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### **Cities Alliance announces new strategic focus on long-term, in-country programmes**

[WASHINGTON, D.C.] -- The Cities Alliance recently celebrated its 10<sup>th</sup> anniversary during annual meetings held in Mumbai, India 18-22 January 2010. The Alliance used the occasion to reposition its business model and adopt a more strategic, programmatic approach to managing its operations.

As part of the changes, a new Catalytic Fund will replace the current grant facility/funding application process. In addition, a greater share of the Alliance's financial resources will be used towards longer-term, in-country programmes for cities and local government.

"This repositioned business model will allow the Cities Alliance to be more proactive in achieving programme objectives," said Programme Manager, William Cobbett.

The new approach focuses on improving impacts in low income countries, while drawing upon and continuing the successful results in middle income countries such as Brazil, Chile, South Africa and the Philippines.

It will better position the Cities Alliance to catalyse the kind of consistent, long-term support to cities and countries that not only has the most beneficial development impact, but provides role-models for other cities and countries grappling with similar developmental challenges.

For most of the past decade, the Cities Alliance has used an open access grant facility to provide funding for country-specific technical assistance projects and regional/global knowledge activities. Under the grant facility, the Alliance approved 220 projects in all developing regions with a total exceeding US \$65 million.

Effective April 1, 2010, the grant facility will be replaced by a Catalytic Fund. The new Fund will accept periodic calls for proposals that are aimed at motivating and supporting improvements in policies and strategies for cities as well as pro-poor urban development. Application processes will be streamlined to reduce transaction costs and improve turnaround time.

Information about the new application process will be posted on the Cities Alliance website as it becomes available. [See also related article on the transition period to the new Catalytic Fund.]

### **About the Cities Alliance**

The Cities Alliance is a global coalition of cities and their development partners committed to scaling up successful approaches to urban poverty reduction.

The Alliance was established in 1999 under the patronage of former South African President Nelson Mandela. At that time, 10 donor governments joined the World Bank, UN-HABITAT and the major international associations of local authorities in forming a new partnership to focus

on two key issues: the growth of slums and the management of cities where slum growth was taking place.

One of the first acts of the new Cities Alliance was to formulate a Cities Without Slums Action Plan that set a target of improving the lives of 100 million slum dwellers. In 2000, that impact target was elevated to a Millennium Development Goal (Target 11).

Since then, the Cities Alliance has continued to highlight the positive impacts of urbanisation and the role of local government. It has also promoted learning between cities, and among cities, governments, international development agencies and financial institutions.

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### **Transition to New Catalytic Fund**

The Cities Alliance Consultative Group has approved significant changes to the traditional Cities Alliance grant facility. Effective April 1, the transition to a new Catalytic Fund will begin.

The Catalytic Fund will continue to provide financing for slum upgrading, city development strategies, and related learning and knowledge-sharing activities. However, funding applications will be processed based on calls for proposals, initially semi-annually, and evaluated in a batch on a competitive basis against budget envelopes.

The amount of funding made available through this new facility will be less than in past years, as an increasing share of Cities Alliance funds are allocated to longer-term, more strategic in-country programmes. As a result, funding proposals will be evaluated not only on the quality of project design against long-standing Cities Alliance criteria, but also evaluated comparatively with other projects.

“The objective is to select projects with the best potential for catalysing change processes for sustainable urban development,” said Cities Alliance Programme Manager, William Cobbett. “An important part of the new business model is our intention to reduce transaction costs for accessing Alliance funding.”

The Catalytic Fund, which is still being designed, will require only a concept note rather than a full funding application during the evaluation stage. Projects selected for funding will then be invited to submit detailed plans as part of the grant set-up process.

The Catalytic Fund is also expected to have a window for small grants, accessible all year round. These would be for immediate catalytic opportunities outside of the normal Catalytic Fund cycle, for activities typically in the range \$40,000 to \$75,000.

As part of the wind-down of the old grant facility, all proposals received by 31 March 2010 will be processed in a single batch against a budget envelope of between \$2-3 million. Final versions of proposals already received will be processed according to the old procedures.

The new Catalytic Fund is expected to launch during latter part of 2010. Guidelines for the fund will be finalised over the next few months. It is anticipated that proposals in development that are not ready for submission by 31 March 2010 would be considered against a final transition batch, tentatively scheduled for 30 June 2010.

Information about the new application process will be posted on the Cities Alliance website ([www.citiesalliance.org](http://www.citiesalliance.org)) as it becomes available