

# THE CITIES ALLIANCE



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## The Cities Alliance

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This volume is a product of the staff of the Independent Evaluation Group (IEG) of the World Bank Group. It is part of an ongoing series that reviews global and regional partnership programs in which the World Bank is engaged as one of the partners. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of The World Bank or the governments they represent.

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Cover photo: Residents of North-East, Brazil, adding an extension to their house following a slum upgrading project of the type that Cities Alliance sponsors. Photo courtesy of Roy Gilbert.

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## **IEG Mission: Enhancing Development Results Through Excellence in Evaluation**

The Independent Evaluation Group (IEG) of the World Bank reviews global and regional partnership programs (GRPPs) in which the Bank is engaged as one partner among many for two main purposes: (a) to provide accountability in the achievement of the program's objectives by providing an independent opinion of the program's effectiveness, and (b) to identify and disseminate lessons learned from the experience of individual GRPPs. The preparation of a global or regional program review (GPR) is contingent on a recently completed evaluation of the program, typically commissioned by the governing body of the program.

The first purpose includes validating the findings of the GRPP evaluation with respect to the effectiveness of the program, and assessing the Bank's performance as a partner in the program. The second purpose includes assessing the independence and quality of the GRPP evaluation itself and drawing implications for the Bank's continued involvement in the program. Assessing the quality of GRPP evaluations is an important aspect of GPRs, since encouraging more consistent evaluation methodology and practice across Bank-supported GRPPs is one of the reasons why IEG embarked on this new product in 2005.

IEG annually reviews a number of GRPPs in which the Bank is a partner. In selecting programs for review, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming sector studies; those for which the Executive Directors or Bank management have requested reviews; and those that are likely to generate important lessons. IEG also aims for a representative distribution of GPRs across sectors in each fiscal year.

A GPR is a "review" and not a full-fledged "evaluation." It assesses the independence and quality of the relevant evaluation; provides a second opinion on the effectiveness of the program; assesses the performance of the Bank as a partner in the program; and draws lessons for the Bank's engagement in global and regional programs. The GPR does not formally rate the various attributes of the program.

A GPR involves a desk review of key documents, consultations with key stakeholders, and a mission to the program management unit (secretariat) of the program if this is located outside of the World Bank or Washington, DC. Key stakeholders include the Bank's representative on the governing body of the program, the Bank's task team leader (if separate from the Bank's representative), the program chair, the head of the secretariat, other program partners (at the governance and implementing levels), and other Bank operational staff involved with the program. The writer of a GPR may also consult with the person(s) who conducted the evaluation of the GRPP.

Each GPR is subject to internal IEG peer review, panel review, and management approval. Once cleared internally, the GPR is reviewed by the responsible Bank department and the secretariat of the program. Comments received are taken into account in finalizing the document, and the formal management response from the program is attached as an annex to the final report. After the document has been distributed to the Bank's Board of Executive Directors, it is disclosed to the public on IEG's external Web site.

## Abbreviations and Acronyms

AAA	Analytical and Advisory Work
ADB	Asian Development Bank
AVSI	Associazione Volontari per il Servizio Internazionale
CDS	City Development Strategies
CDSPh	City Development Strategies in the Philippines
CG-CA	Consultative Group (of CA)
CODE	Committee on Development Effectiveness (World Bank)
CONDER	Companhia do Desenvolvimento do Recôncavo (Bahia, Brazil)
DAC	Development Assistance Committee (of OECD)
DFID	(UK) Department for International Development
DGF	Development Grant Facility
ESMAP	Energy Sector Management Assistance Program (global program)
ERR	Economic Rate of Return
FEU	Finance, Economics and Urban Development Department (of World Bank)
GPP Group	Global Programs and Partnerships Group (department of World Bank)
GPR	Global Program Review
HR	Human Resources
IEG	Independent Evaluation Group, formerly OED (World Bank)
infoDev	Information for Development (global program)
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MFTF	Municipal Finance Task Force
MTP	Medium Term Plan
OECD	Organization for Economic Cooperation and Development
OPE	Overall (staff) Performance Evaluation
PAB-CA	Policy Advisory Board (of CA)
PPIAF	Public-Private Infrastructure Advisory Facility (global program)
PRSP	Poverty Reduction Strategy Paper
SACN	South African Cities Network
SC-CA	Steering Committee (of CA)
Sec-CA	Sec-CA (of CA)
SU	Slum Upgrading
TA	Technical Assistance
TOR	Terms of Reference
UCLG	United Cities and Local Governments
UMP	Urban Management Program
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
WSP	Water and Sanitation Program (global program)

## Fiscal Year of Program

July 1 to June 30

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## Program at a Glance: Cities Alliance

<b>Start date</b>	May 1999
<b>Objectives</b>	<p>As described in its 2006 Charter, the objectives of the Cities Alliance are:</p> <ul style="list-style-type: none"> <li>• Improve the quality of urban development cooperation and urban lending</li> <li>• Strengthen the impact of grant-funded urban development cooperation</li> <li>• 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</li> <li>• Provide a structured vehicle for advancing collective know-how.</li> </ul>
<b>Activities and components</b>	<p>Financing technical assistance (TA) at the global, country and city levels to support:</p> <ul style="list-style-type: none"> <li>• City and nationwide upgrading of low-income settlements ("Cities without Slums")</li> <li>• Design and preparation of City Development Strategies (CDS).</li> </ul> <p>Generating and disseminating knowledge gleaned from the above.</p>
<b>WBG contributions</b>	As of June 2006, the World Bank has paid in US\$12.6 million, amounting to 16 percent of the Alliance's total funding of US\$80.5 million since its inception in 1999.
<b>Other donor contributions</b>	Other donors contributing more than US\$1.0 million include: United Kingdom (US\$23.8m), Italy (US\$10.1m), Sweden (US\$8.8m), Japan (US\$6.0m), Norway (US\$4.7m), Netherlands (US\$3.1m), United States (US\$2.0m), UN Habitat (US\$1.8m), Germany (US\$1.7m), Canada (US\$1.7m), France (US\$1.2m).
<b>Location</b>	The Cities Alliance Sec-CA is located at the headquarters of the World Bank. Address: 1818 H Street NW, Washington DC 20433, USA. Tel: (202) 473-9233. Fax: (202) 522-3224. E-mail: <a href="mailto:info@citiesalliance.org">info@citiesalliance.org</a> . Web page: <a href="http://www.citiesalliance.org">www.citiesalliance.org</a>
<b>Governance and management</b>	<p>The governance structure of the Cities Alliance has been in place since its inception, and is formalized in the 2006 Charter. It comprises three elements:</p> <ul style="list-style-type: none"> <li>• Consultative Group (CG-CA) which constitutes the governing body of 36 representatives, mostly of donor governments, that meets at least once a year to determine the Alliance's policies and approve its budget and work program. (There is also a five-member ad hoc Steering Committee of the CG.)</li> <li>• Policy Advisory Board (PAB-CA) of 7–10 expert members to advise the CG.</li> <li>• Secretariat (Sec-CA) of currently 15 staff members to execute Alliance policy and administer its programs.</li> </ul>
<b>Latest program-level evaluation</b>	October 17, 2006, by Universalia

## Key Bank Staff Responsible during Period under Review

<b>Position</b>	<b>Person</b>	<b>Period</b>
<b>Program Manager</b>	Mark Hildebrand	1999 – 2006
	Billy Cobbett	2006 – present
<b>Director</b>	Anthony Pellegrini	1999 – 2000
	John Flora	2000 – 2004
	Maryvonne Plessis-Fraissard	2004 – 2007
	Laszlo Lovei	2007 – present
<b>Vice President</b>	Nemat Talaat Shafik	1999 – 2004
	Kathy Sierra	2004 – present
<b>Trust Fund Operations</b>	Arif Zulfiqar, Director	June 1999 – present
<b>Global Programs &amp; Partnerships</b>	Margret Thalwitz, Director	May 2004 – present

## Glossary

**Efficacy:** The extent to which the program has achieved, or is expected to achieve, its objectives, taking into account their relative importance. The term is also used as a broader, aggregate measure — encompassing relevance and efficiency as well — of the overall outcome of a development intervention such as a GRPP.

**Efficiency:** The extent to which the program has converted or is expected to convert its resources/inputs (such as funds, expertise, time, etc.) economically into results in order to achieve the maximum possible outputs, outcomes, and impacts with the minimum possible inputs.

**Evaluation:** The systematic and objective assessment of an ongoing or completed policy, program, or project, its design, implementation, and results. The aim is to determine the relevance and achievement of its objectives, and its developmental effectiveness, efficiency, impact, and sustainability.

**Governance:** The structures, functions, processes, and organizational traditions that have been put in place within the context of a program’s authorizing environment to ensure that the program is run in such a way that it achieves its objectives in an effective and transparent manner. It is the framework of accountability and responsibility to users, stakeholders and the wider community, within which organizations take decisions, and lead and control their functions, to achieve their objectives.

**Independent evaluation:** An evaluation that is carried out by entities and persons free from the control of those involved in policy making, management, or program implementation. This entails organizational and behavioral independence, protection from interference, and avoidance of conflicts of interest.

**Monitoring:** The continuous assessment of progress achieved during program implementation in order to track compliance with a plan, to identify reasons for noncompliance, and to take necessary actions to improve performance. Monitoring is usually the responsibility of program management and operational staff.

**Outcomes:** The achieved or likely short-term and medium-term effects of the outputs of a development intervention.

**Outputs:** The products, capital goods and services that result from a development intervention. This may also include changes resulting from the intervention that are relevant to the achievement of outcomes.

**Oversight:** One of the core functions of the governing body of a program: Monitoring the performance of the program management unit, appointing key personnel, approving annual budgets and business plans, and overseeing major capital expenditures.

**Public goods:** Goods which produce benefits that are non-rival (many people can consume, use, or enjoy the good at the same time) and non-excludable (it is difficult to prevent people who do not pay for the good from consuming it). If the benefits of a particular public good accrue across all or many countries, then the good is deemed a global or international public good.

**Relevance:** The extent to which the objectives and design of the program are consistent with (a) current global/regional challenges and concerns in a particular development sector and (b) the needs and priorities of beneficiary countries and groups.

**Stakeholders:** The parties who are interested in or affected, either positively or negatively, by the program. Stakeholders are often referred to as “principal” and “other,” or “direct” and “indirect.” While other or indirect stakeholders — such as taxpayers in both donor and beneficiary countries, visitors to a beneficiary country, and other indirect beneficiaries — may have interests as well, these are not ordinarily considered in evaluations unless a principal stakeholder acts as their proxy.



## Preface

The Cities Alliance (CA) was established in 1999 as a coalition of cities and their partners to promote, improve, and scale up urban development assistance throughout the developing world. From its founding until today, the Alliance has focused upon grant financing of two components — namely technical assistance (TA) for City Development Strategies (CDS) and for Slum Upgrading — to achieve its goals and move towards its vision of “Cities without Slums.” The Alliance has become one of the largest global programs supported by the Bank in infrastructure.

In December 2005, the Alliance Consultative Group (CG-CA), its governing body, commissioned an external evaluation of the program. Doing such an evaluation every 3–5 years, like the first one completed in 2002, is a requirement for continued Bank funding of the Alliance through the Development Grant Facility (DGF). After intensive review of 17 proposals as per Bank procedures for the selection of consultants, the Alliance Secretariat (Sec-CA) recommended that the CG-CA choose Universalia management consultants of Montreal, Canada to conduct the evaluation. Universalia finalized its report on October 17, 2006 and presented its findings to the annual meeting of the CG-CA in Washington DC in November 2006.

Following this 2006 evaluation, the present Global Program Review (GPR) assesses the independence and quality of the 2006 evaluation, provides a second opinion on the effectiveness of the Cities Alliance, assesses the performance of the Bank as a partner in the program, and draws lessons for the future operation of the program. This GPR is part of IEG’s regular work program of reviewing Bank-supported global programs supported by the Bank to contribute to improving the quality and independence of their evaluations and to enhancing the relevance and effectiveness of the programs themselves. The Cities Alliance was chosen for review now because of the recent 2006 evaluation. The present review can also help the Bank’s urban sector learn from the Alliance experience as the Bank restructures its own approach to and management of assistance for urban development.

This review follows IEG’s Guidelines for Global Program Reviews (Annex A). It is based upon a desk review of relevant documents, including the 2006 evaluation report, as well as program documents, financial statements and Web sites of the Alliance and its clients. Through face-to-face and telephone interviews, IEG discussed the Alliance performance with Sec-CA staff and with users of Alliance grant-funded TA in the Bank especially. IEG appreciates the serious attention given by all interlocutors to its inquiries. In particular, IEG would like to thank the Sec-CA itself for openly collaborating with this review, particularly by inviting the IEG staff responsible to participate in the latest annual meeting of its CG-CA in November 2006 and to spend a whole day with the Sec-CA staff in Washington DC in May 2007.

IEG gratefully acknowledges all those who made time for interviews, in particular Cities Alliance governance members, management, and staff. A list of people consulted can be found in Annex F.

Copies of the draft GPR were sent to the Cities Alliance, to the Bank unit that is responsible for the Bank's involvement with the Alliance (the Finance, Economics and Urban Department), and to other Bank units that have some responsibility for the Bank's engagement with global programs more generally (the GPP Group, Trust Fund Operations, Operations Policy and Country Services, and the Quality Assurance Group). Comments received have been taken into account in finalizing this GPR. The formal response of the Cities Alliance management can be found in Annex G.

## Executive Summary

1. The Cities Alliance was born in 1999 as a trust fund resulting from a Bank/UN Habitat agreement to help implement the “Livable Cities” agenda of the UN Human Settlements Conference in Istanbul. Former South African President Nelson Mandela presided over the first meeting of the Alliance’s governing body in that year. In summary form, the Alliance’s Charter states its objectives to be: (i) to improve the quality of urban development cooperation, (ii) to strengthen its impact, (iii) to expand resources reaching the poor through scaling up, and (iv) to advance know-how. While some objectives are not clearly focused, the Alliance work program is tightly harnessed to two components of technical assistance to support City Development Strategies (CDS) and Slum Upgrading.
2. The Alliance’s governance is structured around four bodies with sometimes overlapping responsibilities. The governing body representing donors, but also four developing countries and two organizations representing cities is called the Consultative Group (CG-CA). Its 20 members field 31 representatives. It meets once a year to approve work plans and budgets and decide policy. An *ad hoc* Steering Committee (SC-CA) not foreseen in the Charter, is chosen from among CG-CA members and can meet more often. The Secretariat (Sec-CA), staffed by 14 staff and located in World Bank offices in Washington DC, undertakes the day-to-day operations of the Alliance. It also receives expert advice from a Policy Advisory Board (PAB-CA).
3. The Alliance is a genuine multi-donor partnership, with the Bank but one among seventeen donor partners. The Bank has been the second largest contributor, contributing 16 percent of the Alliance’s funds since its inception (compared to 30 percent from the United Kingdom). As one of the agencies responsible for implementing the Alliance’s TA activities, the Bank has received US\$4.1 million more to implement such activities than it has paid into the Alliance (through June 30, 2005). Most Alliance grants are in the US\$100,000 – US\$400,000 range. All grant proposals are sponsored by one CG-CA member and most are approved. The most active regions are Latin America, Asia and Africa. One-third of all grants go to global or multiregional TA.
4. The 2006 evaluation reviewed here was independent insofar as it was commissioned by the CG-CA governing body. Management of it, in a very professional manner, was a Sec-CA responsibility. Although intended as a results-based assessment, only 11 of the evaluation’s findings pertain to the achievement of the Alliance’s objectives. The majority are about Alliance governance and management. Most of the evaluation findings are positive, while recognizing the need for greater Alliance efforts in dissemination and advocacy, an issue to be addressed by a plan the Sec-CA is drawing up. The 2006 evaluation is candid about the limitations of its case study work and surveys of Alliance users. Even so, it does occasionally overstate the impact of the Alliance (notably upon physical investments in cities) and presents a few findings that appear unrelated to the evidence available.
5. Alliance TA work is highly relevant to a consensus — expressed in the 1996 UN Istanbul Declaration of Human Settlements — among donors and civil society about improving lives and cities through Slum Upgrading and CDS. The Bank itself adopted the

Alliance principles in its 2000 urban strategy, *Cities in Transition*. A key comparative advantage of the Alliance comes from its remaining focused upon its two original components which are in high demand and for which it has accumulated considerable experience. Adding a third component on municipal finance, which the 2006 evaluation implied should be done, would take the Alliance into a broad area beyond its core expertise. The two original components do raise important issues of financing — not just municipal — of the implementation of CDS and Slum Upgrading that the Alliance can and should address. Strengthening the financial analysis of its two components could position the Alliance to provide much needed advice to city mayors looking to implement them. Thus continuing to focus upon its two original components would not strait-jacket the Alliance's work. There is plenty of demand for both and city users find Alliance work highly relevant. More problematical perhaps is why an Alliance that calls itself a “coalition of cities” does not directly hear the voices of city mayors through its governance arrangements.

