secretariat was asked to incorporate the CG’s ideas as it continued to develop advocacy plans with interested members.

At its Paris meeting, EXCO proposed to defer the decision on any significant new initiatives on Advocacy, pending continued development of plans and a clearer picture on funding availability. As a first step, it was proposed to combine the Public Policy Forum (PPF) and Advocacy Panel, creating a Policy Advisory Forum (PAF), with the current Advocacy Panel member assuming the Chair of the Forum. Subject to the endorsement by CG of this concept, as presented in the draft new Charter, the PAF Chairperson will work in close consultation with the Chairperson of ExCo and with the Manager of the Secretariat to formulate a work programme for the PAF.

The Secretariat still seeks CG input, and guidance, as to the scope and nature of an advocacy programme around two strategic objectives:

- i. To influence policy makers in donor governments/agencies and their multi-lateral organisations, particularly in Europe, concerning the urgent need to address rapid urbanisation, and particularly the growth of slums, and the central role of cities and local governments in responding to these issues; and
- ii. To support efforts to catalyse change processes around issues of rapid urbanisation and the role cities in developing countries, particularly in support of CA strategic In-Country Programmes.

The first objective is in response to demand from the CG and from broader partnership objectives, and the second is targeted at achieving developmental outcomes, particularly in poor countries, as part of the CA results framework.

The programme could be developed as a strategic set of projects implemented through Joint Work Programmes with CA members and partners. The active engagement of CA members would be required, particularly UCLG, UN-Habitat, UNEP, WB, GTZ, AFD, USAID, HFHI and SDI. Participation would be needed from members both for direct inputs to the project as well as for other, complementary initiatives. CA members would also need to fund the advocacy plans.

Some CA members are participating in the **World Urban Campaign** (UN-H, UCLG, HFHI), which was launched at WUF-5 in Rio de Janeiro with support from the Cities Alliance. A coalition of Habitat Agenda partners of UN-H form the foundation of the Campaign, many of these partners with significant European presence (e.g., international professional associations). Synergies with WUC activities and partners could be further developed and, if members so decide, the Cities Alliance be formally affiliated with the Campaign.

Advocacy plans in Low Income Countries

The initial development of in-country programmes through the Land, Services & Citizenship project have identified needs and opportunities for in-country communications and advocacy activities. In Ghana, the assessment of CA members in the country is of a good set of governmental and civil society partners ready to make improvements in policies and programs, but there was a strong current of hostility in the media and in public opinion towards slum dwellers, and little recognition of the potential of municipal and metropolitan governments to improve economic development and poverty reduction.

In response, awareness-raising and other communication activities are proposed to be part of the LSC in-country design for Ghana, which is still at an early stage.

In addition, a broader media project has been developed, which could simultaneously be structured within the in-Country Programme, as well as form a component of the World Urban Campaign. Called ***Causing Change in Ghana***, it is planned to produce a magazine and weekly radio show that features people, projects, organisations, networks and businesses that are improving lives and livelihoods in Ghanaian cities and towns.

Requested decisions

CG and EXCO guidance on continued development and implementation of the CA advocacy programme is needed. The opportunity for advancing a city/urban agenda seems good, but to take advantage of the opportunities, a significant investment is required. Members will need to indicate their financial commitment to such a strategy.

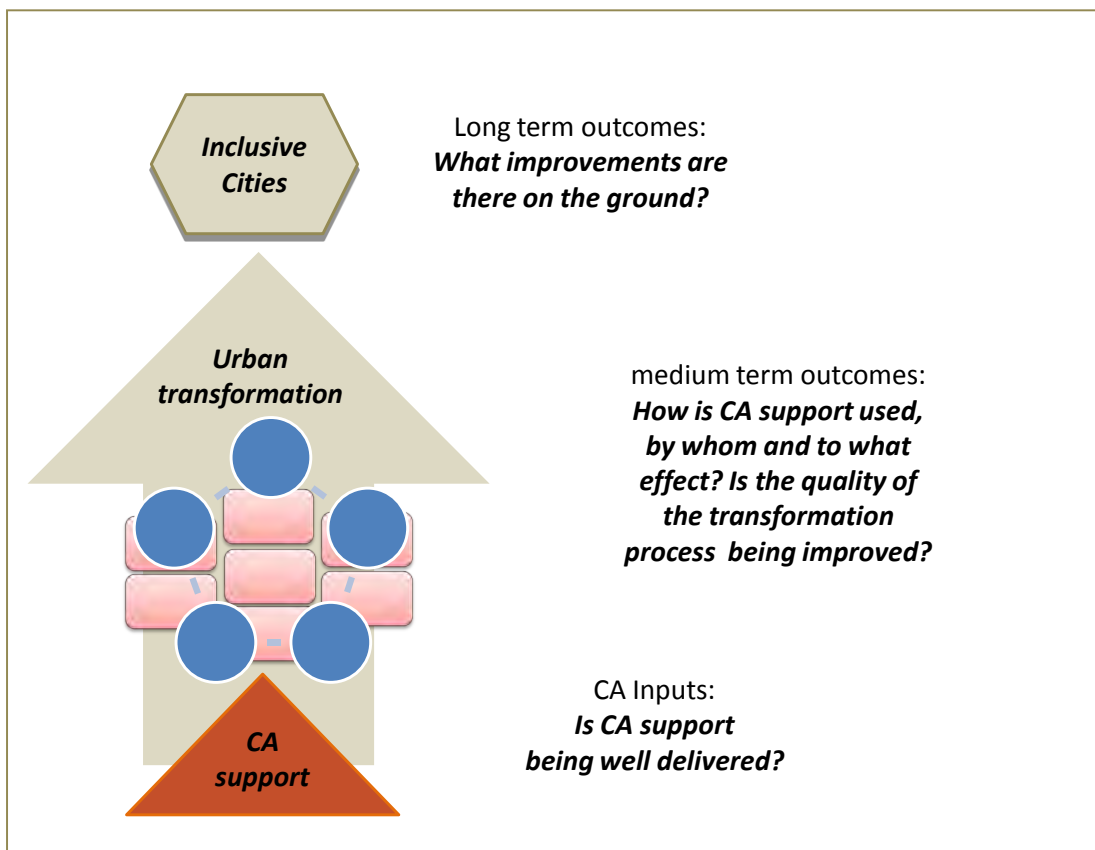
3. Framework for the Cities Alliance’s Results Based Management

Overall Approach: Urban Transformation towards Inclusive Cities

The reference for the results based management of the new business model is the „Cities Alliance Approach to Change, summarized in the graph below.

Results based management aims to improve performance, based on insights gained through monitoring and evaluating results basically on three levels: inputs, medium term outcomes, long term outcomes. This can roughly be expressed by the following questions:

- *Are the CA services being well delivered?*
- *Are they being well used?*
- *Do they cause the desired effects?*
- *What can be improved?*



CA Inputs to an Urban Transformation Process

Starting at the bottom of the graph, the first level of observation is the **input level**, assessing the **quality of CA support**: Are the inputs provided by CA to the urban transformation process being well delivered?

The focus is on the added value contributed by the CA, based on its four main value propositions:

1. **Coherence of effort**: Is the support aligned among CA and harmonized with partner policies?
2. **Knowledge**: Is up-to-date and experience-based knowledge being made accessible to all parties involved?
3. **Grant funding**: Does the CA funding make a catalytic difference to the process, with activities that would not take place without CA financing?
4. **Reputational leverage**: Does the reputation of the CA make a difference in terms of convening stakeholders and facilitating innovation?⁵

The ongoing “Evaluation of the CA project implementation modalities” will retrospectively analyze 25 projects supported by CA to assess to what extent these value propositions actually did make a difference to the projects. The findings and corresponding recommendations aim to make the value propositions even more effective and to further increase the added value of CA support in future interventions, through the new catalytic fund as well as through in-country-programming.

Improving the Quality of an Urban Transformation

The second level of observation, on the medium term outcomes, refers to the **effect of the CA support on the urban transformation process**. CA aims to improve the quality of urban transformation processes, specifically:

- to make them more effectively addressing urban inclusion;
- to make more efficient use of resources;
- to enhance the sustainability of the transformation process.

Effective urban transformation processes, as promoted by the Cities Alliance, typically cover the seven action areas listed below. To assess the effect of CA support on the transformation process, the guiding questions are: Who uses CA support and to what short or medium term effect? What outputs⁶ are being generated by Cities Alliance support? What difference is being made in the seven action areas of the urban transformation process?

⁵ These questions will be complemented with more precise indicators

⁶ Examples for outputs and services are: advocacy strategies; analytic work and data; learning opportunities, proposal for Organisational and legal reform; convening of dialogues; methodologies for planning; continuous process support, other.

- The drivers of urban transformation increase their awareness of the situation of the urban poor and their potential for the urban development;
- Local governments and other drivers of urban transformation enhance their knowledge about inclusive urban development, the knowledge base is more consolidated, “common wisdom” on inclusive urban development is more widespread among stakeholders (scale);
- Drivers of urban transformation engage in meaningful dialogues and cooperation led by local and national governments, more stakeholders are engaged, more opportunities of interaction created, more partnerships initiated and consolidated;
- Drivers of urban transformation adjust their Organisations to support inclusive urban development, mandates within and among Organisations are cleared, work processes adjusted, the capacity of enunciation, negotiation and sustained commitment of actors and Organisations is improved;
- Local and national governments, in cooperation with other drivers of urban transformation elaborate policies, strategies and plans with a focus on inclusive urban development,
- Drivers of urban transformation, with their supporting partners, mobilize financing and other resources for inclusive urban development;
- Local and national governments, in cooperation with other drivers engaged in urban transformation, implement inclusive urban policies, strategies and plans.⁷

Projects of the catalytic fund are limited in scope and duration and will typically not have results in all of the areas mentioned above. Projects will be selected upon the ex-ante assessment for their potential to cause effects. The M+E monitoring of the implementation will be responsibility of the implementing partners, without involvement from the CA secretariat. The evaluation of the project results will be based on the mandatory presentation for peer review.

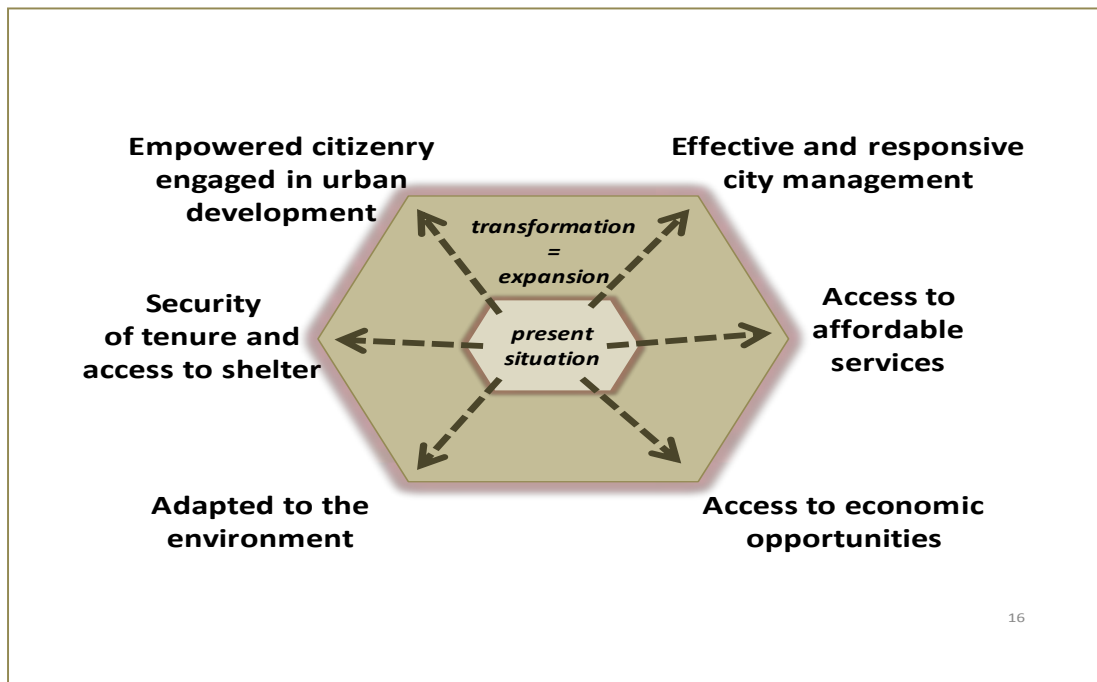
In the context of **in-country-programming**, the monitoring of the urban transformation process should be a shared between local and national partners and the CA. Urban transformation processes must be steered and managed by local or national governments, so the M+E must be functional to the results based management by them. As the ownership for the transformation process clearly lies with local and national governments, so must the ownership for the M+E. Consequently, the design of the M+E must be specific to the local situation, the priorities and capacities of the leading drivers of the transformation process. However, experience shows that partners might need support from CA to design and maintain efficient M+E mechanisms. In addition, CA will have to monitor and evaluate the quality of its support as described in the section above.

Expanding Urban Inclusion

The third level of observation is on the long term outcomes, the tangible improvements achieved on urban inclusion. According to the “Cities Alliance Approach to Change”, urban transformation processes with improved efficacy, efficiency and sustainability as described above, will lead to more

⁷ These questions will be complemented with more precise indicators, which for reasons of readability are not presented in this document.

inclusive cities. Whereas projects of the catalytic fund will show results mainly on the quality of the transformation process (short and medium term outcomes), in-country-programming are expected to impact over time also on the social inclusion.



Social inclusion is influenced by many factors (e.g. overall economic development), so improvements cannot be exclusively attributed to CA support. However, well designed M+E of the input level and of the medium term outcome level can establish plausible results chains, reflecting the plausible contribution of CA support to the expansion of social inclusion.

An even bigger challenge than this “attribution gap” will be the lack of reliable data and effective M+E mechanisms on this level. Experience shows that M+E in many cities and countries is rather weak, and might not provide consistent data as desired. M+E of in the context of CA in country programming will rely strongly on M+E by partners and CA members. Even though, expectations on scope, quality and timeliness of data will have to be balanced against local conditions.

Requested decisions

Endorsement of the suggested value propositions of the CA would contribute to reinforce the mission statement of the CA. In the same way, endorsement of the medium term outcomes would define the methodology of CA support, and the concept of inclusive cities would focus the overall objectives of the CA. In conjunction, this coincides with the revision of the CA charter.

Subject to endorsement by CG of the business lines of the CA, and of the foci for M+E as described above, the secretariat will proceed with developing the operational details of M+E specifically for in-country-programming, the catalytic fund, the knowledge and learning and the advocacy programme.

The independent external evaluation of the CA, due by mid 2011, will contribute to validate and further refine the new business model of the CA. The secretariat will develop the draft TOR accordingly and submit them to CG.

4. Organisational Reform of the Cities Alliance

The demand for a revision of the Charter has emerged over the past few CG meetings, and was a major sub-theme of the 10th Anniversary meeting of the CG in Mumbai, January 2010. The motivation for the review stems from a number of factors, including:

1. The fact that the Charter has hardly changed since it was negotiated in 1999, while both the membership, composition and international context have all evolved significantly;
2. There are a number of obvious gaps in the Charter, including the lack of a clear definition of the role and composition of the Executive Committee, and the Advocacy Panel;
3. The adoption of a new business model is likely to require clarity over procedures, such as for country selection, project approval; and
4. Revising the Charter will provide a vehicle to generate a new consensus amongst Cities Alliance members.

At the Mumbai meeting, it was agreed to adopt a phased approach to the review and revision of the Charter. **The first phase**, which would be discussed in Paris and be finalised at the CG meeting in Mexico City, will focus on

- Membership issues, in particular how to include cities, LGAs, NGOs, Foundations and other types of new members; and
- The decision making structure – roles, functions and necessary composition of EXCO, CG and Advocacy Panel.

The **second phase** would include a full revision of the whole Charter after the 2011 independent evaluation, with a proposal submitted to the CG for decision at its 2012 meeting.

However, as stated earlier in the document, and in light of the inter-related nature of the issues under consideration, the Secretariat believes that EXCO may wish to consider a single process for the revision of the Charter, commencing with immediate effect.

As part of this process, the Secretariat wishes to bring to EXCO's attention the nature and extent of some of the reforms that are currently underway within the World Bank, and which are likely to have a significant impact on Global Programs and Partnerships, of which the Cities Alliance is one. As noted in the Mumbai meeting, the World Bank is responsible for carrying the burden of financial, fiduciary and reputational risk of the Cities Alliance, on behalf of all members.

In general, there is a growing requirement for programmes such as the Cities Alliance to improve their alignment with World Bank operations, and to mainstream their activities. Combined, these have a number of implications which will need to be discussed with, and considered by, all Cities Alliance members. As one example, World Bank safeguards procedures are now being applied to grants, no matter the size. Thus far, the secretariat has adapted to these changes through increased training of the Secretariat staff, as well as positive engagement with the requisite World Bank expertise.

Annexure A

Reorganisation of the Secretariat: for Information

As was indicated in Mumbai, the Secretariat has been restructured as part of the move towards a new business model. Designed to delegate more authority, improve efficiency and better share the workload, staff will be assigned to one or more of four teams units. Each team will be lead by a Team Leader, and will be responsible for establishing, and following, a well-defined work programme and budgets. The teams and main responsibilities will be:

1. Global Programme Operations (G Meinert)

- a. Monitoring of ongoing projects of the closed grant facility outside Africa and MICs.
- b. Catalytic Fund (including small grant facility SGF as described above)
- c. Knowledge & Learning
- d. Communications & Advocacy
- e. Special projects (e.g., Financing of African Cities)
- f. Monitoring & Evaluation, Results Reporting

2. In-Country Programming Operations (J Baskin)

- a. In-Country Programming for LICs (Urban Support Programme)
- b. Land, Services & Citizenship programme
- c. MIC programmes (Brazil, Phil, India, SA, Chile)

3. Programme Administration (P Kibui)

- a. Financial administration (financial reporting, budgeting, etc.)
- b. Resource management
- c. Grant administration (FM, procurement, grant agreements, etc.)
- d. Information management

4. Partnership Operations (W Cobbett)

- a. Secretariat management
- b. Member relations and resource mobilization
- c. Governance support -- CG/EXCO

- d. Outreach and representation
- e. HR administration
- f. Office administration

Cities Alliance

CHARTER

23 January 2009

1. The Cities Alliance is a multi-donor coalition of cities and their development partners. The Alliance has been conceived to improve the efficiency and impact of urban development cooperation in two key areas:

- (a) making unprecedented improvements in the living conditions of the urban poor by developing citywide and nationwide slum-upgrading programs; and
- (b) supporting city-based consensus-building processes by which local stakeholders define their vision for their city and establish city development strategies with clear priorities for action and investments.

The Alliance will foster new tools, practical approaches and knowledge sharing in these two areas, so as to create a new coherence of effort to help realize the rich promise of what well managed cities can achieve.

2. The Cities Alliance was launched in May 1999 by the World Bank and United Nations Centre for Human Settlements (Habitat). The design of the governance and organizational structure was reviewed at two meetings of prospective partners, in June and October 1999. This document takes into account the comments received during this consultation process and is intended to constitute the basic charter for the Cities Alliance.

A. The Cities Alliance: Objectives and Rationale

3. The Alliance will marshal the resources, experience, and knowledge of its partners to focus on two priorities for action:

- (a) *Cities Without Slums*, through the citywide and nationwide upgrading of low-income settlements to improve the livelihoods of the urban poor;¹ and
- (b) *City Development Strategies*, aimed at formulating a broad consensus on a vision and a set of priorities for city actions.

4. As a global partnership, the Cities Alliance aims to:

- (a) improve the quality of urban development cooperation and urban lending;
- (b) strengthen the impact of grant-funded urban development cooperation;
- (c) expand the level of resources reaching the urban poor, by increasing the coherence of effort of existing programs and sharpening the focus on scaling-up successful approaches; and
- (d) provide a structured vehicle for advancing collective know-how.

¹ The *Cities Without Slums* action plan was developed in July 1999, and quantifies these objectives.

5. The Cities Alliance will not develop separate implementation capacity, but rather draw upon the existing capacity of its partners. In-country work will be managed through the regional operational units of the World Bank, Habitat, and other multilateral and bilateral partners, as well as through existing global and regional partnership programs.

B. Relationships with Programs of Participating Partners

6. Complementarities with on-going activities of participating partners will be sought, which are linked to achieving the two main objectives of the Habitat Agenda; the two new Global Campaigns of Habitat, i.e. Secure Tenure and Urban Governance; the World Bank's new Urban and Local Government Strategy; and global and regional partnership programs such as the Urban Management Programme (UMP), the Sustainable Cities Programme (SCP), the Municipal Development Programme (MDP), and the UNDP-World Bank Water and Sanitation Program. Complementarities with on-going programs of bilateral donors, regional development banks, and associations of local authorities will also be sought.

7. Working relationships with associations of local authorities will include their engagement in launching activities and strengthening local buy-in; mainstreaming successful activities; and, evaluation of Cities Alliance interventions.

8. The Cities Alliance aims to capitalize on the experience and expertise of its implementation partners in ways that strengthen their operations, rather than build separate implementation capacity. This should result in an improved coherence of effort among existing programs focused on achieving the Alliance's two priorities for action, without these programs losing their own identity.

C. Cities Alliance Activities

9. Activities sponsored under the Cities Alliance will fall within two main categories:

(a) Country-Specific Activities: The Cities Alliance is primarily focused on achieving results through country-specific activities. Proposals will typically originate from local authorities, but in all cases must be approved by the government of the recipient country, be sponsored by at least one member of the Cities Alliance, and have established channels to meet investment requirements.

(b) Regional & Global Activities: Country-specific activities will be complemented by activities designed to raise awareness, increase learning and disseminate good practices. These activities will include establishing knowledge sharing networks and data bases for city development strategies and for scaling-up urban upgrading programs, mainstreaming indicators and developing guidelines and other tools which advance collective know-how. Regional and interregional

seminars will also be organized with partners to share innovations and lessons learned. Proposals for these activities can originate from any interested source, but must be sponsored by at least one member of the Cities Alliance. Complementarity and consistency with knowledge-building activities in related thematic areas of the Bank, Habitat and other partners are essential in designing activities.

10. The Alliance's key methods of intervention for supporting **citywide and nationwide upgrading** of low-income settlements are to:

(a) identify and develop opportunities for citywide and nationwide slum upgrading programs;

(b) help selected cities and countries strengthen their policy framework as a necessary foundation for scaling-up community-based upgrading programs;

(c) establish consensus with local stakeholders, create alliances, and mobilize resources to implement programs; and

(d) promote activities that raise awareness, disseminate information, and create a global base of knowledge on "best practices" in scaling up slum upgrading programs.

11. The key methods of intervention for **City Development Strategies (CDS)** are to:

(a) support city-based consensus-building process to establish priorities, strategies, and actions for urban poverty reduction and sustainable urban development;

(b) assess the city's economic growth prospects linked to employment and to regional and national development objectives;

(c) assist local authorities in outlining financing and investment strategies, taking into account city-based resources and revenues, as well as private sector investors and partners; and

(d) build capacity and share the lessons and knowledge acquired in formulating and implementing city development strategies.

12. Countries eligible to receive Cities Alliance assistance are those included in the following categories of the OECD Development Assistance Committee's List of Aid Recipients: Developing Countries and Territories (all five columns of the Part 1 table); and Countries and Territories in Transition (column one of the Part II table).²

² The DAC List of Aid Recipients, as updated from time to time, can be found on the OECD homepage: http://www.oecd.org/document/45/0,2340,en_2649_34447_2093101_1_1_1_1,00.html

D. Activity Identification and Selection

13. Regional and global activities will include key knowledge and dissemination activities, including conferences, workshops and studies, and may be proposed by the Secretariat or any of the Alliance partners.

14. Country-specific proposals would typically originate from individual local authorities or consortia of local authorities, but must be sponsored by at least one member of the Cities Alliance.

15. All proposals for Cities Alliance assistance which meet the threshold eligibility requirements described in Section C shall be assessed against a set of criteria designed to evaluate adherence to fundamental Alliance principles that emphasize partnerships and prospects of success and sustainable change. Funding proposals will be evaluated based upon the degree they meet the following criteria:

(a) **Targeting the Objective** - The activity must aim at the reduction of urban poverty and directly support scaling up slum upgrading and/or city development strategies.

(b) **Government Commitment and Approval** - The activity must have government/local authority commitment and approval.³

(c) **Linkage to Investment Follow-up** - Development bank and private and public sector investment partners should be clearly identified and involved from the beginning in the design of the activity so as to increase the odds of investment follow-up for implementation.

(d) **Partnerships** - Proposals for City Development Strategies and scaling-up slum urban upgrading programs must be conceived as a participatory process with local stakeholders including both the private sector and community organizations. They must include appropriate strategies and actions to ensure participation of, and ownership by resident communities. Cities will need to be able to demonstrate the nature and extent of participation by relevant stakeholders.

(e) **Co-financing** - All proposals should include co-financing, combining seed funding from the Cities Alliance with a target of at least 20% financing of the total project budget, from the cities themselves and other sources. Co-financing can be in the form of in-kind contributions. For all proposals requesting over US\$250,000 from Core Funds, the co-financing target is graduated based on the amount of funds requested from the Cities Alliance, ranging from a minimum 25% target for the low range requested (US\$250,001) up to 50% target for the maximum allowable request (US\$500,000). To calculate the co-financing target, simply divide the requested amount by 10,000. For

³ Multi-country activities will not normally be required to meet this criterion. However, the criterion may be applied to multi-country activities that are designed to benefit directly a small number of easily-identifiable countries.

example, where US\$310,000 is requested from the Cities Alliance, the co-financing requirement from non-Cities Alliance sources would be 31% of the total budget.

(f) **Coherence of Effort** - Activities should be designed to promote cross-sectoral, inter-divisional and multi-donor coordination.

(g) **Scaling-up** – In order to increase the potential for scaling-up, the selected city should preferably have (or have realistic ambitions to develop) appropriate links to other cities in the country/sub-region, for example, through local authority associations.

(h) **Institutionalization and replication** – Activities should contribute to developing local mechanisms and models to help city managers and national associations of local authorities institutionalize support for the formulation of city development strategies and citywide and nationwide upgrading programs, so as to facilitate replication in other cities.

(i) **Positive Impact on Environment:** Activities supported by the Cities Alliance are expected to achieve significant environmental improvements. These should be clearly stated in each proposal. Any activity in which negative environmental impacts could be anticipated must include an Environmental Impact Assessment and a Mitigation Plan as conditions for approval.

16. Resources for country-specific activities could come from “non-core” funds earmarked by donors for particular thematic or geographic areas, administered in parallel or through a trust fund, or from “pooled” core funds available for allocation based on the competitive criteria (see section F, below). Pooled funding would also take into account additional criteria to help achieve overall program balance, including:

(a) **Regional Balance** - Cities Alliance resources will be allocated in a way that ensures a reasonable balance of activities across developing regions.

(b) **Activity Balance** - Cities Alliance resources will be allocated in a way that encourages linkages between scaling-up slum upgrading and City Development Strategies.

17. **Eligible Expenditures from Cities Alliance trust funds**, subject to any restrictions imposed by Non-Core funding sources, may include the following:

- costs of the Cities Alliance Secretariat;
- costs associated with identifying, supervising and delivering activities;⁴
- costs associated with preparing and disseminating information produced by the Cities Alliance;
- costs associated with organizing workshops, seminars or conferences, including participation by relevant international experts and, in appropriate cases, representatives of recipient governments;

⁴ Consistent with the approach of other multi-donor programs of this kind, the Cities Alliance may contract the services of the staff of implementing organizations for these activities up to a limit of 20% of the aggregate amount of the Cities Alliance Trust Fund.

- costs of visit programs for appropriate developing country personnel;
- other expenditures directly related to the fulfillment of the Cities Alliance mandate.

18. Within these guidelines, participating donors may determine particular priorities through the approval of annual work programs. The annual work plan for the Core Fund shall be determined by the Consultative Group as a whole.

19. The process for evaluating and approving proposals for Cities Alliance assistance is described in Annex I.

E. Governance and Organizational Structure

20. The governance and organizational structure of the Cities Alliance will comprise a Consultative Group (CG), a Policy Advisory Board (PAB)⁵, and a Secretariat.

Consultative Group

21. 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. The CG will also constitute a global public policy forum to share the lessons learned from experience and agree on policy orientations and standards of practice in areas related to the Alliance's goals. In this way the CG will work to catalyze partners' actions in ways that would go beyond their individual actions. The CG responsibilities are to:

(a) consider long term strategies for the Alliance and approve its annual work program;

(b) approve the annual financial plan and criteria to be used in screening activities to be financed from the Cities Alliance Trust;

(c) facilitate donor coordination of related activities financed from non-core funds and parallel financing;

(d) share the knowledge and experience gained by cities in tackling these problems;

(e) review the performance of the Cities Alliance and evaluate its impact;

(f) confirm donor pledges and help raise additional resources; and

(g) approve and amend the Cities Alliance Charter.

⁵ Changed to Advocacy Panel in January 2009

22. 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.

23. The CG will invite prospective financial partners to serve as “Associate Members” of the Cities Alliance Consultative Group for a maximum period of two years. The associate membership will be non-voting but will share information and participate in key meetings.

24. The Consultative Group will meet as needed and, at least during the initial period, more often than once per year. A global public policy forum will take place immediately before CG meetings and provide substance for discussion. Such forum will be organized by the Secretariat in consultation with the PAB.

25. The CG will establish mechanisms to provide appropriate supervision of, and guidance to, the Secretariat between CG meetings.

26. The Consultative Group will be co-chaired by the Vice-President, Private Sector Development and Infrastructure, of the World Bank, and the executive head of Habitat.

27. Decisions of the CG are made by consensus.

Policy Advisory Board⁶

28. The Policy Advisory Board (PAB) will provide guidance to the Consultative Group on key strategic and policy issues, and in supporting the implementation of Cities Alliance activities. Membership shall be drawn from preeminent urban experts in each region, and would include representatives of non-governmental and community-based organizations, the private sector, as well as the secretariats and/or programs of associations of local authorities. Responsibilities of the PAB will also include:

(a) providing advise on specific issues related to city development strategies and scaling-up slum upgrading;

(b) reviewing and commenting on the Cities Alliance strategy as reflected in draft annual work programs prepared by the Secretariat;

(c) facilitating the engagement of local authority networks in building capacity to sustain and replicate the work of the Cities Alliance; and

(d) evaluating the impact of the Cities Alliance work program through *ex-post* evaluation of selected activities.

⁶ In the wake of a considered review of its role and utility, the Policy Advisory Board was restructured into an Advocacy Panel at the Consultative Group Meeting in Barcelona in January 2009.

29. From seven to ten members would be invited to serve on the PAB, which would meet twice a year. More detailed selection criteria, terms of service and meeting logistics will be determined by the CG. PAB members will be appointed by the Co-Chairs of the Consultative Group, after consultation with CG members.

30. The PAB will report to the CG in writing within two weeks before each CG meeting.

Secretariat

31. The Secretariat will carry out the Cities Alliance mandate and manage its day-to-day operations. The Secretariat will report to the Consultative Group at least quarterly through the CG Co-chairs, and be housed in the Washington, DC office of the World Bank. Habitat and the World Bank have agreed to provide facilities for the Secretariat and have allocated appropriate staff resources for the first three years of operation. After the first year, arrangements for the Secretariat will be reviewed and submitted to the CG for endorsement.

32. The Secretariat will be kept small and focus on the administration of the Cities Alliance partnership rather than the delivery of Alliance-funded activities. Key responsibilities will include:

(a) screening and evaluation of project proposals in accordance with the criteria adopted by the CG;

(b) providing secretariat services to CG and PAB ;

(c) establishing and maintaining effective relations with partners, including supporting the Consultative Group in fundraising;

(d) drafting the work program and budget, and administering the disbursement of funds;

(e) monitoring the implementation of projects and disseminating lessons learned on best practices; and

(f) maintaining a database of existing projects of relevance to the two main areas of activities of the Cities Alliance.

F - Funding

33. To maximize flexibility for donors, the Cities Alliance has a two-tier financial structure: a "Core Fund" and "Non-Core Fund". "Parallel" programs of partners will not be administered through the Cities Alliance Trust Fund.

34. The *Core Fund* comprises a pool of resources that can be used for any activity falling within the work program approved by the Consultative Group. The funds will be applied to country-specific activities, multi-country activities, knowledge and learning activities, and governance costs. Contributions to the Core Fund are not subject to any donor restrictions, including in relation to nationality of consultants. Unless otherwise indicated, all contributions to the Cities Alliance would be designated to the Core Fund. All participating donors would be required to make a minimum contribution to the core fund of \$ 250,000 per annum. In the case of regional development banks, such core contributions can be tied to their relevant operational regions where required by their statutes. Governments of countries referred to in article 12 will be required to make a minimum contribution to the Core Fund of \$50,000 (or local currency equivalent) per annum.

35. *Non-Core Funds* are those that include donor restrictions relating to themes, activities or regions. Individual Non-Core Funds may be established with the consent of the Secretariat. Contributors to Non-Core Funds will be required to make at least the minimum contribution to the Core Fund.

36. *Parallel Funds* support the objectives of the Cities Alliance. Partners engaged in parallel activities which are designed to support Cities Alliance objectives, will commit to implementing a shared vision on best practice developed collectively in the Cities Alliance.

37. Contributions to the Cities Alliance will be in the form of cash. In limited cases, however, contributions of in-kind resources may also be considered with the approval of the CG.

38. Each contributor will enter into a trust fund agreement with the World Bank for its contributions to the Cities Alliance.

39. Key reporting and auditing arrangements are outlined in Annex II.

G - Procurement

40. The Secretariat will designate a task manager for each Cities Alliance funded activity, in consultation with the implementing agency. Hiring of consultants will generally be initiated by the task manager. In some cases, consultants and/or equipment may be procured by recipient governments. Procurement for activities administered by the World Bank will be implemented in accordance with World Bank procurement guidelines. Procurement for activities administered by other implementing agencies will be implemented following guidelines as specified under framework arrangements amongst World Bank, implementing agencies and CG.

Annex I: Proposal Evaluation and Approval Process

1. The process for evaluating and approving proposals for Cities Alliance assistance has been designed to ensure their conformity with the approval criteria and the annual work program approved by the Consultative Group.
2. Proposals for Cities Alliance assistance may be evaluated and approved through one of two processes:
 - (a) Proposals may be specifically identified in the annual work programs approved at annual meetings of the Consultative Group; or
 - (b) Proposals may be dealt with by the Secretariat between meetings of the CG in accordance with the agreed work program, criteria and processes.
3. The evaluation and approval processes for the second category of proposals aim to strike a balance between speed, cost, comprehensiveness of evaluation, transparency and other considerations. The nature and rigor of the evaluation and approval process generally increases with the size of the support requested from the Cities Alliance. To facilitate this approach, proposals are classified according to the amount of support requested from the Alliance: small (\$75,000 or less), medium (over \$75,000, up to \$250,000) or large (over \$250,000).
4. The evaluation and approval processes for proposals that have not been approved through the Cities Alliance annual work program and for which funding is sought from the Core Fund is described below and summarized in the attached table. Proposals for which funding is sought from Non-Core Funds will generally follow the same process, with final approval required from the relevant donor rather than the CG as a whole.

Applications

5. Proposals for Cities Alliance assistance may originate from any member of the Alliance.
6. Proposals for Cities Alliance assistance are initiated by the completion of an application form that seeks to capture all key information required to assess the proposal. Application forms – together with supporting information – shall be available on the Cities Alliance website, as well as in paper form that is disseminated widely.

Initial Screening

7. The Secretariat will undertake an initial screening of all proposals to ensure that the application is complete and is consistent with the threshold eligibility criteria in relation to targeting the objective; eligible countries; government commitment and approval; and, partnerships. If required, the Secretariat may consult with the proposal proponent to elicit additional information.

Technical Assessment

8. Proposals that meet the threshold eligibility requirements will be subject to more intensive scrutiny according to the approval criteria and annual work program.

9. For small proposals (\$75,000 or less), the Secretariat may undertake this evaluation from its own resources but may request an independent technical assessment from one or more specialists with relevant expertise. For this purpose, the Secretariat shall develop and maintain a roster of relevant specialists. The findings and recommendations of such assessors shall not be binding on the Secretariat, but shall in all cases be recorded in the activity file and will be available to Cities Alliance donors. To ensure a rapid response capability, applications for small activities shall be considered on a rolling basis, without the need for a relative assessment of proposals through the periodic batching of proposals.

10. For medium and large proposals (over \$75,000), the Secretariat is obliged to seek an independent technical assessment from one or more specialists with relevant expertise drawn from the roster. As with small proposals, the findings and recommendations of such assessors shall not be binding on the Secretariat, but shall in all cases be recorded in the activity file and will be available to Cities Alliance donors. Unlike small proposals, medium and large proposals will usually be batched for evaluation on a quarterly basis, so as to allow an assessment of the relative merits of each proposal. However, this batching requirement may be waived in the case of urgent requests with the agreement on a “no-objection” basis of the Consultative Group.

11. In all cases, if the Secretariat is of the opinion that the proposed activity is technically sound but raises significant social, political or other sensitivities not fully addressed in the approval criteria, the Secretariat shall refer the proposal to the Consultative Group for further guidance.

Donor Coordination

12. Proposals that are adjudged to meet the threshold eligibility requirements and to be consistent with other approval criteria will then be tested to ensure they are not in conflict with the programs or activities of donors.

