

# URBAN FINANCE

Quarterly Newsletter

National Institute of Urban Affairs



## Consultative Meet on Urban Poverty Reduction Strategies

The City Development Plans (CDPs) prepared for Jawaharlal Nehru National Urban Renewal Mission (JNNURM) cities present a clear need to promote integrated strategies for the urban poor. To address this, Urban Poverty Reduction Strategies (UPRSs) for eleven cities have been prepared under the Government of India (GOI)-United Nations Development Programme (UNDP) Project on National Strategy for the Urban Poor. These eleven cities comprise two mega cities (Kolkata and Chennai), three cities with 4 million plus population (Ahmedabad, Bangalore and Hyderabad), and five cities with one million plus population (Ludhiana, Chandigarh, Jaipur, Pune, Indore), and Ambala (a non-JNNURM city for an alternative perspective). The main focus of UPRS is to improve living conditions of urban poor and advance their quality of life.

The main objectives of UPRS are:

- Developing sub-sectoral strategies aimed at leveraging resources for addressing needs of the urban poor;
- Promoting participation of the urban poor in preparation of UPRS; and
- Promoting pro-poor institutional reforms.

NIUA partnered with nine agencies to prepare these eleven UPRSs. The partner agencies included research organizations like Madras School of Economics (MSE) and Centre for Good for Governance (CGG) for Chennai and Hyderabad respectively, NGOs like Gujarat Mahila Housing

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Self Employed Women's Association (SEWA) Trust and Shelter Associates for Ahmedabad and Pune respectively and consulting organizations like Wilbur Smith Associates for Bangalore. In addition to the task of managing the coordination between all these agencies, NIUA also prepared the UPRS for Jaipur. The UPRSs were prepared through extensive stakeholder consultations involving officials from ULBs, parastatal agencies, development authorities, experts, NGOs and citizens. The draft final reports for each city are a culmination of a series of interim reports-peer reviewed and presented to a group of eminent experts comprising members from Ministry of Housing and Urban Poverty Alleviation (MoHUPA), UNDP and distinguished professionals.



In collaboration with MoHUPA and UNDP, NIUA convened a consultative meet at the Institute on 24th April 2008, to disseminate findings of all UPRs. The workshop was chaired by Dr. H.S. Anand, Secretary, MoHUPA and anchored by Prof. Chetan Vaidya, Director, NIUA. Other eminent panelists included Dr. P. K. Mohanty, Joint Secretary, MoHUPA and National Project Director (NSUP), Shri. Alkesh Sharma, National Project Coordinator (NSUP), State Secretaries, City Commissioners and representatives of partner agencies working under the project. Participants also included representatives of State Governments, Municipal Corporations, members of Urban Poverty Cells of various cities, experts, and representatives from bi-lateral and multi-lateral organizations.

Prof. Chetan Vaidya, welcomed all participants to the workshop and gave a brief introduction to the project. Mr. Alkesh Sharma, presented the need and subsequent stages of the study. In his opening remarks, Dr. H.S. Anand laid emphasis on planning for the urban poor on a macro or regional level, and stressed the need for an integrated strategy involving components of the seven-point charter (water supply, sanitation, housing, tenure security, health, education and social services) of JNNURM. He stressed on the need to take into consideration endogenous and exogenous factors while formulating inclusive strategy for any city.

Consequent to the inaugural session, in the three following technical sessions, representatives of



*Inaugural Session of the Workshop on Urban Poverty Reduction Strategies held at NIUA on 24 April 2008*

## Urban Poverty Resource Centre at NIUA

**The Ministry of Housing and Urban Poverty Alleviation has agreed to support a Urban Poverty Reduction Centre at NIUA. Dr. H.S. Anand, Secretary, Ministry of Housing and Urban Poverty Alleviation inaugurated this centre at the Institute. Dr. Anand stated this small beginning made by NIUA will lead to its major role in our urban poverty alleviation program in the country. Dr. R. V. Rama Rao, Member, National Technical Advisory Group (NTAG) JNNURM, Mr. Alkesh Sharma, National Project Coordinator (NSUP) and others were present at this occasion.**



partner agencies involved in the preparation of the citywide UPRs gave presentations on their studies. Each presentation comprised an overview of the poverty situation in the city, a profile of provision and access to basic services (water supply, drainage and sewerage system and solid waste management), type of housing, access to social infrastructure, access to basic amenities etc. The city's slums were prioritized depending on its vulnerability with respect to chosen indicators on basic services, housing and livelihood. Based on such analysis, strategy and action plans were presented for each city. The strategy and action plans outlined the measures needed for in-situ development/relocation of slums, and consequent policy decision and capacity building measures that need to be taken up to move reforms to their logical conclusion.