6. Operating in all regions of the world through a partnership of international players gives the Alliance the reach needed to disseminate its experience with CDS and Slum Upgrading as global knowledge products. Only at the global level is it possible to bring together the international experience that the Alliance is able in principle to do. What sets the Alliance apart from other global players such as the Bank itself is the Alliance's convening power at the city level, giving city mayors a chance to channel their particular demands for assistance into local, national and global networks of support.

7. Implying continuous and constant across-the-board improvements, the Alliance's first objective of achieving better urban development cooperation is a tall order. It would perhaps be better for the Alliance to focus on becoming *the* world center of excellence in Slum Upgrading and CDS. There is plenty of anecdotal evidence of good quality work done through Alliance grants for TA in its two areas. The counterfactual — the quality that urban development assistance would have obtained had the Alliance not existed — is unclear.

8. There is more evidence that the Alliance has achieved its second objective of achieving a greater impact of grant assistance. Slum upgrading TA has led to bigger programs of investment. CDS work has broadened the scope for good local mayors to interact with other cities. Through working in all regions of the world, the Alliance has had a truly global impact and also helped keep the Bank focused upon urban development issues.

9. On the third objective about increasing urban resources for the poor, the 2006 evaluation tells us least. It makes a weak claim that US\$8.0 billion of investments in cities since 1999 have been the result of US\$80 million Alliance grant funding, without presenting evidence of attribution or how the resources have gone to the poor. There is anecdotal evidence of such impacts from individual TA efforts, however.

10. The imprecisely formulated fourth objective of “providing a vehicle” for “advancing know-how” is a difficult one to evaluate. It should be reformulated to provide more precise guidance for Alliance strategies and action for learning and knowledge dissemination. The 2006 evaluation correctly found that the Alliance has more to do especially in dissemination and advocacy. Still, some good results have already been obtained, such as the CDS network and knowledge bank in the Philippines. In response to Sec-CA comments, IEG sees a dual

responsibility for the Alliance concerning these results: the Sec-CA as advocates of the best practice techniques, and CG-CA members as advocate of the key role of cities in economic and social development.

11. The Alliance has remained an efficient operation, with a reasonable overhead cost helped by keeping its Sec-CA staffing small. To know more about the efficiency in achieving results, the Alliance would have to provide parameters of unit costs and ERRs related to its TA work and to follow-on physical investments (made by others).

12. Considering the demand for and appreciation of Alliance work, the likelihood of future funding (from among 18 different sources), and the relevance of its global services, the sustainability of the Alliance into the future looks assured.

13. Although progress is being made, monitoring and evaluation (M&E) in the Alliance needs improvement. Thus far it does a better job in recording the delivery of its outputs than in monitoring the achievement of its objectives.

14. Governance was the focus of one third of the findings of the 2006 evaluation. The evaluation did not address, however, the issue of bringing city voices to the governing body, a necessary move for an Alliance that calls itself a “coalition of cities”. There is also a need to clarify some of the responsibilities of the bodies making up the governance structure of the Alliance. The inherent conflicts of interest arising from the Bank’s exercising its oversight of the Alliance through internal management channels has to be handled at many levels with great care. The Alliance’s governance has succeeded in two important areas — first, in persuading four developing country members to join the CG-CA (along with annual membership fees of \$100,000 each), and second in helping to sustain a distinct identity that has enabled the Alliance to develop its own brand recognition, for instance.

15. Management of the Alliance is obviously affected specifically by the Sec-CA manager reporting to the supervising manager of the Bank’s urban unit, in addition to the CG-CA governing body. To date, potential conflicts of interest arising from this have been handled pragmatically on a day-to-day basis by Bank and Alliance management, and with some success to which Alliance results can attest. IEG saw realistic management in action when it spent a full day with the Alliance for the purpose of this review.

16. The Bank’s own performance in its relations with the Alliance has, for the most part, been positive. As an Alliance partner, it brings more than thirty years of experience in urban development to bear. Its country programs help highlight areas in need of Alliance TA support. With Bank oversight of the Alliance through the CG-CA, with its administrative contacts with the Sec-CA, and with Bank task manager supervision of several Alliance TA activities, the risks that the Alliance’s work poses to the Bank are minimal. Also, given the high relevance and the unique comparative advantages of the Alliance as a global program, an exit strategy is not on the current agenda, as long as it remains focused upon Slum Upgrading and CDS, which continue to be in strong demand.

17. IEG’s review of the Alliance highlights the following lessons that are particularly pertinent today:

- The Alliance needs to continue to sustain excellence in the quality of its work as a global leader by remaining focused upon its core components of CDS and Slum Upgrading, both still in great need given the challenges facing cities today. Extra staffing will be needed to cope with the demand. It should avoid the temptation to move into other areas beyond its proven core expertise, lest it lose its claim to be a renowned leader in its originally chosen fields.
- The Alliance should always ensure that its products are different from those of the Bank, informing the Bank (and others) better why it is required to differentiate its products.
- The Sec-CA needs to strengthen its work in a number of areas: (i) monitoring and evaluation of the achievement of its objectives; (ii) tracking the fulfillment of its work programs through annual reporting; (iii) more detailed annual reporting of its financial results, together with the routine auditing of the accounts; and (iv) the financial analysis of resource mobilization to implement CDS and Slum Upgrading. Extra staffing will be needed in some of these areas.
- Ineffective dissemination can undermine even the best achievements. To become the top-rated global knowledge manager in Slum Upgrading and CDS, the Alliance needs to make its achievements better known, its objectives better understood, and what it must do to fulfill its objectives better recognized.

## 1. Program Objectives, Design, and Costs

1.1 The Cities Alliance, called the “Alliance” in this report, was born in May 1999 out of a partnership between the World Bank and UN Habitat to help implement the “Livable Cities” agenda of the United Nations Conference on Human Settlements held in Istanbul. This agenda focused squarely upon making cities work better and improving lives in slums. For this, top management in the Bank (the President) and UN Habitat (the Executive Director) agreed to set up a trust fund to finance two key components that constitute the work program of the Alliance to this day, namely: (i) City Development Strategies (CDS) for better city management and investment planning; and (ii) Slum Upgrading to improve the livability conditions of the poor. At the outset, therefore, the Alliance was much more focused than the very broad multi-donor Urban Management Program (UMP) of which it was an offshoot.

1.2 The first meeting of the governing body of the Alliance, the Consultative Group (CG-CA) was held in Berlin in November 1999, with former South African President Nelson Mandela presiding. At that time the World Bank recognized the Alliance as a global program to be supported through the Bank’s Development Grant Facility (DGF).

1.3 As laid out in its Charter, the four objectives of the Alliance since 1999 have been:

- *To improve the quality of urban development cooperation and urban lending;*
- *To strengthen the impact of grant-funded urban development cooperation;*
- *To 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*
- *To provide a structured vehicle for advancing collective know-how.*

1.4 The Charter also makes clear that the Alliance will try to achieve these objectives through providing technical assistance (TA) in the following two areas:

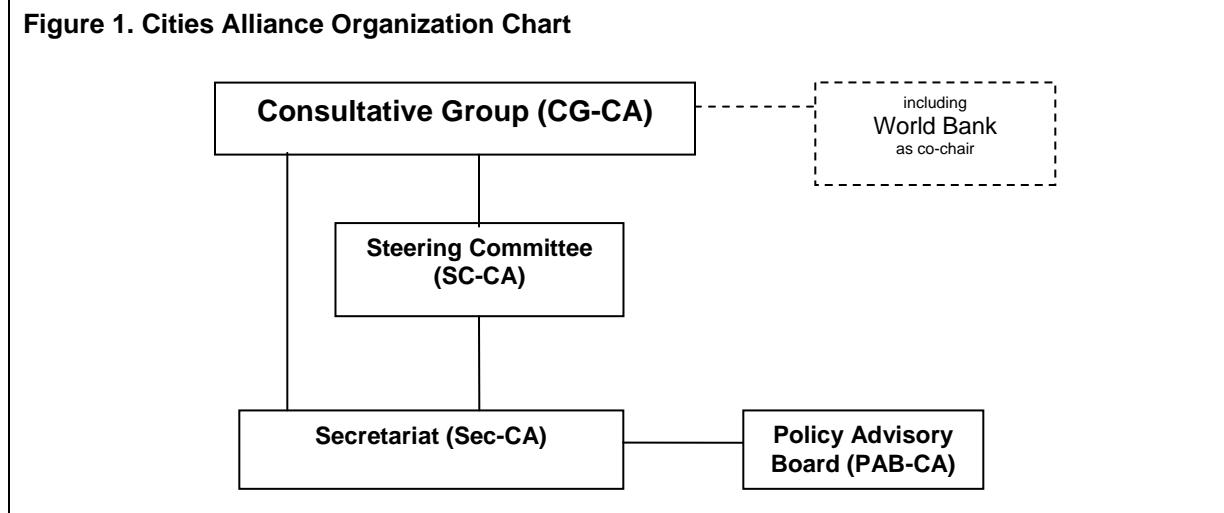
- *Slum Upgrading*, through the citywide and nationwide upgrading of low-income settlements to improve the livelihoods of the urban poor; and
- *City Development Strategies (CDS)*, aimed at formulating a broad consensus on a vision and a set of priorities for city actions.

1.5 The tight and consistent focus upon these two components has helped “brand” the work of the Alliance. The Alliance provides grants to fund technical assistance (TA) in these two areas. Together, the two components explicitly constitute two of the four building blocks of the Bank’s own urban development strategy, *Cities in Transition* (World Bank 2000). They also speak directly to the Bank’s poverty reduction, investment climate, and governance priorities. In contrast to the sharp focus on the two components, however, the Alliance objective statement is much less clear about what is to be achieved. Such unclear or unrealistic objectives can become a major handicap for a results-based approach both to management and to evaluation. For instance, the fourth objective’s imprecise formulation “a structured vehicle for advancing collective know-how” does not provide a parameter against which the performance of the Alliance can be accurately judged in this regard. The first

objective is a little more precise, calling for continuous and constant improvement in the quality of urban assistance in general, but is a tall order for a small program. Achieving the other two objectives may be more feasible, but a logframe explicitly linking program actions to results could help point the Alliance's way to success.

1.6 Although less so than for several other global programs, the Alliance's governance structure is somewhat complex. The formal governance structure itself is relatively straightforward (Figure 1). Complexity comes from the sometimes unclear and overlapping responsibilities of the different bodies in the organization chart.

**Figure 1. Cities Alliance Organization Chart**



1.7 The highest governing body, known as the Consultative Group (CG-CA) meets once a year to approve work plans and budgets and to direct the policy of the Alliance (Figure 1). The CG-CA currently has 20 Members, with 31 representatives according to the Alliance Web site [www.citiesalliance.org](http://www.citiesalliance.org) (details Annex B). These include donors and their agencies, as well as the recently added member representatives of recipient countries — Brazil, Ethiopia, Nigeria and South Africa. Cities themselves are not members of the CG-CA, but are represented through two associations of cities, namely the United Cities and Local Governments (UCLG) and Metropolis, both based in Barcelona. An *ad hoc* Steering Committee (SC-CA) of five CG-CA Members — six since 2006 — was set up in 2000 to provide more continual oversight between the full CG-CA's annual meetings. The SC-CA was not foreseen by the Alliance Charter. The day-to-day work of the Alliance is conducted by its Secretariat (Sec-CA) consisting, at this writing, of 14 staff based in the Washington DC office located within the World Bank building itself. The Manager of the Secretariat is selected following Bank recruitment procedures and the choice is endorsed by the CG-CA. A parallel body called the Policy Advisory Board (PAB-CA) provides the Sec-CA with expert advice. The Alliance Charter itself is silent on how PAB-CA members are chosen. But it is clear that the outstanding technical expertise of its members chosen by the Sec-CA should remain the key principle to enable the PAB-CA to fulfill its role as expert advisor to the Sec-CA, as they would for any expert panel advising a world class organization. At this writing the PAB-CA, has eight members (Annex B).

1.8 The Alliance is a genuine multi-donor partnership in which the Bank is just one partner. The principal donors and their shares of the nearly US\$90 million funds contributed to date are the United Kingdom (30 percent), World Bank (16 percent), Italy (13 percent), Sweden (11 percent), Norway (6 percent), Netherlands (4 percent), United States (3 percent), UN Habitat (2 percent), Germany (2 percent), Canada (2 percent), and France (2 percent). Slightly more than half this funding is called “non-core” by the Alliance, meaning that it has been earmarked by the respective donor for a particular use. The Alliance itself can exercise full discretion over the use of the remainder of “core” funds. Bank funding contributions to the Alliance come through the DGF, via its longer-term “Window 1” funding facility since 2006.

1.9 Financially, the Alliance has been a good deal for the Bank. As one of the agencies responsible for implementing the Alliance’s TA activities, the Bank has received US\$15.0 million from the Alliance to implement such activities (through June 30, 2005), according to a recent report by the Bank’s Global Programs and Partnership (GPP) Group (Munjee 2006). This exceeded Bank contributions of US\$10.9 million over the same period (Annex Table 5) — a surplus of US\$4.1 million in favor of the Bank. In other words, the Alliance has been an important source of trust fund financing for the Bank’s urban work.

1.10 Proposals for Alliance grant funding are always sponsored by a CG-CA member, implying some screening or pre-selection prior to submission to the Alliance itself. But it is not clear what criteria are applied to any pre-selection, or how this takes place, if at all. Most proposals thus presented are approved for Alliance funding, however. IEG heard varied opinions of Bank staff about how the Alliance handles these applications for grants. Some thought the process quick and simple, while others complained about complications and delays and the need to make several changes to meet the requirements of successive Sec-CA reviews. Bank urban staff and Sec-CA staff confirmed to IEG that, after an initial proposal is submitted, a lot more work is often needed to bring it up to a standard acceptable to the Alliance. Smaller grants up to US\$250,000 can be approved by the Sec-CA directly while larger ones require a priori approval by the CG-CA itself. Most grants are in the US\$100,000 – US\$400,000 range. More than half of all Alliance grants goes to TA for Slum Upgrading. True to the global nature of the program, grants are made worldwide, the most active regions (with their shares of total funding) being in Latin America (22 percent), Asia (14 percent), and Africa (12 percent). On top of these, the largest single share of 33 percent goes to global and multi-regional TA initiatives. Meanwhile, the overhead cost of Sec-CA accounts for about 12 percent, a reasonable level close to the Bank’s own overhead ratio.

1.11 From this year of 2007, when the majority of the world’s population will be urban for the first time in history, with one billion people living in slums, the demand for high quality assistance from the Alliance can only be expected to grow. In this context, IEG’s global program review (GPR) looks at the evaluation findings about the extent to which the Alliance achieved its own promise and delivered global public goods through harnessing knowledge about improving both cities and the lives of poor people living in them.

## 2. The 2006 External Evaluation of the Cities Alliance

2.1 The Bank's Development Grant Facility (DGF) requires that all programs which it supports commission an independent evaluation every three to five years. The 2006 Evaluation of the Cities Alliance prepared by Universalia of Montreal Canada, fulfilled that requirement, as had the earlier 2002 Evaluation by the Development Planning Unit of University College, London.<sup>1</sup> Universalia told IEG that it found the terms of reference (TOR) for the evaluation work to be clear. The 2006 evaluation was conducted over a period of 18 months by a team of six evaluators. During that period, the evaluation team interviewed 152 people face-to-face and 20 more by telephone around the world. They also carried out four case studies in Brazil, Egypt, India and Kenya, countries chosen jointly by the evaluators and Sec-CA to give a wide geographical coverage and for being among the Alliance's most important areas of activity. The evaluators conducted field visits to the first three. The 2006 evaluation also carried out two on-line surveys, one of 55 Alliance "member organizations" and another of 106 users of Alliance grants, but response rates were low, 29 percent and 11 percent respectively. Contacting the users proved particularly difficult for the evaluators. The Sec-CA lacked an up-to-date database of contact information for them — an obvious weakness for dissemination — but did its best to help the evaluators reach the practitioners. Assessment of the quality of particular Alliance products was beyond the evaluation TOR and was not reported by the evaluation team. The final report was approved by the CG-CA in November 2006 and is now posted publicly on the Alliance Web site.<sup>2</sup>

2.2 Both evaluations (2002 and 2006) were called "independent" and they made every effort to be so within the constraints of the Alliance governance structure itself and the Bank's own administrative requirements. Alliance governance gives the CG-CA oversight responsibility, but the CG-CA cannot provide the day-to-day support and supervision required by an evaluation exercise. In practice it fell to the Sec-CA to draft the terms of reference (TOR) and call for proposals by interested consultants. There were 17 expressions of interest. The Sec-CA drew up a short list of five submissions, eventually recommending Universalia on the strength of the evaluation methodology of its proposal. However, a change was made to the Universalia evaluation team, at Sec-CA's request to strengthen the professional coverage of urban issues. The Sec-CA reviewed Universalia's draft evaluation report, calling mainly for corrections of fact. Apart from some re-interpretation of the Brazil case study following comments by the Sec-CA, the Alliance itself did not infringe on the independence of the evaluation. Both evaluators and Sec-CA staff interviewed by IEG confirmed that the evaluators were able to submit all the findings and recommendations they deemed to be pertinent. Neither did the evaluators feel under pressure to present findings or recommendations that did not arise from their own work. The evaluation was conducted professionally by the evaluators and the Sec-CA. In fact, the Universalia evaluators told IEG that they were struck by the helpfulness and openness of the Sec-CA, both through the ready

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1. According to an earlier IEG review, the 2002 evaluation of the Cities Alliance was one of the best evaluations of a global program up to that time (OED 2006).