13. For small proposals (\$75,000 or less), the Secretariat shall make this assessment by undertaking a review against information on donor programs and activities held in a database developed and maintained by the Secretariat for this purpose. That database shall cover the programs and activities of donors participating in the Cities Alliance and, to the extent feasible, the programs and activities of other donors with significant activities in urban development.
14. For medium and large proposals (over \$75,000), the Secretariat will undertake a more active assessment. In the case of donors participating in the Cities Alliance, this will involve consultation on a “no objection” basis. This consultation will usually be undertaken through electronic mail inviting nominated contact persons to register any concern within a maximum of ten working days.¹ To facilitate this process, participating donors are to advise the Secretariat of relevant contact details within their organization. In the case of donors not participating in the Alliance, inquiries may be limited to information reflected in the database noted above.
15. If the above processes reveal any issue of donor coordination, the Secretariat shall endeavor to resolve such matters through appropriate consultation. Matters that cannot be resolved in this manner may be referred to the Consultative Group for further guidance.

Approval

16. Proposals that pass the above tests shall be subject to final approval according to the following process.
17. For small and medium proposals (\$250,000 or less) that have been positively evaluated through the Technical Assessment process, the Secretariat shall be authorized to approve the proposal without further reference to the Consultative Group. However, the Secretariat shall inform the CG of its approval activity through quarterly reports.
18. For large proposals (over \$250,000) that have been positively evaluated through the Technical Assessment process, the Secretariat is required to seek the endorsement of the CG on a “no objection” basis. This will normally be through a series of quarterly reports based on the quarterly batching of proposals, where donors would be asked to register any objection within 10 working days. For urgent requests, the CG may be invited to endorse the activity at the same time as it is asked to waive the batching requirement (see para 10) and to confirm that there is no conflict with donor programs or activities (see para 14).

¹ In the case of urgent matters, the Secretariat may expedite this process by seeking affirmative advice from each participating donor.

Notification of Proponent

19. Proponents will be notified immediately following the acceptance of their proposal and all approved proposals will be posted on the Cities Alliance website.

Execution

20. Once an activity has been approved and Cities Alliance funds are allocated, the Secretariat shall designate a task manager for the activity, which will typically be the task manager nominated on the application form. The task manager will be responsible for ensuring that all appropriate procurement, supervision and reporting procedures are complied with.

**SUMMARY OF EVALUATION AND APPROVAL PROCESS FOR PROPOSALS
NOT SPECIFICALLY IDENTIFIED IN ANNUAL WORK PROGRAM**

Size of Proposal	Initial Screening (threshold eligibility)	Technical Assessment (conformity with approval criteria and work program priorities)	<i>Donor Coordination</i> ("no conflict" test)	<i>Final Approval</i>
Small \$75,000 or less	Secretariat	Secretariat – Use of independent technical assessors optional. Proposals considered on a rolling basis.	Database check.	Secretariat
Medium over \$75,000, up to \$250,000	Secretariat	Secretariat – Use of independent technical assessors mandatory. Proposals batched for relative assessment on a quarterly basis. This requirement may be waived in the case of urgent proposals with the endorsement of the Consultative Group on a "no objection" basis.	Consultative Group members: Confirm no-conflict on a "no objection" basis. Non-members: Database check.	Secretariat
Large over \$250,000	Secretariat	Secretariat – Use of independent technical assessors mandatory. Proposals batched for relative assessment on a quarterly basis. This requirement may be waived in the case of urgent proposals with the endorsement of the Secretariat on a "no objection" basis.	Consultative Group members: Confirm no-conflict on a "no objection" basis. Non-members: Database check.	Endorsement sought on a "no objection" basis from Consultative Group (if financed from Core Fund).

The final approval for activities to be financed from Non-Core funds is subject to procedures agreed between the Secretariat and the contributing donor of the Non-Core fund.

Annex II: Reporting and Auditing Arrangements

Specific reporting and auditing requirements will be defined in the trust fund agreements entered into between participating donors and the World Bank. The general structure of the proposed reporting and auditing arrangements are outlined below.

For Core Fund (*to be provided to all CG members*):

- Quarterly financial statements¹ (unaudited)
- Semi-annual progress reports on the status of approved activities.

For Non-Core Funds (*to be provided separately to relevant donor*):

- Quarterly financial statements (unaudited)
- Semi-annual progress reports on the status of activities

For all Cities Alliance activities (*to be disseminated broadly*):

- An annual report on all Cities Alliance activities and summary financial statements, no later than six months following the end of the fiscal year.

The World Bank, as trust fund administrator, will provide to donors on an annual basis a management assertion, together with an attestation from the World Bank's external auditors, of the satisfactory performance of the procedures and controls used by the World Bank in administering Cities Alliance funds.

External reviews and financial audits of Cities Alliance activities may be performed at the request of the Consultative Group, individual donors with respect to their contributions to Non-Core Funds, and World Bank management.

A quarterly report on the activities and achievements of the Cities Alliance will be prepared for the Patron of the Cities Without Slums initiative, President Nelson Mandela.

¹ Financial statements are prepared in US dollars and on a cash basis. Contributions are recorded when received, and disbursements are recognized when paid rather than when obligations are incurred.

Cities Alliance

CHARTER

DRAFT

26 October 2010

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The Cities Alliance is a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development.

In the last 20 years, the world urban population has grown from 2.25 billion to 3.5 billion. It is expected that it will reach 4.9 billion in 2030. On the other hand, the annual urban growth rate is declining in many parts of the world, reflecting the advancement of the urban transition.

Local governments have grown in importance in recent decades and their role is widely recognized, but their political, institutional and financial resources and powers do not match their mandate. Urban governance and decentralization have progressed in all regions of the world to the benefit of urban dwellers. However, local government capacities remain underdeveloped in many countries, particularly in secondary cities, and there is enormous room for south-south and city-to-city cooperation for urban development.

Economically and culturally, cities are effective engines of growth and innovation allowing people to access a variety of job opportunities and personal development at large scale. However, especially in low income countries, many of these jobs are provided by the informal sector and decent work remains a challenge in many cities.

Cities, large and small, are also places of growing inequalities and sometimes of squalid poverty, in terms of both income poverty and inadequate access to shelter and basic services. But their neighborhoods are often marked by human solidarities, community networks and citizen initiatives.

By their density, compact cities offer the potential for sustainable development and the efficient use of natural resources. But most cities witness harmful environmental pollution hazards. They are a major contributor to and victim of climate change and related disasters. Sustainable urban development strategies should be matched by adequate investment and resources.

The Cities Alliance is a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development. It aims at supporting cities, local and national governments and their partners¹ in the developing world in addressing the above challenges to capture the gains of urbanization and taking advantage of the above opportunities, for the benefit of their citizens.

¹ Partners include civil society organizations, NGOs, university and research institutes, private enterprises, etc.

Cities Alliance Objectives

Cities Alliance is governed by three over-arching objectives:

- To strengthen and promote the role of cities in poverty reduction, and in sustainable development; and
- To capture and strengthen the synergies between and among members and partners; and
- To improve the quality of urban development cooperation and lending.

The Cities Alliance is primarily a vehicle for partnership, seeking to improve the quality and coherence of support being provided to city and national governments in the developing world, as well as the quality of members own urban programmes. To this end, the Cities Alliance will not develop separate implementation capacity, but works through the existing capacity of its members, as well as development partners, to promote the vision of '**Sustainable Cities without Slums**'. To achieve this vision, the Cities Alliance will promote new partnerships between local and national government, slum dwellers, the private sector, NGOs and development partners.

The Cities Alliance prioritizes support to cities, local authorities, associations of local authorities and/or national governments that are committed to:

- a. Improving their cities, and local governance, for all residents;
- b. Adopting a long-term, comprehensive and inclusive approach to urban development; and
- c. Implementing those reforms necessary to effect systemic change, and to achieve delivery at scale; and
- d. Decentralizing resources to empower local government

Cities Alliance Activities

Support provided by the Cities Alliance generally falls within the following broad categories:

Citywide and nationwide slum upgrading programmes;

City development strategies; and

National policies on urban development and local government

Within these broad categories, Cities Alliance members and partners are able to respond to a range of developmental challenges, which are identified as priorities by the city or national government, slum dwellers, the private sector and other partners. City development strategies are generally multi-sectoral and citywide, and can encompass a wide range of priorities, on sustainable urban development

priorities, including subjects related to three pillars of sustainable development (economic, social and environmental) as well as investments, governance systems and physical implementation.

Cities Alliance activities are limited to those countries listed in the OECD Development Assistance Committee's list of Aid Recipients², as amended. Any city, national association of cities and/or national government or their partners can approach the Cities Alliance for support, either through one or more members of the Cities Alliance, or through the Secretariat, which will attempt to identify appropriate member(s) to provide such support. Cities Alliance members may also apply for support.

Any programme of assistance by Cities Alliance should be determined by the priorities of the city and its residents, local government association and national government

In general, the Cities Alliance offers the following types of support, subject to the availability of funds:

Country Programmes

Longer-term programmatic support, at a multiple city / national scale.

Catalytic Projects

Shorter-term activities designed to catalyze change;

Knowledge activities

Activities designed to fill knowledge gaps at local, national, regional and global levels

Communication support, and advocacy

Activities designed to improve awareness of relevant policies or activities, and contribute to dynamic local, national, regional and global debates.

Membership of Cities Alliance

Cities Alliance membership is open to national governments, the global organized representatives of local authorities (represented by UCLG and Metropolis), international networks of organizations engaged in urban development and other partners.

There are two categories of membership (a.) full members and (b.) associate members.

CG full members include government representatives, multi-lateral organizations, local government representatives (thru UCLG), and international networks of partners.

Associate members including foundations, NGOs, private companies and other partners are invited to participate in the CG sessions. They are entitled to participate in the CG session without voting rights.

² The DAC List of Aid Recipients, as updated from time to time, can be found on the OECD homepage: http://www.oecd.org/document/45/0,3343,en_2649_34447_2093101_1_1_1_1,00.html

Observers interested in Cities Alliance activities may be invited to attend the CG sessions and participate in the Policy Advisory Forum without fees.

The current membership of the Consultative Group (as of 30 June 2010) is listed as **Annex I**;

Prospective full members and associate members of the Cities Alliance can apply for membership of the organization, provided they (i.) are sponsored by 3 (three) members of the Consultative Group; (ii.) endorse the Cities Alliance Charter and (iii.) undertake to meet their financial contributions to the Cities Alliance Trust Fund. .

Their applications are reviewed by the Executive Committee for recommendation to the Consultative Group. With the exception of UCLG and Metropolis, all members will be required to make a financial contribution to the core funds of the Cities Alliance, according to the Schedule of Contributions listed as **Annex II**.

Members that fail to make their agreed financial contribution for two consecutive financial years will no longer be members of the Consultative Group.

In their discretion, the Co-chairs of the Consultative Group can invite interested organizations as Observers to a meeting of the Consultative Group.

Governance of the Cities Alliance

The Cities Alliance is comprised of four structures:

1. The Consultative Group (CG)
2. The Executive Committee (EXCO)
3. The Policy Advisory Forum (PAF); and
4. The Secretariat

1. The Consultative Group

The Consultative Group is comprised of all members of the Cities Alliance, and is the supreme decision-making body of the organization;

The Consultative Group meets at least once a year. Two thirds of the membership constitutes a quorum of the Consultative Group. Decisions in the Consultative Group are taken by consensus.

The Consultative Group is co-Chaired by the Founding Members of the Cities Alliance: the World Bank³ and UN-Habitat⁴

1.1 Primary Duties of the Consultative Group

The CG's primary duties are to:

- i. Adopt, and amend, the Charter;
- ii. Guide the long and medium term strategic direction of the organization;
- iii. Approve the criteria to be used in selecting and approving CA activities;
- iv. Review and evaluate the overall performance of the Cities Alliance;
- v. Establish the membership fees for different membership categories;
- vi. Confirm pledges and help raise additional resources;
- vii. Appoint an Executive Committee;
- viii. Appoint the Chairperson of the Policy Advisory Forum;
- ix. Approve the application of new members; and
- x. Decide on the location of the Secretariat.

2. The Executive Committee

The CG appoints an Executive Committee, and delegates the following powers and functions to the Committee. The Executive Committee is accountable to the Consultative Group in all matters.

2.1 Composition of the Executive Committee

The Executive Committee is comprised of a combination of Permanent Members Rotating members and non-voting, ex-officio Members, *viz.*,

Permanent Members:

UCLG, UN-Habitat and World Bank

Rotating Members:

Three representatives from external support countries/agencies

One developing country representative

One other member, elected by the CG

³ Represented by the Vice-President of Sustainable Development, or his/her designated representative

⁴ Represented by the Executive Director or his/her designated representative

Non-Voting and Ex-Officio Member

Manager of the Secretariat

The Chairperson of the PAF is invited to participate in the discussion of the EXCO in an advisory capacity.

Rotating members are elected by the CG for three year terms, appointed on a staggered basis. The UCLG representative acts as the Chairperson of the Executive Committee. If, for any reason, the UCLG delegate is not available, the members will elect a Chairperson for that meeting.

2.2 Primary Duties of the Executive Committee

The EXCO's primary duties are to:

- i. Provide guidance to the Secretariat on matters of policy and strategy;
- ii. Approve the annual work plan and budget of the Cities Alliance, including that of the Secretariat, monitor progress, and make recommendations to the CG;
- iii. Approve an annual work plan and budget for the Policy Advisory Forum;
- iv. Approve the appointment of the Manager of the Secretariat;
- v. Approve any procedural manuals produced by the Secretariat;
- vi. Identify and select countries for country programmes;
- vii. Nominate the Chairperson of the Policy Advisory Forum;
- viii. Undertake such duties and responsibilities delegated by the CG; and
- ix. Consider applications for membership and makes recommendation to the Consultative Group.

The Executive Committee meets as often as necessary, but no less than twice per year. One of the EXCO meetings precedes the CG meeting.

Absence at two consecutive meetings results in removal from the EXCO. EXCO will then make a recommendation for replacement to the CG.

3. The Policy Advisory Forum

The Policy Advisory Forum is the Cities Alliance platform for public discussion, debate and knowledge sharing. The Forum promotes dialogue between CA members and invited partners on key policy and strategic issues of city and urban development, and advises the Cities Alliance on appropriate policies and strategies.

The PAF has a Chairperson for a period of three years. In formulating the work programme and activities of the PAF, the Chairperson will work in close consultation with the Chairperson of the EXCO, and the Manager of the Secretariat.

The PAF provides a platform for members of the Cities Alliance and a range of partners, including:

- Country partners of the Cities Alliance
- Universities and training institutions
- Non-governmental organizations
- Foundations
- Private sector organizations.

The main PAF meeting immediately precedes the annual meeting of the Consultative Group. The PAF can also be convened at a country or city level.

The PAF reports to the CG through its Chairperson

4. The Secretariat

The Secretariat carries out the Cities Alliance mandate, and manages its day-to-day operations. A primary function of the Secretariat is to actively facilitate the participation of members in the activities of the organization. It also provides appropriate services to its members, and generally facilitates the work of the Partnership

4.1 Institutional Set-up

The Secretariat is directed by its members and administered by and within the World Bank on behalf of its members. The Cities Alliance secretariat manager and staff are part of the Finance, Economics & Urban Development Department of the Sustainable Development Network, Vice Presidency of the World Bank. This set-up will be reviewed by the CG as needs occur.

Cities Alliance secretariat staff are World Bank staff members recruited and managed according to World Bank policies. The secretariat may accept staff members on secondment from other organizations and through junior professional and similar programs.

The manager of the secretariat has dual reporting lines to the Executive Committee and to the World Bank.

4.2 Primary Duties of the Secretariat

Under the overall direction of the Manager, the Secretariat has the following duties and functions:

- i. Facilitate member involvement in the activities of the Cities Alliance;
- ii. Screen and evaluate project proposals, in accordance with criteria approved by the CG;
- iii. Provide secretariat services to the CG, EXCO and PAF;
- iv. Prepare and present medium and long term strategies, for consideration by EXCO and the CG;
- v. Mobilize support to the CG and EXCO in fundraising on behalf of the Cities Alliance;
- vi. Maintain a database of existing projects of the Cities Alliance;
- vii. Maintain appropriate procedures and ensure sound financial management;

- viii. Monitor the implementation of projects and disseminate lessons learned from CA and other activities, including an Annual Progress Report;
- ix. Draft the Work Programme and budget by EXO and administer funds; and
- x. Prepare and present status reports on progress and results.

Annex I: Members of the Cities Alliance (30 June 2010)

In Alphabetical Order:

Australia
Brazil
Chile
Ethiopia
European Commission
France
Germany
Habitat for Humanity International
Italy
Metropolis
Netherlands
Nigeria
Norway
Philippines
Slum Dwellers International
South Africa
Spain
Sweden
World Bank
United Cities and Local Governments (UCLG)
United Nations Environment Programme (UNEP)
UN-Habitat
United Kingdom
United States of America

Annex II: Schedule of Membership Fees⁵

Multilateral Organizations:	\$250,000 ⁶
External Support Agency/ Countries:	\$250,000
Developing Country Governments:	\$ 50,000
International Non-Governmental Organizations and Networks:	\$ 50,000
Foundations, Private Sector and Universities:	\$ (250,000)

⁵ These fees constitute the core resources of the Cities Alliance. Members are encouraged to contribute more than the minimum core resources (not earmarked). Any non-core resources (earmarked for specific activities) should be aligned with the CA mandate and priorities.

⁶ For UN agencies, this can be combined as \$100,000 cash, and \$150,000 in-kind (e.g. Staff secondment)

**Cities Alliance
Consultative Group Meeting
16-17 November 2010
Mexico City, Mexico**

PARTNERSHIP MATTERS

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

New Executive Committee Member Election

The Executive Committee was established during the November 2007 meeting of the CG in Manila. The membership of EXCO during 2010 has consisted of:

STANDING MEMBERS:	World Bank UN-Habitat UCLG
ROTATING MEMBERS:	
Bilateral (OECD):	Germany, 2009-2011 Norway, 2010-2012
Bilateral (DAC):	Chile, 2009-2011 South Africa, 2009-2011
Multilateral:	UNEP, 2009-2011

No member is scheduled to rotate off the Committee, under the rules governing EXCO up to the Mexico City meeting of the Consultative Group. However, the composition, functions and procedures of EXCO are being reviewed as part of the update of the Cities Alliance Charter.

Previous rotating members of EXCO and its predecessor body, the Steering Committee: 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), Nigeria (2007-2008), and France (2007-2009).

TOR of the Executive Committee, effective up to the Mexico City CG meeting:

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.

Cities Alliance

Cities Without Slums

Evaluation of Project Implementation Modalities of the Cities Alliance

Findings and Signposts

Mexico City - 15/17 November 2010

G | H | K

TOR:

“The evaluation of client and of non-client grant implementation for city development and slum upgrading projects in cities or at national level should provide evidence to assess the applicability and effects of [client and member] implementation modalities”.

■ **Extended – The evidence base will be used to provide:**

- Guidance to the Alliance and its partners on improving ownership, ease of administration and the quality of projects and their results.
- Guidance on strategic as well as managerial-level decision-making and business processes,
- Support to the implementation of the Cities Alliance Medium Term Strategy and the corresponding new CA business model.

- **Grant Administration Process (GAP)**
 - Lengthy, complex and duplication of processes: client & member
- **Coherence of Effort**
 - Mixed performance across the portfolio Where there is coherence of effort – from Application to Execution - the likelihood of CA value added is enhanced
- **Client vs Member Grant Execution**
 - There is no necessary link between mode of execution and strength of client / local ownership
 - Relationships, ways of working and **enabling** clients / local stakeholders are key
- **Quality of Projects**
 - CA contributes to better evidence on urban poverty and more participatory pro-poor planning approaches: increases possibilities for pro-poor outcomes
- **National and Local Levels are both Necessary**
 - Alignment among national, regional & local levels a key success factor that requires greater attention: Multi-level engagement to open up opportunities

■ **Desk Reviews & Interviews**

- 33 Project Files across the GAP: Data sets varying degrees of completeness and quality; getting a fix on results is challenging
- Weighted to Africa: 27 Rest of World: 6
- Multiple interviews with CA Secretariat, Members

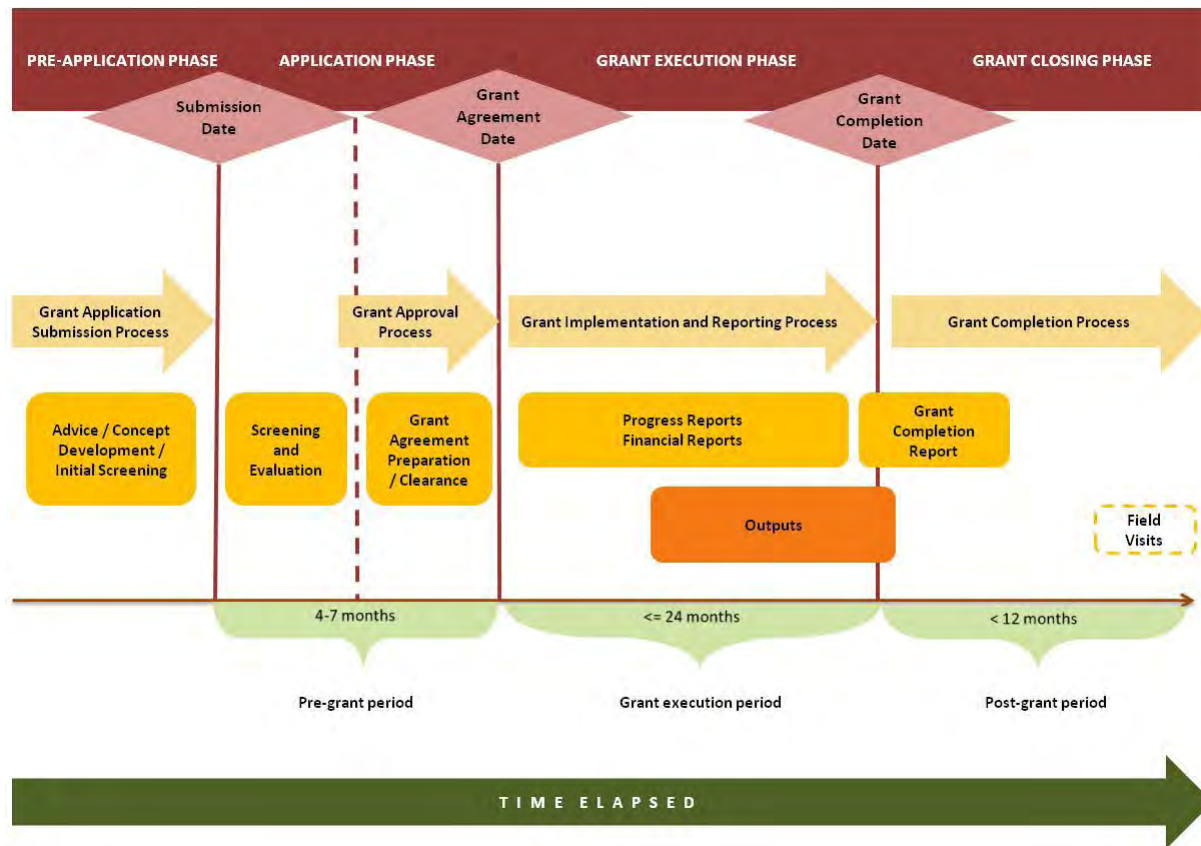
■ **Field Investigations**

- Asia: Philippines (Member (2), Client (1))
- North Africa: Syria (Member)
- Sub-Saharan Africa: Cameroon (Client), Senegal (Client), Malawi (Client), Mozambique (2 Member, 4 Client, 1 Joint)

■ **Analysis**

- Summarise empirical data
- Establish benchmarks defining project quality, ownership and results
- Primarily qualitative assessment based on documentation and interviews
- Relative emphasis on field work

Grant Administration Process (GAP) & Project Management



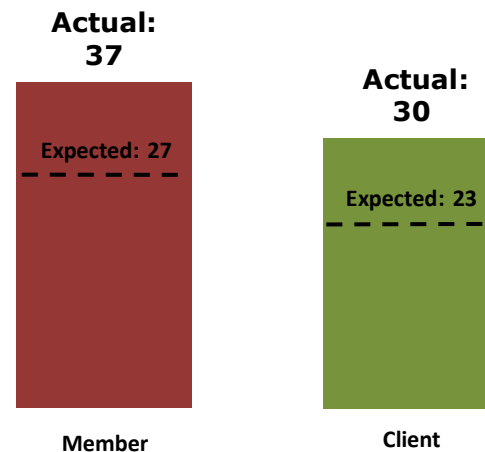
- **Grant Application Phase**
 - High transaction costs (Client & Members)
 - Key to quality: Secretariat (then light touch in Execution)
- **Grant Execution Phase**
 - Exceed target timeframes
 - Members key to quality
- **Grant Closing Phase**
 - Limited capturing of results, knowledge & lesson sharing
- **One Brand : One Service**
 - CA is the brand/service provider
 - Alliance / Secretariat / Member distinctions not clear in the market place
 - Accountability & roles need to be clearer through the GAP/PM

“Mind the Gap”

Average length of application phase of GMA & TF



Actual duration vs. expected duration of projects (months)



Average length of application phase of DGF



Problems delaying grant implementation	Member	Client
Delay in disbursement of own contribution	3	2
Delay in disbursement of member contribution	1	1
Unfamiliarity with procurement procedures	0	2
Bureaucracy, slow decision-making processes at ministerial, local governmental level	3	1
Lengthy mobilization of local stakeholders or other administrative/ technical disruptions	1	4
Lack of experience in project planning and design - technical/financial	2	1
Unforeseen causes, eg. natural disasters, political instability, currency rate fluctuations, etc.	3	4

Case Study Scorecard

Observations

- There are modest variations in project performance between Member and Client Execution – a few projects shape overall position.
- Positive performance in Client execution has benefited from good working relationships with Members.
- CDS projects seem to perform relatively well and secure ownership.
- SU projects have met a number of headwinds at national and sub-regional policy level – wider policy frameworks are important.
- Post Grant Execution / Implementation needs stronger focus and better Member engagement

	Ownership	Quality	Catalyst
Member	% of Max	% of Max	% of Max
Syria: CDS	50%	90%	67%
Philippines: SU	13%	60%	17%
Philippines: SU	25%	80%	17%
Mozambique: SU	50%	40%	67%
Mozambique: SU	63%	60%	50%
Mozambique: SU	75%	50%	50%
Average	46%	63%	44%

	Ownership	Quality	Catalyst
Client	% of Max	% of Max	% of Max
Cameroon: CDS	88%	90%	100%
Senegal: SU	25%	30%	33%
Malawi: SU	75%	70%	100%
Philippines: CDS	75%	50%	33%
Mozambique: SU	88%	60%	67%
Mozambique: CDS & SU	25%	50%	50%
Mozambique: Policy	50%	40%	50%
Average	61%	56%	62%

Ownership = Government support / Institutionalisation / Linkages to Investment
 Quality = Pro-poor / Participatory
 Catalyst = Scaling up / Replication / Awareness

Good
Fair
Poor

Case Evidence: Douala CDS

A New Beginning

Upside

- **Strong** local ownership among local stakeholders (Mayor, CUD, CoC, NGO)
- Client Executed with Members playing a key role to facilitate participatory / pro-poor approaches and evidence base for urban policy dialogue
- Coherence of Effort: WB & AFD

Signposts

- Greater focus on national policy frameworks: multi-level engagement to enhance results
- Stronger linkages to implementation and tighter co-ordination to keep momentum: capacity building and investment

“This study opened my mind.” (Mayor)



Findings: Testing CA Value Proposition

Value Proposition

Coherence of Effort

- Harmonisation & joint working among members through Grant Process

Knowledge Leverage





- CA facilitates new approaches to participatory pro-poor strategic planning (CDS / SU)




Grant Funding

- Flexible small scale grant funding

Reputational Leverage

- Convening power & legitimacy in support of clients to take forward innovative & challenging development initiatives

Value Proposition	Score	Evidence
Coherence of Effort		Malawi, Cameroon Mozambique Philippines
Knowledge Leverage		Cameroon, Syria, Philippines, Malawi
Flexible Grant Funding		Common across most projects: Overshadows CA activities
Reputational Leverage		Malawi, Cameroon Mozambique, Syria

	Working Well
	Working Reasonably Well
	Need Fixing

Four Pillars: Meeting the Challenges ?

Pillars	Issues / Implications from the Findings
Country Programme	<ul style="list-style-type: none"> • Will the proposed approach strengthen the Coherence of Effort / Harmonisation? • Will the proposed approach enable multi-level engagement at national and local levels to improve alignment of policy frameworks? • Will the proposed approach respond to the need for deeper and extended client engagement on the ground?
Catalytic Fund	<ul style="list-style-type: none"> • Will the proposed approach improve efficiency, timeliness and reduce transaction costs? • Will the proposed approach be flexible to respond to opportunities?
Knowledge & Learning	<ul style="list-style-type: none"> • Will the proposed approach improve M&E of results? • Will the proposed approach improve knowledge sharing, and critically, make this knowledge readily accessible “on the ground” to clients?
Communication & Advocacy	<p>The evidence does not lead to any specific recommendations on this pillar.</p>

Briefing Note to the Consultative Group:

Date: 22 10 2010

1. Progress of the ongoing “Evaluation of Project Implementation Modalities of the Cities Alliance” - **update**

This evaluation was requested by CG in 2009 to analyze and evaluate the different modes of project implementation, namely the „client execution“ and the „member execution“. For details and work progress please refer to the attached Briefing Note prepared by GHK. The draft final report is expected to be presented to CG in November 2010, but is not available yet at the date of this briefing note.

2. Draft TOR for the Independent External Evaluation of the Cities Alliance envisaged for 2011 – **CG endorsement requested**

The Cities Alliance has a long history of periodic evaluations, among them the evaluations required by the World Bank’s Development Grant Facility (DGF). A requirement for DGF funding is an independently-conducted evaluation each 3-5 years. The next independent evaluation is scheduled to be conducted starting early in 2011, with findings to be presented to 2011 meeting of the Cities Alliance Consultative Group (CG). **CG review and comment on the draft Terms of Reference (presented below) is requested, as well as CG participation in the evaluation process.**

The first independent evaluation was conducted in 2002 by the Development Planning Unit of University College London, with finding presented to the Consultative Group in October 2002 (Brussels). The 2006 evaluation was conducted Universalialia, with findings presented at the November 2006 CG meeting in Washington. Several other evaluations of the partnership have been conducted, including the Global Program Review by the World Bank’s Independent Evaluation Group in June 2007.

There is also the above mentioned *Evaluation of Project Implementation Modalities* of the Cities Alliance, for which draft final report will be presented at the Mexico City meeting of the CG. This evaluation focuses primarily on efficiency and efficacy questions, the scope of which has been taken into consideration in drafting the terms of reference for the 2011 evaluation.

Procurement of the evaluation contract is planned to commence immediately following the Mexico City meeting. The CG is expected to participate in the evaluation process, including making time available to cooperate with evaluation team, facilitate contacts, and provide project documentation and other project related information, as appropriate. The participation of CG members is also requested for the procurement process and during implementation of the evaluation (i.e., for review of interim and draft final reports).



Evaluation of Project Implementation Modalities of the Cities Alliance

Briefing Note

For the Cities Alliance

A report submitted by GHK

Date: 22 10 2010



www.ghkint.com



Document Control

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<i>Prepared by</i>	JAS
<i>Checked by</i>	
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1 OBJECTIVES AND SCOPE OF THE EVALUATION

1.1 Objectives

GHK Consulting Ltd was selected to undertake the Evaluation of Project Implementation Modalities of the Cities Alliance. The Terms of Reference define the objectives of the assignment as follows: “The evaluation of client and of non-client grant implementation for city development and slum upgrading projects in cities or at national level should provide evidence to assess the applicability and effects of [client and member] implementation modalities”. The evidence base emerging from the analysis will be used to provide guidance to the Alliance and its partners on improving ownership, ease of administration and the quality of projects and their results. The findings and recommendations will inform both strategic as well as managerial-level decision-making and business processes, and in particular will support the implementation of the Cities Alliance Medium Term Strategy, and the corresponding new CA business model.

The strategic goal of the Medium Term Strategy (MTS) is “for the Cities Alliance to increase its contribution to systemic change, and to scale.”¹ The specific meaning of “contribution to systemic change” and is “to scale” is currently being further elaborated through the CA “*Theory of change*’ and *results framework*’. Both are important if these key goals are to be tracked.

Given that the MTS is yet to be fully implemented, this evaluation does not directly evaluate the Four Pillars of the Cities Alliance Work Programme:

- The Catalytic Fund;
- In-country Programming
- Knowledge and Learning; and
- Communication and Advocacy.

However, seeing the transition towards the MTS as part evolutionary this evaluation can have formative aspects in terms of the conceptual and operational refining of the MTS and the business model. Indeed, to varying degrees these “new” objectives are already partly captured in the existing assessment framework the CA Secretariat uses, for example around government commitment and approval, participation, scaling up, coherence of effort and linkage to follow-on investment.

In terms of client focus there is an intended shift in relative emphasis towards low income countries. Within this context, an important element of the Alliance’s core objectives, as articulated in its Medium Term Strategy, to „systematically increase ownership and leadership of cities and countries“. It is consistent with wider strategic agendas for increasing aid effectiveness through increased ownership- note in particular, *The Paris Declaration on Aid Effectiveness* (2005) and *Accra Agenda for Action* (2008).

This evaluation is intended to contribute to the implementation of the CA MTS. Throughout the study process GHK has maintained a regular dialogue with CA to ensure that MTS matters are fully considered.

¹ Cities Alliance: Medium Term Strategy 2008-10, 06 May 2008. Medium Term Strategy (MTS) Update to Executive Committee (EXCO) July 2010, MTS Update to CG October 2010.

1.2 Scope

The scope of the study was changed during the inception period and ratified in July 2010 at the CA meetings. Specifically, the following were agreed:

- Extending the desk reviews to include a further 7 projects in Mozambique;
- Extending the target field work to 6 case studies with a relative emphasis on Africa – Syria (1 project), Philippines (3 projects), Mozambique (8 projects), Senegal (1 project), Cameroon (1 project) and Malawi (1 project);
- Placing relatively more emphasis on the lessons going forward and the integration into the MTS.

1.3 Progress to Date

The further refinement of the conceptual framework, benchmarks and integration with the MTS has been on-going and with extensive engagement with the CA Secretariat. Desk reviews of the 34 projects have been substantially completed – with detailed analysis of the Grant Administration process and an assessment of the relative performance of the projects in terms of securing ownership and promoting participatory pro-poor approaches to urban poverty reduction. A further iteration of this process is underway.

The evidence base of the project files is mixed in terms of completeness and quality of reporting but did provide some clues to key issues and performance. Overall, the existing CA business processes provide only limited scope for capturing the benefits and results of the activities funded through the grants. It is not clear what monitoring systems and mechanisms are actually in place at *project level* that can be accessed to get longitudinal evidence on implementation progress and/or results. Hence the emphasis on field visits.

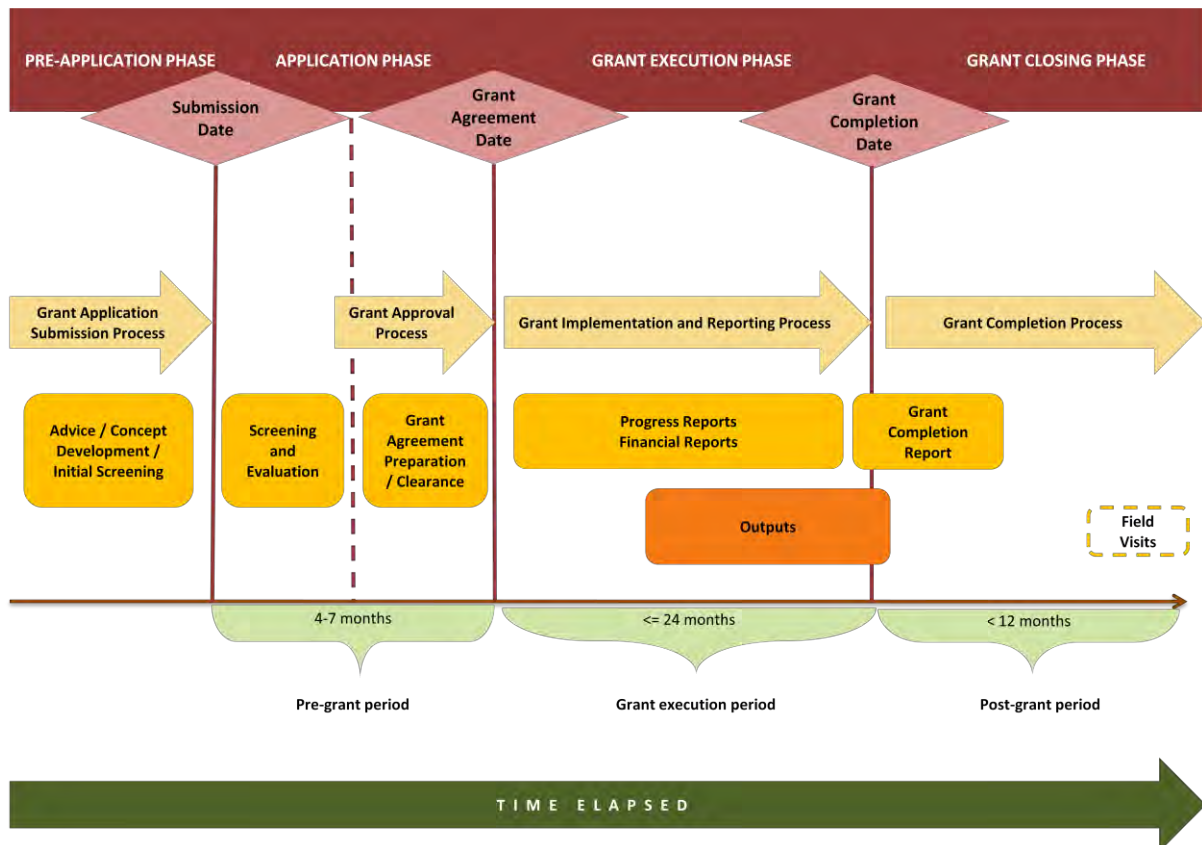
The field visit case studies are in progress. Field visits to Senegal, Cameroon, Malawi and Philippines have been undertaken and the data collection and analysis are well advanced – with cross-checking underway. The Mozambique case study is underway at the time of writing – week 18 – 22 October 2010. The Syria field visit is scheduled for week commencing 25 October 2010.

