

Urban Governance and Development Management (UGDM)
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Lecture – 42
AMRUT

Welcome to the lecture 42. Last day, we discussed the background of the urban development programs in India. And based on that background, we have learnt that it is very important to, at least to have a knowledge that what are the current urban development programs are going on. And what are the provisions and the tasks required under those urban development programs. Out of that, we are going to share the informations about AMRUT, about Smart City Mission, about Swachh Bharat Mission, about the HRIDAY and few other programs.

So today, we will start the discussion. Today, we will have a discussion on AMRUT. So you know that in 2015, Government of India has launched this program which is the full form of AMRUT is Atal Mission for Rejuvenation and Urban Transformation. In short is AMRUT. So AMRUT is a revised version of JNNURM which started in 2004. So more or less, the provisions of the AMRUT is the same.

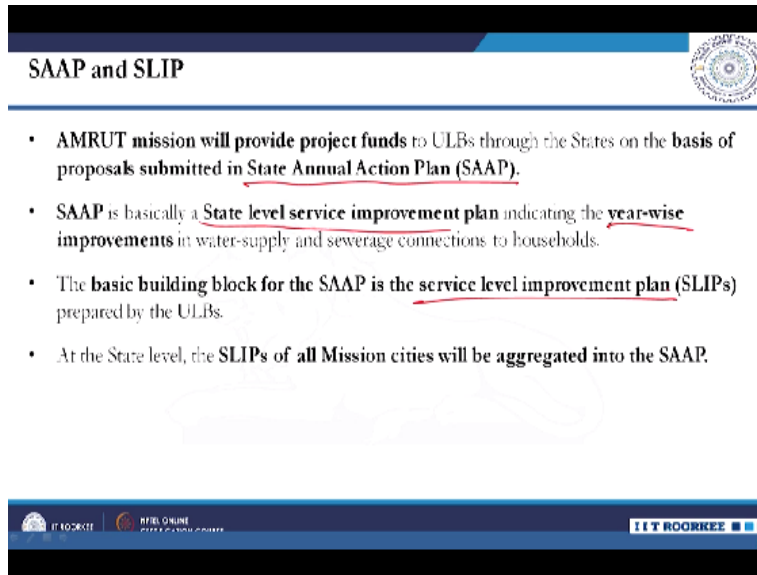
Only exception is the waste management part. Waste management part is excluded from the AMRUT mission whereas the other basic infrastructures are included AMRUT like the JNNURM and AMRUT is also a reform linked program. And second is that under JNNURM, city development plan was the essential and the mandatory task which was required to be done by the urban local bodies.

And here, only the state level action plan and the service level infrastructure plan which is required to be done by the urban local bodies and state government. And that is the basic difference of the AMRUT and the JNNURM program. Now in AMRUT, the state level infrastructure, the service level infrastructure plan.

In short, it is SLIP. It is to be done at the urban local bodies level and all the SLIPs from all urban local bodies has to be integrated and combined and together and to be developed and state level

plan which they are calling a state level State Annual Action Plan that has to be done at the state level and that has to be submitted to the central government level. So let us see the provisions of the SAAP and the SLIP.

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The slide is titled "SAAP and SLIP" and features the logos of IIT Roorkee and the Ministry of Urban Development, Government of India. It contains four bullet points:

- AMRUT mission will provide project funds to ULBs through the States on the basis of proposals submitted in State Annual Action Plan (SAAP).
- SAAP is basically a State level service improvement plan indicating the year-wise improvements in water-supply and sewerage connections to households.
- The basic building block for the SAAP is the service level improvement plan (SLIPs) prepared by the ULBs.
- At the State level, the SLIPs of all Mission cities will be aggregated into the SAAP.

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So I will just mentioned the salient key works so that you can recall the points. Now they are calling it as a state level, State Annual Action Plan. In short, it is SAAP. So SAAP is basically state level service improvement plan indicating the year wise improvement and basic building block for SAAP is service level improvement plan. I tell you another background that before the AMRUT, Government of India, they started another program called service level benchmarking; in short, SLB.