2. [http://www.citiesalliance.org/doc/members-pages/independent\\_evaluations/2006/final\\_report\\_vol\\_2\\_case\\_studies\\_17Oct2006.pdf](http://www.citiesalliance.org/doc/members-pages/independent_evaluations/2006/final_report_vol_2_case_studies_17Oct2006.pdf).

provision of data and information requested and assistance in setting up contacts for the evaluation.

2.3 Although the TOR called for a results-based assessment<sup>3</sup> of the performance of the Alliance, only 11 of the 2006 evaluation's 33 findings address the results achieved with respect to one or other of the four objectives of the Alliance. Being only partly focused upon the objectives in this way is a shortcoming for a results-based evaluation. Three other evaluation findings are about relevance, while the remaining 19 speak to governance and management aspects. These are important in themselves, but unable to tell us whether or not the Alliance is delivering the results expected of it. IEG would have liked to seen more weight given to assessing the relevance of those objectives and the efficacy in achieving them. Moreover, it is important for objectives to be clear — not always the case for all of the Alliance's. Since the evaluation did not give critical feedback on the Alliance's objective statement, nor suggestions about any reformulation of it, the present GPR takes a closer look at these aspects later in this report.

2.4 IEG found that the 2006 evaluation could have been more circumspect in searching for evidence and drawing conclusions. For instance, it found that Alliance grants of US\$80 million have been linked to investments in urban infrastructure of US\$8.2 billion, but it does not explain — theoretically or empirically — how such a large investment can be attributed to the Alliance grants. The counterfactual would require, for instance, that no Bank urban investment would have taken place without the Alliance — hardly a plausible hypothesis. The evaluation makes a similar claim for the large-scale impact upon national Slum Upgrading policy for Brazil as a whole, through Alliance work in Salvador, again with little evidence of attribution. Similar claims in need of more substantiation have been made by the Alliance itself. A recent report on CDS, for instance, indicated that the success of the cities of Shanghai and Glasgow in recent years has been due to their focused strategies (i.e. CDS), in contrast to the difficulties faced by Manila and Lagos, cities that lacked them (Cities Alliance 2006b, p.1). Obviously there are other important explanations for the different performance of each pair of cities, notably economic growth rates, levels of GDP per capita and central government investment in the respective cities, to mention but a few.

2.5 On the other hand, the 2006 evaluation is admirably candid about the weaknesses of its own survey work and case studies. For the case studies, it notes that there was little time or resources for extensive visits to the countries chosen. One of them, Kenya, received little input from the Sec-CA and was not even visited by the study team. As a result, the 48 page Volume II of the final evaluation report dedicated to the case studies contains, for the most part, general material on the urban development in the four countries. There is only a limited description and assessment of what was actually done through Alliance TA, and how well. This can leave the reader uninformed about what the Alliance assistance actually did and achieved in those places. Clearly, field work in future evaluations has to be more adequately funded.

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3. The TOR called for an assessment of: (i) the Alliance performance (both efficacy and efficiency) in achieving its objectives and desired results; and (ii) the extent to which Alliance objectives and strategy remain relevant to the urban development agenda and are focused on the most important strategic challenges that cities will face in the next decades.

2.6 Overall, the findings of the 2006 evaluation are mostly positive about the Alliance. It found the Alliance had succeeded in taking project experiences to a higher city or country-wide level. Leveraging follow-on investments from Alliance TA had, according to the evaluation, become more coherent, while the Alliance had helped develop stakeholder capabilities, particularly in Slum Upgrading. On the more negative side, the 2006 evaluation found that the Alliance needed to do more to bring about the exchange and transfer of knowledge through developing a strategy of gaining influence through more effective knowledge sharing.

2.7 The 2006 evaluation produced six recommendations (Table 1). For the most part, they provide useful guidance for strengthening Alliance operations. In the way that the recommendations are formulated, their relationship to achieving the Alliance's objectives is uneven. While there are two important recommendations (5 and 6) about knowledge management and dissemination, there are none about improving the quality of urban cooperation and expanding the level of resources reaching the urban poor, key objectives of the Alliance. The second recommendation about working more on municipal finance seems

**Table 1. 2006 Evaluation Recommendations and Initial Management Response**

Recommendations of 2006 Evaluation /1	Initial Responses by Sec-CA Management /2
1. The Cities Alliance should now "scale up the issue" of upgrading slums and preventing slum formation in the broader development agenda	<ul style="list-style-type: none"> <li>• New product lines</li> <li>• New range of promotional materials</li> <li>• Target knowledge gaps (climate change, preventing new slum formation)</li> <li>• More attention on environment</li> </ul>
2. The Cities Alliance should continue its work on municipal finance issues and increase the integration of sustainable financing in CDS and Slum Upgrading initiatives.	<ul style="list-style-type: none"> <li>• Target knowledge gap of intergovernmental finance</li> </ul>
3. The Sec-CA should strengthen and enhance the Alliance monitoring and evaluation system	<ul style="list-style-type: none"> <li>• Develop and introduce a M&amp;E strategy</li> </ul>
4. The Alliance should review and revise the roles, responsibilities, and delegated authorities of the CG-CA, PAB-CA, SC-CA and Sec-CA, and should update its policies and procedures.	<ul style="list-style-type: none"> <li>• Work program with multiple CG-CA members</li> <li>• Finalize and introduce an Operations Manual</li> <li>• Simplify and clarify Alliance procedures</li> </ul>
5. The Alliance should strengthen its role in sharing knowledge that is of use to members and cities.	<ul style="list-style-type: none"> <li>• Implementation of knowledge management system</li> </ul>
6. The Alliance should strengthen the Sec-CA so that it can play a greater role in advocacy and knowledge sharing.	At this writing there is no specific response in the MTP, but Sec-CA has already taken a number of measures in this direction.
<p>Sources:</p> <p>/1 2006 Evaluation Final Report — unedited.</p> <p>/2 First draft of Medium-Term Plan 2008-2010 (MTP) by Sec-CA — IEG interpretation.</p>	

unrelated to any specific evaluation finding. Finally, IEG fully endorses the recommendation calling for the Alliance to strengthen its monitoring and evaluation (M&E) system.

2.8 In response to the 2006 evaluation and to implement its recommendations, the Sec-CA is in the early stages of drawing up a Medium Term Plan (MTP) 2008–2010. The initial responses and their relationship to each of the evaluation recommendations, as understood by IEG, are summarized in Table 1. At the time of this writing, the Sec-CA management response has been particularly strong in highlighting the issue of Slum Upgrading and in reviewing and revising the roles of various Alliance bodies. The Sec-CA has yet to develop more specific responses in the areas of M&E, advocacy and knowledge sharing. But IEG recognizes that these are still early days in formulating the management response. It would, of course, be important to have the MTP ready for action and for endorsement by the CG-CA at its next meeting, scheduled for the fall of 2007.

### **3. The Effectiveness of the Cities Alliance**

#### **RELEVANCE**

3.1 *Supply-side relevance:* There is consensus among donors and civil society that Alliance support for Slum Upgrading, through its slogan “Cities without Slums” is highly relevant. The 1996 Istanbul Declaration of Human Settlements, following the U.N. conference gave universal endorsement to upgrading slums or informal settlements as good urban development practice. Large scale clearance and re-development without compensation was no longer regarded as a desirable or practical solution to slums. Actions in Zimbabwe to demolish slums and forcibly evict slum dwellers in the early 2000s, for instance, repeating what several other countries used to do decades earlier, were quickly condemned. The 2006 evaluation found CG-CA members strongly endorsed the Alliance’s support for Slum Upgrading, and Alliance partners in the cities themselves trusted the Alliance stance on slums. As much as mobilizing more resources, the objective of improving the quality of assistance for urban development is especially relevant for donors seeking best practice experiences to replicate at scale, something they could not do by themselves. An important indicator of relevance is how the Bank itself took CDS and Slum Upgrading as centerpieces of its own 2001 urban sector strategy, *Cities in Transition* (World Bank 2000), that explicitly acknowledges the Alliance as a partner in this effort. Thus, for its peers, the Alliance has become a valued focus of a real community of modern urban development practice.

3.2 The concept of CDS is a very broad one, perhaps in need of more precise definition and characterization, as discussed later (paragraph 3.19). Still, in its broad formulation, a focus upon CDS would hardly put Alliance work into a strait-jacket, especially as the improvement of city management becomes more crucial in an urbanizing world. The Alliance has already signaled its support for a broad range of CDS products. These have ranged from national systems of CDS in Philippines and Egypt to assistance to one particular city, such as Belo Horizonte in Brazil. CDSs for several cities in China have helped them formulate informal urban development strategies that, while being widely accepted by city managers, do not have to pass muster within China’s own very formal planning system. Bank

interest may be more narrowly restricted to city clients that feature in its lending program pipeline. Alliance CDS TA continues in Russia, where Bank urban lending is moribund. In the cities of Ha Long and Can Tho, Vietnam, Alliance CDS work encouraged local mayors to think on a higher plane about the future development of their cities. In short, a CDS supported by the Alliance can be a more visionary strategy than what the traditional authorizing environments are used to.

3.3 The 2006 evaluation found that the Alliance has retained its original core focus upon the twin components of CDS and Slum Upgrading. In the volatile international business of urban development cooperation, the Alliance's consistent support for TA in two priority areas that are still much in demand is noteworthy. As the 2006 evaluation noted, absorbing new lines of business beyond CDS and Slum Upgrading could dissipate the expertise and supply-side relevance that the Alliance has consolidated thus far. It may, therefore, appear inconsistent to support a current move by the Alliance into a third area of work, namely municipal finance. In 2006, the Alliance even set up a special ad hoc working group called the Municipal Finance Task Force (MFTF) to lay the groundwork for possible future Alliance TA under this would-be third component. The Alliance is candid about its limited know-how in this area (Cities Alliance 2006a p. 32), and the MFTF Web site <http://www.mftf.org/index.cfm> is only thinly populated with relevant information thus far. Most Bank staff interviewed by IEG were against an Alliance move into municipal finance as a third component of its activities. Municipal (and sub national) finance has become a crowded field of work needing specialized inputs of the highest quality beyond the core expertise of the Alliance in Slum Upgrading and CDS. The Sec-CA could and should do more work on the financial aspects of these two areas, especially on resource mobilization. This would require additional Sec-CA staff with experience of local government and expertise in financial analysis. A strengthened Sec-CA could also focus, for instance, upon what cities can do to find public and private resource to finance infrastructure investments that necessarily follow grant-funded Alliance TA. Such advice, which a strengthened Sec-CA could become well positioned to provide, would, no doubt, be welcomed by city mayors.

3.4 **Demand-side relevance:** Municipal and urban community beneficiaries reckon Alliance Slum Upgrading and CDS TA to be highly relevant to the needs of their cities, according to the 2006 evaluation. On the other hand, not having the voice of individual cities heard at the CG-CA is a void for an Alliance that describes itself as a "coalition of cities." Of course, two associations of city governments, both based in Barcelona, the United Cities and Local Governments (UCLG) and Metropolis, are important and valued CG-CA members, but their staff representatives cannot bring a city-level perspective that a city mayor can. The 2006 evaluation case studies of Salvador, Brazil and Nairobi, Kenya also showed that now some Alliance work bypasses city governments. The 2006 evaluation correctly pointed to the need for the Alliance to work more closely with cities themselves, especially poorer ones. The Alliance might want to consider inviting three or four different mayors each year from cities that hosted good practice CDS or Slum Upgrading as non-voting participants of the CG-CA meetings. Better represented on the other hand are the voices of four developing country partners on its governing body (along with annual membership fees of \$50,000) — a rare feat for a global program located within the Bank. That international priorities and consensus are behind the Alliance's work is evident from the Millennium Development Goal

(MDG) target of improving the lives of 100 million slum dwellers. The Alliance is probably the only global program that has “its own” MDG target.

3.5 ***Vertical relevance — subsidiarity:*** Operating in all regions of the world through a partnership of international players gives the Alliance the reach needed to be able to disseminate its experience with CDS and Slum Upgrading as global knowledge products. Only at the global level is it possible to bring together the international experience that the Alliance is in principle able to do. What sets the Alliance apart from other global players such as the Bank itself, however, is the Alliance’s convening power among cities. It gives cities themselves a chance to channel their particular demands for assistance into local, national and global networks of support created by the Alliance.

3.6 ***Horizontal relevance — absence of alternatives:*** By differentiating its CDS and Slum Upgrading products in this way, the Alliance has succeeded in carving out its own niche, positioning itself well to provide global public goods for cities and to advocate solutions for urban poverty internationally that individual donors especially cannot. The Bank, for instance, always has to keep one eye on the needs of its lending program. Bilateral donors have to consider the national policies and priorities that their governments represent. Not being directly harnessed to any one particular partner’s larger investment plans, gives the Alliance greater flexibility in approaching CDS and Slum Upgrading TA than multilateral and bilateral donors with their own agendas of urban cooperation.

3.7 ***Relevance of design of the Alliance:*** The tight and consistent focus upon TA to just two key components, CDS and Slum Upgrading, that continue to be very much in demand, is very positive feature of the Alliance strategy. In this way, it does not try to be all things to all people. Another redeeming feature of the design is the ability to retain a slimmed down Sec-CA despite the worldwide scope of its work. Such a Sec-CA can respond in an agile fashion to the demands emanating from its increasingly diverse governing body, the CG-CA.

## EFFICACY

3.8 This part of the GPR reviews 2006 evaluation evidence for the Alliance’s achievement of each of its four objectives in detail (summarized in Table 2).

3.9 ***Better quality assistance:*** The objective of improving the quality of urban development cooperation and urban lending is an important but perhaps very demanding one. In hindsight, the very high expectations of continuous improvement across the board rather than simply achieving and maintaining a high standard of excellence, may have been the product of excessive zeal at the time the Alliance Charter was being drafted in 1999. Today, this objective might benefit from some revision to focus upon good practice rather than improvement per se. Of course, some improvement and innovation would be expected, but this would only be part of the story of the Alliance becoming the world center of excellence in CDS and Slum Upgrading. There is anecdotal evidence of the good quality of work done through Alliance grants. Among global funds within the Bank, the Alliance is recognized as one that has “raised the bar” through the high technical quality of most of its work. According to the 2006 evaluation, Alliance TA in Salvador, Brazil, albeit in a city where the Bank itself has had a very active urban lending for nearly 25 years, helped improve M&E systems for Slum Upgrading that were later incorporated into larger projects. The 2006

**Table 2. 2006 Evaluation Findings about the Achievement of Cities Alliances Objectives (unedited)**

<i>Alliance Objectives (as per Charter):</i>	<b>1. Better quality assistance</b> <i>(To improve the quality of urban development cooperation and urban lending.)</i>	<b>2. Greater impact of grant assistance</b> <i>(To strengthen the impact of grant-funded urban development cooperation.)</i>	<b>3. More resources to the poor</b> <i>(To 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.)</i>	<b>4. More knowledge</b> <i>(To provide a structured vehicle for advancing collective know-how.)</i>	<b>(Relevance)</b>
<i>2006 Evaluation Findings:</i>	Alliance activities led to greater coordination and coherence among partners (#6)  Alliance grants have strengthened local capacity, but this is not institutionalized (#9)	Scaling up remains a challenge, but Alliance activities have contributed to replication on a higher scale (#8)  Impact of Alliance on the ground is affected by local leadership, inter-governmental relationships, capacities and opportunities (#10)  Alliance has raised the profile of urban issues (#12)  Alliance provides opportunities for capacity building according to municipalities and communities (#32)	Alliance grants of US\$80 million have leveraged US\$8.2 billion investments (#7)	Alliance still needs a strategy for learning and advocacy, focused more on the process of exchange than on instruments (#11)  Alliance grants have helped knowledge sharing and networking among cities, but more could be done (#13)  Alliance needs to maximize knowledge sharing through municipal associations (#14)  Alliance has a unique niche for building social capital (#33)	The Alliance has kept its core focus upon Slum Upgrading and city development strategies (#1)  This focus is appropriate — adopting another might dilute Alliance efforts (#4)  The Alliance's exploring sustainable finance for cities is a positive step, but how it will integrate Slum Upgrading and CDS is not clear (#5)

Source: Unedited 2006 Evaluation Findings (# number in parentheses is the number given to the finding in the final evaluation report).

evaluation found that the Alliance excelled in coordinating donors around its grant-funded TA. Clearly, the Alliance could considerably enhance the quality of urban development cooperation through more quality control of urban assistance and, of course, the broad dissemination of the results obtained.