2 INITIAL FINDINGS

2.1 The Grant Facility Administration Process

The core focus of the Cities Alliance business model is Grant Facility Administration. The Grant Administration process is summarised in Figure 2.1

Figure 2.1: The Grant Facility Administration Process



2.1.1 A Review of the Grant Administration Process: Client vs Member Execution

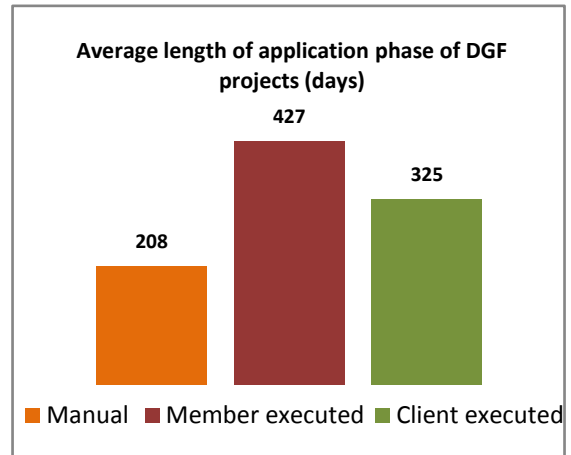
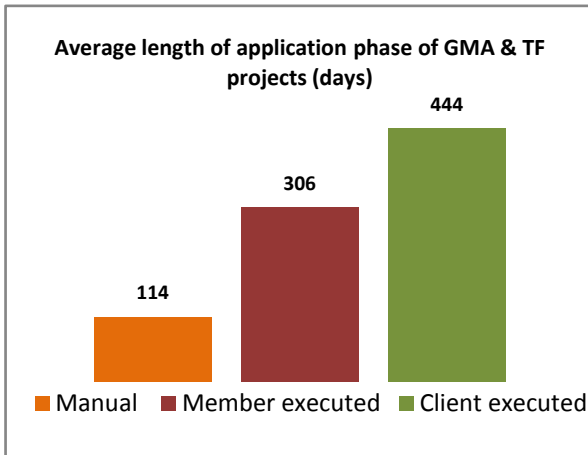
Depending on the source of funding, 3 types of grants are in use by the Cities Alliance. The preparation of each type of grant agreement requires different procedure and timing. The sources of funding are as follows:

- Development Grant Facility (DGF)
- Trust Funds (TF)
- Grant Manager Agreement (GMA)

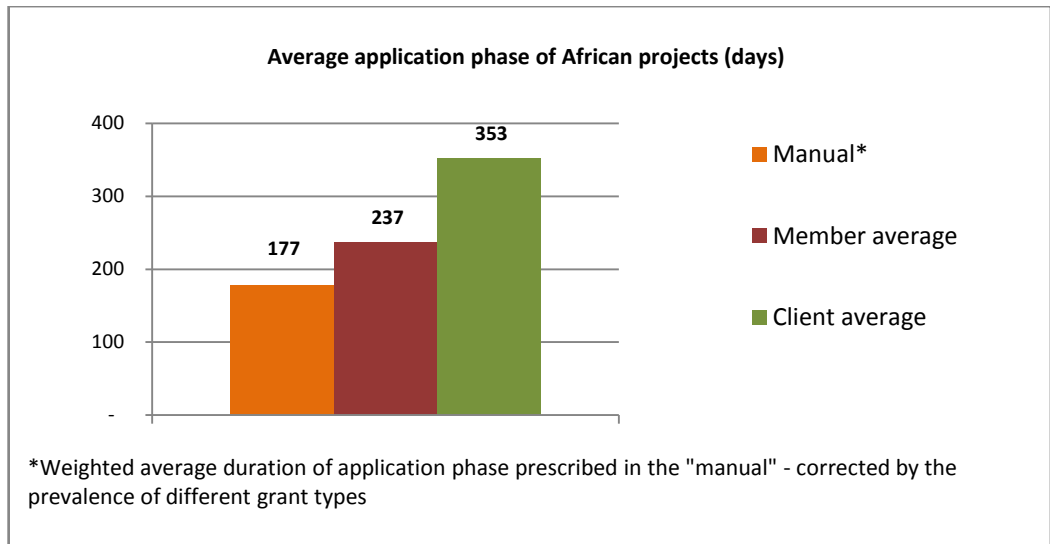
A detailed review of the 34 project data files reveals the following:

- The duration of the **application phases** of 32 projects (for which grant agreements were signed) were examined indicated that in 25 cases the duration exceeds the timing indicated in the CA procedure manual – the pattern is mixed in terms of Client vs Member execution for a range of reasons;

Average length of application phase: Member versus client executed grants, all projects evaluated



Average length of application phase: Member versus client executed grants (African projects)



- In the case of the **Grant Execution Phase**, there is a common tendency to over-run the initial Grant Expiry date – it is not uncommon for multiple extensions to occur. In the African context, there are again a range of factors, of varying degrees of control by CA / Members, that have contributed to project execution delays:

Problems delaying grant implementation	Member-Implemented Grants	Client-Implemented Grants	Total
Delay in disbursement of own contribution	3	2	5
Delay in disbursement of member contribution	1	1	2
Unfamiliarity with lengthy procurement procedures	0	2	2
Bureaucracy, slow decision-making processes at ministerial, local governmental level	3	1	4
Lengthy mobilization of local stakeholders or other administrative/ technical disruptions	1	4	5
Lack of experience in project planning and design - technical/financial	2	1	3
Unforeseen causes, eg. natural disasters, political instability, currency rate fluctuations, etc.	3	4	7

This section has briefly highlighted some of the challenges and problems experienced in the Grant Administration Process: also supported by direct Client and Member feedback. The Grant Administration Process has proved to be rather lengthy, at times administratively burdensome and less flexible than desirable given the relatively modest scale of the grants: these issues can impose considerable transaction and opportunity costs on already stretched local capacities. What has also been observed is that while demanding, the process of assembling background and contextual information was often deemed to be a worthy effort, improving knowledge and understanding of cities; a point emphasized in our African field visits in particular. This is important to project design and to the likelihood of CA support contributing towards pro-poor results given that primary controls are ex ante in terms of project quality and direct and close monitoring of Grant Execution is very limited.

2.2 Initial Observations from Data Review / Field Visits by key themes

The work completed thus far, while not yet complete, does provide some clues to key issues going forward in terms of key issues and potential recommendations to improve CA support.

- **Coherence of effort:** This is focused on the objective of achieving harmonization among CA Members – in line with Paris Declaration principles. Performance is mixed across the portfolio and even within particular countries: The *Metro Manila “Cities Without Slums” Strategy in Support of the Metro Manila Urban Services for the Poor Investment Program (MMUSP)* witnessed significant differences between ADB and UN-H post Grant Agreement signing where as the *City Development Strategies (CDS) in the Philippines: An Enabling Platform for Good Governance and Improving Service Delivery* seemed to bring a number of Members together at Application and Execution. In the case of Lilongwe, Malawi, UCLG worked collaboratively with JICA, and GTZ also contributed. This provided a good platform to build on, including getting the City of Johannesburg, backed by the SA Local Government Association, to assist in enabling the process to carry forward). Where Members jointly work together, if with different weight of effort, the likelihood of positive results may be enhanced. In the Douala / Cameroon case, where the

World Bank and AFD collaborated, there seemed to be a good complementarity that both improved the overall quality of the project and provided potential linkages to follow-on support (via AFD). ***Going forward, it is reasonable to place greater up front effort on defining roles and responsibilities of partners throughout the CA Grant Process (this includes not just in the Grant pre / application stage but also during Grant Execution). Extending this, consideration also should be given ensuring closer and more hands-on engagement of members (and the CA Secretariat as appropriate and practical): the cases of Cameroon, Senegal and to some extent Malawi emphasize the clients desire for greater on the ground support (reference to CA on the ground support was also directly mentioned in Senegal and Cameroon).***

- **Alignment:** This is focused on the objective of seeking to get alignment among national, local and other stakeholders around common direction and joined up working. This is a key challenge and one that deserves further attention. CDS / CWS projects can achieve strong local ownership and commitment to recommendations but may find it difficult to gain traction owing to wider national political factors and policy frameworks – the implication here is that success at the local level while crucial is not sufficient to achieve wider and much needed change to secure urban poverty reduction. In Cameroon and the Philippines, national and local level policy frameworks and priorities did not fully coincide. In the case of the former, the CDS was well received among a wide spectrum of stakeholders (the Mayor, CUD, Chamber of Commerce, NGO, AFD and World Bank) and adopted by the Mayor but future implementation hangs in the balance as Douala’s future investment priorities are not shared at national level where key investment decisions reside. More broadly, the Philippines, Cameroon, Senegal and Malawi all benefitted from improved knowledge (evidence base around poverty and services) and collaboration to better articulate and advocate for improve policy at all levels – this has been a strength of CDS initiatives (less so in the case of CWS initiatives in the Philippines). ***Going forward, it seems prudent for the CA to pursue multi-level support and engagement strategies aiming to better align national, regional and local level. National (urban) policy frameworks are important, indeed, critical to the likely success of CDS/SU type of initiatives and the core target of urban poverty reduction.***
- **Ownership and Execution Mode:** On the issue of depth of ownership and mode of execution there is no definitive pattern and making it a binary choice perhaps misses some subtle interactions of effective partnership working. There are cases where Members have been seen to diverge from the client / local stakeholder preferred direction of travel and thus risks securing ownership and commitment to institutionalization / follow-on implementation. The critical issue seems to be the nature of the relationship between the Member and the Client, the extent to which the Client is engaged in the Grant Application and Execution process and the “ways of working” whereby the Client has relative control over key decisions. In the case of Cameroon, the local executing agency, Communaute Urbaine de Douala (CUD), demonstrated strong ownership and critically secured wider local stakeholder ownership. The depth of ownership was likely enhanced by some valuable Member contributions in terms of guiding and providing important knowledge inputs into the CDS process at both Application and Execution phases. The Malawi case also reveals the importance of partnership working between Clients and Members, and indeed extending this more through engagement of the City of Johannesburg.

- Knowledge and Innovation:** One key value-added of the CDS / CWS projects supported in the African context was assisting Clients (the cities, civil society, urban poor representatives and to some extent national level partners) to better understand and acquire the evidence base on urban poverty and its drivers. From the early days of preparing Grants through (participatory) diagnostic exercises the case of Malawi, Cameroon and Senegal all benefited from CA / CA Member knowledge contributions: all stated the knowledge benefits of Member participation supported by CA Grant funding. Where urbanization and urban poverty issues have had limited purchase at national policy levels and where local capacities are weak, this is a very valuable contribution – and was recognized by Clients and their partners. The Philippines experience demonstrated some positive learning and knowledge sharing across projects and among participating stakeholders over time: this is a positive learning and capacity building outcome. In the case of Cameroon, the stated intention is to leverage the knowledge and experienced gained and try to replicate the work in other cities – again a good case of a Client gaining capacity through CA Members support on CA Grant supported activities. ***Going forward, this role needs strengthening and should be linked to wider strategies on national policy support and advocacy to improve enabling frameworks for urban poverty reduction.***
- Grant Execution Efficiency:** The previous section indicated that the Grant Administration Process has proved to be rather lengthy, at times administratively burdensome and less flexible than desirable given the relatively modest scale of the grants: these issues can impose considerable transaction and opportunity costs on already stretched local capacities. ***Going forward, it is necessary to continue to streamline and rationalize the financial and administrative processes to ensure they do not detract from client execution on the one hand and equally important do not remove a potential advantage of small grant type of facilities: flexible and response to client needs.***

Terms of reference for an independent external

Evaluation of the Relevance, Significance and Effectiveness of the Cities Alliance

Draft as of October 22, 2010

BACKGROUND

The Cities Alliance is a global partnership established to promote the role of cities in poverty reduction, and sustainable development, established in 1999. In a technical sense, the Cities Alliance is a Global Programme and Multi Donor Trust Fund, hosted by the World Bank in Washington. Additional Information on the Cities Alliance (including its Charter, annual reports, evaluations, and list of activities financed) can be obtained from its website: www.citiesalliance.org.

Ten years after its foundation, the Cities Alliance is undergoing a reform process which reflects many of the changes in international cooperation in general, and the adjustments resulting from the experiences gained during one decade of operations.

The external and the internal changes of the conditions framing the work of the Cities Alliance include, but are not limited to

- The increasing role of Cities and Local governments for broader development goals much beyond their jurisdiction and specific legal mandate,
- The request to CA from members and partners to engage in a broad range of topics, and in policies and strategies at the local and the national level,
- The paradigm shift in international aid cooperation to more partnership-oriented forms of cooperation,
- The modified World Bank Policy on Trust Funds and Global Programmes, with its corresponding implications for the Cities Alliance, i.e. on substantive alignment and administrative mainstreaming,
- Adjustments in the implementation modalities of the CA, also in response to the Paris Declaration and Accra Agenda,
- The changing architecture of international cooperation, with the raise of new actors such as foundations and other international NGOs, as well as the increasing importance of networks and other less institutionalized forms of cooperation,
- Changes in the membership of the CA, and in its governance structures and processes,
- The increased recognition of urban development as a long term transformation process, and of its support correspondingly based on a multi-level and multi-stakeholder approach.

The reform process of the Cities Alliance has been incremental and is still ongoing, with modifications in structures and processes over an extended period of time,. Significant milestones have been achieved:

- The Charta from 1999 was substantially modified, and a new Charter adopted (tbd) by the Consultative Group of the CA in November 2010,
- The Medium Term Strategy of the CA reflects a new business model, broadening the range of instruments of operation of the CA,

- The implementation of various new instruments has begun with different speeds and progress, but which nevertheless permit initial assessments,
- Adaptation of Cities Alliance² work flows and procedures to World Bank requirements have been initiated

OBJECTIVES OF THE EVALUATION

Based on a consolidated and comprehensive view of the Cities Alliance with the above mentioned modifications in structures and processes, and of the context the CA is operating in, the evaluation will assess the relevance, significance and effectiveness² of the Cities Alliance within the World Bank and within the global architecture of international cooperation in urban development.

Recommendations shall provide guidance to the Cities Alliance referring to its strategic orientation in terms of topics, approaches, instruments and operating modalities, in order to further refine and conclude its reform process.

EXPECTED RESULTS

The evaluation should elaborate in depth on the following analyses and generate corresponding findings and recommendations:

- What are the relevant trends and conditions of international cooperation in urban development, which shape the context for the Cities Alliance?
The evaluation will refer to the substantive topics of urban development, but will focus mainly on the international policies and institutional arrangements. The trends mentioned above are intended to give initial guidance to the evaluation and are not meant to be limiting its scope.
- What are the significant changes in the Cities Alliance, and what are their results for the Cities Alliance?
The analyses should consider formal as well as informal arrangements and processes, structural and procedural aspects, facts and generalized perceptions. Special attention should be given to the redefined role of the Cities Alliance within the World Bank. The resulting synthesis should provide a comprehensive and consolidated view of the organization with its strength and weaknesses in the global architecture of international cooperation in urban development.
- Placing the Cities Alliance in both, the context of the World Bank and of the international urban development cooperation, as analyzed above, what adjustments and refinements are

² Based on the definitions by OECD DAC, to be further developed by the consultant to fully reflect the context relevant for CA

suggested to the Cities Alliance to further increase its relevance, significance and effectiveness?

The findings and recommendations can cover a broad range of substantive, structural, procedural, instrumental or managerial issues. The recommendations should be prioritized, synthesized and presented in a way to give effective guidance to the CG, ExCo and the Secretariat to successfully conclude the reform process.

METHODOLOGY

The methodology should include, but is not be limited to:

- Analysis of the medium and long term trends in international urban development cooperation, through literature review, media analysis, interviews or other;
- Review of the CG and ExCo deliberations 2008-2010, especially on the MTS, Charter, business model and work programme, including the “working group on governance”, and including a review of the various versions of the Cities Alliance Charter, also its modifications before 2010,
- Review of previous evaluations of the CA, especially the recent “Evaluation of the project implementation modalities of the Cities Alliance”,
- Capture of the motivations for and the perceptions of the changes in the Cities Alliance from different constituencies, namely CA members; past, present and potential partner cities and national governments; and the CA secretariat. Appropriate emphasis will be given to capture the policies, motivations and perceptions of the World Bank, i.e. the urban sector board; SDN management; DGF/partnerships unit; and IEG.
- The analysis should be based on desk studies and interviews (i.e. of CA members, project partners such as local or national government, task managers, sponsors and other stakeholders, CA secretariat staff). Such interviews may include telephone, email, video conference communications and personal interviews.

The consultants will be requested to present the basic methodology in their proposals for the selection process. The quality of the methodology will be object of a significant part of the selection criteria. After selecting the consultancy, the methodology will be further developed by the consultant in cooperation with the CA secretariat and presented in the Inception Report. The consultant will prepare an inception report in English to be approved by the CA secretariat. The consultant may sub-contract certain tasks or topics, to be specified in the proposal and the inception report. Upon approval of the inception report, the consultant will proceed with the evaluation.

The written final report should be in English, digital format, and not exceed 50 pages, excluding appendixes. It should include an executive summary and a comprehensive narrative of evidence, findings and recommendations. The appendix should provide an adequate level of documentation to sustain the findings and recommendations.

The consultant should be in a position to present and discuss the recommendations with the Cities Alliance Consultative Group, Executive Committee and the CA secretariat in Washington or other locations.

INDICATIVE TIME SCHEDULE

November 2010	Approval of TOR by CG, start of procurement process
May 2011	Targeted start of contract.
June 2011	Inception report from selected consultancy, including the detailed work plan, to be approved by the Secretariat in consultation with ExCo
September 2011	First draft final report from the consultancy.
October 2011	Final report to CA , Consultancy presents findings and recommendations

CONTRIBUTIONS FROM CA MEMBERS AND FROM PROJECT PARTNERS

- Make time available to cooperate with evaluation team.
- Facilitate contacts with others within partners" organizations, and with external stakeholders, as appropriate.
- Provide project documentation and other project related information, as appropriate.

OBLIGATIONS OF THE CA SECRETARIAT

- Provide key documents
- Facilitate contacts with Alliance constituents.
- Facilitate access to World Bank video conference facilities.
- Ensure independence of the evaluation.

OBLIGATIONS OF THE CONSULTANT

- Inform the CA Secretariat in timely fashion of all contacts made with Alliance constituents.
- Treat documents in confidential manner.
- Not publish evaluation results or output without permission from the Secretariat.
- Return all Cities Alliance documents used in the evaluation.
- Report on a timely basis any possible conflicts of interest.

Cities Alliance Financial and Budget Report

FY10-FY11

As of November 1, 2010

PAGE	CONTENTS
2	Introduction
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4	FY10 Financial Summary
5	FY10 Approved Funding Allocations – Summary
6	FY10 Approved Funding Allocations – Detailed
10	FY10 Secretariat Budget – Actuals vs Budget
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14	FY11 Approved Funding Allocations – Detailed to Date
16	FY11 Secretariat Budget
18	FY11 Work Programme Priorities

INTRODUCTION

This report provides FY10 financial results for the Cities Alliance fiscal year ending June 30, 2010, and the FY11 operating budget agreed with the Executive Committee at the July 7-8, 2010 meeting in Paris. A financial summary is also provided for FY05-FY10.

The report introduces changes resulting from the more programmatic and results-oriented approach the CA has taken subsequent to adoption of the Medium-Term Strategy during 2008 and the MTS Update and repositioned CA business model from the Mumbai CG meetings in January 2010.

One of the most significant changes is the introduction of a budget for the total CA programme for the year. In previous years, approval would be requested for only the Secretariat budget and a few Secretariat-managed funding allocations. The remainder of CA funding would not be budgeted but rather available for the open-access grant facility, with its ebbs and flows of demand.

One of the changes introduced in the MTS and the new business model is that the CA would strategically programme an increased portion of its funds instead of making them available through the grant facility. During FY09-FY10, the focus was on establishing joint work programmes with CA members around strategic knowledge and analytical work (e.g., environment and climate change) and on bringing more strategic approach to portfolios in Brazil, Philippines and India.

During the current medium-term, the main strategic foci for programmatic funding are to improve results in low income countries, improve strategic coherence, and for advocacy on city/urban issues. To free up funds for the strategic work programme, the grant facility is being repositioned into a Catalytic Fund with fixed budget envelope and proposal cycles. The FY11 budget proposed in this report reflects these new strategic orientations.

FINANCIAL SUMMARY

(In US\$ millions)

As of June 30, 2010

	FY05	FY06	FY07	FY08	FY09	FY10*	FY10- FY09 % Change
Contributions Paid In:							
Core	7.264	6.689	7.782	10.158	7.001	7.101	1%
Facilities*	3.375	4.371	4.565	1.355	16.844	2.000	-88%
Other Non-Core	5.762	2.605	3.244	4.404	0.788	1.955	148%
Total Paid In	16.401	13.665	15.591	15.917	24.633	11.056	-55%
Disbursements:							
Core	4.926	6.474	8.264	7.145	7.451	8.503	14%
Facilities*	3.186	3.562	1.559	3.583	3.417	3.804	11%
Other Non-Core	4.066	2.035	2.888	4.250	0.870	2.416	178%
Total Disbursements	12.178	12.071	12.711	14.978	11.738	14.723	25%
Approved Funding Allocations:							
Core	7.816	11.811	4.641	7.662	8.983	10.746	20%
Facilities*	3.575	8.538	4.392	0.392	1.515	3.274	116%
Other Non-Core	3.042	8.709	0.626	1.578	0.475	2.000	321%
Total Allocations	14.433	29.058	9.659	9.633	10.973	16.020	46%

* *Facilities include: Africa Facility; CLIFF; Slum Upgrading Facility; Land Services & Citizenship (Gates); and Community W&S Facility (closed). The large FY09 Facilities contribution included \$15m from Gates Foundation.*

Excludes In-kind contributions for staff secondments to Secretariat.

FY10 FINANCIAL SUMMARY

The CA allocated more than \$16m in funding during FY10, the highest amount since FY06. As the table on the following page shows, this includes \$10.7m of allocations from CA Core funds, also the most since FY06, of which \$5.9m are for country-specific projects.

Included in this total are the projects that were approved from the final batch of proposals processed under the old grant facility. That facility was closed on 31 March 2010. Twenty nine proposals for Core funds received in the final batch, requesting more than \$9.3m. Of these, 24 proposals passed threshold screening and were processed, with nine proposals approved during FY10 and 15 carried into FY11 (estimated \$4.3m).

Among the March 31 batch of proposals and other FY10 funding allocations, previous preparatory grants resulted in proposals for \$2.75m, and \$1.9m for the India portfolio, under development by CA members the past two years with assistance of the CA regional advisor for South Asia. See page 6 for a listing of approved funding for FY10.

The heavy demand for the CA grant facility during the close-down period will deplete the \$6.7m unallocated Core funds carried into the start of FY10. Core contributions received from donors during the year totaled \$7.1m, same as the FY09 level. Investment income was down due to low yields.

Actual expenditures for FY10 Secretariat costs are expected to be approximately \$0.2m less than was budgeted, largely because of delays in hiring staff into approved positions. See page 10 for a report on the Secretariat budget for FY10.

Approved Funding Allocations -- Summary of FY10 Actuals

As of June 30, 2010

Unaudited

	FY10 Actuals	FY 10 Actuals		
		Core	Gates	Other*
FUNDS AVAILABLE FOR ALLOCATION				
Balance Forward - Unallocated Funds	24,971,384	6,728,890	13,541,932	4,700,562
Contributions Received**	7,101,356	7,101,356	0	0
Investment Income Received	467,060	290,255	176,805	0
Allocation Cancellations, Reflows & Adjustments		1,319,337	0	78,936
Less WB TF Admin Fees Paid	(68,671)	(68,671)	0	0
FUNDS AVAILABLE FOR ALLOCATION	32,471,129	15,371,167	13,718,737	4,779,498
ALLOCATION OF FUNDS				
Partnership Operations (incl Secretariat Costs)	3,260,000	3,260,000	0	0
Global Programme Operations:				
Grant Facility (old) - Country/Regional Activities***	3,830,650	3,830,650	0	0
Catalytic Fund (new)	0	0	0	0
Knowledge & Learning	2,215,000	715,000	0	1,500,000
Communications & Advocacy	665,000	665,000	0	0
Monitoring & Evaluation	0	0	0	0
Country Programming:				
Land, Services & Citizenship Programme	2,915,000	229,500	2,685,500	0
Other Country Programming and Support	763,000	175,000	0	588,000
Country Partnership Programmes (Brazil, Phil, & India)	2,370,851	1,870,851	0	500,000
BUDGETED ALLOCATION OF FUNDS	16,019,501	10,746,001	2,685,500	2,588,000
ENDING BALANCE - UNALLOCATED FUNDS	16,451,628	4,625,166	11,033,237	2,191,498

* Other funding includes Africa Facility and Japan Non-Core funds for Asia.

** Only new contributions available for allocation are reported.

*** Allocations approved from proposals received by March 31, 2010 closing date of old grant facility.

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core
Partnership Operations		3,260,000	3,260,000	0	0	0
Management, finance and administrative operations		1,900,000	1,900,000	0	0	0
	Secretariat - Management, finance and administrative operations	1,900,000	1,900,000	0	0	0
Technical, knowledge, communications and M&E operations		1,260,000	1,260,000	0	0	0
	Secretariat - Technical, knowledge, communications and M&E operations	1,150,000	1,150,000	0	0	0
	Independent Technical Assessment	10,000	10,000	0	0	0
	South Asia Regional operations	100,000	100,000	0	0	0
Governance and Administration		100,000	100,000	0	0	0
	Consultative Group/ EXCO Meetings	100,000	100,000	0	0	0
Global Programme Operations						
Country/Regional Project Allocations (old Grant Facility)		3,830,650	3,830,650	0	0	0
Projects supporting the implementation of policies and strategies		758,200	758,200	0	0	0
Indonesia	Making Urban Investment Planning Work: Building on the Indonesian CDS Process	488,200	488,200	0	0	0
Kiribati	Kiribati Sustainable Towns Program Supporting The Implementation Of Town Development Strategies	200,000	200,000	0	0	0
Swaziland	Supporting the Implementation of the Comprehensive Urban Upgrading Program for Mbabane, Swaziland	70,000	70,000	0	0	0
Projects supporting the elaboration of policies and strategies		1,857,950	1,857,950	0	0	0
Indonesia	Indonesia Slum Alleviation Policy and Action Plan (SAPOLA)	500,000	500,000	0	0	0
Jordan	Programmatic Regional City Development Strategy for Secondary Cities (Jordan)	500,000	500,000	0	0	0
Mexico	Green Growth in the Face of Climate Change Support to the Municipality of Othon P. Blanco, Mexico for A Sustainable Development Strategy	75,000	75,000	0	0	0

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core
Mongolia	Support for Public Consultation and Dissemination of Economic Sector Work: Mongolia Enhancing Policies and Practices for Ger Area Development in Ulaanbaatar	74,450	74,450	0	0	0
Mozambique	Support for Upgrading the Chamanculo C Neighbourhood Maputo Municipality - Preparatory Grant	73,500	73,500	0	0	0
Namibia	Namibian City Development Strategies (CDS) Pilot	250,000	250,000	0	0	0
Syria	Urban Upgrading Strategy for Rief Damascus (Syria)Territories	310,000	310,000	0	0	0
Tazania	Dar es Salaam: Investment Resource Mobilization for Metronolitan Development	75,000	75,000	0	0	0
Projects providing country specific data and knowledge		1,214,500	1,214,500	0	0	0
Ethiopia	Integrated Urban Database	248,500	248,500	0	0	0
Syria	Syria State of Cities Report	450,000	450,000	0	0	0
Vietnam	Urbanization Review	250,000	250,000	0	0	0
LAC Multi-Country	State of Latin American and Caribbean Cities Report	191,000	191,000	0	0	0
ECA Region Multi-City	East Europe and Central Asia Urban Regeneration & Community of Practice	75,000	75,000	0	0	0
Pacific Island Proposals		0	0	0	0	0
Global knowledge and advocacy activities		2,880,000	1,380,000	0	0	1,500,000
Theme: Slum Upgrading		0	0	0	0	0
		0	0	0	0	0
Theme: City Development Strategy		75,000	75,000	0	0	0
	Brazil City Statue Publication (in English, for international dissemination)	75,000	75,000	0	0	0
Theme: Environment/ Climate Change/ Disaster Risk Reduction		1,915,000	415,000	0	0	1,500,000
	Supporting Cities and Disaster Management (with GFDRR)	75,000	75,000	0	0	0
	First Urban Climate Change Research Network (UCCRN) Assessment Report on Climate Change in Cities (ARC3)	75,000	75,000	0	0	0

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core
	Strengthening Climate Adaptation & Disaster Risk Management in Latin American & Caribbean Cities	65,000	65,000	0	0	0
	Climate Change and the Urban Poor	200,000	200,000	0	0	0
	The First Eco2 East Asia Program: Proposal of Knowledge Management and Capacity Building	1,500,000	0	0	0	1,500,000
Other Learning & Knowledge Sharing		225,000	225,000	0	0	0
	Learning & Knowledge Dissemination	150,000	150,000	0	0	0
	World Urban Forum	75,000	75,000	0	0	0
Theme: Communications & Advocacy		665,000	665,000	0	0	0
	Places We Live Exhibit: World Habitat Day, National Building Museum	150,000	150,000	0	0	0
	World Urban Campaign Support for Set up and Launch	250,000	250,000	0	0	0
	Cities Alliance Branding, Graphic Standards and Corporate Videos	115,000	115,000	0	0	0
	Pan-African Electoral Assembly of United Cities And Local Governments	150,000	150,000	0	0	0
Theme: Monitoring & Evaluation		0	0	0	0	0
		0	0	0	0	0
In-Country Programming Allocations		6,048,851	2,275,351	2,685,500	588,000	500,000
Land, Services & Citizenship Programme		2,915,000	229,500	2,685,500	0	0
Uganda	A Strategy for Transforming Settlements of the Urban Poor in Uganda: A Secondary Cities Support Programme	2,685,500		2,685,500	0	0
Uganda	UAAU/ICMA Partnership Proposal – Achieving the Urban Management Components of the STSUPU program in Uganda	229,500	229,500	0	0	0
Other In-Country Programming & Support		763,000	175,000	0	588,000	0
Africa Regional	Defining Africa s Emerging Urban Agenda - Central Program Operations (State of Cities Report initiative)	498,000	0	0	498,000	0

Approved Funding Allocations – Detailed FY10

As of 30 June 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core
	> Support and oversight for data collection and quality (UN Habitat)	45,000	0	0	45,000	0
	> Support and oversight for capacity building and knowledge sharing (WBI)	45,000	0	0	45,000	0
Africa Regional	Country programme development and support - Francophone Africa	75,000	75,000	0	0	0
Global	Expert support for country programme development and operations - financial sustainability; programme design	100,000	100,000	0	0	0
Country Partnership Programmes		2,370,851	1,870,851	0	0	500,000
Brazil	Improving the Managerial Skills of Social Interest Housing Programmes	249,605	249,605	0	0	0
Brazil	Consolidation of the Social Work Methodology for Slum Upgrading	75,000	75,000	0	0	0
India	Citywide Slum Upgrading Plan (CSUP) for the Heritage City of Agra (India)	499,987	499,987	0	0	0
India	Supporting and Operationalising the National Urban Sanitation Policy (NUSP) in India	75,000	75,000	0	0	0
India	India International Workshop: Scaling up Upgrading and Affordable Housing: From National Policies, to State Programs, and City-Wide Slum-Free Interventions	75,000	75,000	0	0	0
India	Knowledge Support for PEARL Programme under JNNURM	500,000	500,000	0	0	0
India	Planning Support Unit: An Initiative to Support City Development Planning in the State of Madhya Pradesh	249,519	249,519	0	0	0
India	Interim Phase: India Knowledge Support on Slum Upgrading, Urban Poverty Reduction and Affordable Housing	71,740	71,740	0	0	0
India	India Portfolio Supervision and Support	75,000	75,000	0	0	0
Philippines	Philippines Traffic and Transport Management for CDS Cities	500,000	0	0	0	500,000
TOTAL ALLOCATIONS		16,019,501	10,746,001	2,685,500	588,000	2,000,000

4,281,459

20,300,960

4,281,459 PLUS: March 31 Batch proposals
not approved by end FY10

15,027,460

CITIES ALLIANCE SECRETARIAT
FY10 BUDGET REPORT
(US\$'000s)
 30 June 2010

Unaudited

See Notes	FY10 Budget	FY10 ACTUALS	FY10 actuals vs budget	% FY10 actual costs vs budget
SOURCES OF FUNDS - Secretariat Budget				
	3,050,000	3,050,000	0	
	(179,764)	(179,764)	0	
	140,400	147,982	7,582	5%
	8,000	30	(7,970)	-100%
#1	40,000	24,394	(15,606)	-39%
#2	460,000	404,063	(55,937)	-12%
			0	
	3,518,636	3,446,705	(71,931)	-2%
USES OF FUNDS - Secretariat Budget				
Management & Administration				
Staff Costs:				
#3	912,789	850,887	(61,902)	-7%
	219,747	130,831	(88,916)	-40%
#4	310,100	329,662	19,562	6%
#5	400,000	361,187	(38,813)	-10%
			0	
	1,842,636	1,672,567	(170,069)	-9%
Programmatic Activities				
Staff Costs:				
#6	444,100	528,588	84,488	19%
#2	380,000	350,000	(30,000)	-8%
	140,400	148,000	7,600	5%
#2	80,000	54,100	(25,900)	-32%
#7	506,233	365,385	(140,848)	-28%
#8	25,000	22,751	(2,249)	-9%
	100,000	101,927	1,927	2%
			0	
	1,675,733	1,570,751	(104,982)	-6%
			0	
	3,518,369	3,243,318	(275,051)	-8%
ENDING BALANCE				
	267	203,387		

See Notes on Following Page

CITIES ALLIANCE SECRETARIAT
PROJECT STAFF ACTIVITIES - FY10
(US\$'000s)
 30 June 2010

Unaudited

See Notes	FY10 Budget	FY10 ACTUALS	FY10 actuals vs budget	% FY10 actual costs vs budget
SOURCES OF FUNDS - Project Staff				
#9	200,000	200,000	0	0%
	77,000	59,943	(17,057)	-22%
	Total Project Staff Sources of Funds	277,000	(17,057)	-6%
USES OF FUNDS - Project Staff				
	200,000	200,000	0	0%
	77,000	59,943	(17,057)	-22%
	Total Project Staff Uses of Funds	277,000	(17,057)	-6%

CITIES ALLIANCE SECRETARIAT
NOTES ON FY10 BUDGET

- Note 1.** The WB has special arrangements with its travel agency allowing to receive rebates from air tickets to reduce units' total travel costs. Amount of rebate varies by year based on overall WB travel portfolio.
- Note 2.** In-kind Contribution/Non-Core for staff support declined by \$55.9K (-12%) due to early termination of the UN-Habitat secondment's contract with the CA, Jean-Christophe Adrian, working on CDS and environment/ climate change, and delayed hiring of Italian Young Professional, who came on board 4 months later expected date.
- Note 3.** Management & Administration staff costs below budget due primarily to move of the CA transaction processor to another region for training, which picked up her costs starting October 2009. She was temporarily replaced with the field CA staff member starting in February 2010, resulting in cost reductions.
- Note 4.** Operating costs raised by 7% due to un-planned translation costs and increased printing/meetings expenses.
- Note 5.** Actual annual Travel costs were 10% less than budgeted due to aggressive efforts to find lowest cost travel options and due to lower travel commitments during latter part of year as efforts were focused on implementing changes in business model.
- Note 6.** Core-funded staff costs were higher than budgeted because less staff time was charged to Non-Core projects than was budgeted, including for CLIFF.
- Note 7.** Communication and Knowledge Management Team's staff costs lower than budgeted because of an unfilled vacancy (writer/ communications associate) and other staffing adjustments in the team.
- Note 8.** FY10 budget for Other Communications and Knowledge Management support primarily allocated for basic corporate communication products (eg, brochures, web maintenance).
- Note 9.** Staff assigned primarily to work on non-core funded special projects are included in this section. Budgeted for FY10 was the on-going special secondment (in-kind) of Thierry Paulais from AFD for the Financing of African Cities study. In addition, CA hired an urban specialist during FY10 to support the Land, Services and Citizenship programme (funded by the Gates Foundation) and the new phase of CLIFF (funded by UK-DFID). The CLIFF portion of staff costs was charged to the Core budget because the project did not materialise.