The following summarizes key issues arising out of the presentations and discussions:

- Pro-poor schemes should target self-sustainability;
- Interventions should be programme-based rather than project-based in solving problems of the urban poor;
- In-situ slum upgradation should be stressed vis-à-vis relocation;
- Relocation should be carried out only in

places where in-situ measures cannot be carried out;

- Need for linkage of city-wide infrastructure with slums;
- With regard to skill development, the extent of 'value added services by urban poor' should be looked upon; and
- Upscaling of best practices at the city level.

Dr. P.K.Mohanty, Joint Secretary, MoHUPA suggested that a consolidated report of all city wide UPRs including basic information on services and livelihood may also be prepared, along with broad investment requirements for each city. Prof. Chetan Vaidya summed up the day's discussions and ended the meeting with thanks to the Chair and participants.

### Transaction Advisors for PPP Projects

Towards facilitating private investments in infrastructure, the Department of Economic Affairs (DEA), Government of India has finalized a panel comprising of 11 Transaction Advisors available to all government agencies at central, state and local levels. The empanelment of these Transaction Advisors has been undertaken following a two stage international competitive bidding (ICB) process. Empanelled Advisors will provide necessary support in required transactions and offer commercial, financial and legislative advise for implementation of PPP transactions.

DEA has also prepared a user's guide for the Panel for public private partnership projects. This guide outlines the role of the panel as Transaction Advisors, a step-by-step guide for government agencies to procure and retain the right Advisor depending on sector of work and scope of services expected, as well as on performance management of the Advisors.

More details on this initiative is available through DEA's website [www.pppinindia.com](http://www.pppinindia.com)

### Special Economic Zones and their Implication on Urban Management and Regional Planning in India

The Special Economic Zones (SEZs) Act came into effect in 2005. It aims at promoting industrial production and export growth. The strategic objective of SEZs was to attract foreign and domestic investments, in order to make major inroads into the

global market. NIUA prepared a discussion note on urban management and regional impact of SEZs in India (available at [www.niua.org](http://www.niua.org)).

#### Profile of proposed SEZs

As many as 439 SEZs have been approved in principle out of which 198 have been notified till 8 March, 2008. The highest approval were accorded to state of Maharashtra followed by Andhra Pradesh and Tamil Nadu. Most of these are located in coastal areas where transportation and other supporting infrastructure facilities are available for export processing. As can be seen from the table below, the smaller ones constitute the major proportion of SEZs. Nineteen SEZs have area more than 1000 hectares and covering more than half of the total area under SEZs. Only 26 SEZs have area between 200 and 500 hectares.

**Table: Area-wise SEZs Distribution**

Area (ha)	Number	Total Area (ha)
Up to 49	279	5352.8
50-100	39	3159.9
101-200	74	9021.2
201-500	26	7313.1
501-1000	2	1228.0
1000+	19	28432.6
Total	439	54507.6

Source: SEZ India, NIC

#### Issues

About 50 to 70 new cities or satellite cities will come up in and around the medium and large size SEZs and the population of these new cities will range between 5-10 lakhs. This raises two very important issues for urban development authorities in India: (a) urban management; and (b) regional planning.

#### (a) Urban Management

In fact, the 74th Constitution Amendment under article 243(Q) " provided that a municipality under this clause may not be constituted in such urban area or part thereof having regard to the size of the area and the municipal services being provided or proposed to be provided by an industrial establishment in that area to

be an industrial township." SEZs management is delegated to the Development Commissioners and the participation of local as well as State Government will be marginal. Key challenges in the SEZs programme thus will be decentralisation and delegation of powers to local and State Governments and ensuring their participation in the management of the entities. These are essential actions needed for long term success of SEZs. A representative of Ministry of Urban Development is only a member of the Board of Approvals. MOUD needs to explore if the composition of Board of Approvals and Approval Committee could be utilized more effectively to ensure participation of local authorities in the SEZ management.

#### *(b) Need for Regional Planning*

Development of SEZs needs to be integrated with existing Master Plans and Regional Plans. There is need to develop regional/sub regional plan around the SEZ areas. Here, State Town and Country Planning/Urban Development Authority should play a key role. In this context, Government of India could issue a set of guidelines for state governments.