So objective of the service level benchmarking was to benchmark each and every service for urban local bodies. For example, they categorized each type of municipalities and based on their size and the character, it was mentioned that which type of municipalities are going to serve or going to supply what categories of service. For example, bigger municipalities and the corporations, they will provide 200 LPCD water for the common citizen.

Whereas the small municipality, they can serve 100 LPCD. So something like that. They have not only the amount, that time they benchmarked the amount and the frequency of the service and the amount of service and the mode of the service for each and every category. For example,

water supply, solid waste management, sanitary sewerage and sanitary management, drainage, everything. So similarly that has been integrated in the SAAP and SLIP and that is why they are calling service level improvement plan. In short, it is SLIP.

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Preparation of SAAP in two phases

Objective: To give an overview about the project and funding requirement and in turn cover all households in the state with water supply and sewerage (including septage)

PHASE I - Preparation of Service Level Improvement Plan (ULB)

- First Step is to assess the service level gap in the infrastructure delivery like water supply and sewerage
- Second is to identify the project components to bridge the gap in the existing service level facilities
- Estimation of the project cost for the identified project components
- Prioritization of the project components to be taken up in the Mission period

PHASE II - State Annual Action Plan (STATE)

- At the State level, the SLIPs of all Mission cities are aggregated into the SAAP.
- While preparing the SAAP, various considerations related to principles of prioritization, importance of O&M, Financing of Projects & Execution are to be taken.

So they have basic objective of this, preparation of the SAAP is to provide an overview about the project and funding requirement and in turn cover all households in the state. So it is the state wise allocation and the projection of a particular service or few services together. It has 2 phase. The first phase is the preparation of the service level improvement plan which is done at the ULB level.

And second stage, it is the annual action plan which is done at the state level. So at the ULB level, it is to assess the state level, the first stage. Identify the project components, estimation of the project cost and prioritization of the project component. So if you see the key word like assessment, identification, estimation, prioritization, these are the task by the urban local bodies.

Next, at the state level, it is the task of the state government to make an aggregated document that is the combination of all the SLIPs received from the urban local bodies and the consideration related to principles of prioritization, importance of the operation and management, financing of project and execution are to be taken. Why this is important?

Because in JNNURM and the earlier programs, we have seen that you can plan for 100 projects but unless the project does not consider the operation and management aspect, does not consider the implementation aspect, the ultimate outcome in terms of the project execution is minimal in spite of spending much public money. So that has to be considered at the very beginning, in this planning framework.

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The slide is titled "PHASE I: Service Level Improvement Plans (SLIPs) ULB" and features the IIT Roorkee logo in the top right corner. It contains the following content:

- **Objective :** To cover all households with water supply and sewerage (including septage)
- **Prepared by:** Urban Local Body

Strategic steps

- 1 **Assess the service level gap:**
AMRUT builds data, information and plans available with the States/ULBs.
If we take Zone as basic Unit –
Data used = Census (2011) or the baseline survey done by the MoUD
The zone-wise gaps will be added to arrive at the service level gap in water supply and sewerage in the ULB.

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So in the phase 1, as I have told you that it will be done at the urban local bodies level. So objective is to cover all households with water supply and sewerage including septage management. And it is done by urban local bodies as I have told. So assessment will be done based on the data existing, secondary and the primary data and zone as the basic unit has to be taken.

And here, they are calling as Census data 2011 or you can have some baseline survey at the urban local bodies level. If there is any existing survey already done by MOUD; otherwise, you can conduct your own survey. So zone wise gap will be calculated and based on that, you have to project the requirement of your urban local bodies.

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2 Bridge the gap:

- Plan will be prepared to bridge the gap
- Separate exercise for water supply & Sewerage will be carried out.
- All Households in the zone will be covered.

3 Examine alternatives:


- Examination of alternatives by ULB
- One-size-fits-all approach will not work
- Alternatives should be generated in order to do more with less resources and make to accessible to all

Then what is the plan of action to bridge the gap, okay. So that is required to be done. So separate exercise for water supply and sewerage will be carried out. Now you may see that if the municipalities are smaller, they cannot afford a large water treatment plant or sewerage treatment plan. They can take the strategy to combine, cluster with other local bodies and make a combine plan. So those kind of strategies could be there. And so one is at the urban local bodies, the zone wise strategies.

One at the urban local bodies, city wise strategy, how they can bridge the gap. Then before coming to the final strategy, have you examined the alternatives like what could be other alternatives in terms of technology, in terms of the land and the location, in terms of the finance that what could be other alternatives. Specially, one size fits all approach will not work. So every urban local bodies, every municipality, they should come with their own unique plan of action, unique strategy, that is the message.

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Strategic steps in preparation of SLIPs






4 Estimate the cost:

- Estimates - Total requirement of funds for achieving universal coverage for water supply and sewerage (Master Plans)
- The cost (both capital and O&M) of each project will be based on line (or abstract) estimates.
- Technical and financial norms prescribed in the JnNURM will apply to the AMRUT Mission
- Contingencies or cost escalation will not be permissible
- No incomplete or already started projects will be included

NO DELAY








Then estimation of the cost, the estimate, the total requirement of the fund for achieving universal coverage of water supply, that has to be calculated. Then the cost including operation and management will be based on the estimates and that has to be presented. And the technical financial norms as prescribed by JNNURM will apply to AMRUT mission as well.

And contingencies or cost escalation will not be permissible. So this is very important. So this prohibits that or this mandates that there should be no delay in terms of the project execution because if you delay the project, if the project is delayed, there will be no cost escalation or no contingency included in the project funding. So incomplete project will not be entertained.




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Strategic steps in preparation of SLIPs



5 Prioritize:

- Maximum central allocation as project finance is specified in fund allocation.
- In case of lack of resource for completion on mission within a year – Prioritization of Zones for every year will be done.
- Priority will be given to water supply first, followed by sewerage.
- Depending on availability of funds, Both can be covered simultaneously too.
- After universal coverage is achieved, next priority will be decided eg storm water, transport etc.
- Upto 2.5 percent of the annual allocation – for parks

Then prioritization is very important factor. Now how to prioritize the projects? When in a municipality, there are many projects. So let us see how, let me see the principles of the prioritization.

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Strategic steps in preparation of SLIPs

6 Out of Box thinking:

- Promoting water recycling & used instead of pumping water from long distance.
- Benchmark: 20% of waste water produced to be recycled.
- Reform of AMRUT reducing unaccounted water to less than 20 percent.
- Low cost estimate will be preferred in technical estimates.

7 Conditionality:

- Pre-requisite for project selection: Land availability & Clearance from all departments.
- Land cost borne by state govt./ULB
- Components of interim not to be covered under AMRUT fund

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So there are provisions of out of box thinking and the conditionality, out of box thinking in terms of the benchmark, in terms of the reforms, in terms of promoting new technologies or low cost estimating. So these are the; and conditionality based on the land and the other pre-requisite that has to be considered, maintaining the projectization.

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Strategic steps in preparation of SLIPs

8 Resilience:

- Protection against disasters will be incorporated in SLIP preparation.

9 Financing:

- Capital cost and O&M cost for each option to be calculated.
- Different sources of finance to be identified
- Citizens to be motivated to pay additional costs.
- Innovative source of funding to be explored eg Tax Increment Financing (TIF), fund convergence through other schemes

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The resilience has to be considered during a SLIP preparation. Financing has to be done

considering the capital cost, O&M operation maintenance cost and the finance has to be identified. For example, for few projects, there could be finance available from the state government, international agencies, or the state governments, central government or from their own source.