FY11 PROPOSED BUDGET and STRATEGIC WORK PROGRAMME

The proposed FY11 budget and work programme focuses on:

- (i) extending the Land, Services & Citizenship programmes utilising unallocated Gates Foundation resources;
- (ii) completing development and roll out of the Catalytic Fund and in-country programmes;
- (iii) development of an advocacy work programme;
- (iv) improving internal processes for managing the knowledge, learning and communications work programmes; and,
- (v) adapting to changing World Bank administrative processes for trust funds and grants.

A \$19.15m budget to support the work programme was endorsed by the Executive Committee at its July 2010 meeting -- \$10.15m from Core funds, \$8m from unallocated Gates funds and \$1m from the Africa Facility. To fully implement the work programme, an increase of \$2.5m in Core funds is needed for the year (to a total of \$10m). The budget summary is shown on the next page, with main work programme priorities described on following pages.

Included in the budget is \$3.2m in Core funds for Secretariat costs and for other partnership activities (including CG/EXCO meeting costs), up 5% from the FY10 Core request, and at same staffing level. See page 16 for the detailed Secretariat budget request, followed by a summary of priorities for each of the Secretariat teams and main product lines for the year.

Proposed Funding Allocations -- FY11 Budget

As of July 1, 2010

	FY11 Budget	FY 11 Budget		
		Core	Gates	Other*
FUNDS AVAILABLE FOR ALLOCATION				
Balance Forward - Unallocated Funds	17,849,901	4,625,166	11,033,237	2,191,498
Contributions Received**	10,000,000	10,000,000	0	0
Investment Income Received	480,000	330,000	150,000	0
Allocation Cancellations, Reflows & Adjustments		0	0	0
Less WB TF Admin Fees Paid	(111,750)	(111,750)	0	0
FUNDS AVAILABLE FOR ALLOCATION	28,218,151	14,843,416	11,183,237	2,191,498
ALLOCATION OF FUNDS				
Partnership Operations (incl Secretariat Costs)	3,200,000	3,200,000	0	0
Global Programme Operations:				
Grant Facility (old) - Country/Regional Activities***	4,281,500	4,281,500	0	0
Catalytic Fund (new)	2,400,000	2,400,000	0	0
Knowledge & Learning	500,000	500,000	0	0
Communications & Advocacy	1,500,000	1,500,000	0	0
Monitoring & Evaluation	250,000	250,000	0	0
Country Programming:				
Land, Services & Citizenship Programme	8,600,000	600,000	8,000,000	0
Other Country Programming and Support	1,600,000	600,000	0	1,000,000
Country Partnership Programmes (Brazil, Phil, & India)	1,100,000	1,100,000	0	0
BUDGETED ALLOCATION OF FUNDS	23,431,500	14,431,500	8,000,000	1,000,000
ENDING BALANCE - UNALLOCATED FUNDS	4,786,651	411,916	3,183,237	1,191,498

* Other funding includes Africa Facility.

** Only new contributions available for allocation are reported.

*** Allocations approved from proposals received by March 31, 2010 closing date of old grant facility.

Approved Funding Allocations – Detailed FY11

As of 1 November 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core	FY11 Status
Partnership Operations		3,200,000	3,200,000	0	0	0	
Management, finance and administrative operations		1,700,000	1,700,000	0	0	0	
	Secretariat - Management, finance and administrative operations	1,700,000	1,700,000	0	0	0	Approved
Technical, knowledge, communications and M&E operations		1,330,000	1,330,000	0	0	0	
	Secretariat - Technical, knowledge, communications and M&E operations	1,330,000	1,330,000	0	0	0	Approved
Governance and Administration		170,000	170,000	0	0	0	
	Consultative Group/ EXCO Meetings	170,000	170,000	0	0	0	Approved
Global Programme Operations							
Country/Regional Project Allocations (old Grant Facility)		2,091,077	2,091,077	0	0	0	
Projects supporting the implementation of policies and strategie		0	0	0	0	0	
Projects supporting the elaboration of policies and strategies		941,827	941,827	0	0	0	
Malawi	Grant for Lilongwe City Development Strategy (Phase 3)	249,000	249,000	0	0	0	Approved
Palestine	Cities as Guarantors of Stability: Scaling-Up of Strategic Development and Investment Planning (SDIP) in the Palestinian Territories	357,900	357,900	0	0	0	Approved
Ukraine	Supporting Kiev for City Vision and Long-Term Development Strategy	50,000	50,000				Approved
Cote d'Ivoire	Cote d'Ivoire Restructuring of Slums in the 13 Municipalities of the District of Abidjan	284,927	284,927				Recommended for Approval
Projects providing country specific data and knowledge		1,149,250	1,149,250	0	0	0	
Bangladesh	Bangladesh's Urban Transformation: Exploring the Demographic and Economic Dimensions	75,000	75,000	0	0	0	Approved
Ethiopia	Strengthen the Institutionalization and Support the Operation of the Ethiopian Cities Network	74,000	74,000	0	0	0	Approved
India	India State of the Cities Report	350,250	350,250	0	0	0	Approved
Kenya	Kenya Baseline State of the City Surve	400,000	400,000	0	0	0	Approved
Tanzania	Tanzania State of the Cities Report	250,000	250,000	0	0	0	Approved
Global knowledge and advocacy activities		868,500	868,500	0	0	0	
Theme: Slum Upgrading		75,000	75,000	0	0	0	

Approved Funding Allocations – Detailed FY11

As of 1 November 2010

Country	Activity Title	Allocation Amount (USD)	Core	Gates Found.	Africa Facility	Japan Non-Core	FY11 Status
Global	Making the Case for Incremental Housing (increase to FY09 allocation)	75,000	75,000	0	0	0	
Theme: Strategic City Development		0	0	0	0	0	
Theme: Environment/ Climate Change/ Disaster Risk Reductio		0	0	0	0	0	
Theme: Finance		48,500	48,500	0	0	0	
Global	Capital Investment Planning and Financing	48,500	48,500	0	0	0	Approved
Theme: Communications & Advocacy		375,000	375,000	0	0	0	
Ghana	Ghana Cities Awareness and Advocacy Framework	325,000	325,000	0	0	0	Recommended for Approval
Global	General Communications & Advocacy (FY11 increase)	50,000	50,000	0	0	0	Recommended for Approval
Theme: Monitoring & Evaluation		120,000	120,000	0	0	0	
Global	Cities Alliance Independent Evaluation 2011	120,000	120,000	0	0	0	Recommended for Approval
Other Learning & Knowledge Sharing		250,000	250,000	0	0	0	
Global	Establishment of an Inclusive Cities Network among members and partners.	150,000	150,000	0	0	0	Recommended for Approval
Global	General Learning & Knowledge Sharing (FY11 increase)	100,000	100,000	0	0	0	Recommended for Approval
In-Country Programming Allocations		500,000	0	0	500,000	0	
Land, Services & Citizenship Programme		0	0	0	0	0	
Other In-Country Programming & Support		500,000	0	0	500,000	0	
Africa Regional	Urbanization in Sub-Sahara Africa: Development and implementation of strategic plans and partnerships	500,000			500,000		Recommended for Approval
Country Partnership Programmes		0	0	0	0	0	
TOTAL ALLOCATIONS		6,659,577	6,159,577	0	500,000	0	

**CITIES ALLIANCE SECRETARIAT
FY11 APPROVED BUDGET
(US\$)**

See Notes		Core	Non-Core	In-Kind	TOTAL
	SOURCES OF FUNDS - Secretariat Budget				
	Core Funds - Approval for FY11	3,200,000	0	0	3,200,000
	Core Funds, carry-forward (actual)	203,400	0	0	203,400
#1	Staff secondments and JPO programs	0	0	654,000	654,000
#2	On-going Regional Staff allocations	0	358,300	0	358,300
#3	On-going Norway MTS Support	0	149,500	0	149,500
#4	Funding from other Non-Core sources	0	580,289	0	580,289
	WB/misc. funding	15,000	0	0	15,000
#5	Travel Rebate	0	0	0	0
	Total Sources of Funds - Secretariat	3,418,400	1,088,089	654,000	5,160,489
	USES OF FUNDS - by Secretariat Funding Source*				
#6	Staff costs (salary + benefits) - HQ	2,297,761	289,789	654,000	3,241,550
#6	Staff costs (salary + benefits) - Field	104,500	358,300	0	462,800
#7	Travel	315,000	245,000	0	560,000
	Short-term consultants / other labor costs	110,000	15,000	0	125,000
#8	Contractual Services (e.g., printing, graphics)	62,000	61,500	0	123,500
#9	Overhead Costs	327,500	118,500	0	446,000
#10	Meeting & Events:				
	- CG/PPF/EXCO Meetings	170,000	0	0	170,000
	- WUF/ Africities / Urban Forum / Others	30,000	0	0	30,000
	Total Uses of Funds - Secretariat	3,416,761	1,088,089	654,000	5,158,850
	Budgeted Ending Balance - Secretariat	1,639	0	0	1,639

See distribution of costs by Secretariat team on following page.

**CITIES ALLIANCE SECRETARIAT
NOTES ON FY11 BUDGET**

- Note 1.** In-kind contribution of \$654K represents secondments from France (AFD), Germany (GTZ), and a newcomer from UN-Habitat (to replace Jean-Christophe Adrian whose assignment with the CA terminated in May, 2010), and funding from the World Bank's Junior Professional Officer program with Italy, for a young professional who joined the CA in January of 2010.
- Note 2.** On-going non-core allocations for regional advisory staff are funded from from Sida, Italy and the Africa Facility.
- Note 3.** Norway provides financing of two young professional staff positions, due to expire in FY11.
- Note 4.** This primarily includes Secretariat costs covered by the Land, Services & Citizenship programme.
- Note 5.** Travel rebates are no longer being treated as a revenue source but rather netted against the relevant travel budget lines.
- Note 6.** The proposed budget includes no additional staff slots beyond those already approved. Regional advisors are now included in the budget; most are funded from Non-core sources. See notes above.

- Note 7.** The travel budget line excludes Secretariat travel to Events/Meetings, noted elsewhere in budget.
- Note 8.** Contractual services line item represents estimated cost of services to be provided by various vendors during the course of FY11. The services would include contractual designing of CA materials, printing, copying, shipping, freight, other communications & publishing costs.
- Note 9.** Estimated overhead costs are mostly based on FY10 actuals. They represent variable sustaining expenses such as office rent, IT equipment, communications, representation/hospitality, supplies and other miscellaneous.
- Note 10.** Effective with the FY11 budget, recurring event/meeting costs are being budgeted and managed as part of the Secretariat budget. This would include direct costs of staging the events but also travel for staff and specially-invited guests.

**CITIES ALLIANCE SECRETARIAT
FY11 PROPOSED BUDGET - BY SECRETARIAT TEAM
(US\$)**

	Core	Non-Core	In-Kind	TOTAL
BUDGETED USES OF FUNDS - by Team				
<u>Partnership Operations</u>				
Staff costs (salary + benefits) - HQ	631,177	24,023	0	655,200
Staff costs (salary + benefits) - Field	0	0	0	0
Travel	134,000	0	0	134,000
Short-term consultants / other labour costs	50,000	0	0	50,000
Total	815,177	24,023	0	839,200
<u>GPO</u>				
Staff costs (salary + benefits) - HQ	181,000	0	654,000	835,000
Staff costs (salary + benefits) - Field	0	66,620	0	66,620
Travel	25,000	0	0	25,000
Short-term consultants / other labour costs	20,000	0	0	20,000
Total	226,000	66,620	654,000	946,620
<u>ICPO</u>				
Staff costs (salary + benefits) - HQ	776,134	244,266	0	1,020,400
Staff costs (salary + benefits) - Field	91,400	266,480	0	357,880
Travel	123,000	245,000	0	368,000
Short-term consultants / other labour costs	10,000	15,000	0	25,000
Total	1,000,534	770,746	0	1,771,280
<u>Program Admin.</u>				
Staff costs (salary + benefits) - HQ	709,450	0	0	709,450
Staff costs (salary + benefits) - Field	13,100	46,700	0	59,800
Travel	33,000	0	0	33,000
Short-term consultants / other labour costs	30,000	0	0	30,000
Total	785,550	46,700	0	832,250
Total Uses of Funds - by Team	2,827,261	908,089	654,000	4,389,350
<u>Other variable costs:</u>				
Contractual Services	62,000	61,500	0	123,500
Overhead Costs	327,500	118,500	0	446,000
Event/Meeting costs	200,000	0	0	200,000
Total Uses of Funds by Secretariat	3,416,761	1,088,089	654,000	5,158,850

WORK PROGRAMME PRIORITIES – FY11

Partnership Operations

Partnership governance. Support to EXCO and CG to update CA membership and governance, and to identify other Charter revisions needed. Operationalize the Policy Advisory Forum.

Member relations. Deepening engagement with a broader range of the membership.

Resource mobilisation. Initiation of major fundraising effort in support of the CA's new strategic business plans.

Secretariat management. The Secretariat was reorganised during the last quarter of FY10 to support the revised CA business model and to improve staff effectiveness and accountabilities. These changes will be in full operation during FY11, with adjustments/fine-tuning as needed.

The proposed FY11 budget integrates the former Regional Advisors into the Secretariat. No staff increases were proposed for FY11. The focus will be to continue improving the efficiency and effectiveness of the existing staff complement and to put the reorganisation into full operation. Staffing needs will be actively reviewed during the course of FY11.

Resource management. Improve internal processes for financial administration and monitoring of CA own-managed work programme. Adapt CA financial reporting to new business model.

Global Programme Operations (GPO)

Grant Facility (old). The old CA grant facility was closed on March 31, 2010. There were 31 proposals received in the final batch (including two Non-core projects), which are being processed as agreed with EXCO in an April 15, 2010 report submitted for no objection. Fifteen of those projects were still in process going into FY11.

As part of the Secretariat's reorganization, the on-going portfolio from the old grant facility were allocated among teams for monitoring and supervision. The GPO team inherited 54 projects to supervise from the old Grant Facility, consisting of 17 knowledge projects and 37 country/region-specific projects. (The In-Country Programming team inherited 59 projects, consisting of the portfolios in Sub-Saharan Africa, Brazil, India and the Philippines.)

Objectives and major achievements planned for FY11 are:

- Effective monitoring of projects, including service backlogs eliminated and project portfolio database updated;
- Remaining proposals from March 31 batch processed and grants activated;
- All main project outputs from FY06-FY10 categorized and uploaded to project database.

Catalytic Fund (new). A design of Catalytic Fund (CATF), including the small grants window, is being submitted to CG for review at its November 2010 meeting. Based on CG feedback, the Fund would be launched during the first quarter of 2011. The CATF also includes a small-grants window that is not subject to the call of funds cycle, and will also be operational in FY11.

Objectives and major achievements planned for FY11 are:

- Handbook on concept and procedures for CATF and small grants window is produced;
- First tranche of proposals selected following first call for application;
- Internal evaluation of CATF procedures after first call;
- Implementation of small grants window.

Knowledge & Learning Work Programme. More than \$4.7m were approved for knowledge and learning WP activities during FY09-FY10, including nearly \$3m for a variety of environment and climate change projects. A top priority for FY11 will be to optimise implementation of this work programme. Only a small budget is proposed for new K&L activities during FY11.

On-going work programme activities in FY11 include:

- Cities and climate change -- continued implementation of joint work programme by WB, UN-H and UNEP.
- Other on-going environment and climate change activities, including mainstreaming environment in CA activities (UNEP); Mayors task force dialogue on climate change, disaster risk and the urban poor (WB); and, Eco2 cities pilot (WB, Japan).
- Mainstreaming gender and youth in CA activities.
- CDS subgroup – working group of CA members

New or emerging work programme activities to be developed during FY11 include:

- State of Cities Reports task force – an internal working group to facilitate knowledge exchanges among SoCR partners.
- Incremental urbanization in Africa – with a broader perspective than incremental housing, activities include adaptation of the quick housing policy guides (UN-H); study on national slum upgrading policies in 15 countries (WBI); knowledge dissemination on incremental housing practices; and, formation of an Upgrading Network among CA members.
- “CDS reloaded” and “Inclusive Cities Network” – consolidate the on-going knowledge work programme to update the CDS concept to state-of-the-art planning concepts and methodology, in response to the new urban challenges and polycentric governance systems. Fully incorporate environment, climate change, and gender into the CA’s theory of change for “inclusive cities.” Develop participatory and system-oriented M&E for advocacy, learning and management purposes. Initiate development of an “inclusive cities network,” incorporating member-based organizations (SDI and others), UCLG, academia and interested CA members to develop, discuss and field test concepts and methods, and to develop a common understanding of inclusive cities.

Communications & Advocacy Work Programme. There are two main priorities for FY11. One is continued development and implementation of a CA advocacy WP, with two initial focuses -- one on donors and development agencies of the North, and the other in support of CA country programming in Low Income Countries. A country-level awareness and advocacy project will be implemented in conjunction with the Ghana country programme under development, and other Sub-Saharan Africa regional advocacy activities developed in conjunction with scaled up CA efforts in Africa. Additional guidance will be sought from EXCO on awareness and advocacy plans aimed at the European Union and its member states, pending funding availability.

The other main priority is to improve the communication products and systems in the Secretariat to increase effectiveness and efficiency in support of the CA results framework. Specific

activities in FY11 include review of CA branding, messaging and graphics standards, and streamlining of CA annual report.

Monitoring & Evaluation. The objectives and major achievements planned for FY11 are:

- Evaluation of project implementation modalities concluded, action plan for recommendations implemented;
- Independent external evaluation of CA in process;
- Lessons learned extracted from projects to refine Catalytic Fund and country programme design;
- M&E mechanisms for country programming, Catalytic Fund, knowledge/learning and communication/advocacy defined; and
- Results-based management framework for new business model/ business plan adopted.

In-Country Programme Operations (ICP)

Land, Services & Citizenship Programme. Rollout of LSC countries will be the main focus of the ICP team during FY11. This will include concluding implementation arrangements for the Uganda programme, and working with member on the design and set-up of the Ghana and Vietnam programmes. The secretariat will also work with CA members to identify the remaining country or countries for the LSC funding, to including Francophone Africa.

Other in-country programming and support. The in-country programming product-line will be further developed and piloted during FY11. Only a small budget is proposed for new Core allocation during FY11 while the design is completed and CA financial resources are mobilised to fund further in-country programming. Non-core funds from the Africa Facility are budgeted for State of Cities reports in Sub-Saharan Africa and to support mobilization of CA members around an action plan for Sub-Saharan Africa.

As part of Secretariat reorganisation, the in-country programming team inherited 37 projects in Sub-Saharan Africa to supervise from the old Grant Facility (plus 22 projects part of the Country Partnership Programmes). Many of the projects are early in implementation, and several have been stalled for various reasons. A FY11 priority is to provide intensive supervisory support to this portfolio to help ensure effective implementation; and, to assess the best opportunities for scaling up through in-country programming.

Country Partnership Programmes. Three country partnership programmes were developed during the first 18 months of MTS implementation --Brazil, India and Philippines. These will continue implementation during FY11. The Brazil programme was substantially funded during FY09-FY10, and India during FY10-FY11.

This partnership programme product was introduced with the MTS, but was modified with the repositioned CA business model endorsed at Mumbai CG meetings. Depending on funding availability, a new product targeted at promoting South-South exchange of learning and knowledge could be developed (e.g. MIC demonstration programme).

Programme Administration

Operational Support. Assist task teams to set up Land, Services & Citizenship and other country support programmes. Continue orientation and training of task teams on project financial

management, procurement, safeguards and the tools, systems and practices of the Bank for effective operations. Support project appraisal and financial supervision of on-going grants and for the new product lines.

Grant Administration. Collaborate with GPO and ICP teams to contribute to the development of revised project proposal formats to be used for the revised business lines. Continue engagement with WB legal, disbursement, TF policy, OPCS and other central units to adapt CA procedures with changing Bank internal control environment, while improving efficiencies in project cycle. Implement process improvements including recommendations coming from Evaluation of Project Implementation Modalities.

Information Management. Complete design of Proposal/Project Database (PPDB), ensuring increased utility and relevance to the new CA business model. Work with other teams in improving management of outputs from CA grants and own-m



PORTFOLIO STATISTICAL SUMMARY

FISCAL YEARS 2000-2010

November 2010

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REPORT HIGHLIGHTS

- Over the past eleven fiscal years, the project portfolio of the Cities Alliance has grown continuously by an average of about 23 new projects per year; however, there have been significant variations from year to year.
- Within the accumulated portfolio of 257 approved projects, 209 were classified as country-specific projects, covering 73 countries in six regions. Of those six regions, Sub-Saharan Africa received the largest number of approved country-specific projects (25 per cent). Just over one-third of approved country-specific projects targeted a single city; the remaining nearly two-thirds targeted the country/national level, multi cities, state, global or regional scope.
- Slightly more than half of approved country-specific projects targeted the Low Income Countries income group: Least Developed Countries (20 per cent) and Other Low Income Countries (15 per cent). Overall, however, total grant disbursements to Middle Income Countries were higher.
- Overall approved grant amounts exceeded US\$65 million for country-specific projects and US\$10 million for regional/global projects. The Cities Alliance Core Fund was by far its largest source of project funding. Large grants (over US\$250,000) were the most frequent with 36 per cent, followed by medium grants (US\$75,000 to US\$250,000) with 33 per cent and small grants (US\$75,000 or less) with 31 per cent.
- The number of proposals for City Development Strategies (CDS) was much higher than for Slum Upgrading (SU) proposals—217 for CDS compared with 117 for SU. However, the approval rate for CDS proposals was significantly lower than the approval rate for SU proposals; as a result, CDS projects ended up comprising 57 per cent of the total project portfolio.
- Nearly three-fourths of approved country-specific projects were sponsored by more than one Cities Alliance member. Twelve members sponsored more than ten projects, with The World Bank and UN-HABITAT by far the most prominent, with 134 and 77 projects, respectively.
- More projects were sponsored in Lower Middle Income Countries and Territories income group than in any other income group.
- Nearly two-thirds of all grant agreements were managed by development and international/regional organisations (development co-operations, multi- and bi-lateral organisations). The share of non-members as grant recipients has gradually increased, reaching 50 per cent in fiscal year 2009.
- There was a great variety in the types of partners involved in implementing projects.

1. INTRODUCTION

The portfolio review for fiscal years 2000 – 2010 provides a statistical summary overview of Cities Alliance funding activities over an eleven-year period, focusing specifically on country-specific¹ activities and selected data from regional/global² activities under the old grant facility rules, which closed on 31 March 2010. The summary should be viewed as a snapshot of portfolio trends over the last eleven years³ of Alliance funding activities.

The review will present statistical summary analysis in the following areas: (1) Portfolio growth; (2) Number of projects and grant amounts approved; (3) Geographical distribution and scope of approved projects; (4) Distribution of projects by country income group; (5) Funding allocations; (6) Project sponsorships; and (7) Project partners.

In this portfolio review, the number of projects approved has been adjusted to exclude projects that were approved but cancelled during project preparation⁴ or funding activities related to programmatic allocations (see Nos. 4 and 5 below). The grant amount approved has also been adjusted to account for grant amount increases and decreases where applicable.

The following parameters were used in compiling the data analysis:

1. For projects currently **under implementation** (active projects), the total grant amount specified in the signed grant agreement was used.
2. For projects in which the grant agreements are underway or not yet initiated (under project **preparation**), information captured in the approved project proposals was used.
3. For projects that were either **cancelled during project implementation** or **closed**⁵ after being fully implemented, the actual grant amount disbursed was used.
4. Projects that were **cancelled during project preparation** were **not included** in the calculation because no grant agreement had been issued and no disbursements made.
5. Funding related to the following activities was **not included** as they are **programmatic allocations** that would distort the overall statistical analysis in this report:
 - a. Community-Led Infrastructure Finance Facility (CLIFF) activities
 - b. Slum Upgrading Facility (SUF)

The data used⁶ for the analysis was sourced from the Cities Alliance Secretariat project and proposal databases. Please note that these databases are still under development. Some definitions and

¹ These activities are primarily focused on achieving results through country-specific activities. Project proposals typically originate from local authorities, but in all cases must be approved by the government of the recipient country, be sponsored by at least one member of the Cities Alliance, and have established channels to meet investment requirements.

² These activities are designed to raise awareness, increase learning and disseminate good practices. They include establishing knowledge sharing networks and databases for city development strategies, scaling-up urban upgrading programmes, mainstreaming indicators as well as developing guidelines and other tools that advance collective know-how.

³ Fiscal years 2000 – 2010.

⁴ Projects that were cancelled during project preparation were not included in the calculation as the grant agreement had never been issued and no disbursements had been made.

⁵ Projects implemented and activities completed.

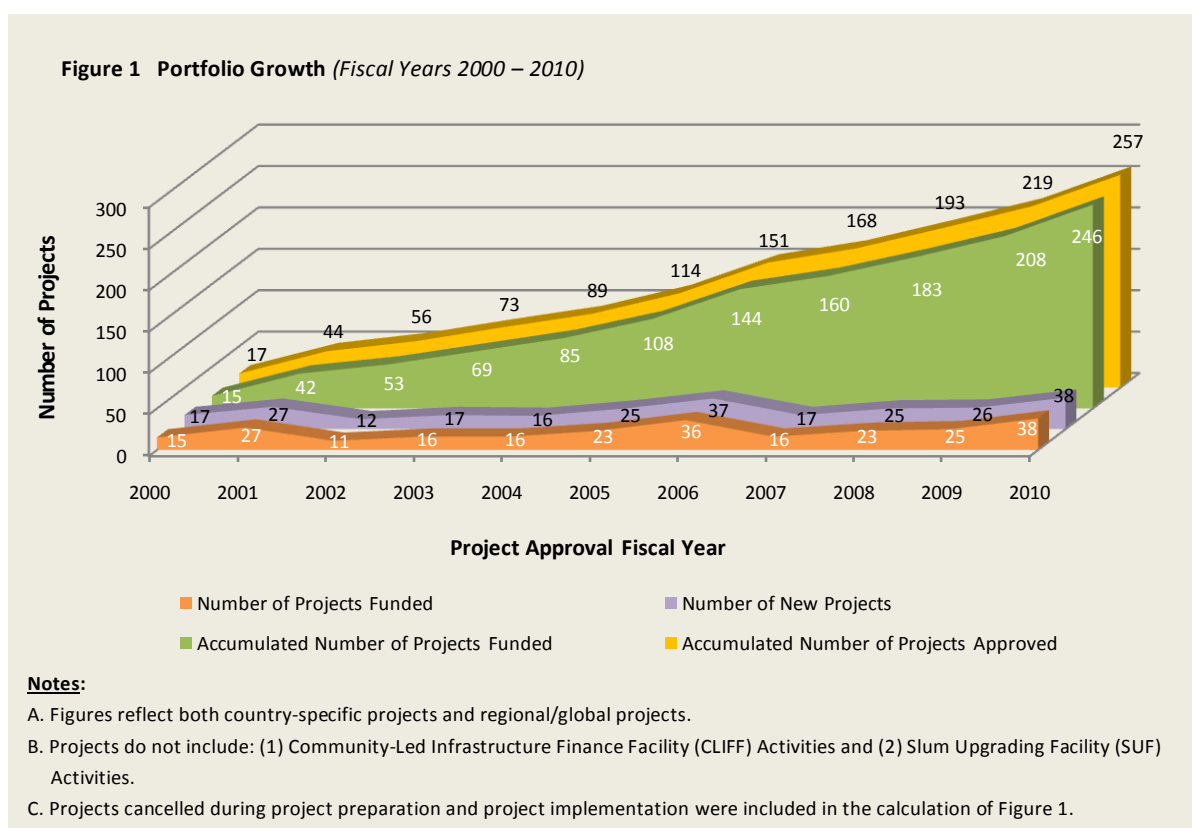
⁶ Request on the data used for this report is available upon request to Cities Alliance Secretariat.

classifications of projects have changed over time, which may affect aggregated numbers. As the databases draw on several sources, further verification is currently being undertaken, particularly for projects that are considered to have a regional/global focus.

2. PORTFOLIO OVERVIEW

2.1. COUNTRY-SPECIFIC AND REGIONAL/GLOBAL PROJECTS

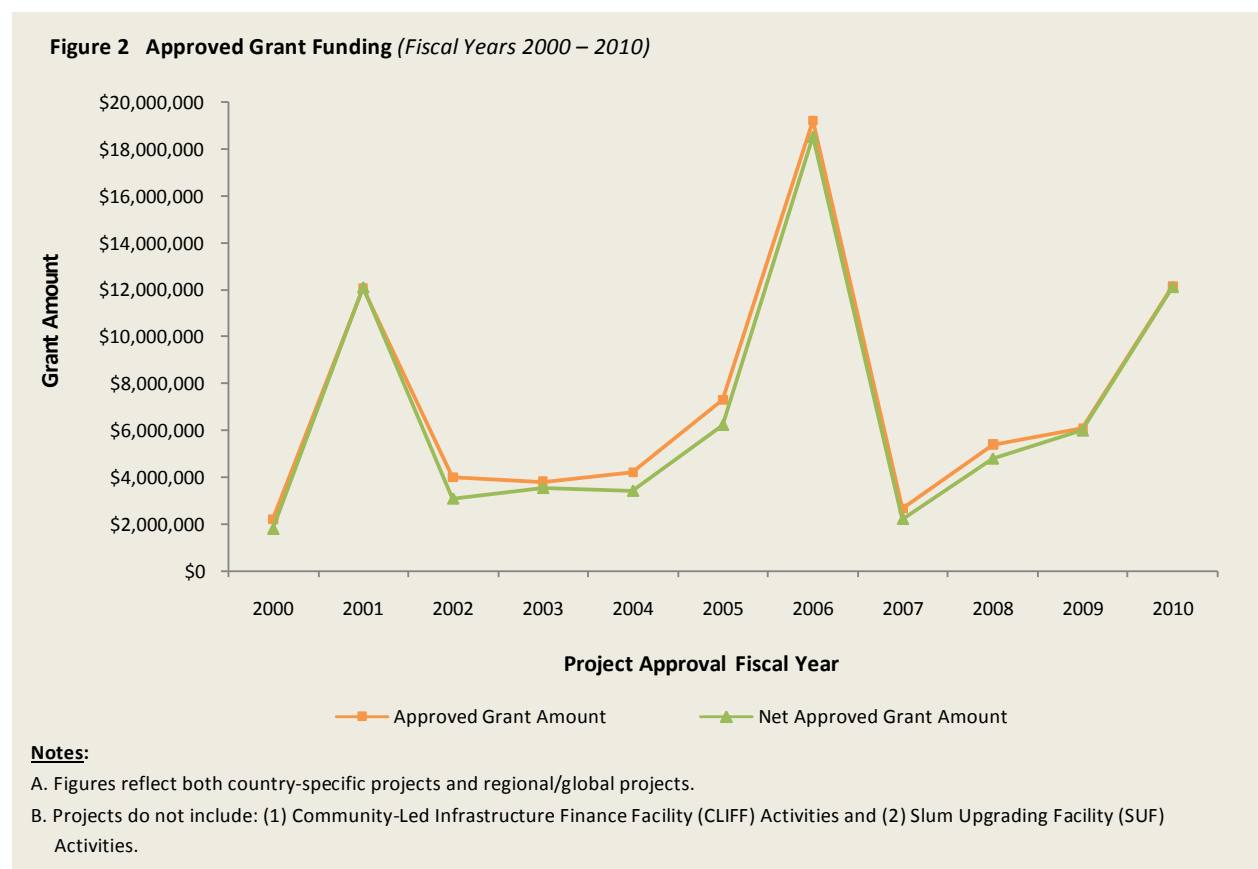
The growth of the Alliance's portfolio has been gradual and consistent over the last eleven fiscal years. As of the end of fiscal year 2010 (30 June 2010), a total of 257 projects—both the country-specific and regional/global project type—had been approved to receive Alliance grant funding. Out of the 257 projects, 11 projects were cancelled during project preparation, resulting in a total of 246 projects (Figure 1). Of the 246 projects, 199 were classified as country-specific projects; 47 as regional/global projects; 144 as City Development Strategy (CDS) projects; and 102 as Slum Upgrading (SU) projects⁷. These projects covered 73 countries in six regions⁸. Further detailed data on country-specific, regional/global, CDS and SU projects as well as geographical distributions of the projects will be presented in subsequent sections of this report.



⁷ Classification of either CDS or SU projects is based on the main focus of the planned project activity. Some projects have both CDS and SU components, but were classified as either CDS or SU based on a consideration of the components.

⁸ For country-specific projects, the following regional categories were used: (1) East Asia Pacific; (2) Europe and Central Asia; (3) Latin America and the Caribbean; (4) Middle East and North Africa; (5) South Asia; and (6) Sub-Saharan Africa.

Figure 2 illustrates the total amount of approved grant funding per fiscal year for the last eleven fiscal years. A comparison of approved⁹ grant funding and net¹⁰ approved grant funding shows that both types of funding remained relatively equal for fiscal years 2000 – 2010. The significant peaks in fiscal years 2001 and 2006 are due to individual slum upgrading projects in Brazil that received more than US\$5 million in funding allocations in each of those years.



The number of projects and the grant amount approved for country-specific projects and regional/global projects varied from year to year, as presented in Table 1. Table 2 depicts data on the number of funded projects¹¹ and the net grant amount approved per fiscal year. As of 30 June 2010, the data shows 11 approved projects were cancelled during project preparation, an average of one per fiscal year. Moreover, the data shows the difference between approved and net approved grant amount of US\$5,125,175 (an average of US\$465,925 per fiscal year).

⁹ Approved grant funding figures are based on approved funds (project proposal approval and grant agreement) and do not reflect the actual disbursements.

¹⁰ Net approved grant funding figures are based on the actual disbursements.

¹¹ Include projects under implementation, project canceled during project implementation and closed projects (as of 30 June 2009).

Table 1 Approved Country-Specific and Regional/Global Projects and Grant Amount
Fiscal Years 2000 – 2010

Project Approval Fiscal Year	Country-Specific		Regional/Global		Total	
	Number of Projects	Amount Approved (US\$)	Number of Projects	Amount Approved (US\$)	Total Number of Projects	Total Amount Approved (US\$)
2000	11	\$1,623,000	6	\$565,000	17	\$2,188,000
2001	23	\$10,704,800	4	\$1,348,500	27	\$12,053,300
2002	11	\$3,471,850	1	\$500,000	12	\$3,971,850
2003	16	\$3,779,753	1	\$13,195	17	\$3,792,948
2004	15	\$3,977,365	1	\$200,000	16	\$4,177,365
2005	18	\$5,236,017	7	\$2,067,544	25	\$7,303,561
2006	33	\$18,005,562	4	\$1,202,000	37	\$19,207,562
2007	17	\$2,643,625	-	-	17	\$2,643,625
2008	23	\$5,134,450	2	\$250,000	25	\$5,384,450
2009	16	\$3,945,339	10	\$2,119,420	26	\$6,064,759
2010	26	\$8,802,501	12	\$3,319,000	38	\$12,121,501
Total	209	\$67,324,262	48	\$11,584,659	257	\$78,908,921

Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
B. These calculations include projects that were cancelled during preparation or implementation.

Table 2 Net Approved Country-Specific and Regional/Global Projects and Grant Amount
Fiscal Years 2000 – 2010

Project Approval Fiscal Year	Country-Specific		Regional/Global		Total	
	Number of Projects	Net Amount Approved	Number of Projects	Net Amount Approved	Total Number of Projects	Total Net Amount Approved
2000	9	\$1,281,255	6	\$506,320	15	\$1,787,575
2001	23	\$10,756,772	4	\$1,344,698	27	\$12,101,470
2002	10	\$2,715,467	1	\$364,197	11	\$3,079,664
2003	15	\$3,528,306	1	\$6,063	16	\$3,534,369
2004	15	\$3,212,700	1	\$200,000	16	\$3,412,700
2005	17	\$4,030,460	6	\$2,197,927	23	\$6,228,387
2006	32	\$17,212,415	4	\$1,320,624	36	\$18,533,039
2007	16	\$2,212,163	-	-	16	\$2,212,163
2008	21	\$4,594,020	2	\$194,555	23	\$4,788,575
2009	15	\$3,867,256	10	\$2,119,420	25	\$5,986,676
2010	26	\$8,800,128	12	\$3,319,000	38	\$12,119,128
Grand Total	199	\$62,210,942	47	\$11,572,804	246	\$73,783,746

Notes:

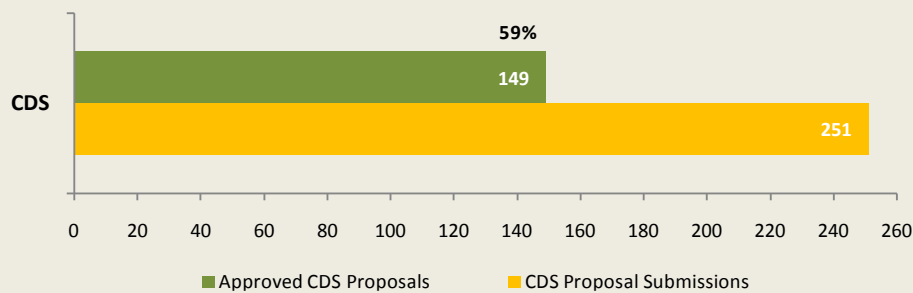
- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
B. For projects currently under implementation (active projects), the grant amount approved per project proposal approval or total amount specified in the grant agreement was used.
C. Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
D. The data in Table 2 reflects the actual disbursements for projects that were cancelled during implementation and closed projects.

