

JNNURM – a World Bank Group “program” with GoI “ownership” ?

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URC – Media workshop

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Transition Govt to Governance

- Major role for public sector
- Local body /authority
- Citizens rights
- Need based plans
- Adequate housing for poor

- Private / corporate sector role increased
- Stakeholders (citizen last)
- Consumer “entitlements”
- Demand based services
- Affordable housing “for all”

Increased Rural & Urban Poverty

- 2000-01 64 lakh BPL families reduced to 42.7 lakh in 2004-05 in Karnataka
- From Rs.295 crores in 2000-2001 food subsidies reduced to Rs.170 crores in 2003-2004
- Decrease in food grains quantity and criteria from per person to per family
- 2007 Food subsidy to be Rs 800 cr /year
- Increase in total urban and rural poor, no of BPL ration cards issued 86 lakh families in Sept 2007 out of total 1.16cr families in Karnataka
- Data shows 75 % BPL families

Whom will urban renewal uproot?



Governance Terms 99-04

1. LPG===Liberalisation, Privatisation & Governance
2. SAP=== Structural Adjustment, e.g. A.P,UP, Karn
3. KERL === Karnataka Economic Restructuring loan – I & II
4. FRA === Fiscal Responsibility Act 2003
5. MTFP === Medium Term Fiscal Plan01-07 ...
6. GSAP === Governance Strategy and Action Plan
7. Non-merit Services === Water, transport, education

Infrastructure: Subsidising rich?

- Lobbies such as business, real estate, engineering and IT sector have demanded for increased funding (subsidy) for infrastructure – flyovers, corridors, elevated ring roads, underpasses etc for car and air travelers
- This is also used to promote PPPs and privatisation (BMIC)
- IFIs like WB, ADB have stepped in to sanction huge loans which local residents, including poor groups, have to pay back.
- There is cross-subsidy (transfer of resources) from poor-rich, rural-urban, small towns-metros

Is democracy the cost of such infrastructure?

- UIDSSMT scheme for small towns launched in 2005 guarantees 80% grants for infrastructure projects. But World Bank (KMRP) and ADB (NKUISP) model based on Debt financing
- Citizen converted to customer / consumer
- Forced to pay increased property tax or service charges often for costly high end infrastructure which caters to rich
- Interest and capital returns benefit Global Bonds and debt markets
- Converts towns into “global investment destinations”
- IFIs extract a price for infrastructure loans – Constitutional democracy
- Need for restoration of Local Government democracy

Basic amenities vs. Infrastructure

- **Urban and rural citizens have a Constitutional right to basic facilities**
- **Free lifeline water supply**
- **Free and quality primary and secondary education facilities**
- **Quality and affordable basic health facilities**
- **Adequate food subsidies per family based on size-with parity to earlier availability**
- **Infrastructure is development of facilities for upper classes, industries, tourism, SEZs and world class cities**
- **It is costly, diverting govt subsidies from basic amenities**
- **Leads to commercialisation by PPPs. Impacts : user charges recovery and revenue generation for urban and rural facilities like water supply**

JNNURM - definitions practiced

1. NURM : Structural adjustment of cities
2. Urban development : Govt funds **subsidise** (leveraged) private sector growth through e.g. land giveaways, PPP and PSP or with Govt as a guarantor for private debt
3. Urban Local government: Elected “rubber stamp” authority to “OK” reforms assigned role dictates that it makes doing business easier
4. **Decentralisation** :Devolution of responsibility for fulfillment of basic needs & functions is transferred to local governments, parastatals, civil society/NGOs or private sector not accompanied by adequate funds like NURM, as in BBMPs case 35:15:50.
5. **Making investor-friendly credit-worthy cities demands a loss of democracy**

Preceding NURM ...