3.10 Every Alliance TA activity has not been systematically evaluated for performance and quality. As for TA in Bank projects and programs, most evaluation of Alliance work depends upon self-evaluation by the grantees themselves, represented by officials of recipient organizations, including task managers in the case of the Bank. With its small staff complement, the Sec-CA has fewer staff per TA activity than the Bank. Being able to do thorough self-evaluation and disseminate its results is one key reason for increasing Sec-CA staffing. Yet even within existing constraints, Sec-CA staff do conduct reviews in the field of a few selected grant-funded TA activities. As well as increasing the number of reviews in the future, the sample could be chosen more systematically or even randomly, to enable the Sec-CA to draw general conclusions about the overall quality of Alliance grant-funded work. Grant-funded work in Guatemala, for instance, examined possible private financing of Slum Upgrading, an innovative idea widely discussed at a six-nation conference. But there were reported failings too, such as in the difficult working conditions in the Kibera slum in Nairobi. More generally CDS work was found to be more successful in cities of up to one million inhabitants. But, with the limited data and evaluation work we have thus far, it is still not possible to unequivocally answer the key evaluation question about the counterfactual: What would the quality of urban development cooperation and lending have been like, had the Alliance not existed?

3.11 ***Greater impact of grant assistance:*** There is evidence that the Alliance has achieved this objective. It calls for strengthening the impact of grant-funded urban development cooperation and is about ensuring that Alliance grant-funded TA obtains results on a larger scale than other TA has in the past. The 2006 evaluation found that Slum Upgrading TA in particular, accounting for two-thirds of Alliance grant funding, led to replication on a larger scale. The evaluation found, for example, that Alliance TA provided opportunities for the broader exercise of existing good local leadership. In other words, good city mayors involved in Alliance work could interact more broadly with other cities. Another important impact has been how the Alliance has helped retain a high profile of urban issues among donors, something that IEG was readily able to confirm through discussions with Bank urban staff. Finally, the 2006 evaluation reported anecdotal evidence of local capacity building through Alliance TA.

3.12 Through grant-funded TA in all regions of the world, the Alliance is truly a program with impacts in many countries. One-third of the total goes directly to work at the global or regional levels, such as recent study of urban transition in Africa. Across regions themselves, the largest shares of funding went to Latin America (22.9 percent), Sub-Saharan Africa (12.7 percent), and Asia (11.3 percent), with much smaller allocations to Middle East/North Africa and East Europe/Central Asia.

3.13 There are many concrete examples of the impact of Alliance grant-funded TA for both CDS and Slum Upgrading TA. In the Philippines, for instance, CDS TA has now been successfully scaled up to the national level and become an international standard of good

practice, following local work funded by the Alliance since the early 2000s. The experience and results of City Development Strategies in the Philippines (CDSPh) are now readily accessible in the public domain through the Internet [www.cdsea.org](http://www.cdsea.org). Similar results have been reported for South Africa, too. CDS work in Alexandria, Egypt, according to the 2006 evaluation, led to reforms of local city development regulations. On the Slum Upgrading side, Alliance-funded TA has led directly to scaling up in Salvador, Brazil. A larger “Viver Melhor” project was later funded by the Bank. Once more, it should be recognized that the Bank was already a big urban investor in Salvador long before this particular Alliance experience. Furthermore, the 2006 evaluation finding that this experience led to national urban policy reforms through Brazil’s federal Ministry of Cities is not backed up by evidence of its widespread adoption throughout the country.

3.14 Alliance grant assistance has also had an impact upon the Bank. Most Bank staff interviewed by IEG agree that Alliance persistence with its twin CDS and Slum Upgrading components has helped the Bank itself remain focused upon urban development issues for the poor, even when Bank restructuring and reorganization otherwise dissipated that attention. Beyond influencing the Bank, Sec-CA told IEG that the Asian Development Bank (ADB) has begun to look more closely at urban issues in its region, in part thanks to its interaction with the Alliance as a newer member of the CG-CA. On the downside, however, there have been complaints by some CG-CA members that the Sec-CA does not do enough to explain to them how to raise the profile of urban development issues within the governments and agencies they themselves represent.

3.15 ***More resources to the poor:*** Of all four objectives of the Alliance, the 2006 evaluation tells us least about the achievement of the third one of expanding the level of resources reaching the urban poor. The Alliance was supposed to achieve this through increasing the coherence of existing programs and sharpening the focus on scaling-up successful operations. The 2006 evaluation makes a weak claim that donor investments in urban development during 1999–2006 of US\$8.1 billion — 62 percent made by the World Bank — are somehow the result of the US\$80 million worth of Alliance funding. It does not explain, for instance, how such a large investment can be attributed to Alliance TA, how the amount itself was estimated, or how much went to the poor. Such a claim cannot stand up to an evaluator’s test of the counterfactual, namely how much donor urban investment would there have been without Alliance TA — surely not zero?

3.16 Nevertheless, individual examples of Alliance TA multiplying investment resources are widely reported. In Morocco, for instance, a US\$0.4 million grant for TA on methodologies of Slum Upgrading led to results supported by the national authorities who have now adopted a nationwide US\$150 million cities without slums initiative. Following the Alliance’s US\$0.3 million grant for the Alexandria CDS, an additional US\$100 million of private and public money has been invested in that city’s growth pole, at the heart of the CDS. Alliance grant-funded CDS in Vietnam unexpectedly laid a foundation for later urban investment by the Bank on a large scale. While examples such as these are persuasive, the Alliance could make more efforts to marshal concrete evidence of the financial multiplier effects of its own grant funding. The Alliance and its evaluators also have to make a convincing case for the attribution of such multiples to the TA itself through systematically explaining the results chain that led to them.

3.17 In a more convincing way but on a smaller scale, Alliance efforts have helped mobilize additional resources for the poor through better coordination among donors and other contributors. In the case of Alexandria, Egypt the 2006 evaluation reports how the CDS was able to involve the high profile Bibliotheca Alexandrina and the private sector Alexandria Businessmen's Association, leading to more infrastructure funding in partnership with local authorities. The success of the Alliance's convening power among many different stakeholders is recognized by the 2006 evaluation, confirmed by Bank staff interviewed by IEG. Through it the Alliance can put mayors of smaller and poorer cities in touch with this network, as it did recently for the mayor of Maputo, Mozambique. In China's Hunan province, as well as fostering a better understanding of interdependencies in urban regions, CDS work even led to some modest networking among cities notorious for their go-it-alone approach to urban improvement.

3.18 ***More knowledge:*** As noted at the beginning of this review, the Alliance objective of "providing a structured vehicle for advancing collective know-how" is an imprecise formulation for guiding Alliance strategies and action in learning and knowledge dissemination. It is not much use for evaluation either. Nevertheless, the 2006 evaluation did provide a number of valuable insights into the knowledge management results of the Alliance, albeit limited ones thus far. As did its predecessor in 2002, the 2006 evaluation found that the Alliance still needed to formulate a strategy of learning and advocacy, one more focused upon strengthening the processes of exchange and dissemination of knowledge generated by Alliance work than just production of knowledge products in the form of publications and Web-site postings. The 2006 evaluation also found that, while there was some knowledge sharing and networking at the city level, more could be done globally to disseminate best practice experiences. IEG found that the Philippines CDSPh example mentioned earlier could well be put to such use. CDSPh is potentially very successful in connecting Web-site visitors to numerous relevant resources, including, most importantly, the "knowledge managers" in each city. Web pages provide their e-mail addresses and telephone numbers enabling practitioners to contact them directly to learn more. The Alliance could attempt to replicate this at the global level, although success cannot be guaranteed. A similar approach to the Philippines has not worked as well, for instance, in India, where a CDS Web site for the City Managers' Association of the State of Karnataka is still short of useful information for lack of support by higher state-level authorities.<sup>4</sup>

3.19 Following the recommendations of the earlier 2002 evaluation, the Alliance has done more to disseminate the results of its work. The Sec-CA's recent review of CDS is an example (Cities Alliance 2006b). While providing useful guidance to practitioners already familiar with CDS about how to prepare one, it does not explain to other interested but less informed readers exactly what CDSs are and how the Alliance supports them. From its discussions with Bank staff, IEG heard that CDSs were too loosely conceived. Alliance emphasis has been more upon the processes to follow in order to produce CDSs, rather than explaining exactly what individual CDS products actually are. As well as explaining this better, the Alliance has work to do to identify (or develop) criteria that help determine what constitutes a good practice CDS. IEG noted Sec-CA's reluctance to adopt a formal template to guide the production of good CDSs, for fear of losing flexibility in the process. Criteria for

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4. See [http://www.cmag-india.com/about\\_cmag\\_sisterCMAs\\_bangalore.htm](http://www.cmag-india.com/about_cmag_sisterCMAs_bangalore.htm).

identifying good practice are needed, however, to enable evaluation by the Alliance and others to point to the experiences most worth replicating. For its experience and expertise in this area, the Alliance is obviously best placed to help urban players recognize (and eventually produce) good CDSs.

3.20 For Slum Upgrading too, IEG endorses the 2006 evaluation finding that the Alliance can do more knowledge-sharing like this through the many associations of municipalities existing throughout the world. The Sec-CA could systematically build a network of such associations through which to disseminate its best work, especially in countries where the Alliance's activities have been few. This is too specific and urgent a task for the Sec-CA to expect the UCLG member of the CG-CA to do alone.

3.21 From its six years of experience focused upon CDS and Slum Upgrading to date, the Alliance has yet to fully realize its potential as *the* global community of practice in assisting urban development for the poor in these two areas. Using the words of the 2006 evaluation, the Alliance has yet to build the “social capital” for such a community to thrive. From its discussions with Sec-CA and Bank staff, IEG found that the need, indeed obligation, for the Alliance to become *the* principal global center of excellence in CDS and Slum Upgrading was not widely understood or even always welcome. On the Bank’s side, some IEG interlocutors found it hard to fathom the idea that the Alliance should be doing something different from and even better than the Bank. On the Sec-CA side, IEG noted only a latent appreciation by Sec-CA staff of the Alliance obligation to achieve international best practice results in Slum Upgrading and CDS through its grant-funded TA.

3.22 . In response to Sec-CA comments on this GPR, IEG sees a dual responsibility for the Alliance concerning the results achieved thus far: the Sec-CA as an advocate of the best practice techniques, and CG-CA members as advocates of the key role of cities in economic and social development.

## **EFFICIENCY**

3.23 The efficiency of the Alliance in pursuing its objectives has been helped thus far by keeping the Sec-CA staff complement small, even as the governance arrangements have expanded. The number of current core Sec-CA staff has stabilized at 14 since the Alliance became fully operational six years ago. Latest (unaudited) figures from the Alliance 2006 Annual Report point to a total accumulated cost of US\$11.2 million for the Sec-CA since the inception of the Alliance in 1999, equivalent to an overhead of 12.2 percent of the total value of grants approved, a similar level to the Bank’s. With the anticipated growth of the Sec-CA as it expands its activities on financing CDS and Slum Upgrading, monitoring the continued efficiency of the Alliance will be even more important. In response to Sec-CA comments on this point, IEG does not see a trade-off between size and efficiency. On the contrary, the GPR wishes to emphasize that expansion and efficiency should go hand-in-hand.

3.24 Beyond this, there is a need for other means to measure the efficiency of the Alliance and its TA. The Alliance could help develop parameters of cost-effectiveness of CDS TA for different sizes of cities, for instance. As well as cost standards for the Alliance TA itself, other cost parameters could point to reasonable unit costs per beneficiary family for planning and implementing Slum Upgrading in different regions and types of cities. In addition, the

Alliance could do more to provide parameters for estimating the efficiency of infrastructure and other investments (by others) following Slum Upgrading and CDS TA. The Alliance could also provide guidance regarding how best to estimate the economic rates of return (ERR) from such investments. The 2006 evaluation provides few answers to questions about the efficiency of the Alliance, its TA and the consequences of it. Evaluators need to know more.

## **SUSTAINABILITY**

3.25 The 2006 evaluation did not explicitly address the extent to which the Alliance itself and its results are resilient to risks they may encounter later on. To help its own assessment of sustainability, IEG tried to find answers to four different evaluation questions. First, is there demand for Alliance work? Since the Alliance approves nearly all the applications it receives for grant funding, it raises the concern that demand for these grants might be weak (other possible reasons for this are discussed in paragraph 3.37 below). Second, do stakeholders show continuing appreciation for what the Alliance does? The (few) respondents to the 2006 evaluation surveys gave positive answers, as did Bank staff and management familiar with the Alliance who were interviewed by IEG. Third, is funding likely to be assured into the future? So far, the Alliance has enjoyed stable and consistent funding by its donors, who reliably follow through with their commitments. Having 18 donors reduces the risk associated with reliance on just a few. Fourth, is there an “exit strategy” for the Alliance to withdraw from the work it currently does? Given the ongoing challenges and opportunities posed by urban development in developing countries and the worldwide demand for solutions in terms of Slum Upgrading and CDS, there will be a continuing need for the services of a global program such as the Alliance that cannot be provided by others into the foreseeable future. These answers point to the longer-term sustainability of the Alliance, something that should be supported given the high relevance of what it does.

## **MONITORING AND EVALUATION (M&E)**

3.26 The 2006 evaluation found the Alliance to be making some progress in implementing M&E, whose weakness had been criticized by the earlier 2002 evaluation. Still more needs to be done, however. The Sec-CA now routinely evaluates Alliance-funded TA once completed. Most “evaluations” are quick desk reviews that assess the quality of final reports submitted to the Sec-CA by the recipients of the grants. In addition, Sec-CA staff travel to the field each year to make on the ground assessments of a few TA assignments. IEG was present at a Sec-CA staff meeting that heard a back-to-office report of such evaluations. While informative on a case-by case basis, these evaluations still need to evolve into systematic assessments, however, using standardized criteria and performance indicators. As noted earlier, these have yet to be developed by the Alliance. A recent Alliance report on CDS, for instance, included a section on “selecting appropriate indicators” but did not say what those indicators might be or give any examples of them (Cities Alliance 2006b).

3.27 A bigger M&E gap for the Alliance continues to be the lack of an evaluation framework to track how the Alliance itself performs in meeting its own objectives. Even knowing that individual Slum Upgrading and CDS TA may have done very well tells us little about the overall performance of the Alliance as a global program trying to meet its

objectives. For this, the Alliance needs a logframe that can link an operational work program to Alliance objectives through monitorable performance indicators to measure the results achieved. Where the objectives themselves are weakly formulated, such as objectives one and four (paragraph 1.2), a logframe can be a useful instrument to help reformulate them. As much as any other global program, the Alliance needs a clear and tight program objective statement whose achievement can be made readily operational.

3.28 Why Alliance M&E was able to track outputs and deliveries of its grant-funded TA, but not their urban development results for cities was a question that had already been asked by the earlier 2002 evaluation. Tracking results is obviously more difficult. But at the end of the day, stakeholders and the interested general public will want to know what difference Alliance-funded TA work has made to the conditions of people living in slums in developing country cities and to the management of the cities themselves. To excel in its work and to be seen to be doing so, the Alliance needs to provide well informed answers to a legitimate evaluation question such as this one.

3.29 At this writing, the Sec-CA clearly recognizes the need to strengthen M&E, but is still working out such details in the Alliance's Three Year Medium-Term Plan currently under preparation.

## **GOVERNANCE**

3.30 The 2006 evaluation provided its richest feedback on the governance of the Alliance. Nearly one third of all the evaluation's findings were about governance, understood by this review to be the principles, organizational structures and arrangements, accountabilities and procedures needed to make the global program work. The emphasis of the 2006 evaluation on governance was not in response to the need to address any particular problems in this regard. It simply reflects the somewhat biased attention of the evaluation, away from a more detailed results-based assessment of the achievement of the Alliance objectives. The 2006 evaluation findings on governance and related aspects are summarized in Table 3.

3.31 An important governance reform for the Alliance that was not covered by the 2006 evaluation is to ensure that cities themselves are in evidence in the governance of the Alliance. How can a *Cities* Alliance which calls itself a "Coalition of Cities" and which claims to understand local needs for urban assistance continue without city representation on its governing body? As a first step, the CG-CA could make ad hoc invitations to 3–4 mayors of cities that hosted good practice Alliance CDS or slum upgrading to attend its next CG-CA annual meeting as non-voting participants observers, as mentioned earlier.