### **Commission on Centre-State Relations**

The Government of India has constituted the Commission on Centre-State Relations, chaired by Justice Madan Mohan Pundhi, former Chief Justice of India. The Commission has been entrusted with task to look at Centre-State relations and make recommendations that would help to address the emerging challenges.

The Commission invited views and response on its questionnaire to enable it to fulfill its mandate. There is a section on 'Local Governments And Decentralized Governance' where response is invited on devolution of powers to local bodies, need to provide greater autonomy to municipalities, for levying taxes, fees etc, role of parallel agencies like water supply and sewerage boards vs. municipalities, role of State Finance Commissions, functioning of district/metropolitan planning committees, etc.

Urban professionals, decision makers, experts etc may respond to this questionnaire before September 31, 2008. It could be accessed through [www.commentstate.gov.in](http://www.commentstate.gov.in)

## **Urban Development and Climate Change**

**NIUA has identified climate change and urban development as one of the major areas for research. NIUA is supporting International Council for Local Environment Initiatives-South Asia (ICLEI-SA) for the following projects as advisor and dissemination partner:**

- **City level Carbon Emissions Reduction Project**

*The project looks at developing City Level Local Action Plans by Integrating Renewable Energy & Energy Efficiency Measures into city activities funded under the Climate Change and Energy program of British High Commission.*

- **Urban Climate Project: Building Clean And Efficient Cities**

*The project aims towards a comprehensive clean development strategy backed by real investment capital mainly targeting the JNNURM scheme. The project is currently in the inception stage and ICLEI-SA along with NIUA will soon be selecting two JNNURM cities on predefined criteria in a large stakeholder meeting soon.*

- **Roadmap of Indian and Local Governments for post 2012**

*The project is supported by Global Opportunity Fund. It aims at facilitating South Asian local governments to develop a regional consensus for local action on addressing urban climate change issues and enable them to lead post 2012 international negotiation processes on Climate Change.*



## EVENTS

### Organized/supported by NIUA, FIRE-D Project

- **Discussion on Managing Cities in Development Countries - Environment & Infrastructure Framework**

A meeting was organized at NIUA on March 19, 2008 for a group of twenty-five international participants from fifteen countries who were in India for International Training Programme on Managing Cities in Development Countries - Environment & Infrastructure Framework under Indian Technical And Economic Cooperation Division and its corollary Special Commonwealth Assistance for Africa Programme/ Colombo Plan.



*Participants of the International Training Programme on Managing Cities in Development Countries at NIUA*

Prof. Chetan Vaidya, Director, NIUA made a presentation elaborating India's urban context and challenges with special focus on alternative modalities of financing urban infrastructure. He also briefed the participants about the JNNURM, which provides reform-linked investment for urban infrastructure. Dr. M.P. Mathur, Professor, NIUA talked about the Institute, its role in the urban sector and its various wide-ranging research activities. The presentations were followed by interactions and sharing of experience with participants.

- **Brainstorming Meeting on Citywide Services for the Poor**

The Indo-US FIRE Project's focus for its continued urban program is on improved water, sanitation and health services to the poor through a citywide up gradation strategy. In this context, a brainstorming meeting was organized by NIUA and FIRE (D) Project on April 11, 2008 at NIUA Conference Hall to learn about citywide/slum improvement projects that have been tried in the past.

Ms. Alison Barrett, Former Regional Coordinator, Cities Alliance New Delhi and representatives of USAID, FIRE



*Participants at the brainstorming meeting on Citywide Services for the Poor discussing role of community participation*

Project, Water and Sanitation Program (WSP), World Bank (WB), Department for International Development (DFID), UNDP, Centre for Urban and Regional Excellence (CURE), Cooperative Housing Foundation (CHF- International) and other organizations attended the meeting.

Ms. Rebecca Black, Director USAID-EG stated that the focus of meeting was on two issues a) efficient participation of communities in the citywide slum upgradation process; and b) Integrate/link services at the slum level to citywide infrastructure systems. Ms. Barrett threw light on Local Partnerships for Urban Poverty Alleviation Project (LPUPAP) being implemented in Bangladesh. The focus of this successful project is on empowering the local communities and involving city authorities in improving urban services for the poor settlements. The brainstorming meeting saw intense discussions on the role of community mobilization towards improved delivery of services to the poor.