- Strong influence of WB and IFIs in Indian urban sector reforms since 1988
- Major role in influencing policy design and implementation
 - WDR 94
 - Urban and Local Govt strategy 2000
 - Urban sector strategy 2002
- Pushes risky and expensive market based financing
- Favouring commercialisation against interests of urban poor groups

Urban sector focus states in India

- ❑ Urban sector restructuring focus states
Andhra Pradesh, Gujarat, Karnataka and
Tamil Nadu, Delhi, Madhya Pradesh,
Maharashtra, Rajasthan, Uttar Pradesh
and West Bengal
- ❑ Mega Cities forum :Ahmedabad, New
Delhi, Mumbai, Bangalore, Kolkatta,
Chennai and Hyderabad formed by ICMA-
USAID

Varied Opposition from within...

- April 2005: Pre - launch meeting of State officials and city commissioners held at MoUD criticises & demands changes in NURM / conditionalities & in the selection of 63 cities separation of reforms from funding
- 2006-07: Vijayawada, Coimbatore & Pune councilors question “revolving funds”
- 2006-07: Senior bureaucrats oppose the violation of constitutional norms by UIG like drafting model laws States like Kerala, Maharashtra and WB question NURM conditionalities
- May 2006: Opposition from the Parliamentary standing committee Urban development 14th Lok Sabha

T D R Protest part of Urban Renewal in Bengaluru



WBG : UNDP

- **WBG promotes** National Urban Strategy and Mega cities Strategy through Cities Alliance and Planning Commission 2007
- **WBG demands that** privatisation consultants be hired and subsidies withdrawn

- ❑ **Since 2002 UNDP** dialogue to provide alternatives to Neo-Liberalism
- ❑ **IPC, UNDP reports state** privatisation & commercialisation of public services ; not compatible with Poverty Reduction
- ❑ e.g. even in DFID's case resistance to privatisation has forced them to look at all alternatives

NURM – WBG linkages

Rolling out 3 NURM support pipeline projects in 2008

- 1. *NUIF* - National Urban Infrastructure fund – PFDO**
– Pooled finance debt obligation \$ 500 mn after roping in major nationalised Banks- CanBank, Synd
- 2. *NURF* – National Urban Reform Fund \$ 400 mn**
- 3. *Institutional strengthening and capacity building***
Covering 300 cities IDA credit US \$ 40 mn

Before NURM 80s'-90s' failure scaling up

- 1988; TNUDP – I WBG
- 1997 ;TNUDP – II WBG
- 1998 ;KUIDP ADB

Introducing a NATIONAL APPROACH

- 2001 – Good Urban Governance Campaign launched – UNDP supported FAILED
- 2001-2004 - URIF, CCF and PFDF - with USAID, WB, DFID, ADB support FAILED
- 2005 – NURM launched

It all starts with

- Lobbying by 3 ex-BATF members from Sept '04 to February '05 based on CMP
- 4 BATF sponsored reforms + many URIF –I and II reforms : ***now in NURM***
- May 05:NIPFP asked to develop a CDP Guidelines
- June 2005 MoUD / WSP Rapid city assessment studies workshop @ASCI based on '96 India Infrastructure report