2.2. PORTFOLIO ANALYSIS BY THEME: CITY DEVELOPMENT STRATEGY AND SLUM UPGRADING¹²

As of 30 June 2010, 251 proposals had been reviewed and classified as City Development Strategy (CDS) proposals. Of those 251 proposals, 149 were approved for funding, an approval rate of 59 per cent, as illustrated in Figure 3. Out of 135 proposals classified as Slum Upgrading (SU), 108 were approved for funding, an approval rate of 80 per cent, as illustrated in Figure 4.

Overall, the 149 approved CDS proposals accounted for 58 per cent of the total Cities Alliance project portfolio and the 108 approved SU projects accounted for 42 per cent. The distribution of number of projects and approved grant amount (approved and net) for CDS and SU country-specific and regional/global projects are presented in Table 3, Table 4, Table 5 and Table 6.

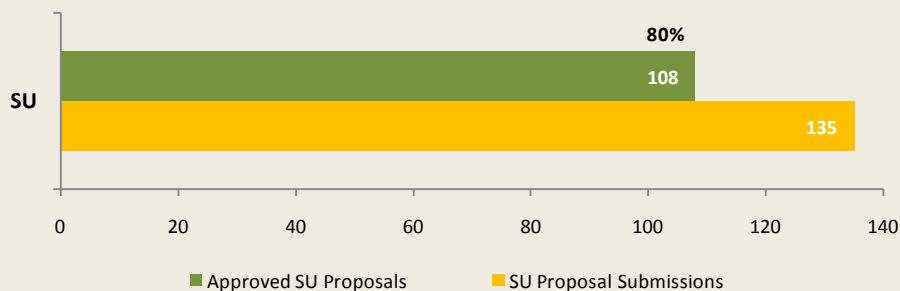
Figure 3 CDS Proposal Approval Rate (Fiscal Years 2000 – 2010)



Notes:

- A. Proposal data does not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- B. Total proposal submissions include proposals with a status of 'Dormant' or 'Under Review'.

Figure 4 SU Proposal Approval Rate (Fiscal Years 2000 – 2010)



Notes:

- A. Proposal data does not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- B. Total proposal submissions include proposals with a status of 'Dormant' or 'Under Review'.

¹² Classification of either CDS or SU projects is based on the main focus of the planned project activities. Some projects have both CDS and SU components, but were classified as either CDS or SU based on a consideration of components.

Table 3 Approved Country-Specific CDS and SU Projects and Grant Amount*Fiscal Years 2000 – 2010*

Project Approval Fiscal Year	CDS		SU		Total	
	Number of Projects	Amount Approved (US\$)	Number of Projects	Amount Approved (US\$)	Number of Projects	Amount Approved (US\$)
2000	9	\$1,543,000	2	\$80,000	11	\$1,623,000
2001	12	\$3,082,800	11	\$7,622,000	23	\$10,704,800
2002	6	\$2,101,785	5	\$1,370,065	11	\$3,471,850
2003	7	\$1,890,047	9	\$1,889,706	16	\$3,779,753
2004	8	\$2,047,700	7	\$1,929,665	15	\$3,977,365
2005	8	\$2,103,617	10	\$3,132,400	18	\$5,236,017
2006	20	\$6,223,532	13	\$11,782,030	33	\$18,005,562
2007	13	\$1,798,925	4	\$844,700	17	\$2,643,625
2008	12	\$2,396,475	11	\$2,737,975	23	\$5,134,450
2009	12	\$2,967,339	4	\$978,000	16	\$3,945,339
2010	12	\$3,186,219	14	\$5,616,282	26	\$8,802,501
Total	119	\$29,341,439	90	\$37,982,823	209	\$67,324,262

Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
 B. Projects cancelled during projects preparation and project implementation were included in the calculation.

Table 4 Net Approved Country-Specific CDS and SU Projects and Grant Amount*Fiscal Years 2000 – 2010*

Project Approval Fiscal Year	CDS		SU		Total	
	Number of Projects	Net Amount Approved (US\$)	Number of Projects	Net Amount Approved (US\$)	Number of Projects	Net Amount Approved (US\$)
2000	8	\$1,252,284	1	\$28,971	9	\$1,281,255
2001	12	\$2,968,145	11	\$7,788,627	23	\$10,756,772
2002	6	\$1,950,053	4	\$765,414	10	\$2,715,467
2003	7	\$1,855,421	8	\$1,672,885	15	\$3,528,306
2004	8	\$1,459,954	7	\$1,752,746	15	\$3,212,700
2005	8	\$1,783,284	9	\$2,247,176	17	\$4,030,460
2006	20	\$5,943,510	12	\$11,268,905	32	\$17,212,415
2007	12	\$1,373,200	4	\$838,963	16	\$2,212,163
2008	11	\$2,024,809	10	\$2,569,211	21	\$4,594,020
2009	11	\$2,875,467	4	\$991,789	15	\$3,867,256
2010	12	\$3,186,219	14	\$5,613,909	26	\$8,800,128
Total	115	\$26,672,346	84	\$35,538,596	199	\$62,210,942

Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
 B. For projects currently under implementation (active projects), the grant amount approved per project proposal approval or total amount specified in the grant agreements was used.
 C. Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
 D. Data presented for projects cancelled during project implementation and closed projects reflect the actual disbursement.

Table 5 Approved Regional/Global CDS and SU Projects and Grant Amount
Fiscal Years 2000 – 2010

Project Approval Fiscal Year	CDS		SU		Total	
	Number of Projects	Amount Approved (US\$)	Number of Projects	Amount Approved (US\$)	Number of Projects	Amount Approved (US\$)
2000	2	\$225,000	4	\$340,000	6	\$565,000
2001	2	\$663,500	2	\$685,000	4	\$1,348,500
2002	1	\$500,000	-	-	1	\$500,000
2003	-	-	1	\$13,195	1	\$13,195
2004	1	\$200,000	-	-	1	\$200,000
2005	5	\$1,160,944	2	\$906,600	7	\$2,067,544
2006	3	\$1,127,000	1	\$75,000	4	\$1,202,000
2008	1	\$75,000	1	\$175,000	2	\$250,000
2009	4	\$1,400,950	6	\$718,470	10	\$2,119,420
2010	11	\$3,244,000	1	\$75,000	12	\$3,319,000
Total	30	\$8,596,394	18	\$2,988,265	48	\$11,584,659

Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
B. Projects cancelled during preparation or implementation were included in the calculation.

Table 6 Net Approved Regional/Global CDS and SU Projects and Grant Amount
Fiscal Years 2000 – 2010

Project Approval Fiscal Year	CDS		SU		Total	
	Number of Projects	Net Amount Approved (US\$)	Number of Projects	Net Amount Approved (US\$)	Number of Projects	Net Amount Approved (US\$)
2000	2	\$193,796	4	\$312,524	6	\$506,320
2001	2	\$663,752	2	\$680,946	4	\$1,344,698
2002	1	\$364,197	-	-	1	\$364,197
2003	-	-	1	\$6,063	1	\$6,063
2004	1	\$200,000	-	-	1	\$200,000
2005	4	\$1,085,944	2	\$1,111,983	6	\$2,197,927
2006	3	\$1,260,000	1	\$60,624	4	\$1,320,624
2008	1	\$75,000	1	\$119,555	2	\$194,555
2009	4	\$1,400,950	6	\$718,470	10	\$2,119,420
2010	11	\$3,244,000	1	\$75,000	12	\$3,319,000
Total	29	\$8,487,639	18	\$3,085,165	47	\$11,572,804

Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
B. For projects currently under implementation (active projects), the grant amount approved per project proposal approval or total amount specified in the grant agreements was used.
C. Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
D. Data presented for closed projects and projects cancelled during project implementation reflect the actual disbursement.

By the end of fiscal year 2010, a total of 209 country-specific projects had been approved for funding (Table 1), out of which 119 were CDS projects (with total funding of US\$29,341,439) and 90 were SU projects (with total funding of US\$37,982,823) as presented in Table 3.

The number of projects approved has been adjusted to account for projects that were cancelled during project preparation. In addition, the grant amount approved has been adjusted to reflect grant amount increases and decreases where applicable (Table 4). For CDS country-specific projects, the number of total projects funded was adjusted from 119 to 115, bringing the amount of total project funding from US\$29,341,439 to US\$26,672,346. For SU country-specific projects, the number of total projects funded was adjusted from 90 to 84 projects, bringing the total project funding from US\$37,982,823 to US\$35,538,596.

Furthermore, of the 48 regional/global projects approved for funding (Table 1), 30 projects were classified as CDS projects (with total funding of US\$8,596,394) and 18 projects were classified as SU projects (with total funding of US\$2,988,265) as presented in Table 5.

As with the CDS and SU country-specific projects, the number of projects approved for CDS and SU regional/global projects was adjusted to exclude projects that were cancelled during preparation and to account for grant amount increases and decreases where applicable (Table 6). For CDS regional/global projects, the total number of projects funded was adjusted from 30 to 29 projects, decreasing the amount of total project funding from US\$8,596,394 to US\$8,487,639. For SU regional/global projects, the number of total projects funded remained the same with 18 projects, while the total project funding amount increased from US\$2,981,865 to US\$3,082,992 as a result of the adjustments.

3. GEOGRAPHICAL DISTRIBUTION OF APPROVED PROJECTS

The geographical distribution of all approved projects is illustrated in Figure 5. As of 30 June 2010, the Sub-Saharan Africa region had the largest number of approved projects (25 per cent), followed by Latin America and the Caribbean (16 per cent), East Asia and the Pacific (14 per cent), South Asia (13 per cent), Middle East and North Africa (9 per cent) and Europe and Central Asia (5 per cent). Projects with a regional/global focus accounted for 18 per cent of the total projects approved. Table 7 features a complete list of all the countries (73 countries) for which Cities Alliance projects were approved as of 30 June 2010.

The countries¹³ in each region with the largest numbers of approved country-specific projects are outlined below:

1. **Sub-Saharan Africa region.** The country with the largest number of approved projects is **South Africa**, with 11. Overall in Sub-Saharan Africa, 64 country-specific projects were approved in 24 countries.

¹³ For country-specific projects with multiple countries, the countries were calculated separately in this review.

2. **Latin America and the Caribbean region.** The country with the largest number of approved projects is *Brazil*, with 22. Overall in Latin America and the Caribbean, 41 country-specific projects were approved in 14 countries.
3. **East Asia and Pacific region.** The country with the largest number of approved projects is the *Philippines*, with 10. Overall in East Asia and the Pacific, 36 country-specific projects were approved in 11 countries.
4. **South Asia region.** The country with the largest number of approved projects is *India*, with 26. Overall in South Asia, 33 country-specific projects were approved in 6 countries.
5. **Middle East and North Africa region.** The countries with the largest number of approved projects are *Egypt* and *Syrian Arab Republic*, with 5 each. Overall in the Middle East and North Africa, 24 country-specific projects were approved in 9 countries.
6. **Europe and Central Asia region.** The country with the largest number of approved projects is the *Russian Federation*, with 3. Overall in Europe and Central Asia, 13 country-specific projects were approved in 9 countries.

Figure 5 Geographical Distribution of Approved Projects - Total of 257 projects as of 30 June 2010

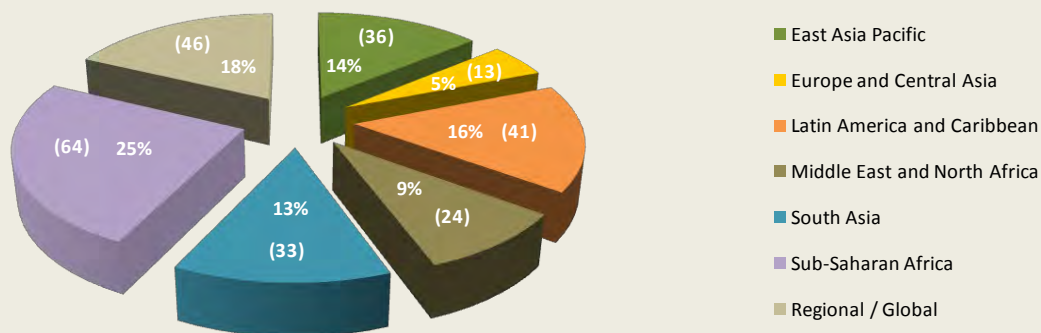
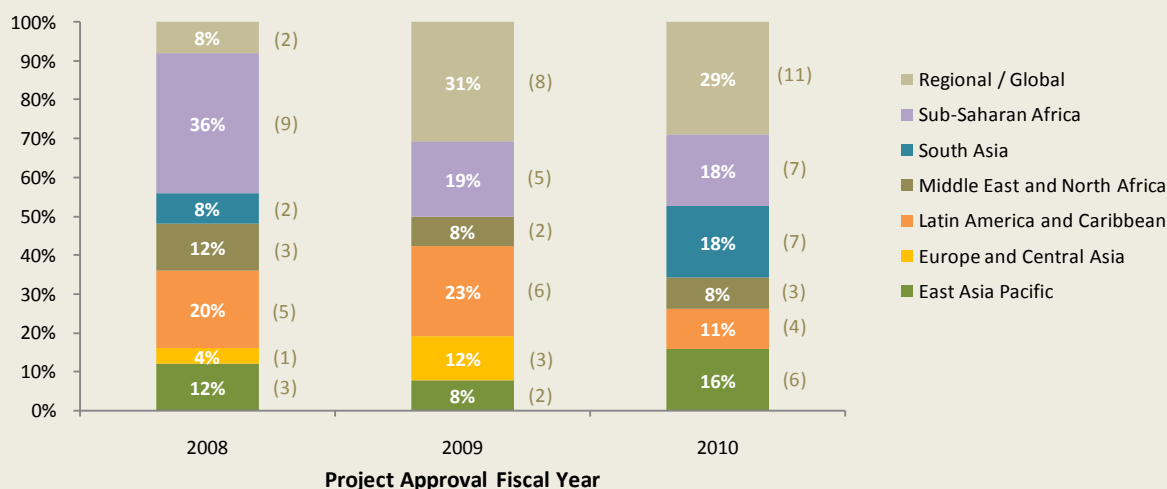


Figure 6 Geographical Distribution of Approved Projects in Fiscal Years 2008, 2009 and 2010



Notes:

- A. Figures reflect both country-specific projects and regional/global projects.
- B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- C. Projects cancelled during preparation or implementation were included in the calculation.

Table 7 List of Countries Fiscal Years 2000 - 2010

Country	Number of Projects	Country	Number of Projects	Country	Number of Projects
India*	26	Benin	2	Guatemala	1
Brazil	22	Bulgaria	2	Haiti*	1
South Africa*	11	Burkina Faso	2	Kiribati	1
Philippines*	10	Colombia	2	Latvia	1
Mozambique	8	Ecuador*	2	Lebanon	1
China	6	El Salvador	2	Liberia	1
Ethiopia*	6	Iran	2	Malawi	1
Indonesia	6	Jamaica	2	Mali	1
Vietnam	6	Jordan	2	Mauritania	1
Egypt	5	Madagascar	2	Moldova	1
Syrian Arab Republic	5	Mexico	2	Niger	1
Nigeria	4	Namibia	2	Palestine	1
Swaziland	4	Nepal	2	Panama	1
Yemen	4	Rwanda	2	Papua New Guinea*	1
Cambodia	3	Senegal	2	Peru	1
Chile	3	Albania	1	Samoa*	1
Ghana	3	Argentina	1	Sierra Leone	1
Kenya	3	Bangladesh	1	Sri Lanka	1
Mongolia	3	Bhutan	1	Tajikistan	1
Morocco	3	Bolivia	1	Timor-Leste (East Timor)	1
Pakistan	3	Bosnia-Herzegovina	1	Togo	1
Russian Federation	3	Cameroon	1	Tunisia	1
Tanzania	3	Costa Rica	1	Zambia	1
Uganda*	3	Fiji*	1		
Azerbaijan	2	Georgia	1		

* In some cases, projects comprised multiple countries. For the purpose of this review, in those cases each country is considered separately.

Notes:

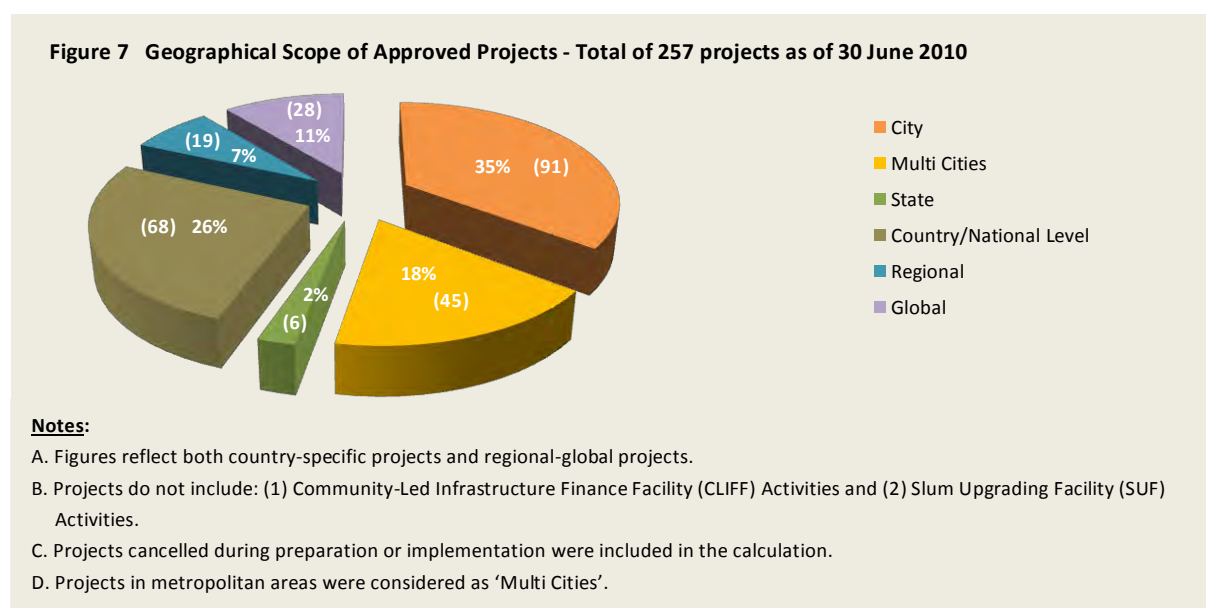
- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
 B. Projects cancelled during preparation or implementation were included in the calculation.

In comparison with the overall geographical distribution, Figure 6 illustrates the geographical distribution for approved projects in fiscal years 2008, 2009 and 2010. This chart demonstrates similar trends over these three fiscal years. The Sub-Saharan Africa, Latin America and Caribbean and East Asia and Pacific regions had a higher ratio of regional distributions in comparison with other regions. Sub-Saharan Africa region led in the number of approved projects in fiscal year 2008 (36 per cent); Latin America and the Caribbean led the number of approved projects with 23 per cent in fiscal year 2009; whereas in fiscal year 2010, Sub-Saharan Africa and South Asia led the number of approved projects with 18 per cent.

Figure 6 also shows that the number of approved regional/global projects remains high in fiscal years 2009 and 2010 as a large proportion of Joint Work Programmes with Alliance members were approved (31 per cent and 29 per cent, respectively) in comparison with fiscal year 2008 (8 per cent).

4. GEOGRAPHICAL SCOPE OF APPROVED PROJECTS

The geographical scope¹⁴ of all projects approved by Cities Alliance is shown in Figure 7. As of 30 June 2010, 35 per cent of all approved projects targeted a single city, 26 per cent the country/national level, 18 per cent multi cities and 2 per cent the state level. Additionally, 11 per cent of projects had a global scope and 7 per cent targeted the regional level.

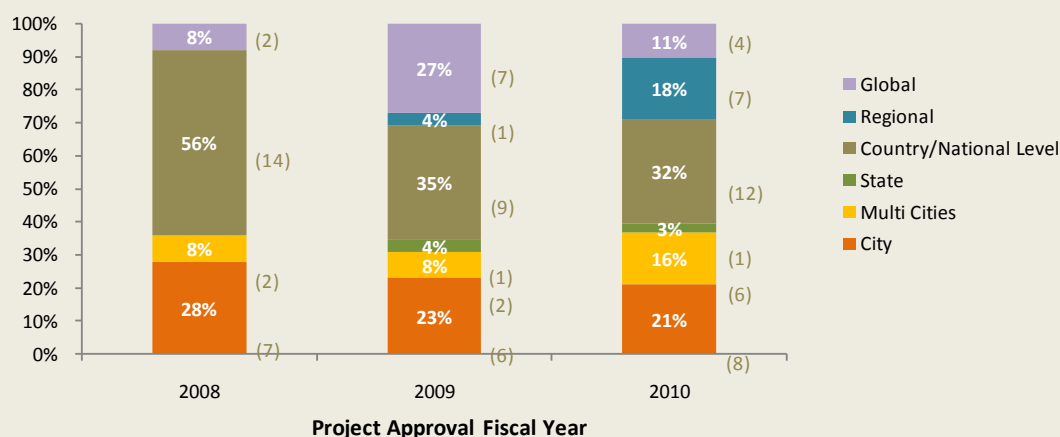


In comparison with the overall geographical scope data shown in Figure 7, Figure 8 illustrates the geographical scope for approved projects in fiscal years 2008, 2009 and 2010. In each of those three years, the greatest percentage of projects targeted the country/national level (56 per cent for 2008, 35

¹⁴ The geographical scope targeted by the approved project: (1) City; (2) Multi cities; (3) State; (4) Country/national level; (5) Regional; and (6) Global.

per cent for 2009 and 32 per cent for 2010). For city geographical scopes: (1) projects targeting a single city had fairly balanced percentages over the last three fiscal years (28 per cent in 2008, 23 per cent in 2009 and 21 per cent in 2010); and (2) projects targeting multi cities remained steady at 8 per cent in fiscal years 2008 and 2009, and increased slightly in fiscal year 2010 to 16 per cent.

Figure 8 Geographical Scope of Approved Projects in Fiscal Years 2008, 2009 and 2010



Notes:

- A. Figures reflect both country-specific projects and regional-global projects.
- B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- C. Projects cancelled during preparation or implementation were included in the calculation.
- D. Projects in metropolitan areas were considered as 'Multi Cities'.

5. DISTRIBUTION OF COUNTRY-SPECIFIC PROJECTS BY COUNTRY INCOME GROUP

The overall distribution of country-specific projects by the Development Assistance Committee (DAC) list of Official Development Assistance (ODA)¹⁵ recipients for the eleven-year period is illustrated in Figure 9. Overall, the figures show that the country-specific projects by DAC list classification were distributed relatively equally among three income groups for the last eleven fiscal years: (1) Lower Middle Income Countries and Territories (total of 36 per cent); (2) Least Developed Countries (total of 26 per cent); and (3) Other Low Income Countries (total of 22 per cent).

In comparison, Figure 10 illustrates the distribution of country-specific projects by the Development Assistance Committee (DAC) list of Official Development Assistance (ODA)¹⁶ recipients by fiscal year. In the first three fiscal years (2000, 2001 and 2002), Other Low Income Countries had the highest percentage of group distributions. The figures changed between fiscal years 2003 to 2006, when the

¹⁵ Classification of Cities Alliance projects has been based on the most current DAC List of Aid Recipients available at the time of project approval. The DAC List of Aid Recipients is available at: <http://www.oecd.org/dac/stats/daclist>.

¹⁶ Classification of Cities Alliance projects has been based on the most current DAC List of Aid Recipients available at the time of project approval. The DAC List of Aid Recipients is available at: <http://www.oecd.org/dac/stats/daclist>.

Lower Middle Income Countries and Territories had the highest percentage. Between fiscal years 2007 to 2010 the figures varied among the three income groups, with the exception of fiscal years 2009 and 2010 when: (1) the Upper Middle Income Countries and Territories showed a significant increase in the income groups' distribution due to multiple country-specific projects approved in Brazil in fiscal year 2009; and (2) the Lower Middle Income Countries and Territories showed a significant increased in the income groups' distribution due to multiple country-specific projects approved in India in fiscal year 2010.

Figure 9 Overall Distribution of Projects by Country Income Group (Fiscal Years 2000 – 2010)

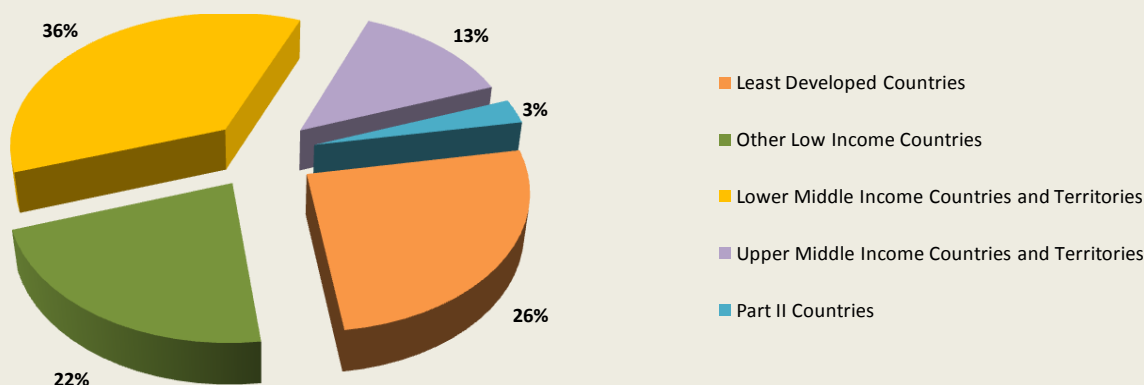
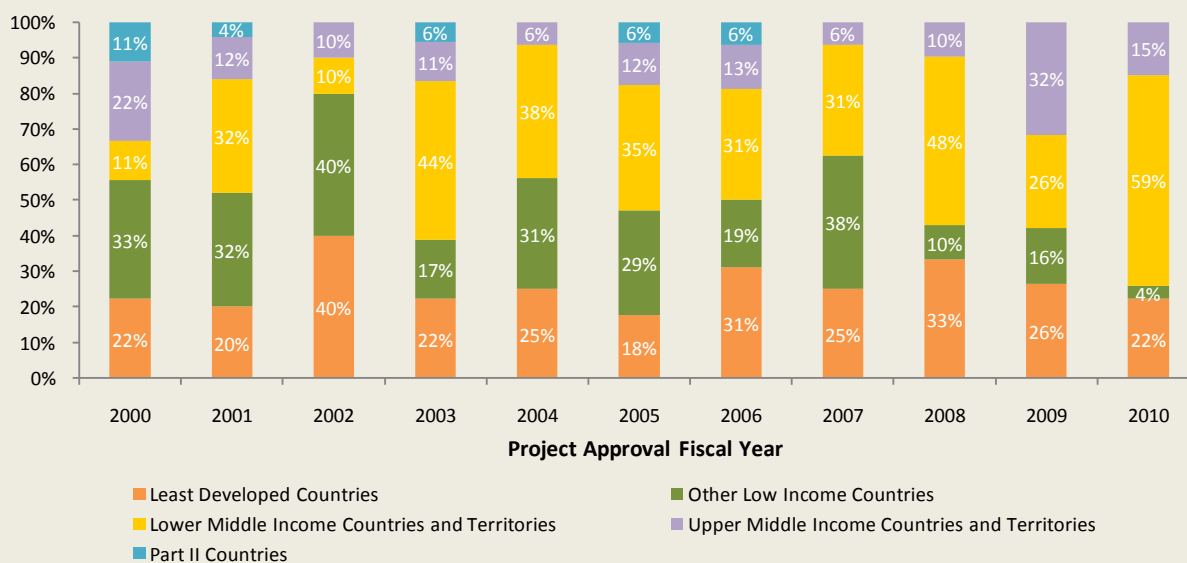


Figure 10 Distribution of Projects by Country Income Group (Fiscal Years 2000 – 2010)



Notes:

- A. Classification of Cities Alliance projects has been based on the most current list available at the time of project approval.
- B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional/Global Projects.
- C. Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
- D. For country-specific projects with multiple countries, the countries were calculated separately in this review.

6. FUNDING ALLOCATIONS

6.1 FUNDING SOURCES

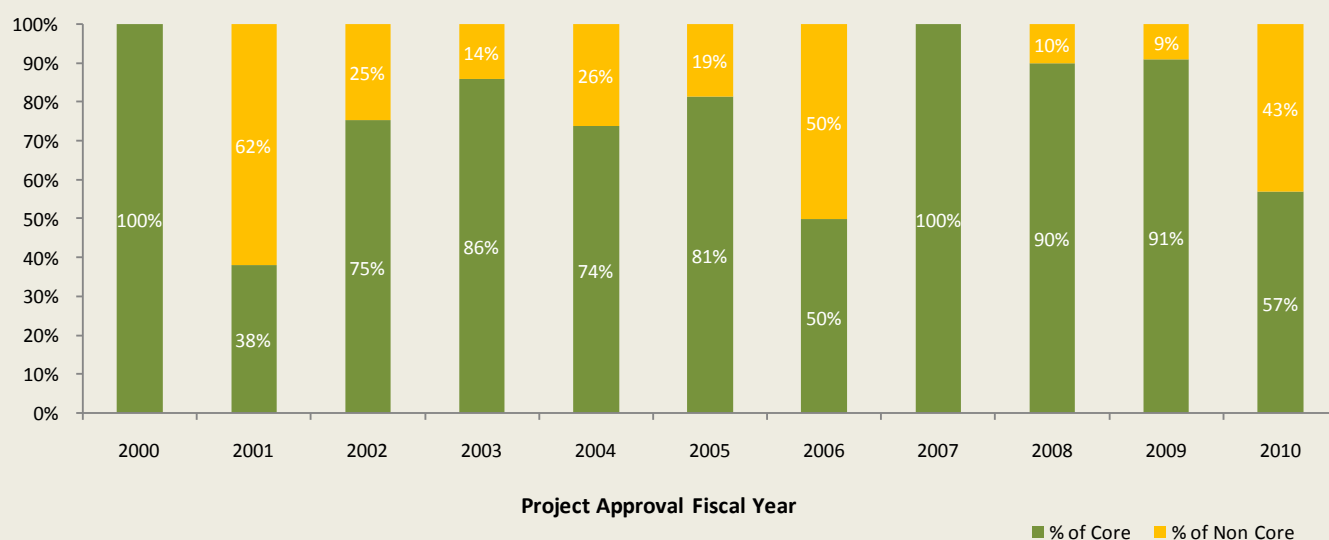
The Cities Alliance has a two-tier financial structure: (1) Core Fund and (2) Non-Core Fund. The Core Fund is not subject to any donor restrictions whereas the Non-Core Fund is subject to donor restrictions relating to theme, activity or region. Figure 11 illustrates the Core Fund and Non-Core Fund allocations for funded projects in fiscal years 2000 – 2010.

With the exception of fiscal years 2001 and 2006, most of the funded projects were allocated from the Core Fund. The higher percentages of Non-Core Fund allocations in fiscal years 2001 and 2006 are due to individual slum upgrading projects in Brazil that received more than US\$5 million in Non-Core Fund allocations in each of those years.

For country-specific projects, Brazil received the largest Non-Core contribution, while South Africa had the most number of projects funded from the Non-Core fund.

Figure 11 Ratio of Core and Non-Core Net Funding Allocations for Country-Specific and Regional/Global Projects

Percent of Total Allocations in US\$ per Fiscal Year



Notes:

- Figures reflect both country-specific projects and regional and global projects.
- Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- For projects currently under implementation (active projects), the grant amount approved per project proposal approval or total amount specified in the grant agreements was used.
- Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
- Data presented for projects cancelled during project implementation and closed projects that were fully implemented reflect the actual disbursement.

6.2 ALLOCATIONS OF APPROVED GRANT AMOUNT BY COUNTRY INCOME GROUP

The overall allocation of grants for country-specific projects by the DAC list classifications in fiscal years 2001 to 2010 is illustrated in Figure 12. Additionally, Figure 13 illustrates allocation of grants for country-specific projects by the DAC list classifications by fiscal year. Overall, the Upper Middle Income Countries and Territories income group received the highest grant allocation (total of 33 per cent), followed by Lower Middle Income Countries and Territories (total of 29 per cent), Least Developed Countries (total of 20 per cent), Other Low Income Countries (total of 15 per cent) and Part II Countries (2 per cent).

Figure 12 Overall Allocation of Approved Grant Amount by Country Income Groups (Fiscal Years 2000 – 2010)

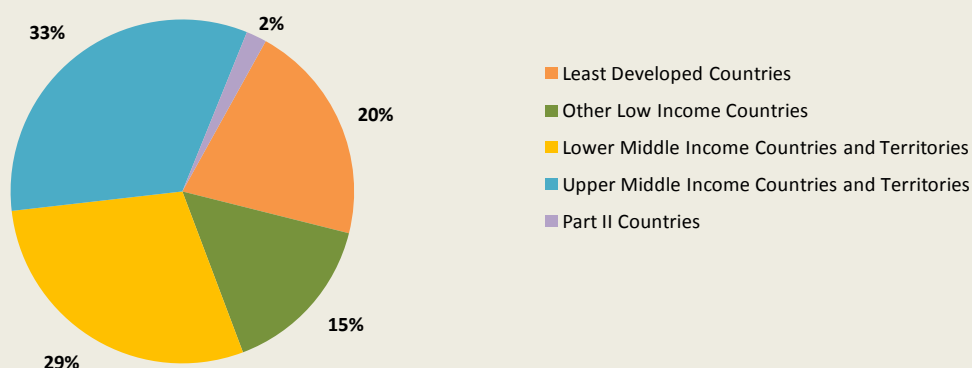
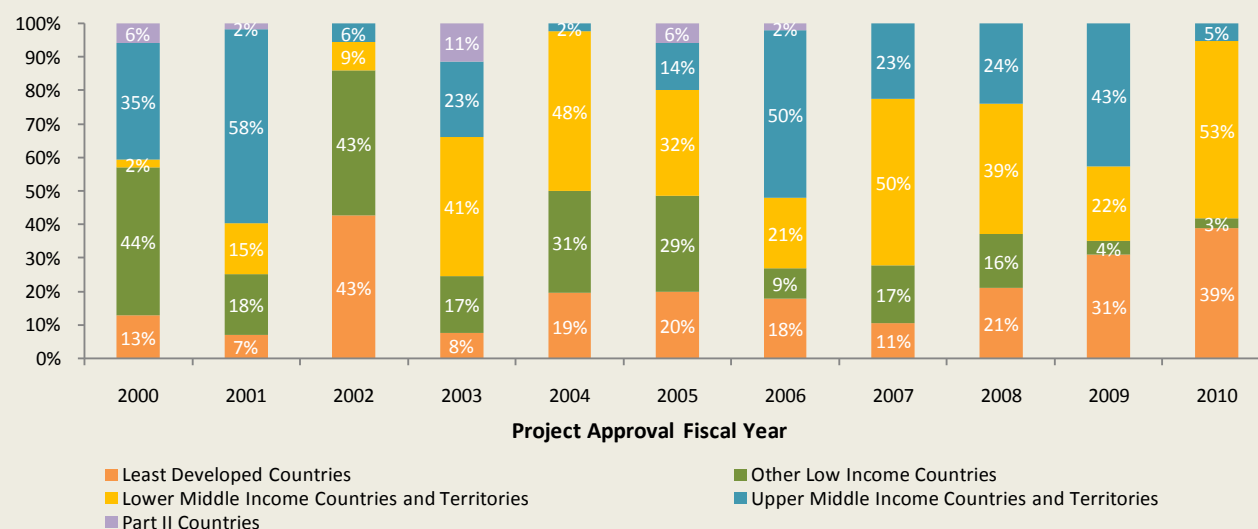


Figure 13 Allocation of Approved Grant Amount by Country Income Groups (Fiscal Years 2000 – 2010)



Notes:

- Classification of Cities Alliance projects has been based on the most current list available at the time of project approval.
- Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional- Global Projects.
- For projects currently under implementation (active projects), the grant amount approved per project proposal approval or total amount specified in the grant agreements was used.
- Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
- Data presented for projects cancelled during project implementation and closed projects that were fully implemented reflect the actual disbursement.
- For country-specific projects with multiple countries, the countries were calculated separately in this review.

6.3 APPROVED GRANT SIZE FOR COUNTRY-SPECIFIC PROJECTS

The overall distribution of approved country-specific projects by grant size for fiscal years 2000 – 2010 is illustrated in Figure 14. The figure shows adequately balanced distributions among small (US\$75,000 or less), medium (US\$75,000 to US\$250,000) and large (over US\$250,000) grants over the past eleven years.

In comparison, Figure 15 illustrates the distribution of approved country-specific projects by grant size for fiscal years 2008, 2009 and 2010. It indicates that for the three fiscal years combined, the distribution of medium and large grants varied from year to year. The data presented have been adjusted to account for grant amount increases and decreases and the grant sizes re-categorised where applicable.