3.32 For some bodies within the existing governance structure of the Alliance, the 2006 evaluation found that there was a need to clarify the definitions of some of their functions. It expressed particular concern with what it thought was the unclear oversight role of the CG-CA over the Sec-CA and the need to reinforce the latter's accountability. IEG sees more urgency (i) to clarify the roles and responsibilities of the SC-CA which have yet to be formalized in the Charter, and (ii) to make the PAB-CA into a truly expert panel of leading world experts in CDS and Slum Upgrading. As far as the Sec-CA's accountability is concerned, the potential conflicts of interest that arise from its relationship with the Bank are the most pressing concern. For instance, the manager of the Sec-CA has a direct reporting

**Table 3. 2006 Evaluation Summary Assessment of City Alliance Governance and Management (unedited)**

<b>1. Governance</b>	<b>2. Management</b>	<b>3. Resource Mobilization</b>	<b>4. Monitoring and Evaluation</b>
<p>Need for clearer definitions of roles of certain functions within the Alliance governance structure (#17).</p> <p>Adding recipient countries to CG-CA is good but brings some ambiguity to Alliance governance (#18).</p> <p>CG support for current decision making process and implementation by Sec-CA (#19)</p> <p>Bank/Habitat partnership for Alliance is commended but tension between these partners do affect the Alliance (#20)</p> <p>Need to clarify the mandate of the SC-CA (#21)</p> <p>Need to update vision of the PAB-CA (#22).</p> <p>Current allocation of corporate authorities within the Alliance under resources key activities (#24a)</p> <p>The Alliance lacks an accountability relationship between Sec-CA, CG-CA and SC-CA.</p> <p>The Alliance is creating a brand, but it is sometime difficult to distinguish it from the Bank (#28)</p> <p>The Alliance is a very relevant forum for most Members of CG-CA (#31)</p>	<p>Members trust and highly regard the Sec-CA (#23)</p> <p>Capacity constraints prevent Sec-CA doing more for knowledge dissemination (#24b)</p> <p>Sec-CA has remained a small core group with esprit de corps (#26)</p> <p>The Alliance review of proposals generally works well, but there are some weaknesses (#30)</p>	<p>Shift toward sub-Saharan Africa and global initiatives (#2)</p> <p>* Poorer and weaker cities do not have access to Alliance funding according to some stakeholders (#3)</p> <p>Alliance Members are satisfied with Bank's management of its Alliance Trust Fund (#27)</p> <p>Members think that Alliance grant approval process is ok, but some clients find it too lengthy (#29)</p>	<p>Some progress with Alliance M&amp;E at project level, but more needed (#15).</p> <p>The Alliance lacks mechanisms for aggregating at thematic level and for assessing overall Alliance performance (#16).</p>

\* Weak finding based upon unrepresentative responses to questionnaire.

relationship to the Bank's Director of the Finance, Economics and Urban Development Department (FEU). Sec-CA staff are on the Bank's payroll, and their contracts are administered by the Bank's Human Resource Department, even to the point of participating in the Bank's overall performance evaluation for staff. At the same time, theoretically at least, the Sec-CA receives instructions and guidance from the Bank via the CG-CA governing body of which the Bank is a member and the co-chair.

3.33 A broader aspect of Alliance governance concerns the role of developing country representatives on its governing body. The 2006 evaluation found the newly approved participation of Brazil, Nigeria, Ethiopia and South Africa to be a positive development. One Bank staffer interviewed by IEG noted that the presence of officials from these countries had improved the dynamics and tone of the CG-CA meetings, taking discussions beyond those which typically characterize encounters of donors. On the other hand, a developing country member might experience a conflict of interest when considering a (US\$250,000 plus) application for a TA grant (that comes directly before the CG-CA) in his or her own country. Could he or she review it with the same impartiality as another proposal for a third country? An easy way to reconcile this would be for the member to recuse him or herself from decisions affecting his or her own country. Alliance membership could also be diversified through the participation of regional banks that could bring more funding as well, following the lead of the Asian Development Bank (ADB). Obviously, the proceedings of CG-CA meetings could become more complicated, leading to the need to define the role of the SC-CA more clearly in particular. The 2006 evaluation surveys showed that such challenges are seen as a worthwhile price to pay for the gain of greater diversity.

3.34 The 2006 evaluation found that the Alliance has successfully created a Cities Alliance brand, but that this brand is still sometimes confused with that of the World Bank itself. Some Bank urban staff are not always fully aware of the different status and purposes of the Alliance. The Bank urban strategy is not specific about how the Bank: Alliance relationship should work. Bank management may need to keep reminding itself and staff that the Alliance is not an operational part of the Bank itself. Alliance work that is not sufficiently differentiated from regular Bank work, such as inputs into Poverty Reduction Strategy Papers and Analytical and Advisory services that the Bank would do anyway should be kept to a minimum. Alliance CDS and Slum Upgrading TA could also be more flexible and creative for not being tied to specific projects as in the case of the Bank. Sec-CA staff are more aware of the need to foster a distinct brand through a separate work program. But IEG found that opinions on the Bank side were mixed. A few Bank urban did not want to see a Cities Alliance that was too distinct and independent, certainly not one to which Bank urban policy would be outsourced. In all its discussions with Bank and Alliance staff, IEG emphasized the obligation of the Alliance to produce different and sometimes better work than the Bank in order to make the Bank's continuing partnership with this global program worthwhile. Obviously, there would be little benefit to the Bank if a global program merely reproduced the same outputs that the Bank itself produces. IEG notes that this requirement has become better understood since IEG's earlier review of global programs (IEG 2004).

3.35 The Alliance could consider a number of specific steps to make it more distinct from the Bank. These could include relocating the Sec-CA to private offices outside the World Bank complex, while remaining administratively linked to the Bank. The Sec-CA should be

wary about employing Bank or former Bank staff that give rise to perceptions of “revolving door” conflicts of interest. It should also require that all publications arising from its grant-funded TA make absolutely clear of the distinct role that the Alliance had in the work.

Finally, a small but symbolically large step would be to give Sec-CA staff “\*\*\*@citiesalliance.org” e-mail addresses, instead of the “\*\*\*@worldbank.org” addresses that they presently use. Recipients of Sec-CA staff business cards would then understand better whom Alliance staff work for. On the Bank’s side, Bank management should seek to exercise more oversight of the Alliance through the CG-CA of which it is the joint chair (and the SC-CA), rather than through the internal management channels of the applicable departments of the World Bank itself. (See also paragraph 4.4 below.)

## **MANAGEMENT**

3.36 In the same way as other global programs hosted by the Bank, the Alliance management is affected by the Sec-CA manager having to report both to the CG-CA and also to the Director of Bank’s Finance, Economics and Urban Development Department (FEU). The FEU Director represents the Bank on the CG-CA and co-chairs its meetings. Since the CG-CA meets only once a year, the Sec-CA manager reports most often, with weekly meetings, to the FEU Director. To date, uncertain lines of responsibility and potential conflicts of interest have been handled pragmatically on a day-to-day basis by both sides. For practical reasons, the Bank may prefer to use the Sec-CA/FEU supervisory arrangement than its formal participation (and co-chairing of the CG-CA). But the preferred approach involves the Bank in directly supervising Sec-CA staff and management, their salaries and overall performance evaluation, and can give rise to conflicts of interest if not handled carefully. Under present arrangements, such conflicts have to be reconciled on a day-to-day basis through the good offices of those involved and sensible management on both sides. Managers directly involved would find it helpful if the Bank’s GPP Group provided them with guidance on how global program: Bank supervisory functions differed from regular line supervision within the Bank itself. Such guidance might include separating the Bank supervision of global program managers from supervision of normal Bank line managers. It might also advise that global program managers recuse themselves from participating in Bank management team discussions of internal Bank matters concerning personnel, budgeting and strategy.

3.37 Notwithstanding these potential conflicts of interest, the Sec-CA is itself well managed. During its one day stay with the Sec-CA, IEG witnessed the effective teamwork and cohesion of the staff and its response to Sec-CA leadership. The team is appropriately structured into two sub-groups, one for each of the main components, CDS and Slum Upgrading. To begin improving dissemination efforts, Sec-CA management has staffed a new communications unit in Sec-CA with two specialists in the area. Their job is to improve Alliance knowledge management, going beyond the production of glossy publications. The high quality of Alliance knowledge products needs to be assured through careful peer review and inputs from an expert PAB-CA. In this regard the high quality of the Alliance Annual Report is widely recognized by users in the Bank, but the report could do more to fully inform readers about exactly what the Alliance has done and achieved, and how this compares with what was planned. An on-line Annual Report with direct Web links and

contact information of individuals responsible for doing the grant-funded TA work, on the model of the Philippine CDSPh, could become a core and widely used knowledge product.

3.38 Although the 2006 evaluation found that most CG-CA members were satisfied with how grant applications were managed by the Sec-CA, IEG considers that management steps are needed to ensure that the process of receiving, reviewing and approving applications for Alliance grants unfolds entirely within the Alliance itself. Although precise data are not regularly published,<sup>5</sup> it appears that the Alliance approves most applications for grants placed before it. Grants below US\$250,000 are approved directly by the Sec-CA (and subsequently cleared by the CG-CA), while larger amounts are referred first to the CG-CA for decision (with the Sec-CA's recommendation). Since all applications are channeled through CG-CA members, does this mean that members will only present applications that are likely to be approved, implying some pre-screening process outside the purview of the Alliance proper? Or does it mean that demand is not buoyant and the Alliance needs to do more marketing? From the way things are managed today, it is not clear what the right answer is. As a hypothesis an Alliance that could fund only the best 20 percent or so of the applications it received, could stake a more convincing claim to improving urban cooperation through supporting only good and best practices. To achieve that, the management of applications for grants needs to be more transparent and fully under the control of the Alliance, to demonstrate convincingly that only the best applications are approved. This would help assure stakeholders that the Alliance can become *the* center for global excellence in the areas of Slum Upgrading and CDS as it is expected to be.

3.39 As mentioned earlier (paragraph 3.25) plans are being laid by Sec-CA for strengthening Alliance M&E. As well as tracking the achievement of the Alliance's objectives, better M&E could help strengthen financial management and reporting by the Alliance. For both learning and accountability purposes, the Alliance could provide more detailed financial reports of its activities. At present, the Annual Report provides data on Alliance incomes only in the form of accumulated figures for all years since 1999, the beginning of the program. They could also provide values for the reporting year in question as is normal practice for annual reports. In addition, they could show different breakdowns of grant expenditures, such as by city size or by Bank executed and other recipient executed TA. With more transparent reporting, urban development specialists would know more about typical cost parameters of TA in their areas. Additionally, the financial statements of the Alliance are in need of auditing. They need to meet the financial management standards of other programs and projects supported by the Bank. All Alliance financial data reported by the Alliance to date has been unaudited. In response to Sec-CA concerns about the GPR findings on financial management reported here, IEG is pointing toward stronger systems for the future without casting aspersions upon the Sec-CA's compliance with its current administrative and legal requirements.

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5. While the numerator, the number of grants approved is known and reported, the denominator, the number of applications received is not. This may be through lack of clarity of what actually constitutes an application. For instance, does a verbal proposal, albeit sponsored by a CG-CA member count as a (failed) application if rejected by the Sec-CA on technical grounds. There is clearly scope for the Alliance to make the application procedures more formalized and transparent, starting with a clear recognition of how an application is counted, when it is received and a critical path of processing toward approval or rejection.

## 4. Bank Performance as a Partner

4.1 The World Bank plays a number of roles in the Cities Alliance: founder, co-chair of the governing body, host organization, trustee of the Alliance trust fund, and implementing agency of selected Alliance technical assistance activities. Following the guidelines that have been developed for IEG global reviews, this review examines five aspects of Bank performance: (i) contributing its comparative advantage at the global level; (ii) using its comparative advantage at the country level; (iii) exercising effective and independent oversight over its involvement with the Alliance; (iv) identifying and managing risks; and (v) formulating an appropriate disengagement strategy. Answers to these questions are not always simple ones, given the multiple and potentially contradictory roles which the Bank plays in the Alliance.

4.2 At the global level, the Bank has had more than thirty years of experience in financing urban development programs worldwide, both their infrastructure investment needs and their institutional development TA needs. It is therefore a highly qualified partner of the Alliance that has made valuable operational and intellectual inputs into the Alliance. Particularly during the founding of the Alliance, the Bank contributed to the assembly of appropriate partners and the formulation of appropriate strategies and policies. At the same time, there has been an important payoff for the Bank that has enhanced its own comparative advantage, through enabling its staff to become involved in work somewhat outside the paradigm of project preparation more typical of normal Bank urban work.

4.3 At the country level too, the Bank has been able to bring its knowledge of particular countries to bear upon Alliance work, through actively deploying some of its most dynamic task managers on Alliance grant-funded TA and encouraging their close interaction with Sec-CA staff. In the past in Brazil and more recently in China, the Bank has been able to identify opportunities for CDS and Slum Upgrading TA. Although not done specifically with the Alliance in mind, the Bank did alert the Alliance to the opportunities in those countries. Through its deep and long-term engagement in urban development work in more than 60 countries, the Bank has been particularly well poised to do this elsewhere. For the Alliance, the Bank's project task managers in its country operations have become an important interlocutor to help extend individual city experiences with the Alliance to other locations, eventually elevating them to the country level. When this works too smoothly, some see the Alliance being merely as an instrument of the Bank, or more erroneously as part of the Bank itself. Both the Alliance and the Bank have to work hard against this perhaps inevitable perception of a dominant role of the Bank in order to demonstrate the autonomous and differentiated nature of each party's work.

4.4 The Director of the Bank's Finance, Economics, and Urban (FEU) Development Department in the Sustainable Development Vice Presidency exercises oversight of the Bank's participation in the Cities Alliance, both as the co-chair of the governing body and as the line manager to whom the Alliance's program manager reports. These arrangements are similar to many global programs that are housed in the Bank. IEG has previously pointed

out<sup>6</sup> and this global program review has confirmed that this double oversight gives rise to potential conflicts of interests because the two mechanisms are not independent of each other. In particular, it may be problematic for the FEU Director to be both advocate and judge — to make the case, as advocate, for continued Bank support for the Alliance while at the same time, as judge, finding shortcomings in its performance. Bank Management has acknowledged these potential conflicts of interest in its formal management response to IEG's Phase 2 Report and has agreed that the GPP Group should develop, in coordination with the Bank's legal department, TORs for Bank staff serving on the governing bodies of global programs, including those located in the Bank. That such Bank-wide guidelines have not yet been developed is not the fault of the Cities Alliance. Rather it is to the credit of those overseeing and managing the Cities Alliance that they have appear to have managed the potential conflicts of interest in a pragmatic way in the absence of any Bank-wide guidelines for this purpose. However, the need to develop such guidelines remains. The alternative option for the Alliance and other programs currently located in the Bank to establish themselves as independent legal entities is not a practical one. Today, about 40 percent of the 125 Bank-supported global programs are located inside the Bank and another 30 percent in other international organizations.

4.5 Task managers working on the Bank's country operations are generally the main means for the Bank's Regions to keep up with Alliance work. IEG interviewed several for this review. They confirmed to IEG that they were very familiar with the particular Alliance TA under their supervision. They did not report any case of Alliance work harming a Bank country program, and felt the risk of this happening was minimal. The low risk to the Bank posed by the Alliance was also confirmed by a recent assessment of the "alignment" between the Bank's urban strategy and the Alliance, carried out for the Bank's GPP Group and presented to the CG-CA in 2006 (Munjee 2006). This report, which is a good example of the Bank exercising its oversight responsibilities toward the Alliance, found that the Alliance continued to be highly relevant to the Bank's urban work. Furthermore, it found that the Alliance remained well focused upon CDS in particular, a key pillar for the Bank's urban strategy.

4.6 The risk is also low that grant funding by the Alliance, which is not supervised by Bank task managers, might undermine the Bank's urban sector policies, for instance, on private sector participation in city development. The Bank has several means to mitigate such risks. It can formally work upon the strategy and policies of the Alliance through its membership and co-chairmanship of the CG-CA. The Bank's FEU Director can also informally make the Bank's position known to Sec-CA management, as can Bank task managers to Sec-CA staff.

4.7 The Bank has signaled its long-term support to the Cities Alliance by upgrading its grant contributions from the DGF's Window 2 (which provides only three years of support) to Window 1 (which provides longer-term support), starting in fiscal year 2006. Also, given the high relevance and the unique comparative advantages of the Alliance, an exit strategy is

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6. See IEG's meta-evaluation of the CGIAR (IEG 2003) and its Phase 2 Report on global programs (IEG 2004).

not on the current agenda, as long as it remains focused upon Slum Upgrading and CDS, which continue to be in strong demand.

## **5. Lessons**

5.1 Many lessons can be drawn from the six to seven years of experience accumulated by the Cities Alliance and its partners, including the Bank. Thus far, this has been a rich experience that has created a unique global program focused upon two components related to two of the most pressing issues of urban development today, namely CDS and Slum Upgrading. While a lot has already been learned over the years, IEG's review highlights the following lessons that are particularly pertinent today:

- The Alliance needs to continue to sustain excellence in the quality of its work as a global leader by remaining focused upon its core components of CDS and Slum Upgrading, both still in great need given the challenges facing cities today. Extra staffing will be needed to cope with the demand. It should avoid the temptation to move into other areas beyond its proven core expertise, lest it lose its claim to be a renowned leader in its originally chosen fields.
- The Alliance should always ensure that its products are different from those of the Bank, informing the Bank (and others) better why it is required to differentiate its products.
- The Sec-CA needs to strengthen its work in a number of areas: (i) monitoring and evaluation of the achievement of its objectives; (ii) tracking the fulfillment of its work programs through annual reporting; (iii) more detailed annual reporting of its financial results, together with the routine auditing of the accounts; and (iv) the financial analysis of resource mobilization to implement CDS and Slum Upgrading. Extra staffing will be needed in some of these areas.
- Ineffective dissemination can undermine even the best achievements. To become the top-rated global knowledge manager in Slum Upgrading and CDS, the Alliance needs to make its achievements better known, its objectives better understood, and what it must do to fulfill its objectives better recognized.



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## Annex A. Evaluation Framework for Global Program Reviews

Note: This evaluation framework is a general framework that has been designed to cover the wide range of such programs in which the World Bank is involved, encompassing policy and knowledge networks, technical assistance programs, and investment programs. It is not expected that every global program review will cover every question in this table in detail.

**Annex Table 1. Assessing the Independence and Quality of the Evaluation**

Evaluation Questions								
<p><b>1. Evaluation process</b></p> <p>To what extent was the GRPP evaluation independent of the management of the program, according to the following criteria:</p> <ul style="list-style-type: none"> <li>• Organizational independence?</li> <li>• Behavioral independence and protection from interference?</li> <li>• Avoidance of conflicts of interest?</li> </ul> <p>Factors to take into account in answering these questions include:</p> <ul style="list-style-type: none"> <li>• Who commissioned and managed the evaluation?</li> <li>• Who approved the terms of reference and selected the evaluation team?</li> <li>• To whom the evaluation team reported, and how the evaluation was reviewed?</li> <li>• Any other factors that hindered the independence of the evaluation such as an inadequate budget, or restrictions on access to information, travel, sampling, etc.?</li> </ul>								
<p><b>2. Monitoring and evaluation framework of the program</b></p> <p>To what extent was the evaluation based on an effective M&amp;E framework of the program with:</p> <ul style="list-style-type: none"> <li>• Clear and coherent objectives and strategies that give focus and direction to the program?</li> <li>• An expected results chain or logical framework?</li> <li>• Measurable indicators that meet the monitoring and reporting needs of the governing body and management of the program?</li> <li>• Systematic and regular processes for collecting and managing data?</li> </ul>								
<p><b>3. Evaluation approach and scope</b></p> <p>To what extent was the evaluation objectives-based and evidence-based?</p> <p>To what extent did the evaluation use a results-based framework — constructed either by the program or by the evaluators?</p> <p>To what extent did the evaluation address:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">• Relevance</td> <td style="width: 50%;">• Governance and management</td> </tr> <tr> <td>• Efficacy</td> <td>• Resource mobilization and financial management</td> </tr> <tr> <td>• Efficiency or cost-effectiveness</td> <td>• Sustainability, risk, and strategy for devolution or exit</td> </tr> </table>	• Relevance	• Governance and management	• Efficacy	• Resource mobilization and financial management	• Efficiency or cost-effectiveness	• Sustainability, risk, and strategy for devolution or exit		
• Relevance	• Governance and management							
• Efficacy	• Resource mobilization and financial management							
• Efficiency or cost-effectiveness	• Sustainability, risk, and strategy for devolution or exit							
<p><b>4. Evaluation instruments</b></p> <p>To what extent did the evaluation utilize the following instruments:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">• Desk and document review</td> <td style="width: 50%;">• Consultations/interviews and with whom</td> </tr> <tr> <td>• Literature review</td> <td>• Structured surveys and of whom</td> </tr> <tr> <td>• Site visits and for what purpose: for interviewing implementers/beneficiaries, or for observing activities being implemented or completed</td> <td>• Other</td> </tr> <tr> <td>• Case studies</td> <td></td> </tr> </table>	• Desk and document review	• Consultations/interviews and with whom	• Literature review	• Structured surveys and of whom	• Site visits and for what purpose: for interviewing implementers/beneficiaries, or for observing activities being implemented or completed	• Other	• Case studies	
• Desk and document review	• Consultations/interviews and with whom							
• Literature review	• Structured surveys and of whom							
• Site visits and for what purpose: for interviewing implementers/beneficiaries, or for observing activities being implemented or completed	• Other							
• Case studies								

Evaluation Questions
<p>5. Evaluation feedback</p> <p>To what extent have the findings of the evaluation been reflected in:</p> <ul style="list-style-type: none"> <li>• The objectives, strategies, design, or scale of the program?</li> <li>• The governance, management, and financing of the program?</li> <li>• The monitoring and evaluation framework of the program?</li> </ul>

### **Annex Table 2. Providing an Independent Opinion on the Effectiveness of the Program**

Every review is expected to cover the first four criteria in the following table: (a) relevance, (b) efficacy, (c) efficiency, and (d) governance and management. A review may also cover (e) resource mobilization and financial management and (f) sustainability, risk, and strategies for devolution or exit if the latter are important issues for the program at the time of GPR, and if there is sufficient information available on which to base an independent opinion.

Evaluation Criteria and Questions
<p><b>Relevance:</b> The extent to which the objectives and design of the program are consistent with (a) current global/regional challenges and concerns in a particular development sector and (b) the needs and priorities of beneficiary countries and groups.</p>
<p>1. Supply-side relevance — the existence of an international consensus that global/regional collective action is required.</p> <p>To what extent does the program reflect an international consensus on the need for action, on the definition of the problem being addressed, on priorities, and on strategies for action?</p> <p>Is the original consensus that led to the creation of the program still present? Is the program still needed to address specific global/regional public concerns?</p> <p>Take into account the origin of the program in answering these questions:</p> <ul style="list-style-type: none"> <li>• Is the program formally responsible for implementing an international convention?</li> <li>• Did the program arise out of an international conference?</li> <li>• Is the program facilitating the implementation of formal standards and approaches?</li> <li>• Is the program primarily donor-driven? Did donors establish the program with little consultation with developing countries?</li> <li>• Is the program primarily Bank-driven? Did the World Bank found the program and then seek other partners?</li> </ul>
<p>2. Demand-side relevance — alignment with beneficiary needs, priorities, and strategies.</p> <p>To what extent are the objectives consistent with the needs, priorities, and strategies of beneficiary countries as articulated in the countries' own PRSPs, and in donors' strategies such as the World Bank CASs, and the UN Development Assistance Frameworks?</p> <p>To what extent has the voice of developing and transition countries been expressed in the international consensus underlying the program?</p>
<p>3. Vertical relevance — consistency with the subsidiarity principle.</p> <p>To what extent are the activities of the program being carried out at the most appropriate level — global, regional, national, or local — in terms of efficiency and responsiveness to the needs of beneficiaries?</p> <p>To what extent are the activities of the program competing with or substituting for activities that individual donors or countries could do more efficiently by themselves?</p> <p>Pay particular attention to those programs that, on the face of it, are primarily supporting the provision of national or local public goods.</p>

<b>Evaluation Criteria and Questions</b>	
<b>4. Horizontal relevance — the absence of alternative sources of supply.</b>	<p>What is the comparative advantage, value added, or core competency of the program relative to other GRPPs with similar or complementary objectives? To what extent is the program providing additional funding, advocacy, or technical capacity that is otherwise unavailable to meet the program's objectives?</p> <p>To what extent are the good and services being provided by the program in the nature of public goods? Are there alternative ways of providing these goods and services, such as by the private sector under regular market conditions?</p>
<b>5. Relevance of the design of the program</b>	<p>To what extent are the strategies and priority activities of the program appropriate for achieving its objectives?</p> <p>What are the major activities of the program:</p> <ul style="list-style-type: none"> <li>• Policy and knowledge networking?</li> <li>• Financing country and local-level technical assistance?</li> <li>• Financing investments to deliver national, regional, or global public goods? (See Annex Table 7.)</li> </ul> <p>Has the program articulated an expected results chain or logical framework, along with assumptions that relate the progress of activities with the achievement of the objectives? Does the results chain identify the extent to which the achievement of the objectives depends on the effective functioning of bureaucracies, markets, or collectivities? If so, to what extent are these assumptions valid?</p> <p>For programs providing global or regional public goods, is the design of the program consistent with the way in which the individual efforts of the partners contribute to the collective outcome for the program as a whole — whether "best shot", "summation", or "weakest link"?</p>
<b>Efficacy:</b> The extent to which the program has achieved, or is expected to achieve, its objectives, taking into account their relative importance.	
<b>6. Achievement of objectives</b>	<p>To what extent have the stated objectives of the program been achieved, or has satisfactory progress been made towards achieving these objectives?</p> <p>To what extent are there implicit objectives that are well understood and agreed upon by the partners and to which the program should also be held accountable?</p> <p>To what extent are there any positive, unintended outcomes of the program that have been convincingly documented?</p> <p>To what extent have these assessments by the program or the evaluation been evidence-based?</p>
<b>7. Progress of activities, outputs, and outcomes.</b>	<p>To what extent has the program or the evaluation measured the progress of activities, outputs, and outcomes?</p> <p>How did the program or the evaluation aggregate its outputs and outcomes at all levels — global, regional, national, and local — to provide an overall summary of its results?</p> <p>To what extent have factors such as changes in the location of the program, its legal structure, or governance processes affected the outputs and outcomes of the program?</p> <p>To what extent have there been outcomes that can be uniquely attributed to the partnership itself — such as the scale of or joint activities made possible by its organizational setup as a GRPP, or its institutional linkages to a host organization?</p>
<b>8. Linkages to country or local-level activities.</b>	<p>To what extent has the program established effective operational linkages with country-level activities, taking into account that:</p> <ul style="list-style-type: none"> <li>• The desired nature of these linkages will vary according to the objectives, design, and implementation of each program?</li> <li>• Positive outcomes at the country or local level are generally a joint product of both global/regional and county-level activities?</li> </ul>

Evaluation Criteria and Questions	
<b>Efficiency or cost-effectiveness:</b>	
<p><b>Efficiency</b> — the extent to which the program has converted or is expected to convert its resources/inputs (such as funds, expertise, time, etc.) economically into results.</p> <p><b>Cost-effectiveness</b> — the extent to which the program has achieved or is expected to achieve its results at a lower cost compared with alternatives.</p>	
<p><b>9. Efficiency</b></p> <p>To what extent is it possible to place a monetary value on the benefits arising from the activities of the program?</p> <p>To what extent has the program or the evaluation conducted impact evaluations of representative program activities?</p> <p>To what extent has the program or the evaluation analyzed the program's costs in broad categories (such as overhead vs. activity costs), and categorized the program's activities and associated benefits, even if these cannot be valued in monetary terms?</p>	
<p><b>10. Cost-effectiveness</b></p> <p>To what extent is the program measuring up against its own business plans:</p> <ul style="list-style-type: none"> <li>• Has the program cost more or less than planned? How did it measure up against its own costing schedule?</li> <li>• Have there been any obvious cases of inefficiency or wasted resources?</li> </ul> <p>To what extent is the program delivering its activities cost-effectively in comparison with alternatives:</p> <ul style="list-style-type: none"> <li>• How do actual costs compare with benchmarks from similar programs or activities?</li> <li>• Are the overhead costs of governing and managing the program reasonable and appropriate in relation to the objectives and activities of the program?</li> </ul> <p>How does the program compare with traditional development assistance programs:</p> <ul style="list-style-type: none"> <li>• For beneficiary countries, has receiving the development assistance through the GRPP increased the transactions costs compared with traditional development assistance programs?</li> <li>• For donors, has delivering the development assistance through the GRPP reduced donor costs by harmonizing efforts among donors or by reducing overlapping work (such as through joint supervision, monitoring and evaluation)?</li> </ul>	
<b>Governance and management:</b>	
<p><b>Governance</b> — the structures, functions, processes, and organizational traditions that have been put in place within the context of a program's authorizing environment to ensure that the program is run in such a way that it achieves its objectives in an effective and transparent manner.</p> <p><b>Management</b> — the day-to-day operation of the program within the context of the strategies, policies, processes, and procedures that have been established by the governing body. Whereas governance is concerned with "doing the right thing," management is concerned with "doing things right."</p>	
<p><b>11. Compliance with generally accepted principles of good governance.</b></p> <p>To what extent are the governance and management structures and processes well articulated and working well to bring about legitimate and effective governance and management?</p> <p>To what extent do governance and management practices comply with the following seven principles:</p> <ul style="list-style-type: none"> <li>• Legitimacy — the way in which governmental and managerial authority is exercised in relation to those with a legitimate interest in the program — including shareholders, other stakeholders, implementers, beneficiaries, and the community at large?</li> <li>• Accountability — the extent to which accountability is defined, accepted, and exercised along the chain of command and control within a program, starting with the annual general meeting of the members or parties at the top and going down to the executive board, the chief executive officer, task team leaders, implementers, and in some cases, to the beneficiaries of the program?</li> <li>• Responsibility — the extent to which the program accepts and exercises responsibility to stakeholders who are not directly involved in the governance of the program and who are not part of the direct chain of accountability in the implementation of the program?</li> </ul>	

<b>Evaluation Criteria and Questions</b>	
<ul style="list-style-type: none"> <li>• Fairness — the extent to which partners and participants, similarly situated, have equal opportunity to influence the program and to receive benefits from the program?</li> <li>• Transparency — the extent to which a program's decision making, reporting, and evaluation processes are open and freely available to the general public?</li> <li>• Efficiency — the extent to which the governance and management structures enhance efficiency or cost-effectiveness in the allocation and use of the program's resources?</li> <li>• Probity — the adherence by all persons in leadership positions to high standards of ethics and professional conduct over and above compliance with the rules and regulations governing the operation of the program?</li> </ul>	
<b>12. Partnerships and participation</b>	<p>To what extent has the program identified a complete list of stakeholders, or "stakeholder map", including the agreed-upon or perceived roles and responsibilities of the categories of stakeholders identified? To what extent is this a routine programmatic function, updated regularly, and transparently available?</p> <p>Has the program adopted primarily a shareholder model of governance (in which membership on the governing body is limited to financial and other contributors), or a stakeholder model (in which membership also includes non-contributors)?</p> <p>To what extent, if any, is the program's legitimacy being sacrificed in order to achieve greater efficiency, or vice-versa?</p>
<b>13. Programs located in host organizations</b>	<p>To what extent is the location of the program in the Bank or other partner organization adversely affecting the governance, management, or other aspects of the program, such as compliance with the principles of transparency and fairness?</p> <p>For which functions is the program manager accountable to the host organization and the governing body of the program, respectively? Are conflicts of interest being managed appropriately?</p> <p>To what extent does the host organization play such a dominant role in the program, thereby reducing the incentives of other partners to participate effectively, or reducing the ability of the host organization to look at the weaknesses of the program objectively?</p>
<b>Resource mobilization and financial management:</b> <p><b>Resource mobilization</b> — the processes by which resources are solicited by a program and provided by donors and partners.</p> <p><b>Financial management</b> — the processes that govern the recording and use of funds, including allocation processes, crediting and debiting of accounts, controls that restrict use, accounting, and periodic financial reporting systems. In cases where funds accumulate over time, this would also include the management of the cash and investment portfolio.</p>	
<b>14. Resource mobilization</b>	<p>To what extent has the program succeeded in raising financial resources commensurate with its objectives? And from what sources — the Bank, bilateral donors, foundations, etc.?</p> <p>To what extent has the program succeeded in diversifying its funding beyond a small number of donors?</p> <p>To what extent are the sources of funding for the program (including donor restrictions on the use of resources) affecting, positively or negatively:</p> <ul style="list-style-type: none"> <li>• The strategic focus of the program?</li> <li>• The outputs and outcomes of the program?</li> <li>• The governance and management of the program?</li> <li>• The sustainability of the program?</li> </ul>