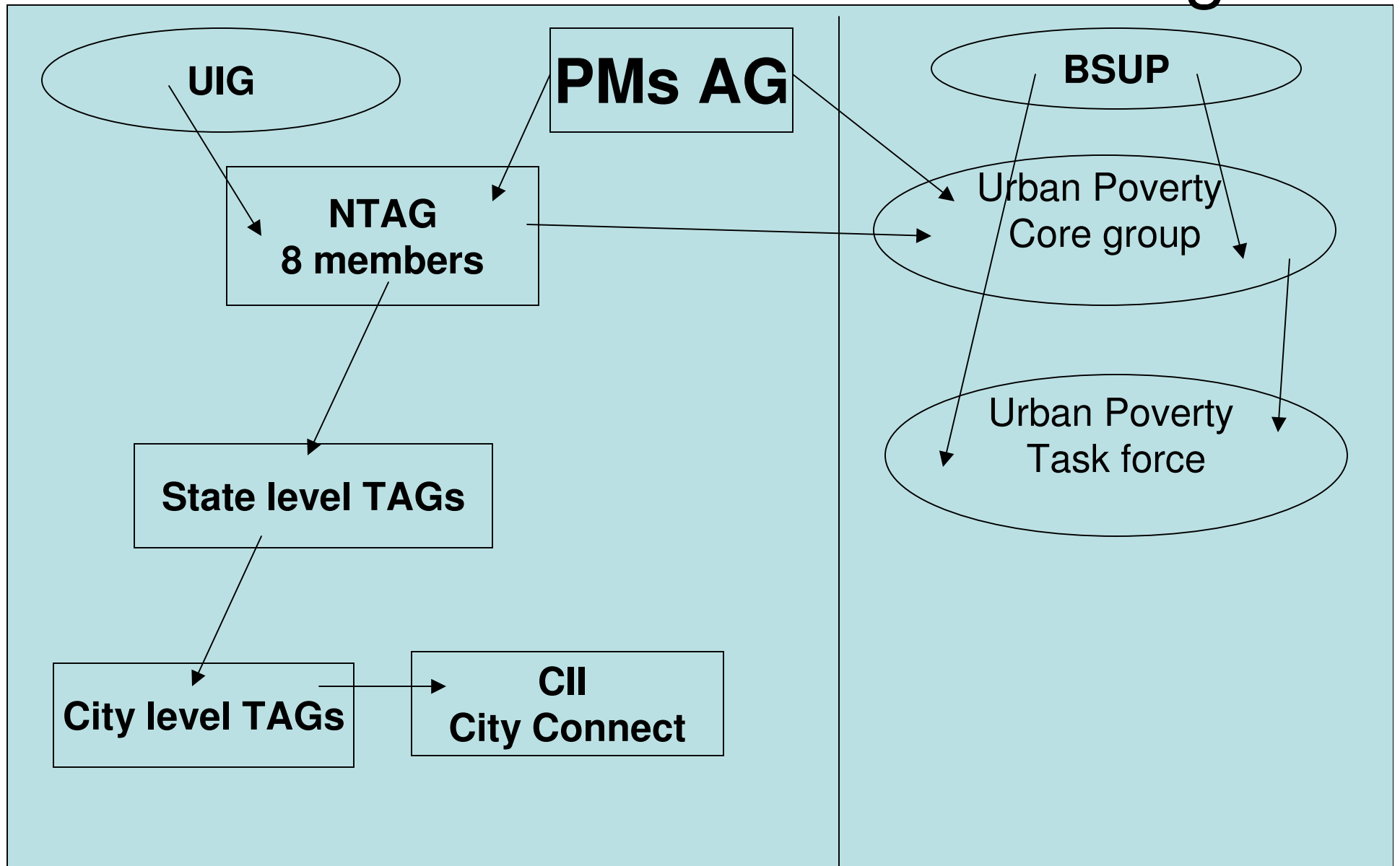
and continues with ...

- WB tried to prepare NURM as an Outcome programme but failed
- WBG chooses to prepare policy notes for Well functioning, efficient and equitable land markets : report was out in Feb 2007
- Urban Finance and Governance review in 2004
- NURM follows prescriptions

NURM - promotes Uniformity & Rigidity

- In NURM ULSGs made outwardly accountable to IFIs
- Focus on mega - infrastructure projects – which can be outsourced, like expressways, flyovers, sewerage treatment, 24 X 7 water schemes
- Rigid Guideline and MoU based CENTRALISED administration of NURM - at least 10 guidelines issued
- URBAN SELF GOVERNMENT (ULSGs) accountable to higher levels not electorate needs
- **A corporatising framework developed by (financial, management,engineering) consultants benefits the private banking and corporate sector.**

AG's, TAG and Core groups closed circuit decision making



No “Right to the City” in JNNURM

- no rights based services for citizens
- no funding for wage employment schemes
- no minimum / equal wages for women like in NREGA
- no funding for basic health, education
- no subsidised social housing,
- No Community toilet services based on needs