- **International Symposium on Women, Water and Waste**

Ms. Paramita Datta Dey, SRO at NIUA participated in the International Symposium on Women, Water and Waste at Manila, Philippines from June 25 - 27, 2008. The symposium was hosted by the Philippines Women's University, Manila. She contributed as one of the resource persons in the roundtable on "Gender Mainstreaming in the Water and Sanitation Sector", organized by ECO-Asia, a regional programme of the USAID, as part of the symposium.

- **Workshop on Regional Planning**

Regional Planning Workshop was organized by National Technical Advisory Group (NTAG) and NIUA on May 9, 2008.

The focus was to explore means of integrating spatial & socio-economic planning as well as to address the need to link CDPs with the Master Planning process.

Mr. Ramesh Ramanathan, Member, NTAG, JnNURM sharing the developments in this regard informed that a Joint-Working Group has been constituted between Ministry of Urban Development and the Ministry of Panchayati Raj (MoPR) on rural-urban partnership with the objectives of preparing District Planning Guidelines.



Mr. T.R. Raghunandan urging strongly for rural urban integration through District Planning Guidelines

Stressing on the need for rural urban integration, Mr. T.R. Raghunandan, Joint Secretary, MoPR said that it's essential to realize the issues arising out of the shift from rural to urban. Prof. Sivaramakrishnan, Member, NTAG, JnNURM chaired the panel discussion on issues relating to legal framework, time required, capacity of local governments, data availability, role of SEZs/new towns, etc.



Mr. A.K. Mehta participating in the deliberations of the workshop

Mr. A.K. Mehta, Joint Secretary, MoUD opined that since CDP addresses both spatial aspects and vision for development, CDPs may be considered for substituting the Master Plan rather than the other way round.

The Workshop was attended by more than 35 participants including Dr. P.K.Mohanty, Joint Secretary, MoHUPA,

Gol, Prof. O.P.Mathur, NIPFP & Member NTAG, Mr. R. V. Rama Rao, Director, IDPS & Member NTAG, Ms. Sheela Patel, Society for the Promotion of Area Resource Centres (SPARC) & Member NTAG, Mr. Kshirsagar, Chief Planner, TCPO. Participants also included representatives from ADB, WSP, USAID FIRE-D Project, NGOs, State and Local Governments, etc.

- Meeting of Joint Expert Committee for Proposed IGNOU-NIUA Course on Sustainable Urban Development



Prof. V. N. Rajashekharan Pillai, Dr. M. Ramachandran and Prof. Chetan Vaidya at the Joint Expert Committee meeting

NIUA and Indira Gandhi National Open University (IGNOU) will be introducing a course on Sustainable Urban Development by December 2008. A Joint Expert Committee has been set up to develop the contents of the course which met on May 22 2008, chaired by the Vice Chancellor Prof. V. N. Rajashekharan Pillai at IGNOU. The meeting was attended by Dr. M. Ramachandran, Secretary, MoUD, Prof. O.P. Mathur, Prof. Chetan Vaidya, Prof. Mukesh Mathur, Prof. Vijay Dhar, Prof. S.K. Chopra and others.

Prof. O.P. Mathur mentioned that it is essential to improve the capacity of urban professionals in the country in the light of which he appreciated this initiative of IGNOU-NIUA.

Dr. Ramchandran identified various problems of urban sector and appreciated the concern shared both by IGNOU and NIUA.



Prof. O.P. Mathur expressing his point

- **Meeting on Bhubaneswar Citywide Slum Upgradation Strategy**

A meeting on Bhubaneswar Citywide Slum Upgradation Strategy was jointly organized by NIUA and Indo-US FIRE (D) project at NIUA on June 6, 2008.

It was attended by about 15 persons including Ms. Aparajita Sarangi, IAS, Commissioner, Bhubaneswar Municipal Corporation (BMC), Ms. Rebecca Black USAID, Mr. Lee Baker FIRE-D Project, Mr. N. Bhattacharjee WSP, Mr. Sunder Bura, SPARC, and Mr. Siddharth Agarwal from Urban Health Resource Centre (UHRC).

Ms. Black identified issues for discussions such as need for citywide slum upgradation, financing options, tenure, linking health with water, sanitation, incentives for local bodies, undertaking slum upgradation, etc.

Ms. Aparajita Sarangi stated that presently population of Bhubaneswar is 1.1 million and slum population account for about 23% of total population. There are about 332 slums in the city, out of which only 80 are authorized. Three projects of slum upgradation covering 2000 houses have been approved under JNNURM. BMC with help of the FIRE D project is carrying out a slum survey in the city. A comprehensive Slum Profile will be released on August 31, 2008.



*Expert group meeting in progress at NIUA Conference Room*

NIUA organized an expert group meeting on draft Manual prepared by the consultants on July 3, 2008.

The purpose of the expert group meeting was to review and discuss the comments on the revised reports. The meeting was attended by Mr. T.S. Shivappa, Director (LB) C&AG Office, Mr. Jayant Gokhale, Chairman, Accounting Standard for Local Bodies, ICAI, Mr. Avinash Chander, Technical Director, ICAI and representatives of NIUA, IPE and FIRE-D office. The consultants will be revising the report based on the comments/suggestions made by the experts.



*Ms. Aparajita Sarangi, Ms. R. Black and others participating in the meeting on Bhubaneswar Citywide Slum Upgradation*

- **Meeting on Municipal Assets Valuation Manual**

NIUA with the support of USAID FIRE (D) Project is entrusted the job by the Ministry of Urban Development (MoUD) to prepare Model Municipal Assets Valuation Methodology Manual. The task have been assigned to M/s Infrastructure Professional Enterprise (IPE), New Delhi.

### **Committee on Investment Requirements in Urban Services**

The Government of India set up a High Powered Expert Committee (HPEC) to estimate investment needed for urban services in India during 2008-2020. The HPEC will identify needs, norms and investment requirements in the urban services. It will also suggest alternate methods of financing and institutional options.

The Committee is chaired by Dr. Ishwar J. Ahluwalia. Other members include Prof. Om Mathur (NIPFP), Mr. Arun Lall (IDFC), Ramesh Ramanathan (Janagraha), Mr. Hari Shankaran (IL&FS), Dr. Nachiket Mor (ICICI Foundation), Mr. Nasser Munjee (DCB), Mr. VijayanUnni (Former CS, Kerala), Mr. Sudhir Mankad (Former CS, Gujarat) and Mr. P.K.Srivastava (JS, MoUD). NIUA will act as Secretariat for the HPEC and provide research and other support.

## Guidelines on National Mission Mode Project on e-Governance in Municipalities

MouD has recently released guidelines on National Mission Mode Project (NMMP) as part of JNNURM. NMMP on e-Governance in Municipalities will cover ULBs in 35 cities with population above 10 lac as per 2001 census. The coverage to other towns/cities will be expanded based on the outcome of NMMP in the 35 cities. The NMMP will cover 16 services/management functions in the first phase including:

- Registration and Issue of Birth/Death
- Certificates;
- Payment of tax and fees;
- Grievances and Suggestions;
- Building Approvals;
- Project works;
- Health Programs;
- Licenses;
- Solid Waste Management
- Accounting System; and
- Personnel Information System.

Grant from Central and State Governments from this program will vary between 50 to 70% based on size of cities. In order to prepare detailed project reports, training and capacity building, community participation, information, education and communication, a provision of 5% of the Central grant or the actual requirement may be kept for sanction. Public-private partnership is an important element of NMMP. The guidelines have identified key objectives, goals and verifiable indicators.

### ● Presentation by Mr. Nasser Munjee

Mr. Nasser Munjee, among the most prominent names in the field of infrastructure financing in India and Chairman, Development Credit Bank, visited NIUA on 9 July 2008 and had an informal talk with the research staff of the Institute. In his motivational talk, he began with a brief profile of himself.

Mr. Munjee was with Housing Development Finance Corporation Limited (HDFC) since its inception. Later, he shifted as the Managing Director & CEO, Infrastructure Development Finance Company Limited, India (IDFC). He was instrumental in introducing innovative project finance techniques for infrastructure investments, as well as private financing of public infrastructure to India.

He spoke passionately about Indian cities, which are metaphors of anarchy, owing to weak governance, a plethora of institutions for the city without an overall vision and absence of strong ownership.

He urged that the level of urban infrastructure development in India has to be upgraded, and modalities of public-private initiatives have to be fully tapped in the sector. Improved governance institutions, modernized planning processes as well as accurate database and a vision for future are essential for cities in India to re-orient.



Mr. Nasser Munjee sharing his thoughts

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