<b>Evaluation Criteria and Questions</b>	
<b>15. Financial management</b>	<p>Are there any issues that have emerged during the course of the review in relation to:</p> <ul style="list-style-type: none"> <li>• The quality of financial management and accounting?</li> <li>• The methods, criteria, and processes for allocating funds among different activities of the program?</li> <li>• Financial management during the early stages of the program?</li> </ul>
<b>Sustainability, risk, and strategy for devolution or exit:</b>	
	<p><b>Sustainability</b> — When applied to the <b>activities of a program</b>, the extent to which the benefits arising from these activities are likely to continue after the activities have been completed. When applied to a <b>program itself</b>, the extent to which the organization or program is likely to continue its operational activities over time.</p> <p><b>Devolution or exit strategy</b> — a proactive strategy to change the design of a program, to devolve some of its implementation responsibilities, to reduce dependency on external funding, or to phase out the program on the grounds that it has achieved its objectives or that its current design is no longer the best way to sustain the results which the program has achieved.</p>
<b>16. Sustainability of the program's activities</b>	<p>What is the risk, at the time of evaluation, that the development outcomes (or expected outcomes) of the program will not be maintained (or realized)? This depends on (a) the likelihood that some changes may occur that are detrimental to maintaining or realizing the expected outcomes, and (b) the affect on the expected outcomes if some or all of these changes actually materialize?</p>
<b>17. Sustainability of the program</b>	<p>This will depend on a number of factors, such as the continued legitimacy of the program, its financial stability, its continuity of effective management, and its ability to withstand changing market or other conditions.</p> <p>To what extent is there still a sufficient convergence or accommodation of interests among the major partners to sustain the program financially? To what extent has the program developed institutional capacity such as performance-based management, personnel policies, learning programs, and knowledge management that help to sustain a program?</p> <p>In what areas could the program improve in order to enhance its sustainability, such as better marketing of the program's achievements in order to sustain its reputation?</p>
<b>18. Prospects for continuation and strategies for devolution or exit</b>	<p>To what extent should the program be sustained?</p> <p>Is the continuation of the program the best way of sustaining the results achieved?</p> <p>Should the design of the program be modified as a result of changed circumstances, either positive or negative?</p> <p>What other alternatives should be considered to sustain the program's results more cost-effectively, in the light of the previous evaluation findings with respect to relevance, efficacy, efficiency, and sustainability:</p> <ul style="list-style-type: none"> <li>• Reinventing the program with the same governance?</li> <li>• Phasing out the program?</li> <li>• Continuing country or local-level activities with or without devolution of implementation?</li> <li>• Seeking alternative financing arrangements, such as revenue-generation, or self-financing to reduce dependency on external sources?</li> <li>• "Spinning off" from the host organization?</li> </ul>

**Annex Table 3. Assessing the Bank's Performance as a Partner in the Program**

Evaluation Questions
<p><b>1. Comparative advantage at the global/regional level.</b>            To what extent is the Bank playing up to its comparative advantages at the global/regional level — its global mandate and reach and convening power?            To what extent is the Bank's presence as a partner in the program catalyzing other resources and partners for the program?</p>
<p><b>2. Comparative advantage at the country level.</b>            To what extent is the Bank contributing multi-sector capacity, analytical expertise, and country-level knowledge to the program?            To what extent has the Bank's country operations established linkages to the GRPP, where appropriate, to enhance the effectiveness of both?</p>
<p><b>3. Oversight.</b>            To what extent is the Bank exercising effective and independent oversight of its involvement in the program, as appropriate, whether the program is housed in the Bank or externally managed?            To what extent is the Bank's oversight independent of the management of the program?            To what extent does the Bank's representative on the governing body have a clear terms of reference?</p>
<p><b>4. Risks and risk management.</b> To what extent have the risks associated with the program been identified and are being effectively managed?            For example, IEG identified the following risks in its global review:</p> <ul style="list-style-type: none"> <li>• Bank bears a disproportionate share of responsibility for governing and managing in-house programs?</li> <li>• Confusion at the country level between global program activities, Bank activities, and Borrower activities?</li> <li>• Representation of NGOs and the commercial private sector on program governing bodies?</li> <li>• Unclear role and application of Bank's safeguards?</li> <li>• Trust-funded consultants and seconded staff representing the Bank on some program governing bodies?</li> </ul>
<p><b>5. Disengagement strategy.</b>            To what extent is the Bank engaged at the appropriate level in relation to the Bank's new strategic framework:  <ul style="list-style-type: none"> <li>• Watching brief?</li> <li>• Research and knowledge exchange?</li> <li>• Policy or advocacy network?</li> <li>• Operational platform?</li> </ul>           To what extent is the Bank facilitating an effective, flexible, and transparent disengagement strategy for the program, in relation to the Bank's objectives for its involvement in the program:  <ul style="list-style-type: none"> <li>• The program declares "mission accomplished" and closes?</li> <li>• The program continues and the Bank withdraws from all aspects of its participation?</li> <li>• The program continues and the Bank remains engaged, but the degree of the Bank's engagement in some or all aspects (such as financing) declines over time?</li> </ul> </p>

**Annex Table 4. Common GRPP Activities**

<b>Policy and knowledge networking</b>	
1. Facilitating communication among practitioners in the sector	This includes providing a central point of contact and communication among practitioners who are working the sector or area of development to facilitate the sharing of analytical results. It might also include the financing of case studies and comparative studies.
2. Generating and disseminating information and knowledge	This comprises two related activities. The first is gathering, analyzing and disseminating information, for example, on the evolving HIV/AIDS epidemic and responses to it, including epidemiological data collection and analysis, needs assessment, resource flows, and country readiness. The second is the systematic assembling and dissemination of knowledge (not merely information) with respect to best practices in a sector on a global/regional basis.
3. Improving donor coordination	This should be an active process, not just the side effect of other program activities. This may involve resolving difficult interagency issues in order to improve alignment and efficiency in delivering development assistance.
4. Advocacy	This comprises proactive interaction with policymakers and decision makers concerning approaches to development in a sector, commonly in the context of global, regional, or country-level forums. This is intended to create reform conditions in developing countries, as distinct from physical and institutional investments in public goods, and is more proactive than generating and disseminating information and knowledge.
5. Implementing conventions, rules, or formal and informal standards and norms	Rules are generally formal. Standards can be formal or informal, and binding or nonbinding, but implementing standards involves more than simply advocating an approach to development in a sector. In general, there should be some costs associated with noncompliance. Costs can come in many forms, including exposure to financial contagion, bad financial ratings by the IMF and other rating agencies, with consequent impacts on access to private finance; lack of access to OECD markets for failing to meet food safety standards, or even the consequences of failing to be seen as progressive in international circles.
<b>Financing technical assistance</b>	
6. Supporting national-level policy, institutional, and technical reforms	This is more directed to specific tasks than advocacy. This represents concrete involvement in specific and ongoing policy, institutional, and technical reform processes in a sector, from deciding on a reform strategy to implementation of new policies and regulations in a sector. It is more than just conducting studies unless the studies are strategic in nature and specific to the reform issue in question.
7. Capacity strengthening and training	This refers to strengthening the capacity of human resources through proactive training (in courses or on-the-job), as well as collaborative work with the active involvement of developing country partners.
8. Catalyzing public or private investments in the sector	This includes improving regulatory frameworks for private investment and implementing pilot investments projects.
<b>Financing investments</b>	
9. Financing country-level investments to deliver national public goods	This refers primarily to physical and institutional investments of the type found in Bank loans and credits (more than the financing of studies), the benefits of which accrue primarily at the national level.
10. Financing country-level investments to deliver global/regional public goods	This refers primarily to physical and institutional investments of the type found in Bank loans and credits (more than the financing of studies) to deliver public goods such as conserving biodiversity of global significance and reducing emissions of ozone-depleting substances and carbon dioxide, the benefits of which accrue globally.
11. Financing global/regional investments to deliver global/regional public goods	This refers to financing research and development for new products and technologies. These are generally physical products or processes — the hardware as opposed to the software of development.

## **Annex B. Members of the Cities Alliance Governing Bodies**

### **Cities Alliance Consultative Group (CG-CA)**

#### **ORGANIZATIONS OF LOCAL AUTHORITIES**

Metropolis, Barcelona, Spain  
United Cities and Local Governments, Barcelona, Spain

#### **GOVERNMENTS:**

Brazil – Ministerio das Cidades  
Brazil – Caixa Econômica Federal  
Canadá – Canadian International Development Authority (CIDA)  
Ethiopia – Ministry of Works and Urban Development  
France – Ministère des Affaires Etrangères  
France – Le Groupe de l'Agence française de Développement (AFD)  
France – Institut des Sciences et des Techniques de l'Equipement et de l'Environnement pour le Développement (ISETED)  
Germany – Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)  
Germany – GTZ Network for Regionalization, Decentralization and Municipal Development  
Germany – Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH  
Germany – KfW Bankengruppe  
Italy – Ministero degli Affari Esteri  
Japan – Ministry of Finance  
Japan – Ministry of Land, Infrastructure and Transport (MLIT)  
Japan – Ministry of Foreign Affairs (MOFA)  
Japan – Japan Bank for Int'l Cooperation (JBIC)  
Japan – Japan Int'l Cooperation Agency (JICA)  
Netherlands – Ministry of Foreign Affairs  
Nigeria – Ministry of Foreign Affairs  
Norway – Ministry of Foreign Affairs (ODIN)  
South Africa – National Department of Housing, South Africa  
Sweden – Swedish International Development Cooperation Agency (SIDA)  
United Kingdom – Department for International Development (DFID)  
United States – U.S. Department of State  
United States – The United States Agency for International Development (USAID)

#### **MULTILATERAL ORGANIZATIONS:**

Asian Development Bank (ADB)  
United Nations Environment Program (UNEP)  
United Nations Human Settlements Program (UN Habitat)  
World Bank

**ASSOCIATE MEMBERS:**

European Commission

Inter-American Agency for Cooperation and Development (Organization of American States)

International Labor Organization

Spain – Agencia Española de Cooperación Internacional (AECI)

United Nations Development Program (UNDP)

**Cities Alliance Policy Advisory Board Members (PAB-CA)**

**Ana Vasilache** is founding Director of the Partners Romania Foundation for Local Development, a Bucharest-based NGO with extensive experience with planning legislation and design of participatory strategic planning processes.

**Clare Short** is the United Kingdom's former Secretary of State for International Development.

**Jean Pierre Elong Mbassi** is Secretary General of the Municipal Development Partnership for Africa and Secretary General of United Cities and Local Governments of Africa; and an experienced practitioner in urban management and Slum Upgrading.

**José Forjaz** is the CEO and Founder of José Forjaz Arquitectos in Maputo, Mozambique. Widely published, Professor Forjaz has lectured at universities around the world and is now in his fifteenth year as Director of the Faculty of Architecture and Planning at Universidade Eduardo Mondlane in Maputo.

**Juanita Amatong** is a former Secretary of Finance of the Philippines; and a former Executive Director at the World Bank Group. She is a prime mover of strong local government finance in the Philippines.

**Paulo Teixeira** is a Councillor for the Municipality of São Paulo, Brazil; former Secretary of Housing and Urban Development of the Municipality of São Paulo, responsible for the development of a large-scale Slum Upgrading and land tenure program.

**Sheela Patel** is founding Director of the Society for the Promotion of Area Resource Centres in Mumbai, India, and Chair of Shack Dwellers International, a global alliance of grassroots community federations of the urban poor.

**Yousef Hiasat** is the Minister of Public Works and Housing of Jordan, and former Principal Adviser to the prime minister of Jordan on housing and urban development issues; and founding and board member of the Morocco-based NENA Urban Forum.

**Cities Alliance Secretariat Staff (Sec-CA)**

Manager – **William Cobbett**

Senior Urban Finance Adviser – **Rajivan Krishnaswamy**

Senior Urban Specialist – **Farouk Tebbal**

Senior Programme Officer – **Per Anders Persson**

Senior Operations Officer – **Kevin Milroy**

Urban Economist – **Pascale Chabrilat**

Programme Officer – **Andrea Merrick**

Communications Officer – **Chii Akporji**

Communications Consultant – **Anne E. Carlin**

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## Annex C. Cities Alliance: Sources and Uses of Funds

**Annex Table 5. Cities Alliance: Sources of Funds, Fiscal Years 2000–06**  
 (Donor commitments in thousands of US dollars as of March 31, 2007)

<b>Core</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>TOTAL</b>	<i>2006 Annual Report, Cumulative Total, 2000–06 *</i>
Asian Dev Bank	-	-	50	250	-	-	500	800	500
Brazil	-	-	-	-	50	50	50	150	50
Canada	250	250	-	250	250	250	250	1,500	1,585
Ethiopia	-	-	-	-	-	-	50	50	-
France	250	-	250	300	300	100	400	1,600	1,190
Germany	250	250	250	250	300	300	300	1,900	1,744
Italy	250	450	420	500	500	480	480	3,080	2,632
Japan	250	500	250	250	250	250	250	2,000	1,750
Netherlands	250	1,000	1,000	250	250	-	250	3,000	2,750
Nigeria	-	-	-	-	-	50	50	100	50
Norway	250	250	480	500	550	500	525	3,055	2,612
South Africa	-	-	-	-	-	-	50	50	-
Sweden	250	250	250	675	675	675	675	3,450	2,829
United Kingdom	1,000	1,000	1,000	1,200	1,200	1,200	250	6,850	6,977
UNEP	-	-	-	250	250	250	250	1,000	900
UN-HABITAT	-	-	-	-	100	100	-	200	200
U.S.A.	250	250	250	250	250	250	250	1,750	1,500
World Bank	-	-	750	1,700	1,700	1,700	3,000	8,850	8,746
<b>sub-total:</b>	<b>3,250</b>	<b>4,200</b>	<b>5,150</b>	<b>6,625</b>	<b>6,625</b>	<b>6,155</b>	<b>7,580</b>	<b>39,585</b>	<b>36,015</b>
<b>Secretariat</b>									
World Bank	1,000	1,000	950	-	-	-	93	3,043	3,043
WB/France	-	-	-	-	150	150	150	450	-
UN-HABITAT	243	274	293	280	180	180	183	1,633	1,633
Germany	-	-	150	180	180	180	117	807	-
United Kingdom	-	150	150	-	-	-	-	300	-
Sweden	-	-	-	-	-	-	-	-	455
Other	-	-	-	-	-	-	-	-	1,557
<b>Sub-total:</b>	<b>1,243</b>	<b>1,424</b>	<b>1,543</b>	<b>460</b>	<b>510</b>	<b>510</b>	<b>543</b>	<b>6,233</b>	<b>6,688</b>
<b>Non-core</b>									
Canada	-	-	-	-	75	-	-	75	74
Italy	-	158	1,253	3,052	1,307	1,720	1,220	8,710	7,462
Japan	750	500	750	750	750	750	750	5,000	4,250
Netherlands	-	-	-	50	300	-	-	350	350
Norway	-	-	800	1,000	75	200	225	2,300	2,132
Sweden	-	-	-	1,675	1,350	1,535	1,865	6,425	5,545
United Kingdom	-	-	267	4,036	3,843	3,644	5,540	17,330	16,795
UNEP	-	-	-	-	-	-	15	15	-
United States	-	-	-	1,100	1,000	-	25	2,125	465
World Bank	-	700	-	-	-	-	-	700	700
<b>Sub-total:</b>	<b>750</b>	<b>1,358</b>	<b>3,070</b>	<b>11,663</b>	<b>8,700</b>	<b>7,849</b>	<b>9,640</b>	<b>43,030</b>	<b>37,773</b>
<b>Total:</b>	<b>5,243</b>	<b>6,982</b>	<b>9,763</b>	<b>18,748</b>	<b>15,835</b>	<b>14,514</b>	<b>17,763</b>	<b>88,848</b>	<b>80,476</b>
<b>Core:</b>	<b>4,493</b>	<b>5,624</b>	<b>6,693</b>	<b>7,085</b>	<b>7,135</b>	<b>6,665</b>	<b>8,123</b>	<b>45,818</b>	<b>42,703</b>
<b>Non-core:</b>	<b>750</b>	<b>1,358</b>	<b>3,070</b>	<b>11,663</b>	<b>8,700</b>	<b>7,849</b>	<b>9,640</b>	<b>43,030</b>	<b>37,773</b>

Source: Cities Alliance (unaudited figures)

\* Amounts "paid-in" are somewhat lower than the commitment amounts reported in the previous columns.

**Annex Table 6. Cities Alliance: Uses of Funds, Fiscal Years 2000–06**

(in thousands of US dollars as of March 2007)								<b>Annual Report</b> <i>cum. 2000–06</i>
<b>By Component</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	
CDS	sub-total	-	2,920	2,602	1,145	2,000	2,045	5,025
	core	-	2,220	1,702	953	1,395	2,045	4,409
	non-core	-	700	900	192	605	-	616
Slum	sub-total	-	8,125	11,865	3,196	1,905	6,127	17,524
	core	-	3,125	1,865	860	1,222	1,917	2,787
	non-core	-	5,000	10,000	2,336	683	4,210	14,737
Both (CDS +Upgrading)	sub-total	(217)	3,916	442	2,262	1,110	3,963	4,583
	core	(217)	3,441	375	1,197	845	2,403	2,864
	non-core	-	475	67	1,065	265	1,560	1,719
Secretariat	sub-total	1,243	1,106	1,656	1,560	1,250	2,297	1,925
	core	-	-	-	1,100	1,250	1,450	1,750
	non-core	1,243	1,106	1,656	460	-	847	175
<b>Total:</b>		<b>1,026</b>	<b>16,067</b>	<b>16,565</b>	<b>8,163</b>	<b>6,265</b>	<b>14,432</b>	<b>29,057</b>
		<b>core</b>	<b>(217)</b>	<b>8,786</b>	<b>3,942</b>	<b>4,110</b>	<b>4,712</b>	<b>7,815</b>
		<b>non-core</b>	<b>1,243</b>	<b>7,281</b>	<b>12,623</b>	<b>4,053</b>	<b>1,553</b>	<b>6,617</b>
								<b>50,617</b>

Source: Cities Alliance Annual Reports (unaudited figures)

<b>By Region</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>cum. 2000–06</b>
Sub-Saharan	sub-total	(182)	1,565	1,364	1,193	2,205	681	4,470
	core	(182)	1,565	1,364	500	1,360	606	3,410
	non-core	-	-	-	693	845	75	1,060
Asia	sub-total	(74)	3,353	2,035	1,136	1,251	1,620	3,489
	core	(74)	3,103	1,135	536	818	1,620	2,470
	non-core	-	250	900	600	433	-	1,019
E. Europe/ Cent.Asia	sub-total	-	400	-	458	-	730	571
	core	-	400	-	458	-	730	571
	non-core	-	-	-	-	-	-	-
Latin America/ Caribbean	sub-total	-	7,174	917	748	399	2,742	8,465
	core	-	1,699	917	748	399	798	1,507
	non-core	-	5,475	-	-	-	1,944	6,958
Middle East/ N. Africa	sub-total	-	425	150	320	400	1,339	979
	core	-	425	150	320	400	1,339	979
	non-core	-	-	-	-	-	-	-
Global/ Multiregional	sub-total	-	2,044	10,442	2,748	800	5,022	9,157
	core	-	1,594	375	448	525	1,272	1,123
	non-core	-	450	10,067	2,300	275	3,750	8,034
Secretariat	sub-total	1,243	1,106	1,656	1,560	1,250	2,298	1,925
	core	1,243	1,106	1,656	1,100	1,250	1,450	1,750
	non-core	-	-	-	460	-	848	175
<b>Total:</b>		<b>987</b>	<b>16,067</b>	<b>16,565</b>	<b>8,163</b>	<b>6,305</b>	<b>14,431</b>	<b>29,057</b>
		<b>core</b>	<b>(257)</b>	<b>8,786</b>	<b>3,842</b>	<b>4,110</b>	<b>4,752</b>	<b>7,815</b>
		<b>non-core</b>	<b>1,243</b>	<b>7,281</b>	<b>12,623</b>	<b>4,053</b>	<b>1,553</b>	<b>6,617</b>
								<b>50,617</b>

Source: Cities Alliance Annual Reports (unaudited figures)

## Annex D. Recommendations of the 2006 Evaluation

**1. The Cities Alliance should now “Scale up the Issue” of upgrading slums and preventing slum formation in the broader development agenda**

- Develop influence/advocacy strategy for the Cities Alliance.
- Define roles and responsibilities for advocacy of Sec-CA, Members, and PAB.
- Develop expanded program of visits to Members.
- Map out plan of action for strengthening partnerships with associations/networks of local authorities in countries and regionally.

**2. The Cities Alliance should continue its work on municipal finance issues and increase the integration of sustainable financing in CDS and SU initiatives.**

- Review suite of Cities Alliance programming efforts in Municipal Finance (Sec-CA/MFTF).
- Articulate role and priority for municipal finance in future work program.
- Support development of effective institutional partnerships (including MTFT).
- Develop menu of financing solutions presented in 2004 paper (Sec-CA).
- Integrate mechanisms into CDS and SU initiatives to ensure cities' perspectives are heard at higher levels of government.
- Set target and develop plan to ensure future CDS and SU activities contemplate funding issues.

**3. The Sec-CA should strengthen and enhance the Cities Alliance monitoring and evaluation system.**

- Integrate outcomes into the proposal format and provide OECD-DAC definitions of Results-Based Management terms in the guidelines/applications.
- Review format of progress reports/completion reports to ensure comments are provided at least on outputs and outcomes (progress towards outcomes).
- Identify “clusters” of activities that could be subject to a cross-country assessment.
- Develop medium-term strategic plan and results framework for the Cities Alliance.

**4. The Cities Alliance should review and revise the roles, responsibilities, and delegated authorities of the CG, PAB, Steering Committee, and Sec-CA, and should update its policies and procedures.**

- Define responsibilities of Members in learning and knowledge sharing.
- Identify some of the useful practices developed by Members for knowledge sharing and policy coherence.
- Adjust mandate of the Steering Committee.
- Expand mandate of the Policy Advisory Board to emphasize role in advocacy.
- Define Sec-CA's role, functions and authorities for corporate activities.
- Develop conflict of interest guidelines.
- Adopt standardized approach to recording results of Consultative Group deliberations.

**5. The Cities Alliance should strengthen its role in sharing knowledge that is of use for Members and for cities.**

- Identify the influencing/advocacy objectives that link to knowledge sharing activities.
- Identify priority “clusters” of ideas where the Sec-CA should distill and disseminate knowledge.
- Review and prioritize purposes of the Annual Report.
- Strengthen peer networks among cities participating in Cities Alliance initiatives.
- Experiment with new formats for Public Policy Forum.

**6. The CA should strengthen the Cities Alliance Sec-CA so that it can play a greater role in advocacy and knowledge sharing.**

- Assess staffing requirements in Sec-CA for playing greater role in advocacy and knowledge sharing.
- Sec-CA to present annual workplans to Consultative Group and Steering Committee that are linked to the medium-term strategy.

## **Annex E. Findings and Recommendations of the 2002 Evaluation**

<b>FINDINGS</b>
Raising the awareness of the rapid urbanization of the developing world (especially of Slum Upgrading).
Leveraging donor commitments and collaboration on urban development.
Increasing the pooling and dissemination of lessons of experience.
Increasing the promise of significant action against urban poverty in the future.
<b>RECOMMENDATIONS (Summary)</b>
1. Having transferred responsibility for administering the Sec-CA to the SC-CA, the CG-CA should now strengthen its role as the center of learning and dissemination.
2. The SC-CA should have one smaller bilateral donor in its membership and there should be a rotating chair.
3. The Sec-CA should now accept fewer proposals (for grants), while increasing the quality of those recommended for acceptance.
4. Although the value of the service of the PAB-CA is unquestioned, its aims should be defined more precisely and manageably.
5. Applications (for grants) should have more peer reviewers from developing countries, rated by Sec-CA for risk and innovation, and be encouraged from poorer cities.
6. Proper evaluation of each project is necessary, including a field visit by staff of the Sec-CA wherever possible.
7. Procedures for application are now complex and could benefit from simplification.
8. There needs to be greater emphasis in documenting processes, outcomes, and lessons learned from Slum Upgrading projects
9. A major evaluation is required to assess what has been accomplished by CDS and what are the conditions for sustainability.
10. The Philippines experience suggests that Alliance attention should be directed toward facilitating rather than undertaking CDS.
11. The Sec-CA needs to develop a strategy for encouraging local (country level) Alliances
12. A participatory workshop involving key Alliance actors should be convened to bring together a monitoring framework for measuring progress toward achieving Alliance objectives.
(*) Altogether, the 2002 evaluation posted 23 recommendations. Only the key ones being included here.

## **Annex F. Persons Consulted**

<b>Person</b>	<b>Position</b>	<b>Date of Interview</b>
Billy Cobbett	Manager, Cities Alliance	Several
Kevin Milroy	Senior Operations Officer, Cities Alliance	Several
Andrea Merrick	Operations Officer	May 1, 2007
Farouk Tebbal	Senior Urban Specialist	May 1, 2007
Pascale Chabrilat	Urban Economist	May 1, 2007
Per Persson	Senior Program Officer	May 1, 2007
Chii Akporji	Communications Officer	May 1, 2007
Dean Cira	Senior Urban Specialist, EASUR	May 7, 2007
Mila Freire	Senior Advisor, FEU	May 8, 2007
Judy Baker	Senior Economist, FEU	May 8, 2007
Tova Solo	Senior Urban Specialist	May 9, 2007
Maryvonne Plessis-Fraissard	Director, SNDVP	May 17, 2007
Margret Thalwitz	Director, GPP Group	May 21, 2007
Keshav Varma	Sector Director, EASUR	May 21, 2007
Sonia Hammam	Sector Manager, SASEI	May 24, 2007
Richard Beardmore	Senior Urban Specialist	May 24, 2007
Mats Andersson	Senior Urban Management Specialist	May 25, 2007
Richard Zechter	Senior Partnership Specialist, GPP Group	May 29, 2007
Laszlo Lovei	Director, FEU	June 1, 2007
Marie Helene Adrian	Universalia 2006 evaluation	June 4, 2007
Richard Stren	Universalia 2006 evaluation	June 4, 2007
Larry Hannah	Lead Urban Specialist, FEU	June 6, 2007
Rajivan Krishnaswamy	Senor Urban Finance Adviser, Cities Alliance	June 7, 2007
John Flora	Former Director, TWU	June 12, 2007

## Annex G. Response of the Program to IEG's Global Program Review (received by IEG on 06/27/07 from Billy Cobbett, Sec-CA manager)

The program management of the Cities Alliance thanks the Independent Evaluation Group for the effort invested in this review, the professionalism of its staff and the quality of the output.

Overall, we agree with the main observations and lessons, and with most of the specific recommendations.<sup>1</sup>

The timing of the report is also particularly opportune. As was noted in the Review, the Cities Alliance Secretariat is currently developing a medium-term strategic plan in response to the 2006 independent evaluation, the 2005 DGF evaluation on the alignment of the CA with the Bank's urban sector strategy, and feedback received from CA members.

The IEG review, therefore, provides a valuable perspective that will help us prioritize from among the many ideas presented during these recent evaluations and consultations, and will undoubtedly help us refine our overall strategic approach. In addition, the review covers important matters not previously addressed, such as consideration of the very objectives around which the Alliance was founded.

We comment on some of the review findings and recommendations below.

### Municipal Finance

All evaluations to date have endorsed the Alliance's sharp focus on CDS and scaling up slum upgrading. The 2006 evaluation also endorsed the Alliance's programming in sustainable finance for cities, and recommended it should continue its work on municipal finance issues. The IEG review, however, cautions the Alliance about moving into municipal finance as a third component (para. 3.3). We agree with this position. Indeed, the Cities Alliance has been both consistent and principled in promoting its two core competencies, as was acknowledged in both the 2006 evaluation, and para. 3.7 of the IEG Review. The issue of financial sustainability is central to both of these core issues and warns against the practice of looking for investment after the event, as is too often the case, and/or on focusing too narrowly on international donors as potential sources of finance. Within this supportive framework then, a number of specific areas will need to be addressed by cities and/or national governments, including intergovernmental fiscal relations, public sector financing, the role of subsidies, municipal finance and housing credit. Indeed, although not quoted in the report, we think that a suggestion made by the review's task manager — to focus our efforts on the "financial framework for implementation of CDS and slum upgrading programs" — precisely describes the role for the Alliance.

### Relevance

The Cities Alliance is hosted by an institution that has national governments as the main client-base, and has a governing body composed primarily of national government

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1. A few areas of disagreement remain. However, these are largely matters of assessment, particular emphasis or interpretation employed by the reviews.

representatives. However, we very much welcome the telling point made by IEG in para. 3 — that a distinguishing characteristic of the Alliance is the convening power among cities, that the Alliance provides cities a “chance to channel their particular demands for assistance into local, national and global networks of support created by the Alliance.” We believe that this is a very strategic observation, one that our members will wish to pursue.

### Objectives, M&E, and a Results Framework

The Cities Alliance, from its launch, has had a strong results-oriented attitude. It was established to catalyze “unprecedented improvements” in the lives of slum dwellers; to “scale up” actions; to support citywide and nationwide programs, not pilot projects.

While this results-based approach has always been there, the IEG review shows that the Alliance needs to continue to review and improve its activities so as to achieve the desired results. This is the central focus of the Alliance’s medium-term strategic plan currently being developed, which has the goal of contributing to “long-term systemic change at scale.” The IEG review provides several very useful insights that will help facilitate this process.

The review notes that the program continues to lack an “evaluation framework to track how the Alliance itself performs in meeting its own objectives” (3.26). It observes that some of the Alliance’s objective statements are “unclear or unrealistic,” which “can become a major handicap for a results-based approach both to management and to evaluation” (1.5). In particular, it flags two of the four objective statements that would benefit from revision, and provides some helpful suggestions for improving them (3.9, 3.18, 3.21, Summary para. 7 and 10).

Clear and tighter program objectives, supported by a results framework and more intensive monitoring and evaluation, should provide an operating environment that provides an improved platform for implementing the Alliance’s strategy for catalyzing long-term systemic change at scale.

In formulating this improved operating environment, we think it will be useful for the Alliance’s governing board to debate IEG’s clear recommendation that the Alliance “become *the* principal global center of excellence in CDS and Slum Upgrading” (3.21). If this is what the Bank wants the Alliance to be, Bank management would need to make that case to the Alliance membership.<sup>2</sup>

### Management and Efficiency

The review identified several back-office functions that could be improved, including financial management and reporting, funding application processing, more and varied analyses of grant approvals and expenditures, and so forth (3.37 and 3.38). We largely concur with these observations, and have already decided to adopt a series of service standards to allow the secretariat and the members to measure progress in this regard. However, we take exception to the implication that the Alliance does not meet “the financial management

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2. This seems to be an opportune point to make an observation on a feature of the Cities Alliance that we felt was not adequately acknowledged in the IEG Review — the fact that Cities Alliance is a global partnership, and has no independent implementation capacity other than that of its members.

standards of other programs and projects supported by the Bank” — on the contrary, we firmly believe that we exceed those standards — or that the Alliance’s application procedures are less formalized and transparent than should be the case. The procedures are established in the Cities Alliance Charter, have been approved (and consistently reviewed) by all members, and are scrupulously followed by the secretariat.

The Alliance will continue to comply with and adapt to the Bank’s many initiatives related to trust fund reform and GPP administration, including use of standard audit provisions, standard grant agreements, grant disbursement procedures, financial reporting, SAP project coding, and so forth.

The review noted that additional staff support would be needed for some of these functions, and for strengthening other dimensions of Alliance work, including resource mobilization for implementation of CDSs and slum upgrading (3.3, 5.1). The review also noted the efficiency that the Alliance has achieved thus far by keeping the staff complement small, even as the governance arrangements have expanded (3.22). This has been a difficult trade-off for Alliance management during the first years of operation, as we always have great pressure to do more and to do it better, while keeping the staff size small and nimble. However, we have now reached the stage where these trade-offs are greatly contributing to many of the very weaknesses identified in the IEG review and in previous evaluations. If Bank management supports the IEG recommendations, then it will need to forcefully make that case to the Alliance membership

### Bank’s Role

We appreciate that the review captured the many roles and challenges that the Bank faces in administering and participating in GPPs. The review captured the essence of the situation in para. 4.3, in this case referring to the good engagement of Bank task managers with the Alliance: “When this works too smoothly, some see the Alliance being merely as an instrument of the Bank, or more erroneously as part of the Bank itself. Both the Alliance and the Bank have to work hard against this perhaps inevitable perception of a dominant role of the Bank in order to demonstrate the autonomous and differentiated nature of each party’s work.” This issue confronts Alliance program management every day of every week, and we are very much aware of both the perceptions, and the realities.

### Advocacy

The first recommendation of the 2006 evaluation was that the Alliance should now “scale up the issue of upgrading slums and preventing slum formation in the broader development agenda.” This “advocacy” recommendation most engaged Alliance members during discussions of the 2006 evaluation, and seems to be a priority for many of our members. However, the discussion was also very clear in concluding that this was not a challenge for the Secretariat alone, but rather one that needs to engage the capacities of all members of the Cities Alliance. In our view, much of the potential for advocacy relates more to need for a more receptive enabling environment for urban development both within donor and recipient country governments (and their publics), rather than solely relating to the two areas of Alliance focus — CDS and slum upgrading. It would have been useful to have IEG’s perspective on this topic.

## **The Global Program Review Series**

The following reviews are available from IEG.

Volume #1, Issue #1: ProVention Consortium

Issue #2: Medicines for Malaria Venture

Issue #3: Development Gateway Foundation

Issue #4: Cities Alliance

Volume #2, Issue #1: Critical Ecosystem Partnership Fund

Issue #2: Association for the Development of Education in Africa

Issue #3: Population and Reproductive Health Capacity Building Program

Issue #4: International Land Coalition

Volume #3, Issue #1: Consultative Group to Assist the Poor

Founded in 1999 to help implement the “Livable Cities” agenda of the U.N. Human Settlements Conference in Istanbul, the **Cities Alliance** is a partnership of 17 donors and other stakeholders, including developing country and city association members. To date, the United Kingdom has been the largest financial contributor, with the World Bank in second place. Through grants to urban practitioners worldwide (\$90 million to date), the Alliance finances technical assistance for preparing city development strategies and slum upgrading. Concentrating on these two topics since the Alliance’s inception has given the Alliance a clear focus and a comparative advantage in these areas. Where its objectives have been clear, the Alliance has achieved them, but some objectives need to be reformulated to be more clear. Other findings of IEG’s review include the following: (1) sustained excellence in the quality of its work requires the Alliance to remain focused on its two core activities; (2) the Alliance needs to ensure that its own products are clearly differentiated from those of the World Bank; and (3) the technical work of the Alliance Secretariat could be strengthened in a number of areas, notably in monitoring and evaluation and in financial reporting. To become the top-rated global manager of city development strategies and slum upgrading, the Alliance needs to make its achievements better known and its objectives better understood, and clarify what it must do to fulfill these objectives.