Figure 14 Number of Grants Approved by Grant Size (Fiscal Years 2000 – 2010)

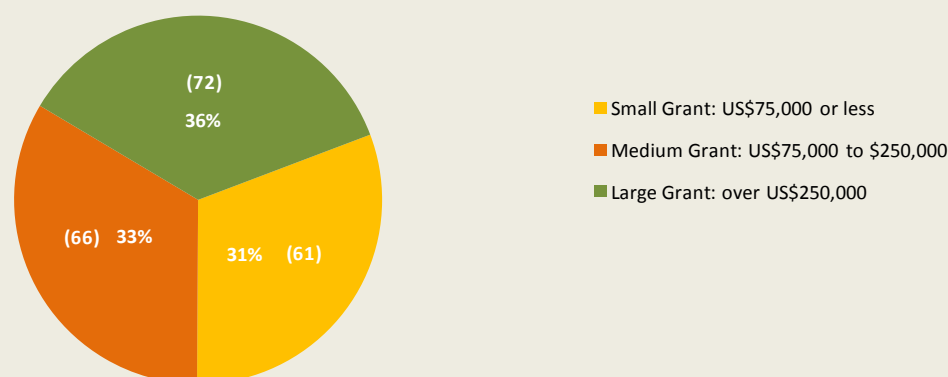
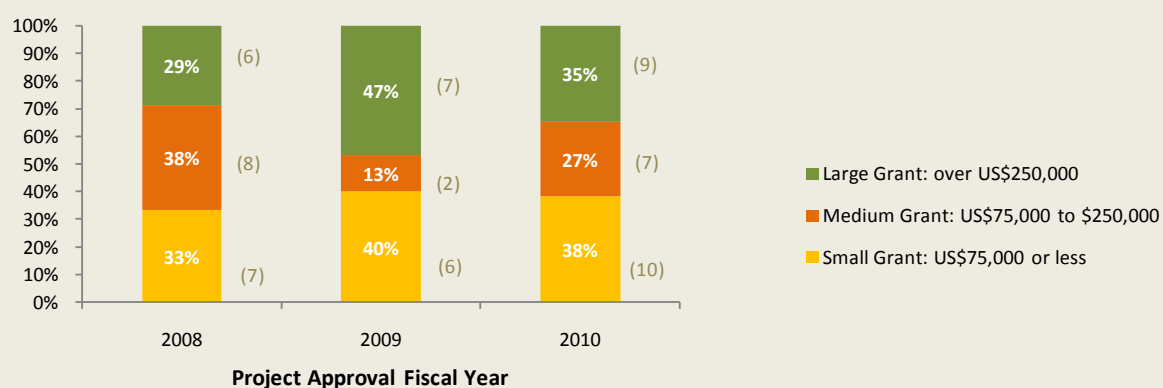


Figure 15 Number of Grants Approved by Grant Size (Fiscal Years 2008 – 2010)



Notes:

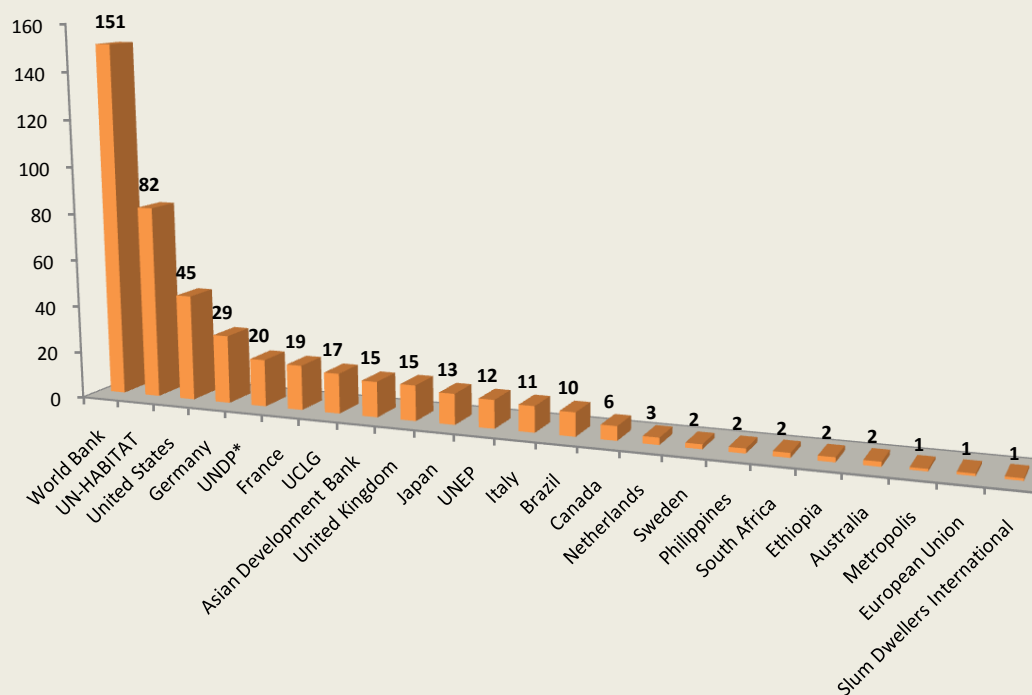
- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional- Global Projects.
- B. For projects currently under implementation (active projects), the grant amount approved per project proposal approval or total amount specified in the grant agreements was used.
- D. Projects cancelled during project preparation were not included in the calculation, as no grant agreement had been issued and no disbursements made.
- D. Data presented for projects cancelled during project implementation and closed projects that were fully implemented reflect the actual disbursement.

7. PROJECT SPONSORSHIPS

The total number of approved country-specific projects sponsored by Alliance members from fiscal years 2000 – 2010 is illustrated in Figure 16. The figures indicate that there are 23 members that sponsored approved projects. Of the 23 members, 12 sponsored ten or more approved projects, including UNDP as an associate member.

The number of project sponsorships by Alliance members for each fiscal year is presented in Table 8. Data presented in Table 8 is ranked based on the total number of approved country-specific projects sponsored by the Alliance members as of 30 June 2010.

Figure 16 Total Project Sponsorship for Country-Specific Projects
Fiscal Years 2000 - 2010



* Associate member

Notes:

- Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- Projects cancelled during preparation or implementation were included in the calculation.

Table 8 Project Sponsorship for Country-Specific Projects*Fiscal Years 2000 – 2010*

Rank	Cities Alliance Member	Project Approval Fiscal Year											Total
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
1	World Bank	10	16	3	7	12	16	28	11	18	13	17	151
2	UN-HABITAT	3	15	7	4	3	11	11	7	10	6	5	82
3	United States	1	2	1	3	5	6	11	5	5	1	5	45
4	Germany	-	-	1	5	4	3	4	2	5	3	2	29
5	UNDP*	-	3	1	-	3	2	3	-	4	3	1	20
6	France	1	1	1	1	1	2	7	1	1	1	2	19
7	UCLG	-	1	-	2	-	1	3	1	4	3	2	17
8	Asian Development Bank	-	-	-	-	2	2	6	1	1	3	-	15
8	United Kingdom	1	1	3	3	3	2	-	1	-	-	1	15
9	Japan	-	-	-	-	1	1	4	2	2	1	2	13
10	UNEP	-	-	-	-	-	2	7	1	1	1	-	12
11	Italy	-	-	-	1	-	-	3	1	4	1	1	11
12	Brazil	-	-	-	-	-	-	1	1	1	3	4	10
13	Canada	-	-	1	1	-	-	1	1	1	1	-	6
14	Netherlands	-	-	1	-	-	1	1	-	-	-	-	3
15	Sweden	-	-	1	1	-	-	-	-	-	-	-	2
15	Philippines	-	-	-	-	-	-	-	-	1	1	-	2
15	South Africa	-	-	-	-	-	-	1	-	1	-	-	2
15	Ethiopia	-	-	-	-	-	-	-	-	1	-	1	2
15	Australia	-	-	-	-	-	-	-	-	-	-	2	2
16	Metropolis	-	1	-	-	-	-	-	-	-	-	-	1
16	European Union	-	-	-	-	-	-	-	-	1	-	-	1
16	Slum Dwellers International	-	-	-	-	-	-	-	-	-	-	1	1

* Associate member

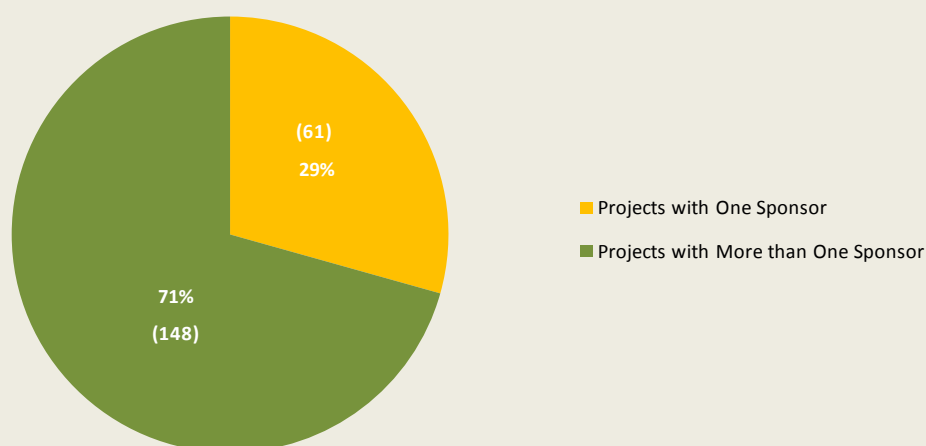
Notes:

A. Projects do not include: (1) Land, Services and Citizenship for the Urban Poor Activities; (2) Community-Led Infrastructure Finance Facility (CLIFF) Activities; and (3) Slum Upgrading Facility (SUF) Activities.

B. Projects cancelled during preparation or implementation were included in the calculation.

Figure 17 illustrated the total number of approved country-specific projects sponsored by more than one Cities Alliance member from fiscal years 2000 – 2010. Overall, 71 per cent of approved projects were sponsored by more than one member and 29 per cent of approved projects were sponsored by one member. Detailed data for each fiscal year is presented in Table 9.

Figure 17 Total Number of Approved Country-Specific Projects with One or More Than One Project Sponsorship
Fiscal Years 2000 - 2010



Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
B. Projects cancelled during preparation or implementation were included in the calculation.

Table 9 Number of Approved Country-Specific Projects with One or More Than One Project Sponsorship
Fiscal Years 2000 - 2010

Project Sponsorship	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Projects with One Sponsor	8	10	5	8	4	2	2	3	3	3	13	61
Projects with More than One Sponsor	3	13	6	8	11	16	31	14	20	13	13	148
Total	11	23	11	16	15	18	33	17	23	16	26	209

Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
B. Projects cancelled during preparation or implementation were included in the calculation.

The number of project sponsorships for country-specific projects by the Development Assistance Committee (DAC) list of recipients is presented in Table 10. On average, of the approved projects, the Lower Middle Income Country and Territories received the highest portion of project sponsorships over the last eleven fiscal years.

Table 10 Project Sponsorship for Country-Specific Projects by Country Income Group (Fiscal Years 2000 – 2010)

Cities Alliance Member	DAC List of ODA Recipients				
	Least Developed Countries	Other Low Income Countries	Lower Middle Income Countries and Territories	Upper Middle Income Countries and Territories	Part II
Asian Development Bank	2	7	8	-	-
Australia	1	-	1	-	-
Brazil	1	-	3	6	-
Canada	1	-	5	-	-
Ethiopia	2	-	-	-	-
European Union	1	-	-	-	-
France	8	3	4	4	-
Germany	10	-	18	3	-
Italy	1	-	7	3	-
Japan	2	8	3	-	-
Metropolis	-	-	-	1	-
Netherlands	1	2	-	-	-
Philippines	-	-	2	-	-
Slum Dwellers International	1	-	-	-	-
South Africa	1	1	-	-	-
Sweden	-	2	-	-	-
UCLG	6	3	4	4	-
UNDP	8	5	5	1	1
UNEP	5	1	4	2	-
UN-HABITAT	25	23	27	9	-
United Kingdom	3	8	5	1	-
United States	7	14	16	5	3
World Bank	35	37	59	20	5
Total	121	114	171	59	9

* Associate member

Notes:

- Classification of Cities Alliance projects was based on the most current list available at the time of project approval.
- Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.
- Projects cancelled during preparation or implementation were included in the calculation.
- For country-specific projects with multiple countries, the countries were calculated separately in this review.

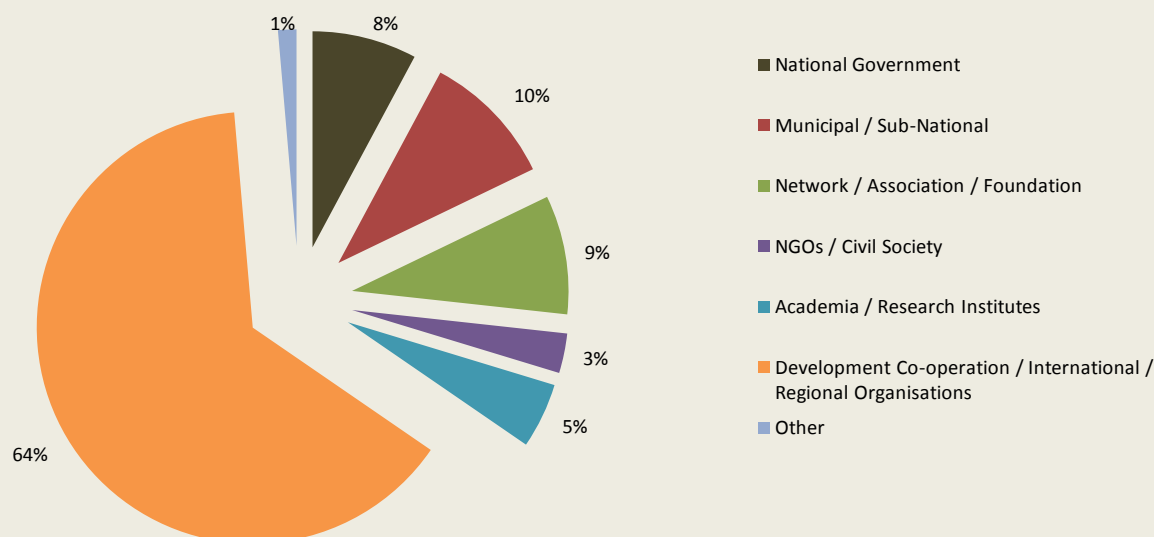
8. PROJECT PARTNERS

8.1 GRANT RECIPIENTS FOR COUNTRY-SPECIFIC PROJECTS

The grant recipient is the organisation that receives the funding tranches/advances and is responsible for the funds allocated for the project and for reporting. The grant recipient may or may not be an implementing partner, and a project may have more than one grant recipient. Data on grant recipients in this report is based on signed grant agreements.

Figure 18 shows the total number of grant recipients for the last eleven fiscal years by organisation category. Overall, 64 per cent of grant agreements were signed by development and international/regional organisations (development co-operations, multi- and bi-lateral organisations). Grant recipients by the municipal/sub-national, network/association/foundation and national government categories have fairly balanced percentages.

Figure 18 Grant Recipients for Country-Specific Projects
Number of Recipients for Fiscal Years 2000 - 2010



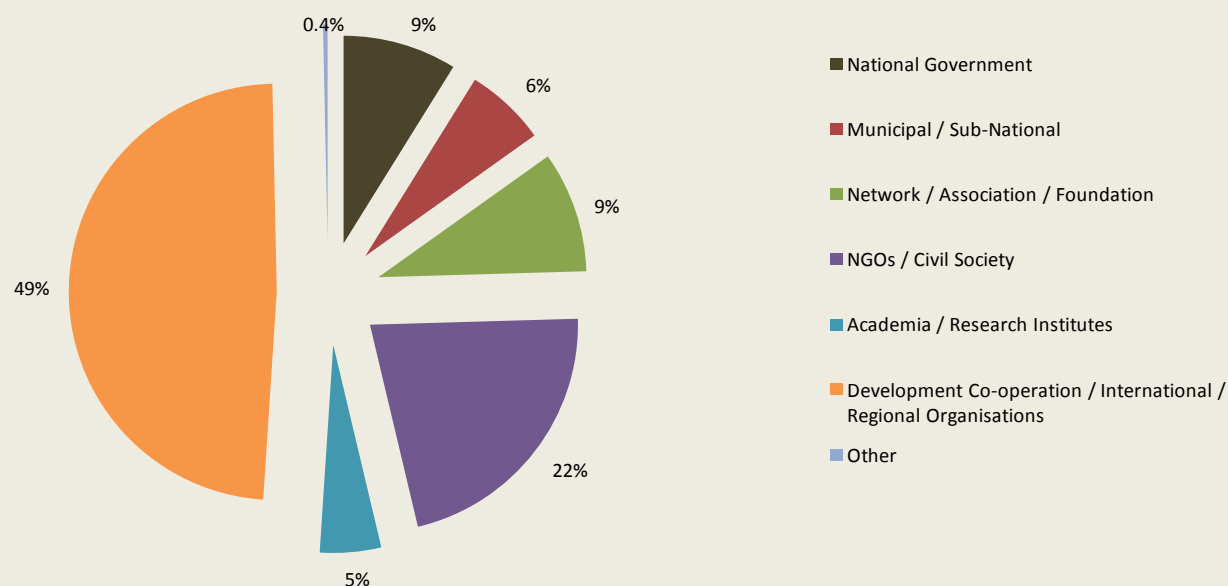
Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.
- B. Projects with the following conditions were not included in the calculation, as no grant agreements had been issued and no disbursements made: (1) Projects with grant agreements under preparation; and (2) Projects cancelled during preparation.

Figure 19 illustrates the grant amount ratio received by grant recipient for fiscal years 2000 – 2010. The development and international/regional organisations (development co-operations, multi- and bi-lateral organisations) received the largest grant amounts (49 per cent), followed by the non-governmental organization (NGO)/civil society (22 per cent). Four recipient categories have fairly balanced

percentages; municipal/sub-national (6 per cent), network/association/foundation (9 per cent), national government (9 per cent) and academia/research institute (5 per cent).

Figure 19 Grant Recipients for Country-Specific Projects
Grant Amount for Fiscal Years 2000 - 2010



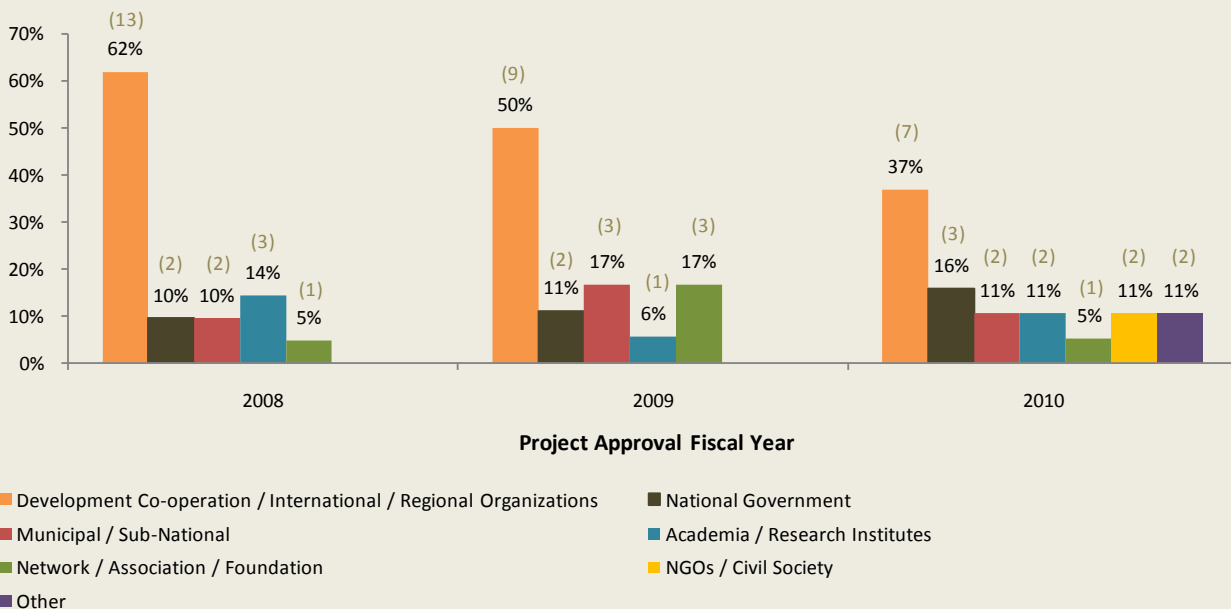
Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.
- B. Projects with the following conditions were not included in the calculation, as no grant agreements had been issued and no disbursements made: (1) Projects with grant agreements under preparation; and (2) Projects cancelled during preparation.

Figure 20 indicates the grant recipients by organisation category for fiscal years 2008, 2009 and 2010. The figures demonstrate similar patterns in comparison with the eleven-year numbers shown in Figure 18. Even though the development and international/regional organisations (development co-operations, multi- and bi-lateral organisations) received the largest grant amounts, the number decreased gradually (62 per cent, 50 per cent and 37 per cent, respectively). The other categories show a fairly balanced distribution for the last three fiscal years.

Figure 21 depicts the ratio of grant recipients by member and non-member status. The grant agreements signed by members received the highest ratio over the last eleven fiscal years in comparison with the grant agreements signed by non-members. While the ratio for members remained high over that period, the trend shows that there was a gradual increase in the ratio for non-members from year to year.

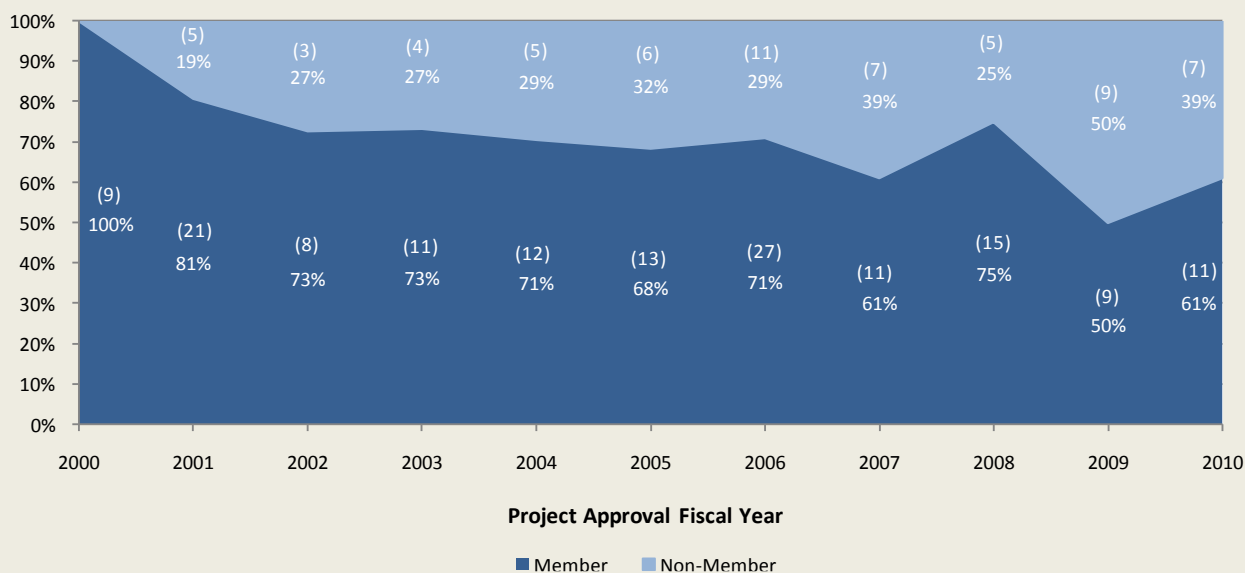
Figure 20 Grant Recipients for Country-Specific Projects for Fiscal Years 2008, 2009 and 2010



Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.
- B. Projects with the following conditions were not included in the calculation, as no grant agreements had been issued and no disbursements made: (1) Projects with grant agreements under preparation; and (2) Projects cancelled during preparation.

Figure 21 Members and Non-Member Grant Recipients for Country Specific Projects (Fiscal Years 2000 – 2010)



Notes:

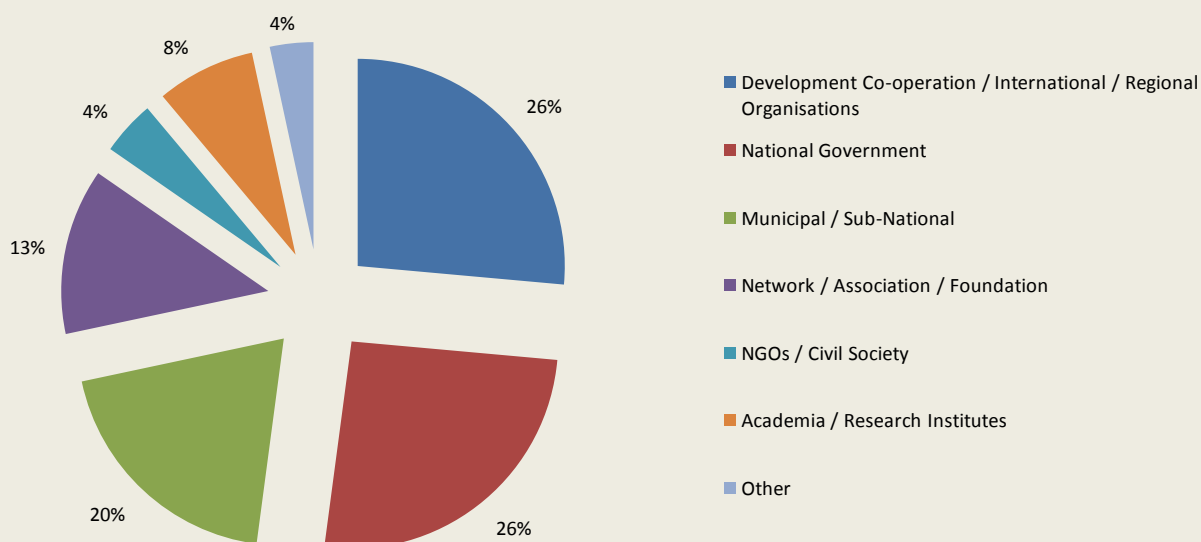
- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.
- B. Projects with the following conditions were not included in the calculation, as no grant agreements had been issued and no disbursements made: (1) grant agreements under preparation and (2) cancelled during preparation.

8.2 PROJECT IMPLEMENTING PARTNERS FOR COUNTRY-SPECIFIC PROJECTS

Grant recipients, co-financing partners and other partners involved in the implementation of a project are considered to be project implementing partners. Data on implementing partners presented in this report is based on information captured in the approved proposals.

Figure 22 shows the total number of project implementing partners by organisation category over the last eleven fiscal years. The data show that the highest percentage of involvement in project implementation is shared between two categories: the development and international/regional organisations (development co-operations, multi- and bi-lateral organisations) and national governments (26 per cent each category), followed by municipal/sub-national (20 per cent) and network/association/foundation (13 per cent). The rest, with a somewhat balanced ratio, is shared among the academia/research institute, NGOs/civil society and other (includes the private sector) categories.

Figure 22 Project Implementing Partners for Country-Specific Projects
Number of Implementing Partners for Fiscal Years 2000 - 2010



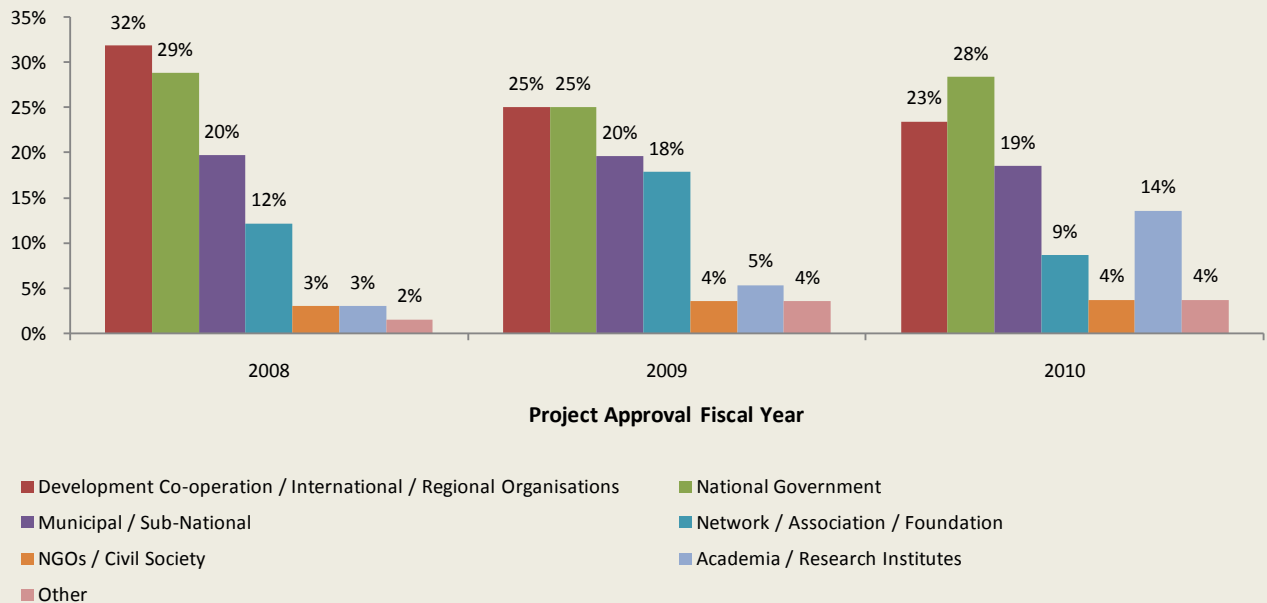
Notes:

A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.

B. Projects cancelled during preparation were not included in the calculation, as no grant agreements had been issued and no disbursements made.

In comparison, Figure 23 illustrates the total number of project implementing partners by organisation category for fiscal years 2008, 2009 and 2010. The figures for those three years show a similar trend as the overall figures.

Figure 23 Project Implementing Partners for Country-Specific Projects for Fiscal Years 2008, 2009 and 2010



Notes:

- A. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities; (2) Slum Upgrading Facility (SUF) Activities; and (3) Regional-Global Projects.
- B. Projects cancelled during preparation were not included in the calculation, as no grant agreements had been issued and no disbursements made.

Catalytic Fund (CATF), the red book

Handbook

DRAFT

*Draft
October 2010
Washington DC*

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CA	The Cities Alliance
CA-S	Cities Alliance Secretariat
CATF	Cities Alliance Catalytic Fund
CAPAT	Cities Alliance Programme Administration Team
CG	Consultative Group
CN	Project Concept Note
DGF	Development Grant Facility
EEP	Expert Evaluation Panel
FEU	Finance, Economic & Urban unit of SDN
FM	Financial Management
FP	Project Full Proposal
GFR	Grant Fund Request
GMA	Grant Manager Agreement
ICP	In-Country Programmes
ITA	Independent Technical Assessment
K+L	Knowledge and Learning
PPD	Cities Alliance Proposal/Project Database
TTL	Task Team Leader

1. After 10 years of existence, the Cities Alliance (CA) Open Access Grant Facility is being replaced by a Catalytic Fund (CATF) positioned as one of the four strategic pillars of a redefined CA business model, the other three being the In-Country Programmes (ICP), Knowledge and Learning (K+L) and Communication and Advocacy.

1.1 Principles

2. The Catalytic Fund (CATF) has been developed in accordance with the following principles:

- ❖ *Strategic alignment with the new CA business model (principle 1)*: The CATF harmonizes with the new CA business model, following the MTS, adhering to the theory of change and complementing the other CA tools, namely In-Country Programmes (ICP), Knowledge and Learning (K+L) and Communication and Advocacy.
- ❖ *Global Reach (principle 2)*. The CATF is to maintain a wide geographical scope of the CA, much beyond the limited number of countries envisaged for ICP. However, global reach is also intended thematically as to include a vast array of issues¹, and constituency-like as to include all the main stakeholders².
- ❖ *Demand orientation (principle 3)*. Cities with members' support are at the centre of the CATF, and mechanisms will be in place to foster ownership and commitment.
- ❖ *Process optimization and transparency (principle 4)*. The CATF will intend to systematically lower transaction costs for CA members and partners, while maintaining transparency in the selection process and increasing the developmental value of its projects.
- ❖ *Portfolio Quality Enhancement (principle 5)*. The CATF is to enhance the quality of the CA portfolio by selecting projects which are able to reflect CA comparative advantages and strategically leverage CA impact and learning.

1.2 Objectives

3. The Catalytic Fund has two major and complementary strategic objectives. The first objective is oriented towards the specific local and national situation while the second aims at the broader CA constituency.

- ❖ **Objective 1**. The Catalytic Fund aims to have catalytic effects on initiating and enhancing urban transformation processes promoting more inclusive cities³. [see table 1]
- ❖ **Objective 2**. The Catalytic Fund aims at advancing collective know-how through the learning that can be distilled from the project experiences and shared among CA partners, CA members and beyond.

¹ E.g. empowerment and engagement of citizens, city management; security of tenure and access to shelter, environment, access to economic opportunities, access to affordable services (adapted from the 'Hexagon' of the CA Theory of Change)

² E.g. Local Authorities, National Government, Civil Society, Private Sector, Supporting partners (adapted from the 'Drivers' of the CA Theory of Change)

³ Transformation processes are to be intended as occurring not only at the city-level but also at the national level, e.g. through the development of a national policy.

Table 1. Defining ‘Catalytic’

A ‘catalytic effect’, as intended by the Catalytic Fund, will:

- ❖ *Bring Impact.* A catalytic effect is about impact and change, and the action of a catalyst able to initiate and then mediate this process of transformation.
- ❖ *Shape a ‘cooperation system’.* A catalytic effect develops only through the building and development of a dense system of partnerships. Positive change in complex systems such as cities adapts to the idea of multiple drivers where different approaches, activities and competencies are being aligned for synergetic effects towards a common goal.
- ❖ *Innovate.* The catalytic effect is creative and value-added. It often relies on diverse combinations of inputs, alternative pathways and new solutions. Innovation will be measured in terms of new ideas, products and processes in the local city context.

1.3 Key characteristics and process overview

4. The CATF builds around the following five major tenets:

- ❖ Grants are awarded in a **competitive** process intended to increase the quality and focus of the portfolio (see *principles 1, 2 and 5* above).
- ❖ The window for CATF support will be open **twice a year**. Proposals will be processed in a batch, instead of appraising proposals individually throughout the year. This is a direct consequence of the need to evaluate proposal comparatively. At the same time, this simplified process will also contribute to the lowering of transaction costs (see *principle 4*) and with it stimulate the demand (see *principle 3*).
- ❖ An **expert evaluation panel** (EEP) will be used in the selection process to aid the CA Secretariat (CA-S) in assessing the relevance and quality of proposals, and in supporting objectivity and transparency. The final decision will be taken by the CA-S, while also considering the composition and characteristics of the overall CA portfolio. (see *principle 4 and 5*)
- ❖ The **grant size** will be limited to US\$50,000 – US\$250,000. The CA-S is forecasting funding about 20 activities per year, 10 for each call.

5. The following figure and paragraphs outline the major steps of the envisioned selection process. The following sections 2 and 3 elaborate on the full details of this process and the tools needed.

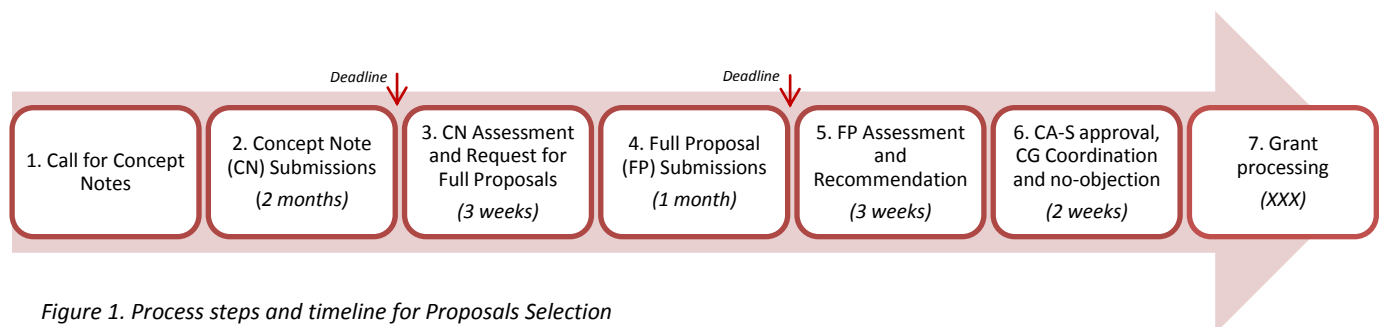


Figure 1. Process steps and timeline for Proposals Selection

6. Every six months the CA-S will issue a call for Concept Notes, which will last for period interval of two months during which the CA will accept submission of applications [Step 1]. The *Concept Note*⁴ is a concise outline of the

⁴ For more details on the Concept Note see section 2.2 and Annex 1.

intended project and will follow a simple format designed to answer the basic questions of who, what, why, where and how much **[Step 2]**.

7. The CA-S will undertake an initial screening of the submitted Concept Notes to ensure that they meet the minimum criteria for eligibility.⁵ The Concept Notes which passes this minimum threshold are then referred to an Expert Evaluation Panel (EEP).⁶ The EEP will be in charge of evaluating the Concept Notes on a *competitive* basis though a pre-defined set of criteria and recommend to CA-S which proposals are qualified to proceed to the following step of the process. The EEP short-list is reviewed by CA-S and, if needed, revised on the basis of additional strategic criteria which pertain to the overall portfolio composition.⁷ This process is expected to be of three weeks duration **[Step 3]**.

8. The CA-S will then invite qualifying applicants to submit a *Full Proposal* within a one month time frame. The full proposal template will include specific details on the overall project design including the results framework, budget and timeline⁸ **[Step 4]**. Full proposals will be referred to the EEP who after a competitive evaluation will recommend to the CA-S which proposals are eligible for funding.⁹ The EEP recommendation is reviewed by the CA-S and, if needed, revised on the basis of additional strategic criteria which pertain to the overall portfolio composition. This process is expected to be of three weeks duration **[Step 5]**.