So that has to be identified. Unless you identify the various finance options, the projects may not be considered. So those are important elements. So there could be innovative funding sources like say tax increment financing, TIF even though few municipalities, they are yet to come out with those kind of proposals.

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Strategic steps in preparation of SLIPs

10 Reforms:

- Roadmap for Reforms which will be consolidated by the State Mission Director and included as part of the SAAP.
- If funds are required to implement Reforms they can be accessed from,
 - i. the allowed components of the AMRUT,
 - ii. the State A&OE funds, or
 - iii. the Capacity Building for Urban Development (CBUD) program funded by the World Bank.
- Duplication and redundancy should be avoided at the time of preparing the SLIP and the SAAP.

Handwritten notes in red ink:
Mandatory
Optional
ULB
State

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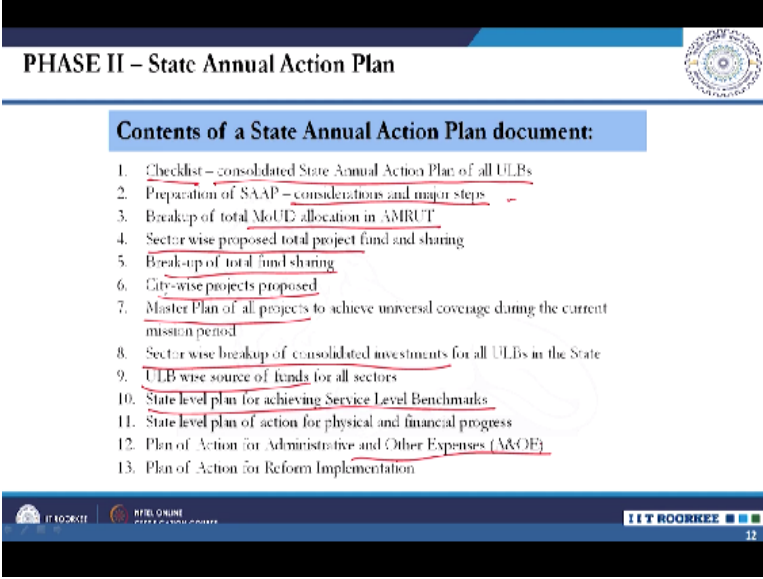
Then reforms. So as we discussed during JNNURM that there are reforms, 2 types of reforms are there. Mandatory and optional reforms and these 2 reforms will be there at ULB level and state level. So those reforms which were being followed at the urban local bodies level will be followed as usual and with a greater emphasis because reform is very important for the urban development and urban governance.

So which will be consolidated at the stage which they have already started by the state or the urban local bodies. And if the funds are required to implement the reform, they can also be assessed from, either from the AMRUT budget or from the state funding or from the capacity building of the urban development program. In some earlier lectures, we discussed about the

capacity building of the urban local bodies within this CBUD program.

The basic objective of this program is to enhance the capability of the municipal officials in terms of their knowledge and skills so that they can make the projects under this scheme, make the plan under this program and execute the projects so that they can also make the project formulation that is the project report, detailed project report, okay.

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The slide is titled "PHASE II – State Annual Action Plan" and features the logo of the Ministry of Urban Affairs and Municipalities, Government of India. Below the title, a blue box contains the heading "Contents of a State Annual Action Plan document:". A list of 13 items follows, each with a red underline:

1. Checklist – consolidated State Annual Action Plan of all ULBs
2. Preparation of SAAP – considerations and major steps
3. Breakup of total MoUE allocation in AMRUT
4. Sector wise proposed total project fund and sharing
5. Break-up of total fund sharing
6. City-wise projects proposed
7. Master Plan of all projects to achieve universal coverage during the current mission period
8. Sector wise breakup of consolidated investments for all ULBs in the State
9. ULB wise source of funds for all sectors
10. State level plan for achieving Service Level Benchmarks
11. State level plan of action for physical and financial progress
12. Plan of Action for Administrative and Other Expenses (AAOE)
13. Plan of Action for Reform Implementation

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So let us see the contents of this State Annual Action Plan. Now once the plan is formulated at the local bodies level considering the existing situation of the service, the prioritization, reform, everything, then that has to be integrated and combined at the state level which is called as state annual action plan. Now you just see the contents. One is the checklist with consolidated state level annual action plan.

Then what were the considerations and the major steps by the local bodies and the state. Then breakup of total allocation in AMRUT. Sector wise proposed total project. Breakup of total fund sharing. City wise project proposed. Master plan of all projects. Sector wise breakup of the consolidated investment. ULB wise source of fund, state level fund for achieving service level benchmark, etc. And also it is included that administrative and other expenses are included.

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Important steps in preparation of SAAP:

1 Principles of Prioritization

- The prioritization of ULBs for funding will be done after consultation with local MPs, Mayors and Commissioners of the concerned ULBs.
- The States will decide on the inter-ULB allocation based on gap analysis and financial strength of ULBs.
- Financially weaker ULBs can be financed to a greater extent.
- Urban Local Bodies with a high proportion of urban poor could receive a higher share.
- The potential Smart cities will be given first preference.
- Based on prioritization by the States and resources available, the States will send the SAAP up to three times the Central Assistance (CA) allocated to the State during 2015-16.
- Different ULBs within a State may become entitled to different funding patterns, but the share of the Centre will be fixed as given in these Guidelines.

So let us now discuss the principles of prioritization in the, how you are supposed to prioritize your projects based on the criteria's. So one is the prioritization of the urban local bodies funding will be done after consultation with local MPs, Mayor's and commissioners of concerned local bodies. That means there is a scope for consultations with all levels of elected representation and the functionaries.

Second is that prioritization will be decided based on the inter ULB allocation, based on the gap analysis and financial strength of the urban local bodies. So if an urban local bodies are having better financial strength, definitely the priority should be given to those urban local bodies who have lesser financial strength. Then financial weaker local bodies can be financed with greater extent, that is what I told.

So urban local bodies with high proportion of urban poor could receive a higher share. So that is another very important aspect. Then potential smart cities will be given first preferences. The cities which is identified as the smart cities, in the next lecture, I will discuss about the smart cities. They will also get a share of the AMRUT because in the smart cities, there are 2 part. They may be first, one element within the core city, they are developing as an area based development.

So other areas, definitely the AMRUT can help them to develop their infrastructure. So that is the priority which is mentioned. So state will send these SAAP up to the 3 times the Central

Assistance. So in this process, they can send several times for their approval. So different ULBs within a state may become entitled to different funding patterns but the share of the center will be fixed and given as per the guidelines. So these are the principles of the prioritization.

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Important steps in preparation of SAAP:

2 Importance of operation and maintenance (O&M):

- Projects being proposed to the MoUD in the SAAP will include O & M for at least five years.
- They will be funded by way of levy of user charges or other revenue streams.
- For the purpose of calculation of the project cost, the O&M cost will be excluded.
- The States/ULBs will fund the O&M through an appropriate cost recovery mechanism in order to make them self-reliant and cost-effective.

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Then importance of operation and maintenance, we have already discussed but just take few key words like say user charges which is a reform under the JNNURM and AMRUT and project cost, O&M cost will be considered and cost recovery mechanism and this should be at least for 5 years. These are the salient points or salient criteria's which should be considered during the projectization of the SLIP and the SAAP.

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Important steps in preparation of SAAP:

3 Financing of projects

- The funding will be given in three installments
- The maximum share will be given by the Central Government.
- The State contribution to the SAAP will not be less than 20 percent of the total project cost.
- The States/ULBs have to plan for the remaining resource generation at the time of preparation of the SAAP. *own some*
- The financial share of cities will vary across States. ✓
- States have to decide during formulation of the SAAP how the residual financing is shared between the State, ULBs and any other source identified by the State/ULB. *another*
- SAAP should only contain those projects where complete project cost is completely linked with revenue sources.