Financial reforms in ULSGs

WBG prescriptions

→ NURM actions

- **Full service cost recovery**
- **100% Metering and no subsidy**
- **“Pro-poor” PPPs & privatisation**
- **Separate big ticket infrastructure from basic services**

- 100% rational user charges for O & M
- All consumers pay for individual/home connection
- Water and Sanitation for Urban Poor (WSUP) formed in Bangalore by Unilever, Thames Water, Halcrow etc
- UIG and BSUP submissions

Financial reforms in ULSGs, contd..

WBG prescriptions

→ NURM actions

- **After NURM “market capital based” self reliant ULSGs**
- **Ring fencing and unbundling of basic services**
- NURF and NUIF based funding mechanisms
- Planning com report calls for breaking municipal monopoly on services and introducing competition

MoUD vs MUEPA

UIG vs BSUP

disparity /contradictions

- Renew and enlarge the role for MoUD, violate constitutional norms, encroach state and legislature powers
- 66% 23000cr funds for UIG
- KUIDFC, BWSSB, BDA parastatals

- follows constitutional foundations and norms e.g in street vendor policy
- Less than 33% (only 9000cr) allocations forces ULSGs to chase risky and costly funds for basic services

M o UD

- Does not disburse untied funds
- Central govt in control of urban decentralisation
- Functional devolution with privatisation
- Unbundling functions
- Competition/deregulation
- ULSGs giver of contracts & Purchaser of services
- Funds to an SLNA (KUIDFC)

M o PR

- Mostly untied funds to PRIs
- States in charge of rural decentralisation
- Principle of fund & Functionary devolution
- Panchayath in charge of decisions
- Funds given to the consolidated funds of states

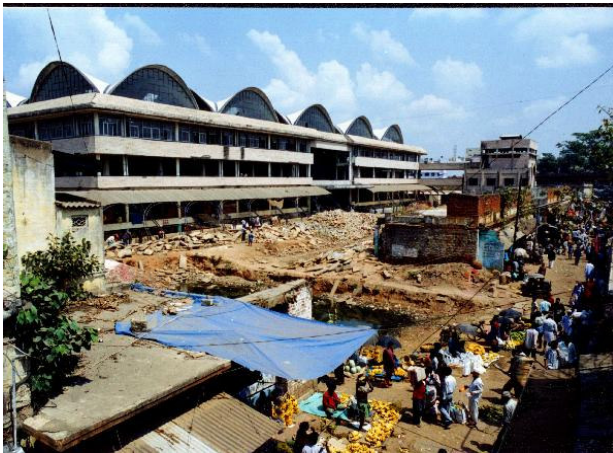
We *HAVE* PROPER HOUSING ... We're LOOKING FOR PROPER *PEOPLE*.



Urban renewal threatens both urban and rural multiplier effects

The Demolition of KR Market in Bangalore and its replacement by a “Modern” shopping center...eviction of hawkers and the poor...

(Photos from Deccan Herald, Bangalore)



Field journalism actions.....

- Trace origin of lack of funding in basic services
- No proper piped water services to the poor core area slums will get in 2012-13
- Costly roads with WB KMRP loans 2-3 times usual
- NURM making NUTP mandatory costly funds for roads through IFI loan
- GBWASP 105 mld water for CMCs diverted to high-end apts and software cos
- Strong resistance to costly role of consultants in Infrastructure and development planning

conclusion

- NURM is an urban renewal dream come true for real estate mafia and civil contractors & immediate profit making ventures.
- Nightmarish for street vendors and the poor.
- Oppose NURM – It does not have a pro-poor focus and no real scope for reallocation or increased access of resources to the poor.
- Various kinds of right to the city campaigns.
- Demand for meaningful urban governance reform.



Thank you

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We welcome your comments and questions on this Working Paper

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