9. The final list is approved by the CA-S and is referred to the CA Consultative Group for final endorsement on a no-objection basis. The CG will test whether approved projects conflict or duplicate members' programs or activities. The process of evaluation and approval is expected to be 5 weeks **[Step 6]**.

10. The CA-S will then undertake the fiduciary and legal process. **[Step 7] [Under development]**.

⁵ For more details on the Eligibility Criteria see section 3.1.

⁶ For more details on the EEP and the evaluation mechanism at this stage see section 3.4.

⁷ For more on the Strategic Portfolio Criteria see section 3.2 par. 24.

⁸ For more details on the Full Application see section 2.3 and Annex 2.

⁹ For more details on the EEP and the evaluation mechanism at this stage see section 3.4.

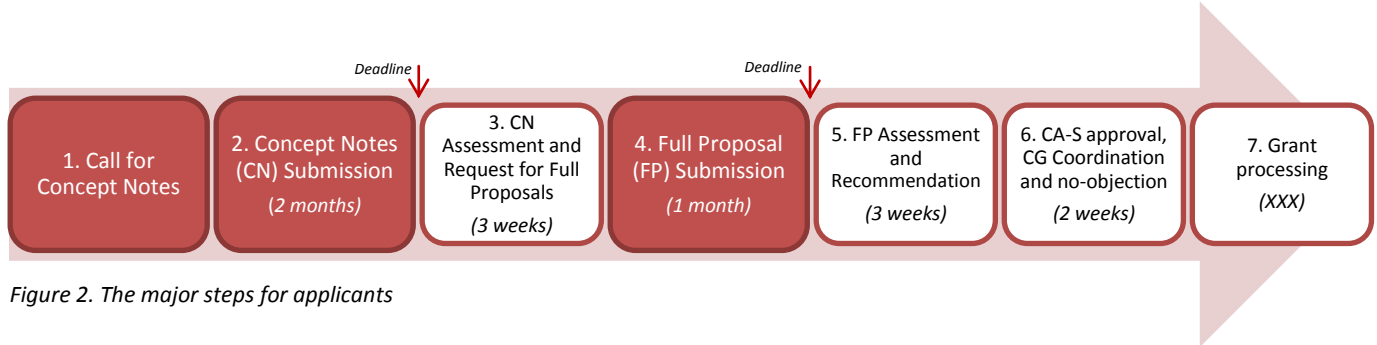


Figure 2. The major steps for applicants

11. Applicants' access to funding from the CATF follows three major steps. The first step refers to the period intervals, twice a year, during which CA is open for submission of applications (see par. 2.1). When the window is open, interested applicants apply for funding to the CA by submitting project concept notes (see par. 2.2). Those applicants whose concept notes CA assess to be qualified will then be invited to develop full project proposals (see par. 2.3).

2.1 The Call for Concept Notes

12. The CA will issue a call for project concept notes twice a year at set times and for specific durations. Proposals received before or after such an interval are not considered. The call for Concept Notes is posted on the CA website along with the major instructions for application, scope and eligibility criteria. Additional posting and marketing is decided by the CA-S on a discretionary basis depending also on the available resources and the response rate.

2.2 The Concept Note

13. The CATF Concept Note is the official format through which applicants respond to the Catalytic Fund Call for Concept Notes. Concept Notes must be submitted in English¹⁰ and must strictly observe the relevant provisions contained in the call for concept notes and accompanying guidelines. Concept Notes shall be sent by e-mail to the CA-S Secretariat at catf@citiesalliance.org.¹¹

14. The rationale of the CATF Concept Note is to allow the EEP to judge the potential of a project without burdening excessively the applicant with premature requirements as well as the evaluators with unnecessary documentation. The major functions of the CATF Concept Note are (i) to provide sufficient understanding of a project as to enable a competitive assessment in terms of its catalytic and knowledge potential; and (ii) early flag potential risks connected with the project and downstream activities. The CATF Concept Note maintains the general following characteristics:

- ❖ It provides basic information on the minimum criteria for proposal eligibility¹²
- ❖ It focuses on the concept and the strategic relevance of the project rather than on its design
- ❖ It is very short

15. All the relevant information for applicants is contained in Annex 1. Guidelines for the preparation of the Concept Note to apply to the Cities Alliance Catalytic Fund. The Annex contains:

¹⁰ [Other languages?]

¹¹ [TO BE CREATED]

¹² For more details on the Eligibility Criteria see section 3.1.

- ❖ Sub-Annex 1.A. Concept Note Template
- ❖ Sub-Annex 1.B. List of eligible countries
- ❖ Sub-Annex 1.C. List of current Cities Alliance members
- ❖ Sub-Annex 1.D. CA sponsors TOR
- ❖ Sub-Annex 1.E. Recipient TOR

2.3 The Full Application

16. CATF Full Application is the official format through which qualified applicants are invited to continue further in the process after a successful Concept Note. Full Applications must be submitted in English¹³ and must strictly observe the relevant provisions contained in the accompanying guidelines. Full Applications shall be sent by e-mail to the CA-S Secretariat at catf@citiesalliance.org.¹⁴

17. The rationale behind the CATF Full Application is to provide a solid basis for recommending proposals for funding and justifying final selection over competing projects. The major functions of the CATF Full Application are (i) to provide full understanding of a project design and its major implications for the CATF objectives as well as the CA portfolio; (ii) provide full understanding of a project design so it can be followed by the CA M&E system; (iii) to highlight compliance with WB policies. The CATF Full Application maintains the following characteristics:

- ❖ It is thorough in testing the relevance of the proposed project to CATF objectives.
- ❖ It focuses on the design of the project encompassing results framework, M&E, timeline, institutional arrangement and budget.
- ❖ It builds on the Concept Note but is also a stand-alone document.

18. All the relevant information for applicants is contained in Annex 2. Guidelines for the preparation of the Full Application to apply to the Cities Alliance Catalytic Fund. The Annex contains:

- ❖ Sub-Annex 2.A. Full Application Template
- ❖ Sub-Annex 2.B. Developing a Results Framework
- ❖ Sub-Annex 2.C. Safeguards Guidance
- ❖ Sub-Annex 2.D. List of eligible countries
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¹³ [Other languages?]

¹⁴ [TO BE CREATED]

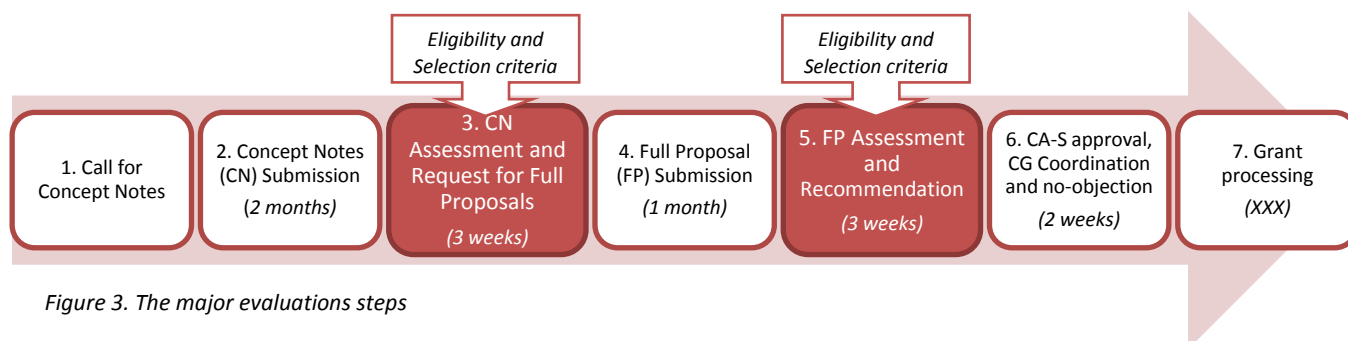


Figure 3. The major evaluations steps

19. In order to be further processed, Concept Notes and Full Applications must be verified in full compliance with a set of eligibility criteria (see par. 3.1). Eligible Concept Notes and Full Applications will be assessed through a defined set of selection criteria (3.2) and their guidelines (3.3). In this process of assessment the CA-S will benefit from the support and recommendations of an Expert Evaluation Panel (EEP) (3.4).

3.1 Eligibility Criteria

20. Each application submitted to the CA-S needs to comply with the minimum criteria of eligibility listed below. Applications which do not comply with the eligibility criteria will not be considered for further processing. The initial and main verification for compliance with the eligibility criteria occurs once the Concept Notes are received and batched and will be undertaken by the CA-S. All eligible Concept Notes are forwarded to the EEP. Compliance is additionally re-assessed once the Full Applications are received¹⁵.

- ❖ Country eligibility
- ❖ CA member(s) support
- ❖ Government commitment and approval
- ❖ Within scope
- ❖ Budget
- ❖ Specific submission and application modalities

Country eligibility. Applications must be implemented in countries that are included on the OECD Development Assistance Committee’s List of Aid Recipients, which can be found on the OECD Website (www.oecd.org/dac).¹⁶ Countries where the CA has an ICP¹⁷ are also excluded from funding under the CATF. This list will be updated previous to each call.

Cities Alliance Member(s) Sponsoring the Application. Applications must be sponsored by at least one member of the Cities Alliance.¹⁸ Sponsorship is defined in its scope and responsibilities by the sponsors’ terms of

¹⁵ TO BE MOVED IN WORKFLOW. Once the concept notes have been reviewed for eligibility, the CA-S will prepare a report listing: (i) Eligible and ineligible concept notes; (ii) Reasons for ineligibility. The concept notes selected for full proposal development will be posted on the website(?).

¹⁶ The current list of eligible countries, as of the date of these guidelines, is provided in Sub-Annex 1.C.

¹⁷ Currently Ghana, Uganda and Vietnam.

¹⁸ Please see Sub-Annex 1.C or 2.E for a list of current Cities Alliance members.

reference.¹⁹ However, projects are usually expected to have multiple sponsors, because a primary objective of the Cities Alliance is to improve the coherence of urban development cooperation. Cities Alliance members active in the city/country shall be contacted by the proponent for possible sponsorship prior to submitting the Concept Note.

Government commitment and endorsement. Government commitment and endorsement of the proposed project is essential for success, and is a fundamental requirement for eligibility.²⁰ Activities at the city level must demonstrate strong commitment from local authorities. Projects at the national level must demonstrate strong commitment from the national government. In all cases, country-specific activities (whether at the local, provincial/state or national level) must be endorsed by the government of the country, specifically by the Ministry in charge of international aid. If the concept note is successful the applicant will be invited, together with the full proposals, to submit supporting letters proving the government commitment and endorsement.

Within Scope. Project activities and objectives must be in line with the mandate and scope of the Cities Alliance as defined by the CA Charter. Specifically, the Catalytic Fund will support those operational activities that address the issue of urban poverty. Projects can support this objective more directly for example through a slum upgrading programme - or more indirectly - through promoting policies and strategies designed to manage urban development, or through knowledge and learning activities aimed at sharing and documenting relevant experiences on inclusive cities.

Budget. The grant request to CA must be limited to US\$50,000 - US\$250,000.

Specific submission and application modalities. The CA regulates the submission of the Concept Notes and Full Applications according to specific time intervals previously communicated. Both the Concept Note and the Full Application templates are accompanied by specific instructions with regard to the questions to be answered and the maximum length allowed.

3.2 Selection Criteria

21. Selection criteria are used by the EEP and the CA-S to assess first Concept Notes and then Full Proposals. The CATF selection criteria are in line with the core principles of the CA Charter²¹ and capture its nine criteria, but they are aggregated to be more specific. This reflects a redefinition rather than a substantial change of the criteria. The rationale is to provide the EEP and the CA-S with a tool which not only allows them to judge if a proposal qualifies according to a set of criteria, but to decide among qualifying proposals which ones are comparatively better.

22. The criteria for evaluating the proposals are deduced from the objectives of the CATF: (1) to cause catalytic effects on urban transformation; and (2) advancing collective know-how. The first objective informs the development of three clusters of criteria outlined in accordance with the definition of catalytic [see table 1, section 1], i.e. 'Bring impact', 'System of Cooperation' and 'Innovation'. The second objective of the CATF informs the cluster of criteria labeled 'Knowledge and Learning'. The 'Implementation Conditions' cluster of criteria does not map to any specific CATF objective but rather covers the probability of successfully concluding the project.

¹⁹ Please see Sub-Annex 1.D or 2.F for the CA sponsors' terms of reference.

²⁰ Letters of support at the full proposal stage.

²¹ As of 23 January 2009.

23. It is worth noting that the criteria and sub-criteria are not meant to aggregate mathematically into a final numerical score. Criteria and sub-criteria are rather to function as guidance for evaluating those aspects that are most important to the CA, and that therefore need to be considered when evaluating the proposals competitively. To safeguard objectivity and uniformity, the next section elaborates a set of *guidelines* which help navigating each criteria cluster.

Table 2. The CATF selection criteria

1. Implementation conditions	<ul style="list-style-type: none"> • Capacity • Cost-Effectiveness • Results Framework • Fiduciary Management • Risks and Mitigations • Co-Funding
2. Impact	<ul style="list-style-type: none"> • Scalability • Transferability • Institutionalization • Follow-up investments • Targeting the objective
3. Cooperation	<ul style="list-style-type: none"> • Ownership • Harmonization • Alignment • Partnerships, Dialogue and Consultations
4. Innovation	<ul style="list-style-type: none"> • Innovative design, process and products
5. Knowledge and Learning	<ul style="list-style-type: none"> • Learning from M&E • Learning and dissemination • Applicability

24. The CA-S might also apply some additional criteria designed to maintain the **strategic balance of its portfolio**. The strategic portfolio criteria are the following: (i) the geographical scope of the portfolio, (ii) the balance between MIC and LDC, (iii) optimal member engagement, (iv) knowledge gap-filling²² and (v) thematic balance.

3.3 Guidelines on the Criteria

25. To guide the screening and assessment process this section provides the definition of the different selection criteria.

A. IMPLEMENTATION CONDITIONS

- ❖ **A.1 Capacity.** The capacity of an organization refers to its potential to perform, i.e. to successfully utilize its skills and resources in the forms needed to accomplish the objectives of the project. Generally, capacity to perform is captured along organizational dimensions, such as human capital, financial and technical resources, and partnerships. Other aspects also include more ‘intangible’ criteria such as the leadership and the history of the organization. The external operating environment shall also be taken into consideration especially when it might constitute a significant obstacle to an organization’s performance.

²² Project research-related activities should be able to cover areas and aspects which are not fully covered by previous research or for which exists a well motivated knowledge demand.

- ❖ **A.2 Cost effectiveness.** The project shall provide rationale for its major costs which shall be well proportioned with regard to the project activities and the intended results. The project shall also make an adequate use of existing local and/or national resources.
- ❖ **A.3 Results Framework.** The central idea behind the project and how this idea is captured in the result framework shall be clear, realistic and achievable within the two-year or less timeframe of the project implementation. The project shall have a realistic plan with concrete steps/activities for achieving the project objectives. The project shall also have clear and measurable results that will have a direct impact on the intended beneficiaries.
- ❖ **A.4 Fiduciary management.** The Project need to be in compliance with specific World Bank policies which regulates the use of CA grants. This aspect covers procurement, financial management and disbursement policies and is informed by CA-S financial and procurement assessment.
- ❖ **A.5 Risks and Mitigations.** The project should adequately identify any potential social and/or environmental impacts and risks connected to its activities and accordingly outline relevant mitigation measures.²³
- ❖ **A.6 Co-Financing.** All proposals shall include co-financing from the recipient organization, implementing partners, and other sources. The amount of co-financing shall match the financial capacity of the proponent as well as the size of the project. Co-Financing might also be 'In-kind' contribution if it is directly related to project activities.²⁴

B. IMPACT

- ❖ **B.1 Scalability.** Scalability refers to the potential of a project to be expanded over its initial geographic area to benefit more people within a city/country. In order to increase the potential for scaling-up, the selected city shall preferably have (or have realistic ambitions to develop) appropriate links to other cities in the country, for example, through local authority associations.
- ❖ **B.2 Institutionalization.** Institutionalization refers to the potential of a project to become an integral part of the urban governance of the city/country. The project shall then preferably reflect activities which directly or indirectly are able to impact on policy formulation, legal framework, institutional reform or work processes. Since the process of institutionalization might take place after the end of the project, a relevant proxy to understand the likelihood of it resides in the project financial sustainability.
- ❖ **B.3 Transferability.** Transferability refers to a project whose design is flexible enough to be potentially adapted in a new and different context. While scalability is country-oriented and related more to a quantitative increase in inputs and outputs, transferability refers rather to the 'concept' of a project and its adoptability in different cities worldwide.
- ❖ **B.4 Follow-up investments.** In order to strengthen a catalytic transformation project activities shall be able to stimulate, mobilize and attract potential capital to ensure follow up activities. Private and public sector investment partners shall thus be clearly identified and involved from the beginning in the design of the activity so as to increase the odds of investment follow-up and the project shall establish mechanisms to foster continued financing beyond its life span.
- ❖ **B.5 Targeting the objective.** - The project must aim at the reduction of urban poverty and... **[this will be defined by the revised CA Charter].**

²³ At the proposal full proposal stage this will be informed by an environmental and social management framework [under development].

²⁴ TO BE MOVED IN THE APPLICATION FORM. Examples of in-kind co-financing include: (i) A local authority assigns a staff member from its planning office to work on the project full-time for a period of 18 months. (ii) A computer and GIS software needed for a project component will be donated for the exclusive use of the project for a period of two years.

C. COOPERATION

- ❖ **C.1 Ownership.** A project shall reflect strong ownership of the city and/or government supporting the application. The local/national partner shall be committed and in a condition to lead the development and implementation of the project as well as account for its results. In difficult contexts, capacity development and participatory activities might be critical in creating, strengthening and broadening ownership and shall be adequately reflected in the project design.
- ❖ **C.2 Alignment.** Project activities shall reflect domestic priorities. The expected results shall be aligned with the overall national poverty framework and with urban strategies at the national and/or local level as well as with relevant urban development and urban poverty alleviation projects on the ground.
- ❖ **C.3 Harmonization.** Project activities shall be designed to promote multi-donor coordination. The project shall reflect complementary cooperation among CA members' activities on urban development in the country/city and other national or international development partners.
- ❖ **C.4 Consultations, dialogue and partnerships.** Project proposals must be conceived as a participatory process with local stakeholders including both the private sector and community organizations. The project design must include appropriate strategies and actions to ensure adequate participation of communities paying attention to gender, age and other relevant characteristics. The project will need to demonstrate the nature and extent of participation by relevant stakeholders.

D. INNOVATION

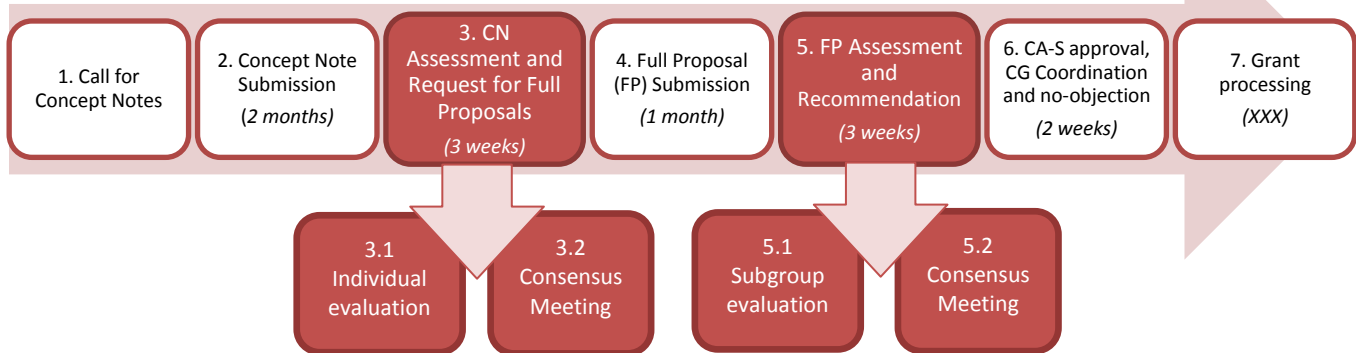
- ❖ **D.1 Innovative design, process and products.** This criterion considers the extent to which a project idea is innovative within the specific context of the project and how this is justified in the project proposal. This criterion includes also the method employed is distinctive compared to other approaches as well as how the project outputs are potentially of innovative use in the local context.

E. KNOWLEDGE AND LEARNING

- ❖ **E.1 Learning from M&E.** Project design shall incorporate ways to capture the experience and results of the project implementation. Of particular importance will be the quality of the indicators and other monitoring tools that track (and re-adjust) project progresses as well as dedicated activities targeted at measuring project success (e.g. impact assessment).
- ❖ **E.2 Learning and dissemination.** A project shall convey and/or stimulate learning oriented activities with the aim of sharing and disseminating those experiences, information and knowledge stemming from project implementation and outputs. Peer-to-peer exchanges, write-shops, communities of practices, centers of excellence, study tours are all possible examples.
- ❖ **E.3 Applicability.** Project which focus on the development of knowledge shall envisage outputs which are ready for use by practitioners engaged in similar contexts. In other terms, the quality of the knowledge product shall not only consider their potential interestedness but mostly its direct applicability and relevance on the field.

3.4 Expert Evaluation Panel (EEP) and final approval

Figure 4. When the panel is called in



27. The idea of a panel of experts supporting the CA-S in the selection process rests on three major rationales. (i) Lower the transactions costs of the CA-S; (ii) to pool that diverse set of skills and expertise needed to foresee the catalytic and knowledge potentials of a project; (iii) safeguard the transparency and fairness of the process in light of an open competition.

28. **Panel composition.** EEP membership²⁵ shall be drawn from preeminent urban experts in a specific thematic area and/or region. Members’ knowledge and experience shall be relevant not only for judging a full-fledged proposal but also for understanding from a short concept note the potentials of a project in terms of the nested knowledge value and the catalytic effect. The panel will maintain a regional and gender balance. Finally, diversity will also be considered in regard to the professional experiences of the experts. Nominations for the EEP are recommended by the CA-S and subsequently approved by EXCO. EEP are appointed for three years and can be confirmed by EXCO for a further mandate following a CA-S review.

29. **The Panel Process.** As per the figure 4, the Panel is called in twice during the appraisal process.

First assessment – Individual evaluation of Concept Notes [fig. 4, stage 3.1]. The batch of Concept Notes for panel consideration will be transmitted by the CA-S after check for concept notes’ compliance with the eligibility criteria (see section 3.1). Each panel member will evaluate the whole Concept Notes batch in light of the selection criteria (see section 3.2) along with a simplified classification system [e.g. A = ‘qualified’; B = ‘possible’; C = ‘not qualified’].²⁶

First assessment – Consensus meeting on Concept Notes [fig. 4, stage 3.2]. The panel will then convene through a videoconferencing to consolidate the different evaluations, arrive at a consensus and make recommendations to the CA-S as to which proposals are qualified to proceed to the next phase. The number of proposals recommended shall equal the CATF allocated budget plus 70% that number.²⁷ CA-S retains the option to make changes in the EEP’s recommendations in cases where strategic portfolio criteria (see par. 24) will need to be taken into consideration. Changes at this stage shall be recorded and conveyed to CA management.

²⁵ Initially they will be ITAs.

²⁶ The above as some of the following are initial ideas. Details will be decided in consultation with the panel chair that will be in charge of coordinating the process.

²⁷ No. of proposals covered by the budget are calculated on an average. E.g. budget 1,000,000 USD and average per proposal 100,000 USD = 10 proposals. 10 proposals + 70% = 17 proposals to be recommended.

Second assessment – Sub-group evaluation of Full Proposals [fig. 4, stage 5.1]. Full proposals will be grouped by the CA-S by affinity criteria and submitted separately to panel sub-groups. Each sub-group shall consist of 2/3 panel members. For each subgroup, members will independently evaluate the proposals assigned to their subgroup. The evaluation method shall be based on a clear-cut classification system (e.g. A = ‘good’; B = ‘satisfactory’; C. ‘not fully satisfactory’; D. ‘insufficient’; E. ‘N/A’) to be applied to each of the five criteria clusters (‘Implementation conditions’, ‘Impact’, ‘Cooperation’, ‘Innovation’ and ‘Knowledge and Learning’). For each subgroup, members will then convene and consolidate their individual evaluations into a subgroup recommendation²⁸ for that assigned batch of proposals.

Second assessment – Consensus meeting on full proposals [fig. 4, stage 5.2]. The different subgroups will convene in a one-day videoconference meeting. The objective of the meeting is to consolidate the views and recommendations of the different subgroups into a final list for CA-S approval and CG no-objection. Panel deliberation will be based on the different subgroups evaluations and on the dialogue and insights stemming from the comparison analysis across subgroups’ evaluations. The panel will be chaired by a nominated senior expert.²⁹ The CA-S will participate with a right to speak in the meeting. Decisions will be taken on consensus³⁰.

30. The EEP recommendations are reviewed by the CA-S and revised in cases where the strategic portfolio criteria (par. 24) will need to be taken into consideration. Changes at this stage shall be recorded and conveyed to CA management. The final list approved by the CA-Manager is referred to the CG for endorsement on a no-objection basis.

31. The CG will ensure that the approved list is not in conflict or duplicate members’ programs and activities. This step aims also at improving members’ coordination and convey comments³¹ and recommendations to the proponents to be taken into consideration during project implementation. If the above processes reveal any issue/objections of donor coordination, the Secretariat shall endeavor to resolve such matters through appropriate consultation. Matters that cannot be resolved in this manner will be deferred to EXCO.

²⁸ There is no limit on the number of proposals that each sub-group can recommend since meritorious proposals can be differently distributed across the different subgroups’ batches.

²⁹ Initially this might be an ITA.

³⁰ In the event that consensus is not reached within the day of the meeting, additional sessions will be scheduled following panel chair’s decisions.

³¹ CG comments (if any) will be conveyed to proponents together with CA-S comments (if any).

SECTION 4 - BACK END. THE PROCESS DURING AND AFTER SELECTION

[UNDER DEVELOPMENT WITH PAT]

4.1 The Workflow

4.2 Fiduciary

4.2.1 Financial Management

4.2.2 Procurement

4.2.3 Disbursement

4.3 Safeguards

4.4 Disclosure policies and record retention

SECTION 5 - WHEN A PROJECT DEVELOPS AND ENDS: THE M&E AND THE LEARNING

5.1 Monitoring and Evaluation

31. The general objective of the M&E system of the CATF is to gather information in order to provide the CA-S, the main stakeholders and the CA members with:

- A. Regular information the progresses of each CATF project towards the agreed project results (the 'M')
- B. An assessment of each concluded CATF project (the 'E'). Since there are different possible focuses for a final assessment, projects' evaluation sets out to determine and reflect upon: (i) the extent to and modalities through which project results have been achieved; (ii) the extent to and modalities through which the project has impacted on the stakeholders along the two major dimensions defined by the CATF objectives - catalytic transformation and knowledge spin.

32. The following are the major tools and activities involved in the CATF M&E system and how they relate to (A) and (B) above.

Quarterly progress and financial report (fig. 5 steps 2 and 4)³². M&E at this level will be concentrated mainly on the project progress of activities in accordance with the timeline and the delivery of the outputs and will take into consideration obstacles that are encountered. The progress report will be accompanied by a financial report³³.

The midterm report (fig. 5 step 3)³⁴. This report is submitted after one year of project implementation and provides a more detailed analysis of the project status, which moves beyond checks on the project management to verify its progresses in the more broader context defined by the objectives of the CATF. Thus, for instance, questions on involvement of stakeholders and CA members as well as progresses on learning are measured. The progress report will be accompanied by a financial report.

The completion report (fig. 5 step 6)³⁵. The completion report has a threefold function. First, it provides detail on the project implementation to measure what has been achieved vis-à-vis what was initially planned as per the result framework, timeline and budget. Second, the report further elaborates on aspects central to the CATF (e.g. cooperation system, innovation, change etc.). Finally, bridging with a K&L function, the completion report provides an initial reflection on the project experiences and a look forward on potential follow up activities to enhance its impact. The completion report will be accompanied by a financial audit.

The completion report shall build on the results of a **stakeholder evaluation workshop (fig. 5 step 5)** which aims at bringing more objectivity to the process of reporting by gathering different viewpoints and experiences. The



Figure 5. The M&E Cycle

³² For the template, see Sub-Annex 3.A.

³³ The financial report requirement based following FM assessment might also be set every six months.

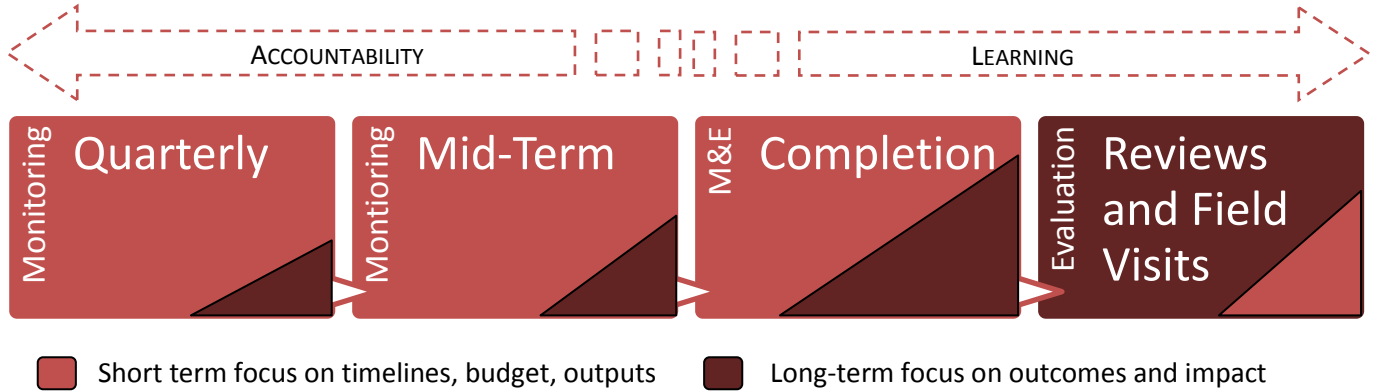
³⁴ For the template, see Sub-Annex 3.B.

³⁵ For the template, see Sub-Annex 3.C.

stakeholder workshop can also be conceived as a forum in which proposals on the way forward can be discussed and developed.³⁶

Evaluations (Desk reviews and Field visits). Desk reviews³⁷ will be carried out for each completed project within six month from the project’s end.³⁸ Where needed, they can be followed by a field visit³⁹ at discretion of the CA-S. The aim of the evaluations is to learn lessons from past experiences so as to improve the effectiveness of future planning but, most importantly, to avail valuable information to be used for K+L activities of the CA, its members and constituency. The review will assess the project’s ‘success’ based on a series of conceptual benchmarks derived from the objective of the CATF but also from other priorities of the CA which might be strategically relevant at a point in time (e.g. C+A purposes). The evaluations will also include recommendations for improving the quality of future project.

Figure 6. The different CATF M&E tools and their main focuses



³⁶ This represents a continuation of stakeholder involvement in earlier stages of the project, at the planning cycle and rebuts a commitment of the CA towards dialogue and participation. Minutes for the workshop report will be included as a part of the completion report material.

³⁷ For the template, see Sub-Annex 3.D.

³⁸ Evaluation will be carried out by ITAs so that part of the learning can feed into the EEP.

³⁹ Field visits might involve CA members.

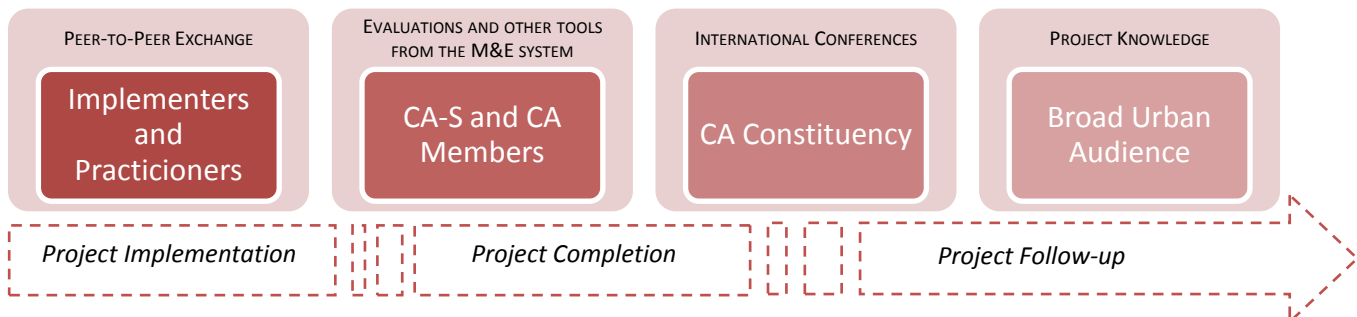
5.2 Knowledge and Learning

33. As per the second objective of the CATF, the K+L component shall aim at actively support projects in view of their potential to become a case studies and generate practical experiences in dealing with a well defined problem, which address local needs as well as the knowledge interest of the CA.

34. The main activities of knowledge generation, sharing and learning envisioned under the CATF are:

- ❖ Peer-to-peer exchange activities during project implementation.⁴⁰ This exchange shall occur between the city/country implementing the project and a city/country from a different countries and be organized around specific learning opportunities stemming from the project implementation.
- ❖ Evaluations. Information gathered through desk reviews and field visits part of the M&E system (see par. 5.1) can be used for knowledge and learning activities. As said in 5.1, evaluations are already targeted on 'reflection' and 'impact' both of which aspects can be of high relevance for future planning and organizational learning of CA members for their development interventions.⁴¹
- ❖ International Conferences. When opportunities are identified, CATF project results and experiences can be presented directly by the implementers to a to a peer audience of professional and policy makers in the context of international conferences (e.g. at WUF, UCLG congress, Africities, and other).
- ❖ Project Knowledge. Project experiences can also be captured and distilled outside the rigid format of reports and evaluations and be narrated by professional writers in the idea of reaching a broader audience and raise the profile of cities. This category does also include case studies (written and multi-media) and practitioner's note.

Figure 7. Four Learning Activities and their main audience



35. The EEP process might also reveal as a useful resource for the CA learning function. The debates emerging from the consensus building for the funding decisions might be extremely relevant and insightful with regard to the current trends and innovative solutions in urban development and, as such, be of great interest to an audience beyond the CA-S. A mechanism to facilitate the sharing of this knowledge with CA members, partners and beyond would be to synchronize the selection meetings with a CA event, e.g. the CG meeting, or with renowned international events, e.g. WUF or UCLG congress.

⁴⁰ This is to be budgeted in the proposal.

⁴¹ Possible mechanisms to favor this would be to have ITAs who do evaluation to report back on the results not only to CA-S but also to the Policy Advisory Forum and the members.

Guidelines and tools for the preparation of the Concept Note to apply to the Cities Alliance Catalytic Fund

[CA LOGO]

[BLURB on CA]

[Specification of the selection process]

[Eligibility Criteria]

[Template instructions]

Annex Index

- ❖ Sub-Annex 1.A. Concept Note Template
- ❖ Sub-Annex 1.B. List of eligible countries
- ❖ Sub-Annex 1.C. List of current Cities Alliance members
- ❖ Sub-Annex 1.D. CA sponsors TOR
- ❖ Sub-Annex 1.E. Recipient TOR

Concept Note Template to apply to the Cities Alliance Catalytic Fund



Section 1 - GENERAL PROJECT INFORMATION	
1.1 Title of proposed project (Create a short but descriptive title that captures the overall scope of the project)	1.2 Submission date
<p>1.3 Proposal submitted by [A proposal is typically submitted by a mayor or a metropolitan or district governor, or the head of a national local authority association. In the case of national level actions, the proposal is usually submitted by a ministry or urban development agency or authority. Other type of organizations such as civil society organization or universities can also apply]</p> <p>Organization: Name and title: [Please insert full details of the person responsible that will be answering communications related to the proposal] Address: Telephone/Fax/E-mail:</p>	
<p>1.4 Main Implementing Organization [Please insert the name of the organization and the person responsible that will have overall responsibility for achieving the project's objective, for managing the project, and reporting on progress]</p> <p>Organization: Name and title: Address: Telephone/Fax/E-mail:</p>	
<p>1.5 Recipient Organization [Please insert the name of the organization and the person responsible that will receive and sign the CA grant – [See Recipient TOR Sub-Annex 1.D]</p> <p>Organization: Name and title: Address: Telephone/Fax/E-mail:</p>	
<p>1.6 CA member(s) sponsoring the application [See Sponsor TOR – Sub-Annex 1.E] [It can be the same as in 1.4 and 1.5. Please add additional text boxes below if more than one CA member is sponsoring]</p> <p>Organization: Name and title of representative in charge: Address: Telephone/Fax/E-mail:</p>	<p>Type of sponsorship [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [more than one box can be checked]</p> <p><input type="checkbox"/> Co-implementation <input type="checkbox"/> Co-funding <input type="checkbox"/> Grant Management <input type="checkbox"/> Analytic and/or Advisory Assistance and Support <input type="checkbox"/> Joint Knowledge Management [e.g. M&E, learning events]</p>
<p>1.7 Government entity endorsing the application</p> <p>Ministry/Department/Organization/Unit: Name and title of representative in charge: Address: Telephone/Fax/E-mail:</p>	
<p>1.7 What is the main project theme? [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [only one box can be checked]</p> <p><input type="checkbox"/> Citizen engagement <input type="checkbox"/> City management <input type="checkbox"/> Security of tenure and access to shelter</p>	<p>1.9 Geographic scope of the project [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [more than one box can be checked]</p> <p><input type="checkbox"/> City: [specify] <input type="checkbox"/> State/province: [specify]</p>

<input type="checkbox"/> Environment <input type="checkbox"/> Access to economic opportunities <input type="checkbox"/> Access to affordable services <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> Country: [specify] <input type="checkbox"/> Global / Regional / Multi-city / Multi-country: [specify]
1.9 Expected project duration [please note that this is expected to be two years maximum]	1.10 Budget Summary Total Grant amount requested from CA: [US\$] Total amount of Co-financing: [US\$] Total Project costs: [US\$]

Section 2 – PROJECT CONCEPT and DESCRIPTION [LENGHT TO BE DECIDED] [Please answer each question below in the order presented]
<ul style="list-style-type: none"> ❖ What are the key issues to be addressed? ❖ Why is this project needed? ❖ How different it is this project from other or earlier projects? ❖ What is the main objective of the project? ❖ What are the expected outcomes of the project [The <u>Project Outcomes</u> are the direct short term benefits produced by the project outputs and their utilization. What is the benefit and who will benefit? Where appropriate please pay attention to gender, age and other relevant characteristics] ❖ What are the main activities and outputs of the project? [The '<u>Project Activities</u>' are the actions taken or the work performed to produce the outputs. The <u>Project Outputs</u> are the deliverables, i.e. products, goods and services - including knowledge and skills - that result <i>directly</i> from the project activities. Please list all outputs which are relevant to observe progress towards the objectives] ❖ How does this project initiate, complement and leverage, other urban development programmes? ❖ How will the project facilitate broad participation of stakeholders, build partnerships and achieve complementary cooperation?