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So financing of the projects, the funding will be given in 3 installments, maximum share will be given by the central government, state contribution will not be less than 20% and state and ULBs have to plan for their remaining resource regeneration from own source. The financial share of cities will vary across states. During the formulation of the SAAP, how the residual financing is shared between the state ULBs and any other source identified by the state.

So other sources have to be identified. The SAAP should only contain those projects where complete project cost is completely linked with the revenue source. So this is very important that not only the funding requirement unless the funding requirement is connected with the revenue generated at the local level from their own sources that will not be considered. And every state government and urban local bodies level, they should provide at least 20% of the total funding and remaining central government can consider for the funding.

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Important steps in preparation of SAAP:

3 Financing of projects

- Projects can be dovetailed with other sectoral and financial programme of the Centre and State Governments
- Financial Intermediary can be created in order to pool funds from all sources and release funds to ULBs in time. These will also be able to access external sources of finance, such as debt and bonds
- The potential opened by the promulgation of Regulations by the SEBI for muni-bonds can be fully realized by such an intermediary.
- States/UTs should explore the possibility of using Public Private Partnerships (PPP), which should be the preferred execution model
- The PPP should include appropriate Service Level Agreements (SLAs) with strong citizen feedback built into it. This will lead to the People Public Private Partnership (PPPP) model.

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Similarly, there are few other points like they can consider the bonds, debts, all these kind of mechanism and this can be dovetailed with other sectoral and financial programs of the government. These can be, some of the elements could be under the regulation of the SEBI and use of Public Private Partnership, PPP is much emphasized or prioritized or given encouraged. So PPP should include appropriate state level agreements with strong citizen's feedback so that there could be PPPP that is People Public and Private Partnership model.

Now most of the state governments, they have come with a PPP policy which will enable the local government to collaborate with the public developer or private developer or private organizations to come up with better projects for the urban infrastructures. So PPP is very important resource or important elements where the state governments and the urban local bodies, they have to take very judicious decisions to select the private parties and to collaborate with them to make projects for the urban infrastructure.

So there are laid out procedures for approval of the SAAP. So just have a look. I am not reading all these stages. You can have a reading on your own time and you can understand. If you have any query, you can ask me in the forum. So with this, I conclude this lecture. Next lecture will be smart city mission. Before I conclude, let me summarize very quickly. In this lecture, we discussed briefly about the provisions and the actions, planning actions under the AMRUT mission.

AMRUT mission stands for Atal Mission for Rejuvenation and Urban Transformation. It is basically an extension of the Jawaharlal Nehru National Urban Renewal Mission which is basically a reformed linked urban development program. The AMRUT mission covers mostly the urban infrastructures like water supply, sewerage, etc. And it mandates planning action at the urban local bodies level and state level.

At the urban local bodies level, the planning action is called as SLIP, service level infrastructure plan. Basically, it is the projected infrastructure requirement and the projectization for each and every infrastructure listed in the mission. Then all the SLIPs from the urban local bodies and cities will have to be combined and integrated in a comprehensive manner and a state level action plan which is called as SAAP, in short it is state annual action plan which has to be done by the state government.

And the SLIP and SAAP has to be done in a way where contribution by the state government the urban local government has to be indicated very clearly so the remaining amount can be considered by the central govt. And the operation and maintenance has given much more weightage here. Prioritization based on some criteria and consideration has given also very

important priorities.

So most of the state governments and the cities are now working under the AMRUT. So please visit your own state government's website and the urban local bodies website and just try to understand that what are the projects they have undertaken. Whether they have made the SLIPs and the SAAP already. If they have made, please have a look on all those planning documents so that you can get the better understanding. So with this, I conclude this lecture on the AMRUT.

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And next day, we will have a discussion on the smart city mission. So thank you very much for attending this lecture.