SECTION 3 – PROJECT and FIDUCIARY RISKS
3.1 Project Risks
<ul style="list-style-type: none"> ❖ Will the project entail any social risks? (e.g. impacts on indigenous people, resettlement etc.) <input type="checkbox"/> YES <input type="checkbox"/> NO [If yes please describe the mitigating measures to be undertaken to minimize potential adverse impacts] ❖ Will the project entail any environmental risks? (e.g. impact on forest conservation area, natural habitats etc) <input type="checkbox"/> YES <input type="checkbox"/> NO [If yes please describe the mitigating measures to be undertaken to minimize potential adverse impacts] ❖ Will it be necessary any early screening to assess, minimize and mitigate potential adverse impacts? <input type="checkbox"/> YES <input type="checkbox"/> NO
3.2 Financial Management [as applies to Recipient organization, see 1.3]
<ul style="list-style-type: none"> ❖ Is the Recipient a registered organization under the countries'/cities' legal requirement? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Can the Recipient provide proof of registration and years of operation? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Is it the Ministry of Finance aware about the activity? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Does the Recipient follow any Procurement Guidelines and if so can this document be provided for review? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Does the Recipient have or can open a bank account? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Is the Recipient liable for audit? <input type="checkbox"/> YES <input type="checkbox"/> NO

List of eligible countries⁴²

Least Developed Countries	Other Low Income Countries (per capita GNI < \$935 in 2007)	Lower Middle Income Countries and Territories (per capita GNI \$936-\$3 705 in 2007)	Upper Middle Income Countries and Territories (per capita GNI \$3 706-\$11 455 in 2007)
Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Central African Rep. Chad Comoros Congo, Dem. Rep. Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea Guinea-Bissau Haiti Kiribati Laos Lesotho Liberia Madagascar Malawi Maldives Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Samoa São Tomé and Príncipe Senegal Sierra Leone Solomon Islands Somalia Sudan Tanzania Timor-Leste Togo Tuvalu Uganda Vanuatu Yemen Zambia	Côte d'Ivoire Ghana Kenya Korea, Dem. Rep. Kyrgyz Rep. Nigeria Pakistan Papua New Guinea Tajikistan Uzbekistán Viet Nam Zimbabwe	Albania Algeria Armenia Azerbaijan Bolivia Bosnia and Herzegovina Cameroon Cape Verde China Colombia Congo, Rep. Dominican Republic Ecuador Egypt El Salvador Former Yugoslav Republic of Macedonia Georgia Guatemala Guyana Honduras India Indonesia Iran Iraq Jordan Kosovo (3) Marshal Islands Micronesia, Federated States Moldova Mongolia Morocco Namibia Nicaragua Niue Palestinian Adm. Areas Paraguay Peru Philippines Sri Lanka Swaziland Syria Thailand *Tokelau Tonga Tunisia Turkmenistan Ukraine *Wallis & Futuna	*Anguilla Antigua and Barbuda (1) Argentina Barbados (2) Belarus Belize Botswana Brazil Chile Cook Islands Costa Rica Croatia Cuba Dominica Fiji Gabon Grenada Jamaica Kazakhstan Lebanon Libya Malaysia Mauritius *Mayotte Mexico Montenegro *Montserrat Nauru Oman (1) Palau Panama Serbia Seychelles South Africa *St. Helena St. Kitts-Nevis St. Lucia St. Vincent & Grenadines Suriname Trinidad & Tobago (2) Turkey Uruguay Venezuela

*Territory

(1) Antigua & Barbuda and Oman exceeded the high income country threshold in 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(2) Barbados and Trinidad & Tobago exceeded the high income country threshold in 2006 and 2007. In accordance with the DAC rules for revision of this List, both will graduate from the List in 2011 if they remain high income countries until 2010.

(3) This does not imply any legal position of the OECD regarding Kosovo's status.

As of April 2008, the Heavily Indebted Poor Countries (HIPCs) are : Afghanistan, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Kyrgyz Republic, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda and Zambia.

⁴² OECD Development Assistance Committee's List of Aid Recipients, www.oecd.org/dac/stats/daclist, approved August 2009, effective for reporting 2009 and 2010 flows.

Cities Alliance Members

NON GOVERNMENTAL ORGANIZATIONS

Slum Dwellers International (SDI)
 P.O. BOX 14038, Mowbray 7705
 Cape Town, South Africa
 Tel: (+27) 21 689 9408
 Fax: (+27) 21 689 3912
 E-mail: sdi@courc.co.za
 Website: www.sdinet.org

Habitat for Humanity International
 121 Habitat Street
 Americus, Georgia 31709-3498 USA
 Tel: 1-800-422-4828
www.habitat.org

LOCAL AUTHORITIES

United Cities and Local Governments (UCLG)
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 Tel: (+34) 93 34 28 750
 Fax: (+34) 93 34 28 760
 Email: info@cities-localgovernments.org
 Website: www.cities-localgovernments.org

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GOVERNMENTS

Australia
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 Fax: 61 2 6206 4880
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 Website: www.ausaid.gov.au

Chile
 Ministerio de Vivienda y Urbanismo (MINVU)
 Alameda 924 - Santiago – Chile. Código postal: 6513482
 Tel. (56-2) 351 3000
 Fax (56-2) 633 7830
 Website: www.minvu.cl

Brazil
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 Esplanada dos Ministérios Bloco “A”, 2º andar
 Zona Cívico-Administrativa, Brasília – DF – CEP 70054-900
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 Fax: 00 55 61 226-5829
 E-mail: mcidades@idades.gov.br
 Website: www.cidades.gov.br

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 PO Box 1238, Addis Ababa, Ethiopia
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 Fax: (25-1) 527969
 Website: www.ethiobar.net

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 E-mail: caixa.imprensa@caixa.gov.br
 Website: www.caixa.gov.br

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Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
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Fax: 0049 - 6196 - 79 -6104
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KfW Bankengruppe
Palmengartenstrasse 5-9
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Fax: +39 06.3236210
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Postal Address: PO Box 20061, 2500 EB The Hague,
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Website: <http://www.minbuza.nl/>

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Ministry of Housing and Urban Development
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Website: <http://www.nigeria.gov.ng/>

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Makati City, Philippines
Tel: (632) 811-4113
Fax: (632) 811-4118
Website: www.hudcc.gov.ph

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Fax: +34 91 583 83 10 /11/13
E-mail: centro.informacion@aeci.es
Website: www.aecid.es

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Fax: +46 8 20 88 64
E-mail: sida@sida.se
Website: www.sida.se

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Department for International Development (DFID)
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Tel: +44 1355 84 3132
Fax: +44 (0) 1355 84 3632
E-mail: enquiry@dfid.gov.uk
Website: www.dfid.gov.uk
United States
U.S. Department of State
2201 C Street NW,
Washington, DC 20520
Tel: 202-647-4000
Website: <http://www.state.gov/>

The United States Agency for International Development (USAID)
Information Center
U.S. Agency for International Development
Ronald Reagan Building, Washington, D.C. 20523-1000
Tel: (202) 712-4810
Fax: (202) 216-3524
E-mail: pinquiries@usaid.gov

MULTI-LATERAL ORGANIZATIONS

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Development and Relations with African, Caribbean and Pacific States
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Tel: +32 (0)2 299 21 43
Fax: +32 (0)2 296 49 26
Website: <http://ec.europa.eu/development/>

United Nations Human Settlements Programme (UN-HABITAT)
P.O. Box 30030, Nairobi, Kenya
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Fax: (254 20) 623477
E-mail: infohabitat@unhabitat.org
Website: www.unhabitat.org

United Nations Environment Programme (UNEP)
Division of Policy Development and Law
Urban Environment Unit
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Fax: +254-20-624324/623861
E-mail: urban.environment@unep.org
Website: www.unep.org

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Fax: (212) 906-5364
Website: www.undp.org

- ❖ Sub-Annex 1.E. CA sponsors TOR
- ❖ Sub-Annex 1.F. Recipient TOR

Guidelines and tools for the preparation of the Full Application to apply to the Cities Alliance Catalytic Fund

[CA LOGO]

[BLURB on CA]

[Specification of the selection process]

[Eligibility Criteria]

[Template instructions]

Annex Index

- ❖ Sub-Annex 2.A. Full Application Template
- ❖ Sub-Annex 2.B. Developing a Results Framework
- ❖ Sub-Annex 2.C. Safeguards Guidance
- ❖ Sub-Annex 2.D. List of eligible countries
- ❖ Sub-Annex 2.E. List of current Cities Alliance members
- ❖ Sub-Annex 2.F. CA sponsors TOR
- ❖ Sub-Annex 2.G. Recipient TOR

Full Application Template to apply to the Cities Alliance Catalytic Fund



Section 1 - GENERAL PROJECT INFORMATION	
1.1 Title of proposed project [Kindly use the same title of the concept note]	1.2 Submission date
1.3 Proposal submitted by [A proposal is typically submitted by a mayor or a metropolitan or district governor, or the head of a national local authority association. In the case of national level actions, the proposal is usually submitted by a ministry or urban development agency or authority. Other type of organizations such as civil society organization or universities can also apply] Name and title: Organization: Address: Telephone/Fax/E-mail:	1.4 Contact Person [Please insert full details of the person responsible that will be answering communications related to the proposal]
1.5 Main Implementing Organization [Please insert the name of the organization and the person responsible that will overall responsibility for achieving the project's objective, for managing the project, and reporting on progress]	
Organization: Name and title: Address: Telephone/Fax/E-mail:	
1.5b Other Implementing Organization [Please insert the name of the organization and the person responsible that will overall responsibility for achieving the project's objective, for managing the project, and reporting on progress]	
Organization: Name and title: Address: Telephone/Fax/E-mail:	
1.6 Recipient Organization [Please insert the name of the organization and the person responsible that will receive and financially manage the CA grant – [See Recipient TOR Sub-Annex 2.F]	
Organization: Name and title: Address: Telephone/Fax/E-mail:	
1.7 CA member(s) sponsoring the application [See Sponsor TOR Sub-Annex 2.G] [It can be the same as in 1.5 and 1.6] Please add additional text boxes below if more than one CA member is sponsoring]	Type of sponsorship [To mark a checkbox double-click on it, and choose 'checked' from the default vale section]
Organization: Name and title of representative in charge: Address: Telephone/Fax/E-mail:	<input type="checkbox"/> Co-implementation <input type="checkbox"/> Co-funding <input type="checkbox"/> Grant Management <input type="checkbox"/> Analytic and/or Advisory Assistance and Support <input type="checkbox"/> Joint Knowledge Management [e.g. M&E, learning events]

<p>1.7b CA member(s) sponsoring the application [Please add additional text boxes below if more than one CA member is sponsoring]</p> <p>Organization: Name and title of representative in charge: Address: Telephone/Fax/E-mail:</p>	<p>Type of sponsorship [To mark a checkbox double-click on it, and choose 'checked' from the default vale section]</p> <p><input type="checkbox"/> Co-implementation <input type="checkbox"/> Co-funding <input type="checkbox"/> Grant Management <input type="checkbox"/> Analytic and/or Advisory Assistance and Support <input type="checkbox"/> Joint Knowledge Management [e.g. M&E, learning events]</p>																		
<p>1.8 Government endorsing the application</p> <p>Ministry/Organization/Unit: Name and title of representative in charge: Address: Telephone/Fax/E-mail:</p>																			
<p>1.9 What is the main project theme? [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [only one box can be checked]</p> <p><input type="checkbox"/> Citizen engagement <input type="checkbox"/> City management <input type="checkbox"/> Security of tenure and access to shelter <input type="checkbox"/> Environment <input type="checkbox"/> Access to economic opportunities <input type="checkbox"/> Access to affordable services <input type="checkbox"/> Other (please specify)</p>	<p>1.13 Budget Summary</p> <p>Total amount requested to CA: XXX</p> <table border="1"> <thead> <tr> <th>SOURCE</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>CA</td> <td></td> <td></td> </tr> <tr> <td>Co-financier 1</td> <td></td> <td></td> </tr> <tr> <td>Co-financier 2</td> <td></td> <td></td> </tr> <tr> <td>Government</td> <td></td> <td></td> </tr> <tr> <td>TOTAL Project Cost</td> <td></td> <td></td> </tr> </tbody> </table>	SOURCE	Total	%	CA			Co-financier 1			Co-financier 2			Government			TOTAL Project Cost		
SOURCE	Total	%																	
CA																			
Co-financier 1																			
Co-financier 2																			
Government																			
TOTAL Project Cost																			
<p>1.11 Expected project duration [please note that this is expected to be two years maximum]</p>																			
<p>1.10 Geographic scope of the project [To mark a checkbox double-click on it, and choose 'checked' from the default vale section]</p> <p><input type="checkbox"/> City: [specify] <input type="checkbox"/> State/province: [specify] <input type="checkbox"/> Country: [specify] <input type="checkbox"/> Global / Regional / Multi-city / Multi-country: [specify]</p>	<p>1.12 Does the recipient organization expect to provide sub-grants to a sub-recipient?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>																		

<p>Section 2 – PROJECT BACKGROUND</p>
<p>2.1 Project Summary</p>
<p>2.2 What is the context of the project?</p>
<p>2.3 What are the issues and needs that the project will address?</p>

Section 3 – PROJECT DESIGN		
<p>3.1 Stakeholder involvement and contributions [This section should provide a systematic analysis of all possible stakeholders, their interest but also their concerns with respect to the project (gender, age and other relevant characteristics should be taken into account). In a second step, the expected involvement or contributions of each stakeholder should be analyzed. The fastest way to conduct a stakeholder analysis might be in the context of an initial participatory planning workshop, where the project goals and the strategies are discussed with key stakeholders. Complementary interviews with other stakeholders should be conducted in order to get a comprehensive understanding]</p>		
<p>Who are the key stakeholders? [Please feel free to add additional stakeholders that might be relevant for your project. Examples of most common stakeholder include Government institutions, Local government associations, NGO, Private sector, universities, media, urban population and beneficiaries]</p>	<p>What are their interests and/or concerns with respect to the project? [What are their views? Why is the project important to that group or organization? Where do they see obstacles or limitations?]</p>	<p>What are their expected involvement and/or contributions to the project? [What could the group or organization contribute to support the project (know how, financial resources, public relations, etc.) Please indicate which organization will assume responsibility in carrying out specific activities or delivering specific products or services for the project (= implementing partners)]</p>
Stakeholder 1		
Stakeholder 2		
Stakeholder 3		
<p>3.2 Results framework [please see Sub-Annex 2.B for guidance about how to develop the framework]</p>		
Project Logic	Indicators	Assumptions
Goal/Objective		
Outcomes		
Outputs		
Activities		
<p>3.3. In which respects are the project concept and/or activities and/or deliverables innovative in your context?</p>		
<p>3.4 How will the project scale up and institutionalize its approach? [Please describe how you intend to increase or extend the impacts of the project. How will the results and experiences of this project be made useful to solve similar problems in the same city or in others? (e.g. by modifying legal definition or policies relevant for urban development; enhanced institutional mandates or capacities; coordinating mechanisms, workflows, enhanced capacities of stakeholders, other)]</p>		
<p>3.5 How will the project engage financing partners to provide capital for the implementation of plans and strategies to be developed by the project? [Please give special attention to capital investment for infrastructure]</p>		
<p>3.6 How is the project aligned to National and Sub-national policies, strategies and activities?</p>		
<p>3.8 How will the project facilitate broad participation of stakeholders, build partnerships and achieve complementary cooperation? [This section should explain how the interests of the stakeholders and their possible contribution, as indentified in 3.1, will be addressed and mobilized. Please include CA-members and other development partners. If appropriate, consider different needs and potentials of men and women (gender)]</p>		

<p>3.9 How will the project facilitate learning processes and dissemination of knowledge? [Which mechanisms for monitoring, evaluation and learning will be used or established by the project? How will M&E be used to stimulate learning processes within the project management, among stakeholders and beyond? How do you plan to disseminate the project's experiences on local and national level and for the Cities Alliance?]</p>

Section 4 – PROJECT IMPLEMENTATION CONTEXT

<p>4.1. Please describe any impacts associated with the proposed project of social or environmental nature. Identify and describe any potential large scale, significant and/or irreversible impacts which project activities might produce</p>
--

<p>4.2. Please describe any potential indirect and/or long term impacts of social and environmental nature due to anticipated future activities in the project area or linked to project follow up</p>

<p>4.3 If adverse impact is mentioned in 4.1 and 4.2, please describe measures that exist or can be taken to mitigate potential negative impact of the project</p>

<p>4.4 Please identify and describe any associated or parallel project [please describe only those projects which occur in the same context and timespan and which might impact, link or have some practical implications on components and activities of the proposed project]</p>
--

<p>4.5 Please describe the experience and capacity of the implementing organization in executing and supervising projects</p>
--

<p>4.6 Please describe the implementation arrangement and the funds flow [To this effect a flow chart/graph illustrating the funds flow and how the project will be managed is welcomed]</p>

<p>4.7 Fiduciary Risks [as applies to Recipient organization, see 1.6]</p>
<ul style="list-style-type: none"> ❖ Is the Recipient a registered organization under the countries'/cities' legal requirement? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Can the Recipient provide proof of registration and years of operation? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Is it the Ministry of Finance aware about the activity? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Does the Recipient have or can open a bank account? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Is the Recipient liable for audit? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Does the Recipient follow any Procurement Guidelines and if so can this document be provided for review? <input type="checkbox"/> YES <input type="checkbox"/> NO ❖ Is the Recipient Familiar with World Bank procurement guidelines? <input type="checkbox"/> YES <input type="checkbox"/> NO

Section 5 - PROJECT SCHEDULES AND DELIVERABLES									
Key activities [Please mark the duration of the main activities (#####) and indicate what deliverable is planned to be due in which time period] [activities can be grouped in 'components' and/or separated in 'sub-activities' if needed]	WHO [please specify the entity responsible for the DIRECT implementation of the activity. If the entity needs to be contracted please specify 'consultancy']	YEAR 1				YEAR 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Component									
1.1 Activity: <i>e.g. baseline survey</i>		####	####	<i>Data base</i>					
1.2 Activity:									
1.3 Activity:									
1.4 Activity:									
2. Component									
2.1 Activity:									
2.2 Activity:									
2.3 Activity:									
2.4 Activity:									
3. Component									
3.1 Activity:									
3.2 Activity:									
3.3 Activity:									
3.4 Activity:									
Budget requirements by trimester		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$

Section 6 - PROJECT BUDGET [Please add or delete lines as needed. This budget is for the grant amount requested to CA]

	Budget per expenditure category (US\$)					Comments
	Consulting Services	Training/ Workshops/ Seminars	Dissemination	Other [please specify in Comments]	TOTAL (US\$)	
A. PROJECT ACTIVITIES [please add/delete lines where needed]						
1. Component						
1.1 Activity: <i>e.g. baseline survey</i>	US\$	US\$	US\$	US\$	US\$	
1.2 Activity:	US\$	US\$	US\$	US\$	US\$	
1.3 Activity:	US\$	US\$	US\$	US\$	US\$	
1.4 Activity:	US\$	US\$	US\$	US\$	US\$	
2. Component						
2.1 Activity:	US\$	US\$	US\$	US\$	US\$	
2.2 Activity:	US\$	US\$	US\$	US\$	US\$	
2.3 Activity:	US\$	US\$	US\$	US\$	US\$	
2.4 Activity:	US\$	US\$	US\$	US\$	US\$	
A. SUB-TOTAL PROJECT ACTIVITIES	US\$	US\$	US\$	US\$	US\$	
B. OPERATING COSTS [maximum 15% of the total]						
Independent Audit					US\$	
Supervision Costs	US\$	US\$	US\$	US\$	US\$	
B. SUB-TOTAL OPERATING COSTS	US\$	US\$	US\$	US\$	US\$	
TOTAL (A+B)					US\$	

Section 6 - BUDGETING ASSUMPTIONS [ONLY FOR CONSULTING SERVICES]

Type of Consulting Services	Unit Description	Unit Cost	No. of units	TOTAL (US\$)
Consultant A [please specify if (a) individual or firm; and (b) scope of assignment]	[e.g. day, hour, lump sum]	US\$		
Consultant B [please specify if (a) individual or firm; and (b) scope of assignment]		US\$		

- ❖ Sub-Annex 2.B. Developing a Results Framework
- ❖ Sub-Annex 2.C. Safeguards Guidance
- ❖ Sub-Annex 2.D. List of eligible countries
- ❖ Sub-Annex 2.E. List of current Cities Alliance members
- ❖ Sub-Annex 2.F. CA sponsors TOR
- ❖ Sub-Annex 2.G. Recipient TOR

Small Grant Facility (CA SGF) the blue book

Concept and Tools

DRAFT

*Draft
October 2010
Washington DC*

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ACRONYMS

CA	The Cities Alliance
CA-S	Cities Alliance Secretariat
CATF	Cities Alliance Catalytic Fund
CAPAT	Cities Alliance Programme Administration Team
CG	Consultative Group
CN	Project Concept Note
DGF	Development Grant Facility
EEP	Expert Evaluation Panel
FEU	Finance, Economic & Urban unit of SDN
FM	Financial Management
FP	Project Full Proposal
GFR	Grant Fund Request
GMA	Grant Manager Agreement
GPO	Global Programme Operations
ICP	In-Country Programmes
ITA	Independent Technical Assessment
K+L	Knowledge and Learning
PPD	Cities Alliance Proposal/Project Database
SGF	Small Grant Facility
TTL	Task Team Leader

I. Background and rationale

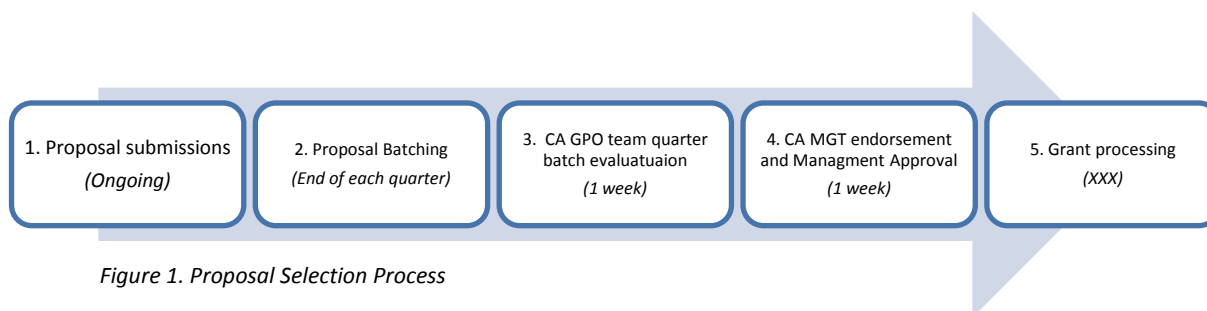
1. In the history of the Cities Alliance (CA) financing activity, there has been a consistent demand for small grants (<US\$75,000). Small grants average between 10% and 15% of the total CA budget and account for almost 50% of all the grants approved yearly.
2. The majority of the small grants are directly executed by CA members often as knowledge related activities. Overall small grants have been timely and effective in assisting clients/partners in scoping and mobilizing for larger activities as well as in laying the foundation for a longer term engagement.
3. With the advent of the new CA business model, there is a need to find a way to accommodate such a demand for small grants since the new funding tools do not fully conform. The In Country Programmes (ICP) operates on larger budgets according to a more programmatic logic and is highly focused on a small number of selected countries. The CATF features a six-month selection process cycle which length might disincentivize small grant applicant from participating. Furthermore, the CATF is primarily targeted at cities rather than CA members.
4. Against this background, the CA is introducing a new specific tool in its business model, a Small Grant Facility (SGF). This is a separate part of the CATF and will be fully dedicated to the financing of small grants.

II. Goal

5. The main goals of the SGF are the same as that of the CATF. Specifically, it aims (1) at having catalytic effects on initiating and enhancing urban transformation processes promoting more inclusive cities; and (2) at advancing collective know-how through the learning that can be distilled from the project experiences and shared among CA partners, CA members and beyond.

III. Key Features and Cycle

6. Despite supporting the same goals, the SGF maintains very different operational characteristics from the CATF which descends from their different rationale. Three major characteristics should be mentioned:
 - ❖ *Reduction of transaction costs.* The SGF will provide money in a timely and appropriate manner, simplifying the costs of transaction both internally for the Secretariat as well as for the applicants.
 - ❖ *Supporting CA Members.* The SGF will be open only to CA members (on behalf of a local partner, a city or a country) providing a flexible window open all year round for catalytic opportunities that builds on members' strength.
 - ❖ *Comparative selection.* Although the SGF provides funding in a timely manner, proposals for funding will still be selected competitively. A competitive process will allow the Secretariat to favor those proposals more in line with the CA renewed strategic objectives of scale and impact.



7. The SGF is open all year round and proposals are received by the Secretariat on an ongoing basis. Proposals are submitted to the Secretariat through an application form.¹ The application form has a simple format, which aims at providing information on the design of the project as well as its catalytic relevance [\[step 1\]](#).

8. At the end of each quarter on pre-established dates, all proposals received during the previous quarter will be batched and submitted for processing to the CA Global Programme Operations (GPO) team. As for the CATF, proposals are subjected to a set of eligibility criteria.² Proposals which do not meet these criteria will be excluded from the quarterly batching and not submitted for evaluation³ [\[step 2\]](#).

9. The GPO team within the CA Secretariat is in charge of evaluating the proposals. The evaluation operates on the basis of some defined criteria which are the same as those behind the evaluation of proposals for the CATF (see section below)⁴ [\[step 3\]](#).

10. Following the evaluation process, the list of projects recommended for funding by the GPO team is discussed by the CA Management for endorsement and, subsequently, sent to CA Manager for final approval [\[step 4\]](#). Relevant comments and recommendation emerging from GPO screening and CA Management discussion will be conveyed to proponents in view of the implementation. The process of evaluation and approval is expected to be of one week duration each.

IV. Selection Criteria

11. The criteria for evaluating the proposals are the same as for the CATF since both the CATF and the SGF are governed by the same overarching principles. To help evaluators with the definitions and the different criteria a set of guidelines has been developed.⁵ More on the criteria genesis and rationale can be found in the CATF Handbook.⁶

Table 1. The selection criteria

¹ Annex 1, also available online on Member’s Section of the website.

² Under development.

³ Non-eligibility will be communicated immediately to applicants.

⁴ For the Screening Template see Annex 2.

⁵ See CATF Handbook, ‘3.3 Guidelines on the Criteria’.

⁶ CATF Handbook, ‘3.2 Selection Criteria’.

1. Implementation conditions	<ul style="list-style-type: none"> • Capacity • Cost-Effectiveness • Result Framework • Fiduciary Management • Risks and Mitigations • Co-Funding
2. Impact	<ul style="list-style-type: none"> • Scalability • Transferability • Institutionalization • Follow-up investments • Targeting the objective
3. Cooperation	<ul style="list-style-type: none"> • Ownership • Harmonization • Alignment • Partnerships, Dialogue and Consultations
4. Innovation	<ul style="list-style-type: none"> • Innovative design, process and products
5. Knowledge and Learning	<ul style="list-style-type: none"> • Learning from M&E • Learning and dissemination • Applicability

V. Budget and Operational Policies

12. The SGF has currently an allocated budget of US\$400,000 for FY11. The grant size will not exceed US\$50,000.⁷ Accordingly, the CA-S envisions funding about 8 activities per year which means on average two activities per quarter.

13. In order to comply with the idea of reducing the transaction costs, the following other policies will be adopted:

- ❖ Maximum grant period of not more than 12 months and no extensions. CA Secretariat can approve a single extension based on strong justification and evidence that objectives of the project will be achieved.
- ❖ Co-financing is not a precondition for approval of the proposal albeit applicants are encouraged to seek or provide such funding.
- ❖ No in-depth FM assessment required, but basic fiduciary questions included in the simplified application form.
- ❖ No interim financial or progress reports are required.⁸ A narrative and a financial report will be provided after the completion of the project with the submission of the outputs as agreed in the grant agreement.

⁷ The limit of 50,000 instead the 75,000 traditionally defining 'small grants' in the CA is due to budget constraints and might be revised for next FY.

⁸ To be checked against CA members' institutional requirements.

ANNEX 1 - Template to apply to the Cities Alliance Small Grants Facility



Section 1 - GENERAL PROJECT INFORMATION	
1.1 Title of proposed project [Create a short but descriptive title that captures the overall scope of the project]	1.2 Submission date
1.3 Proposal submitted by Organization: Name and title: [Please insert full details of the person responsible that will be answering communications related to the proposal] Address: Telephone/Fax/E-mail:	
1.4 Main Implementing Organization [Please insert the name of the organization and the person responsible that will have overall responsibility for achieving the project's objective, for managing the project, and reporting on progress] Organization: Name and title: Address: Telephone/Fax/E-mail:	
1.5 Recipient Organization [Please insert the name of the organization and the person responsible that will receive and sign the CA grant] Organization: Name and title: Address: Telephone/Fax/E-mail:	
1.6 CA member(s) sponsoring the project [Please add additional text boxes below if more than one CA member is involved] Organization: Name and title of representative in charge: Address: Telephone/Fax/E-mail:	Type of Sponsorship [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [more than one box can be checked] <input type="checkbox"/> Co-implementation <input type="checkbox"/> Co-funding <input type="checkbox"/> Grant Management <input type="checkbox"/> Analytic and/or Advisory Assistance and Support <input type="checkbox"/> Joint Knowledge Management [e.g. M&E, learning events]
1.7 Government entity endorsing the application [or the umbrella programme this project will be part of] Ministry/Department/Organization/Unit: Name and title of representative in charge: Address: Telephone/Fax/E-mail:	
1.8 What is the main project theme? [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [only one box can be checked] <input type="checkbox"/> Citizen engagement <input type="checkbox"/> City management <input type="checkbox"/> Security of tenure and access to shelter <input type="checkbox"/> Environment <input type="checkbox"/> Access to economic opportunities <input type="checkbox"/> Access to affordable services	1.8 Geographic scope of the project [To mark a checkbox double-click on it, and choose 'checked' from the default value section] [more than one box can be checked] <input type="checkbox"/> City: [specify] <input type="checkbox"/> State/province: [specify] <input type="checkbox"/> Country: [specify] <input type="checkbox"/> Global / Regional / Multi-city / Multi-country: [specify]

1.9 Expected project duration [please note that this is expected to be one year maximum]	1.10 Budget Summary Total Grant amount requested from CA: [US\$] Total amount of Co-financing: [US\$] Total Project costs: [US\$]
---	---

SECTION 2 – PROJECT CONCEPT and DESCRIPTION [2 pages approximately] [Please answer each question below in the order presented. Please be detailed with questions on project outputs, outcomes and objective as these will be listed in the Grant Agreement]

- ❖ What are the key issues to be addressed?
- ❖ Why is this project needed?
- ❖ How different it is this project from other or earlier projects?

- ❖ What is the main objective of the project?
- ❖ What are the expected outcomes of the project [The [Project Outcomes](#) are the direct short term benefits produced by the project outputs and their utilization. What is the benefit and who will benefit?]
- ❖ What are the main activities and outputs of the project? [The [Project Activities](#) are the actions taken or the work performed to produce the outputs. The [Project Outputs](#) are the deliverables, i.e. products, goods and services - including knowledge and skills - that result *directly* from the project activities. Please list all outputs which are relevant to observe progress towards the objectives]

- ❖ How does this project initiate, complement and/or leverage other urban development programmes?
- ❖ How will the project facilitate broad participation of stakeholders, build partnerships and achieve complementary cooperation?
- ❖ How will the project facilitate learning processes and dissemination of knowledge?

SECTION 3 – PROJECT and FIDUCIARY RISKS

- 3.1 Project Risks**
- ❖ Will the project entail any social risks? (e.g. impacts on indigenous people, resettlement etc.) YES NO
[If yes please describe the mitigating measures to be undertaken to minimize potential adverse impacts]
 - ❖ Will the project entail any environmental risks? (e.g. impact on forest conservation area, natural habitats etc) YES NO
[If yes please describe the mitigating measures to be undertaken to minimize potential adverse impacts]
 - ❖ Will it be necessary any early screening to assess, minimize and mitigate potential adverse impacts? YES NO
- 3.2 Financial Management [as applies to Recipient organization, see 1.4]**
- ❖ Is the Recipient a registered organization under the countries’/cities’ legal requirement? YES NO
 - ❖ Can the Recipient provide proof of registration and years of operation? YES NO
 - ❖ Is it the Ministry of Finance aware about the activity? YES NO
 - ❖ Does the Recipient follow any Procurement Guidelines and if so can this document be provided for review? YES NO
 - ❖ Does the Recipient have or can open a bank account? YES NO
 - ❖ Is the Recipient liable for audit? YES NO

SECTION 4 - PROJECT SCHEDULE AND DELIVERABLES				
Key activities [Please mark the duration of the main activities (#####) and indicate what deliverable is planned to be due in which time period] [activities can be grouped in 'components' and/or separated in 'sub-activities' if needed] [please add/delete lines where needed]	YEAR 1			
	Q1	Q2	Q3	Q4
1. Activity: e.g. baseline survey	#####	#####	Data base	
2. Activity:				
3. Activity:				
4. Activity:				
Budget requirements by trimester [approximate]	US\$	US\$	US\$	US\$

SECTION 5 - PROJECT BUDGET [Please add or delete lines as needed. This budget is only for the grant amount requested to CA]						
	Budget per expenditure category (US\$)					Comments
	Consulting Services	Training/ Workshops/ Seminars	Dissemination	Other [please specify in Comments columns]	TOTAL (US\$)	
A. PROJECT ACTIVITIES [please add/delete lines where needed]						
1. Activity: [please specify]	US\$	US\$	US\$	US\$	US\$	
2. Activity: [please specify]	US\$	US\$	US\$	US\$	US\$	
3. Activity: [please specify]	US\$	US\$	US\$	US\$	US\$	
4. Activity: [please specify]	US\$	US\$	US\$	US\$	US\$	
SUB-TOTAL	US\$	US\$	US\$	US\$	US\$	
B. OPERATING COSTS [maximum 15% of the total]					US\$	
TOTAL (A+B)					US\$	

SECTION 6 - BUDGETING ASSUMPTIONS [ONLY FOR CONSULTING SERVICES]				
Type of Consulting Services	Unit Description	Unit Cost	No. of units	TOTAL (US\$)
Consultant A [please specify if (a) individual or firm; and (b) scope of assignment]	[e.g. day, hour, lump sum]	US\$		
Consultant B [please specify if (a) individual or firm; and (b) scope of assignment]		US\$		

ANNEX 2 - CA Secretariat Threshold Screening Template for the Small Grant Facility



Country:
Title of Activity:
Requested CA Funding:
Submitted by:

Date Submitted:
Sponsored by:
Implemented by:
Task Manager Name:

Project Summary: [\[please specify objectives, activities and outputs\]](#)

CRITERIA	SUB-CRITERIA	Proposal Exhibits Criteria				COMMENTS
		Excellent	Satisfactorily	Deficient	N/A	
<i>Implementation conditions</i>	Capacity					
	Cost-Effectiveness					
	Impact Orientation					
	Fiduciary Management					
	Risks and Mitigations					
	Co-Funding					
<i>Impact</i>	Scalability					
	Transferability					
	Institutionalization					
	Follow-up investments					
	Targeting the objective					
<i>Cooperation</i>	Ownership					
	Harmonization					
	Alignment					
	Partnerships					
<i>Innovation</i>	Innovative design, process and products					
<i>Knowledge and Learning</i>	Learning from M&E					
	Learning and dissemination					
	Applicability					

Overall Comments:

Secretariat Decision: