

Please read carefully the "Guidelines for the Submission of Proposals" which outline the modalities for application and the criteria for the selection of proposals spelled out in the Cities Alliance Charter. Please ensure that all necessary supporting documentation is attached to this form. Additional information may also be enclosed **but total submission should not exceed 12 pages**.

TITLE of PROPOSAL: Transformation of Mumbai into a World Class City

PROPOSAL SUBMITTED BY¹:

Name and Title: Mr. Sanjay Ubale, Secretary (Special Projects),
Organization: Government of Maharashtra and Member Secretary, Mumbai Task Force
Address: General Administration Department, Government of Maharashtra
First Floor, Room No. 155 (M)
Mantralaya, Mumbai - 400 032, India
Tel: +91-22-2202-7151 Fax: +91-22-22815098
Email: sanjayubale@vsnl.net

CITIES ALLIANCE MEMBER(S) SPONSORING THE APPLICATION²:

Name and Title: Mr. Robert Buckley, Senior Urban Specialist
Organization: World Bank
Address: 1818 H Street NW, Washington DC USA
Tel: 202 473 3938
Email: rbuckley@worldbank.org

Name and Title: Ms. Rebecca Black, Director, and Mr. N. Bhattacharjee, Program Manager, Office of
Economic Development, USAID/New Delhi
Organization: USAID
Address: American Embassy, Chanayakyapuri, New Delhi 110021, India
Tel: +91-11-24198670, Fax: +91-11-24198612
Email: rblack@usaid.gov, nbhattacharjee@usaid.gov

Name and Title: Mr. David Savage, Senior Urban Specialist
Organization: Water and Sanitation Program
Address: 55 Lodi Estate, New Delhi 110003
Tel: +91-11-2469 0488 / 9 Fax: +91-11-2462 81250
Email: jahmad@worldbank.org; dsavage@worldbank.org

Name and Title: Mr. Ramanath Jha, Regional Adviser, South Asia
Organization: Urban Management Programme, UNDP/UN-Habitat
Address: Regional Office for Asia & The Pacific All India Institute of Local Self Government
22-23 Institutional Area, D Block, Janakpuri,
Pankha Road, New Delhi 110 058
Telephone (91 11)-25522473 / 25522474/Fax: (91 11) 25500117 E-mail: umpsa@vsnl.com

ACTIVITY IMPLEMENTED BY – organization(s) which will receive and execute the grant:

Task Manager Name & Title: Mr. Sanjay Ubale, Secretary (Special Projects), Government of Maharashtra and
Member Secretary, Mumbai Task Force
Address: General Administration Department, Government of Maharashtra
First Floor, Room No. 155 (M)
Mantralaya, Mumbai - 400 032, India
Tel: +91-22-2202-7151
Fax: +91-22-22815098
Email: sanjayubale@vsnl.net

¹ Country-specific proposals typically originate from local authorities, but must be sponsored by at least one member of the Cities Alliance (see [Cities Alliance Charter](#), Section D.14).

² The sponsor should review and clear the application being submitted and normally provide co-financing for the proposed activity

Other implementing parties:

Task Manager Name & Title: Mr. A.K. Jain
Organization: All India Institute of Local Self Government
Address: All India Institute of Local Self Government (AIILSG)
Sthanikraj Bhawan, C-D, Barfiwala Marg, Andheri (W)
Mumbai - 400 058, Maharashtra, India
Contact Person/Title: Mr. A.K. Jain
Telephone/Fax/I: +91-22-26205670
Email: ajitkumar_jain@vsnl.net.in, aiilsg@bom3.vsnl.net.in

INFORMATION ON PROPOSED ACTIVITY:

1. Type of activity (*check one*):
City Development Strategy ___ Upgrading___ Both X
 2. Geographic Scope of Activity (*check one and specify*):
City: Mumbai
Country: India_____
Regional/Multi-Country: _____
Global: _____
 3. Total budget: US Dollars \$ 4,690,000
 4. Amount of total budget requested for Cities Alliance funding: US Dollars 495,000
 5. Co-financing amount of total budget, including local partners: US Dollars 4,195,000
 6. Duration: 24 months
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DESCRIPTION OF PROPOSED ACTIVITY:

7. Overview of proposed activity:
 - *Background and issues to be addressed:*

Mumbai, located in Maharashtra State in western India, is the commercial and financial capital of the country. Mumbai and its hinterland are growing at a fast pace and contribute substantially to the economy of both the state and the country. Mumbai municipal limits accommodate 12 million people with urban poor comprising around 50%, while Mumbai Metropolitan Region has a population of 19 million. In the recent past, however, Mumbai has experienced a consistent downturn in its economy and the quality of life of its citizens. It is the intention of the Government and the citizens to transform the city to improve the economic growth and enhance the quality of life to world-class status in order to retain its pre-dominance in the country and region. The Government and citizens believe that Mumbai has to undergo a change in mind set from incremental improvement and de-bottlenecking to making step jumps towards achieving world-class status in next 10-15 year timeframe. In order to achieve the transformation of the scale envisaged, it is also essential to restructure institutional framework to promote downward accountability, with efficient and responsive service delivery.

Mumbai has India's highest share of slum dwellers and they contribute substantially to the city's economy. The quality of life and livelihood of pavement and slum dwellers in Mumbai is a serious concern and needs to be addressed immediately in a comprehensive manner. In addition, slum and pavement dwellers are now congesting infrastructure, such as the roads and the airport, to such an extent that the value of the infrastructure to the city is seriously impaired and constraining city's economic growth. Within this context, the State Government and the city in association with citizens are committed to transform the city. The transformation is to create of a world-class city both in terms of quality of life as well as economic growth. This proposal is to support the process of transformation of Mumbai into a world-class city with an objective of improving economic growth, enhancing quality of life especially for slum dwellers and reducing poverty. Amongst other things, this proposal also includes an empirical analysis of slum, land, housing and infrastructure markets and institutional and financing frameworks leading to development of a comprehensive strategy for improving the conditions of urban poor in the city and the development of a sustainable institutional and implementation framework for enhancing economic growth and quality of life. It must be highlighted that this proposal

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corresponds to Phase I of the assistance from the donor community including the Cities Alliance and the World Bank. Future phases will be determined based on the progress and discussions with the donor community.

- *Objectives:*

Considering the need for improving Mumbai, Bombay First³, a local civic organization, and the McKinsey Company, the well-known international consultancy firm, have prepared the Mumbai Vision Report with the overall goal of Transforming Mumbai into a World Class City. A copy of their report accompanies this application for information. In September 2003, the Honourable Chief Minister Shri. Sushil Kumar Shinde released this report, which lays out a bold vision and blueprint for the city to transform itself by 2013. To develop the report and its far-reaching recommendations, the McKinsey and Bombay First teams convened a series of workshops and meetings with concerned authorities and stakeholders. Then, based on the inputs from these meetings, an eight-pronged program was prepared which details the steps the city needs to follow over the next decade. This eight-pronged strategy includes:

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- i. Boost economic growth to 8-10 percent per annum from the present level of 2.4 percent annum by focusing on services (high and low end), developing hinterland-based manufacturing and making Mumbai a consumption centre;
- ii. Improve and expand mass and private transport infrastructure, including linkages to the hinterland and decongesting and unlocking the potential of existing infrastructure;
- iii. Dramatically increase low-income housing (1.1 million low income houses) and affordability and drive upgradation of housing stock; improve the quality of life;
- iv. Relocation and rehabilitation of slums and pavement dwellers to afford them a better quality of life and simultaneously unshackle the growth potential of city by releasing the spaces hitherto encroached upon;
- v. Upgrade public safety, air pollution control, water, sanitation, education and healthcare;
- vi. Create a dedicated "Mumbai Infrastructure Fund" with an annual funding of Rs. 1,500 crore (USD 333 million) enhance user charges and collection efficiency and attract debt and private financing;
- vii. Make governance more effective, efficient and responsive by institutional restructuring including corporatising key departments and streamlining important processes such as building approvals;
- viii. Generate momentum through more than 20 'quick wins' to show visible on-the-ground impacts; and
- ix. Enable implementation through committed public-private resources, led by the Chief Minister: create a single coordinating body, make government organizations accountable for results and encourage active Corporate and NGO participation.

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Mumbai is currently governed by over ten different agencies. Subsequent to submission of the Bombay First and McKinsey Report, the Government of Maharashtra (GOM) has established the Mumbai Task Force – a single coordinating body under the leadership of the Chief Minister and the Chief Secretary – and has posted a senior IAS officer - Secretary (Special Projects) - as the Member Secretary of the Task Force. Thus the structure has been established to take forward the huge and complex agenda for strategic city transformation. The Attachment 2 presents the institutional arrangements for the transformation.

After considerable deliberation and discussions, the Task Force adopted the following vision and objective for Mumbai:

“Transforming Mumbai into a World Class City with a vibrant economy and globally comparable quality of life for its citizens”

The proposed assistance from the donors, including Cities Alliance, will support the achievement of this objective.

- *Methodology, and sequencing of activities:*

The Task Force appointed six Sub-Groups to work on specific sectors (see below) with eminent individuals heading these sub-groups and members representing different stakeholder groups. In early 2004, the Sub-Groups prepared a first report of recommendations and the Task Force deliberated on these reports and presented them to the Honourable Chief Minister (CM) on February 6, 2004. A brief summary of the recommendations are presented below:

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³ Bombay First, modeled on 'London First', is civil society organization established in 1993 by prominent citizens and institutions of Mumbai. The mission of Bombay First is "to make the city a better place to live, work and invest in. It aims to serve the city with the best that private business can offer. It will achieve this by addressing the problems of today and the opportunities of tomorrow, through partnerships with government, business and civil society". It undertakes policy research, advocacy and networking to improve Mumbai.

- i. Strategic Planning and Finance
 - a. Setting up a Mumbai Development Fund;
 - b. Establish a Citizen Action Group (CAG) to provide accountability to the Mumbai public;
 - c. Establish a steering committee, cabinet sub-committee and an empowered committee as an effective institutional mechanism for the Transformation process; and
 - d. Create a 'brand' for Mumbai initiatives through measures such as "Mumbai Chak-a-chak", a cleanliness campaign to build credibility and public support working with civil society organisations.
- ii. Housing – Measures to increase sustainable affordable housing supply to all, including the urban poor:
 - a. Increase supply through measures such as redesigning the existing slum housing policies; reduction of stamp duty; simplification of building permissions; creation of special rental housing zones etc. etc.
 - b. Urban renewal measures such as establishment of Urban Renewal Commission, development of policy package;
 - c. Measures to constrain the demand such as charging of nominal fee to urban poor households in redeveloped areas and changing policies that incentivises encroachments.
- iii. Physical Infrastructure (initial focus on public transportation)
 - a. Improve rail transport through new investments and management reforms in addition to the on-going Rs 45,000 million Mumbai Urban Transport Project funded by the World Bank;
 - b. Improve the road infrastructure through: decongestion of road corridors through measures including relocation of approximately 30,000 pavement dwellers; improving the quality of existing roads and developing new roads; shifting truck and bus terminals; upgrading taxi transport etc. etc.
- iv. Economic Growth
 - a. Make Mumbai attractive to information technology companies; develop Mumbai into International Finance Centre; promote entertainment industry; and revive Thane-Belapur industrial belt
- v. Governance
 - a. Governance reforms include: creation of representative and executive Mayor; corporatisation of water supply and sanitation functions; creation of unified transport authority; improved maintenance through long term contracts; MOU based performance of independent departments; strengthen enforcement for prevention of encroachments; and, adoption of new property tax system.
- vi. Social Sector: The sub-group is working on its recommendations.

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Subsequent to February 6, 2004 meeting, the Task Force prioritized the activities within the transformation program as a part of its first report in July 2004 (document has been sent to Cities Alliance Secretariat for information). Considering the complexity of the transformation process, this report of the Task Force identified a number of short term initiatives ("quick wins") and long term measures (these are detailed in Attachment 3). Based on the progress of implementation, the Task Force and its sub-groups will continuously review and make necessary course corrections in implementation and will develop the next set of recommendations.

All the above recommendations are being taken up by the concerned implementing agencies (government departments) and it is the responsibility of the Secretary (Special Projects) to support the concerned agency or department, assist them to develop the most appropriate implementation agenda for each of the activity - timetable, milestones, support mechanism and resources etc. - facilitate the necessary technical assistance for background studies and policy development, mobilize appropriate political commitment and coordinate appropriate government, private sector and citizen participation. This is a enormous workload for which the Secretary (Special Projects) has requested Cities Alliance assistance.

This application is thus for support to the Task Force to implement what is the equivalent of a major City Development Strategy by enhancing the capacity of the office of the Secretary (Special Projects)⁴. This two year provision of resources and technical support is to provide extra impetus to the implementation of the initial phase of this huge and complex task. It will provide the support to enable the different sectors to proceed in a coordinated and strategic fashion for the transformation of the city. This support will be under the management of the Secretary (Special Projects) and will be in two forms :

General Support provided by a full-time team of professionals and support staff – the Mumbai Transformation Support Unit (MTSU). This team will be employed by All India Institute of Local Self Government (AIIILSG) and will report to the Secretary (Special Projects), with the following scope of work :

- **Coordination and Communication.** The Unit will provide practical and strategic support to the Task Force, the CAG, the Working Groups and the implementation agencies. It will also identify and mobilise new

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⁴ This office consists of the Secretary with administrative support of a Deputy Secretary, an Under Secretary, clerk and two assistants. The USAID FIRE-D programme has been providing technical assistance during recent months.

partners to actively engage in the Mumbai Transformation process. One staff member will be posted in the Secretary (Special Projects)'s Office to facilitate effective coordination and communication while the main team of two senior professional staff and support staff will be located within 1 km of the Sp.Sec's office.

- **Monitoring and Reporting.** The MTSU will be responsible for monitoring and documenting progress in all sectors on behalf of the Secretary (Special Projects). They will support the implementing agencies in their reporting to the Secretary (Special Projects), the Task Force and the CAG.

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Technical Support provided by a combination of direct advice by the professional staff of the MTSU in areas of their individual expertise and the commissioning and management of appropriate specialist consultants either by AILLSG, World Bank or the other co-sponsoring agencies. Although specialist advice will be needed in all the six areas of work (listed i-vi above); the Cities Alliance grant and other international agency co-support (see section 7. below) will be focused in the following areas :

- **Housing**
- **Governance**
- **Economic Development**
- **Physical Infrastructure**
- **Strategic Planning and Finance**

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During the meeting of Citizen's Action Group (CAG) on August 23, 2004, the implementing agencies and state departments in association with Secretary (special projects) have developed stage-wise milestones for implementation of all the short-term and long term measures recommended by the Task Force (detailed documentation on the anticipated outputs and outcomes for each activity has been sent to the Cities Alliance Secretariat). These milestones will form the basis for monitoring by the CAG and it is now agreed that the implementing agencies will make presentations on progress against agreed milestones to CAG once every three months. The CAG itself would like to prioritize the recommendations and closely follow up those with higher priorities.

- *Outputs:*

Although the outputs of this Transformation process will be the result of a wide range of inputs, an attempt is made here to identify those outputs upon which this Cities Alliance application will have significant impact⁵. Similarly, although outputs will emerge from a combination of both General and Technical Support, an attempt is made to classify them against the sectoral categories identified above.

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General Support: Coordination and Communication

Activity	Outputs : 6 Months	Outputs : 2 Years
Process management	Empowered Committee established MoU signed with concerned departments	Institutional structure for inter-departmental collaboration working effectively and efficiently
Process support	Regular meetings (Task Force, CAG and others) convened and minutes recorded Continuous analysis and documentation of the process and progress of the transformation activities Implementation constraints identified and overcome	Dissemination of process experience and outcomes to domestic and international audiences
Public consultation and communication	Regular feedback to Special Secretary and all Implementing Agencies on on-going activities CAG fully operational under its own resources Communication strategy agreed	Mumbai transformation effectively communicated within Mumbai and beyond

General Support: Monitoring and Reporting

Goal setting, monitoring and evaluation	Translate Mumbai Transformation vision statement into measurable outcomes with indicators and a clear timescale Define quality of life outcomes expected for citizens from Mumbai Transformation Develop and operationalise monitoring system	Monitoring system working effectively and appreciated by CAG
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⁵ No attempt is made here to list all the anticipated outputs of the Mumbai Transformation (eg. construction of Trans-Harbour Link, Beautification of the Marine Drive etc. etc.) but it can be noted that aspects of the **General Support** such as coordination, monitoring and communications, will contribute to achieving these outputs as part of implementing the whole-city Transformation.

Technical Support: Housing

Activity	Outputs : 6 Months	Outputs : 2 Years
Rehabilitation of pavement dwellers	Consensus proposal for rehabilitation of pavement dwellers with NGO support Cabinet approval obtained	Eligible pavement dwellers substantially relocated and rehabilitated
Dharavi development	Technical review of Dharavi Development Plan completed Consensus established as to how to proceed.	Dharavi Redevelopment substantially underway
Review of Slum Rehabilitation Scheme (SRA)	Complete review of SRA scheme Concept note prepared for redesign of SRA scheme	New SRA policy in place with agreed implementation plan underway
Rental housing	Study complete of options for special low income rental housing Concept note prepared	Mechanisms for establishing special low income rental housing zones in place
Other activities which are likely to be supported with technical assistance	Additional areas of housing activity identified (outcomes not detailed here) include redevelopment of cess buildings; redevelopment of BDD chawl; modification to rent control act; urban renewal policy; setting up urban renewal commission; repeal of Urban Land ceiling Act; implementation of CRZ proposals from Sukhtankar Committee; extending scope of Heritage Committee.	

Technical Support: Governance

Municipal Corporation of Greater Mumbai (MCGM) restructuring	McKenzie report submitted and reviewed Proposals for suitable amendment of Mumbai Municipal Corporation Act prepared Additional powers delegated to Wards Consultation substantially complete and concept note prepared on Corporatisation of water supply utility Pilot contract for long term maintenance of roads in place	New Mayoral system in place City government appropriately restructured Key functions corporatised (eg. roads, water supply, sanitation)
New property tax system	Place amendments to BMC Act before Cabinet	New property tax system in place
Integrated Transport Authority	Consultation substantially complete and concept note prepared	Fully functional Integrated Transport Authority

Technical Support: Economic Growth

Biotech policy	Discuss the policy with stakeholders Draft cabinet note	Announce policy
Revival of Thane-Belapur Industrial Belt	Obtain GOI approval for SEZ and Special Designated Act Place the act before state legislature	Enact the act and declare the area as Special Designated Area
Other Activities	Additional areas of economic growth activity identified (outputs and timetable not detailed here): Development of Gorai area into special entertainment zone Construction of Inter-State bus terminus Create jobs through modern-format retailing	

Technical Support: Physical Infrastructure

Decongestion of N-S and E-W corridors (see also rehab of pavement dwellers)	Road improvement work substantially underway Funding situation clarified	Road improvements substantially complete
Airport privatisation (see also 'housing' above as will involve significant rehabilitation of slum dwellers)	Concept note prepared Enumeration of all effected slum dwellers GOI and GOM approval sought	Airport privatization process agreed and substantially underway

Activity	Outputs : 6 Months	Outputs : 2 Years
Cleanliness Campaign	Preparation of ward-wise plans for improvements Segregation incentives and disincentives in place Private operators engaged on pilot basis Assess McKinsey Proposals	Improvement of cleanliness in the parts of the city Private operators for collection and disposal in place
Community and public sanitation facilities	City-wide plan of action commissioned Assessment study on options for scaling up World Bank funded community sanitation programme completed Concept note prepared on involving private sector in public sanitation	City-wide sanitation programme underway

Technical Support: Strategic Planning and Finance

Mumbai Development Fund	Consensus built with concerned stakeholders around Mumbai Development Fund Draft Cabinet note prepared	Mumbai Development Fund fully operational
International Finance Centre	Discussion on Mumbai becoming International Finance Centre completed with RBI and GOI Necessary legal amendments identified	Mumbai's role as IFC enhanced
Project Preparation	Prioritise development projects seeking funding Scoping studies of at least five initiatives complete and potential funding options identified (either corporate, domestic financial, bi- or multi-lateral)	At least five projects either completed or substantially underway

8. Expected impact, and related monitoring indicators and plans (*describe how the success and impact of the activity in reaching the objectives listed above will be measured, as well as the indicators to be used and the mechanisms for monitoring and quality review*):

The long-term impact of the transformation will be to create a world-class city. The transformation will result in improved economic growth and enhanced quality of life in the long run. The assistance from Cities Alliance and other Donors will contribute to this objective. The success and impact of the activity in the long run will be measured through increased economic growth, increased personal incomes, improved quality of life to all including eligible pavement and slum dwellers, increased interaction/participation of citizens and civic society in the transformation process and increased productive investments. Satisfaction surveys will be conducted to measure the impact on citizens and the corporate sector. The outputs during the assistance phase will be measured through indicators such as: number of citizens including urban poor that benefit from the improved quality of services, housing and incomes. The Municipal Corporation of Greater Mumbai (MCGM) has a Citizen Charter for various civic functions. This Citizen Charter will be strengthened and used to influence, monitor and measure the impact of the transformation process.

Mumbai is the one of the largest cities in the country. Any positive change in Mumbai will breed success in other cities, positively impacting the urban fabric of the country and the region.

The Task Force in association with the Citizen Action Group (CAG) and civil society organizations such as Bombay First, AILSG, and SPARC will also monitor the implementation.

9. Consistency with Cities Alliance mission (*describe how the activity will contribute to achieving the goals outlined in the Alliance vision statement and in particular to the reduction of urban poverty*):

This is an opportunity for Cities Alliance to be centrally involved with a major city in the implementation of their City Development Strategy. The transformation of Mumbai is:

- a) aimed at creating a world-class city with enhanced quality of life of all citizens;
- b) Based on a citizen-centric and participatory approach
- c) Expected to result in gradual emergence of a city without slums.

In summation, the proposed transformation of Mumbai is fully in alignment with Cities Alliance's Vision Statement.

10. Commitment of the government and/or local authorities (*describe actions already initiated and other specific commitments by government and/or local authorities*):

Subsequent to submission of the Bombay First and McKinsey Report, Government of Maharashtra (GOM) has established the Mumbai Task Force to guide and monitor the transformation agenda under the chairmanship of the

Chief Secretary. The Task Force includes key functionaries of the government (heads of departments and agencies) and eminent citizens from the industry and civil society as well as a representative of the Prime Minister's Office. The GOM has established a post of Secretary (Special Projects) to manage the day-to-day operations of the Task Force as well as to act as a Secretary (Special Projects) of the Task Force. This Secretary is to play a key role in development of the Vision and carrying out of tasks identified directly and with the support from the field organisations. The office of the Secretary (Special Projects) will be staffed from the government and the consultants for specific activities. The Task Force met four times so far between November 2003 and February 2004 and is expected to meet bi-monthly. A key dimension of this application is to provide support for the implementation of the transformation process. It is intended that in future (after say 3-4 years), the Task Force role will only be that of monitoring, as opposed to the current monitoring and support role, as the field agencies will by then have internalized the transformation process.

The Honourable Prime Minister is keenly interested in this transformation and the GOI and its agencies are playing an active role including provision of financial support. The Honourable Chief Minister is regularly monitoring the process.

All key functional institutions such as the Municipal Corporation of Greater Mumbai, the Mumbai Metropolitan Regional Development Authority, the Slum Redevelopment Authority, Maharashtra Housing Development Authority, etc. are part of the Task Force. The activities under the Task Force are developed in consultation with these field agencies. The field agencies are committed to implementation of the transformation process. It is also intention of the Task Force, the Government of Maharashtra and field agencies, to build strong public and political support for the transformation process. This is being done through implementation of 'quick wins', the establishment of public-private partnership for implementation and the formation of the Citizen Action Group (CAG) to monitor the activities under the transformation process.

The MMRDA and GOM will be key stakeholders in the relocation and rehabilitation of airport slum dwellers and pavement dwellers. As key implementing agencies, it will be lessons from their significant experience of relocation of slum and pavement dwellers under MUTP and MUIP that will provide the basis for planning and financing of these subsequent activities.

In addition, the Government of Maharashtra and its agencies have prepared several policy reports during last few years including a policy framework for water and sanitation under the Sukthankar Committee report. These reports will also be utilised for transformation of Mumbai, as appropriate.

11. Partnership with other local partners and stakeholders (*list names and contacts of the local partners and describe their involvement in the preparation of this proposal and their role in implementation activities*):

The activities under the transformation are developed in partnership with all concerned local government, state departments, and private and citizen agencies. The city of Mumbai has strong civil society organisations. For example, there are several civil society and NGOs in the areas of poverty reduction, solid waste management, governance, etc. The Task Force and field agencies have been working with these groups and the Sub-Groups, which are developing the main transformation agenda, include a number of representatives of these civil society organizations and NGOs.

In addition to the local government agencies listed in Section 10 (above), partners include the field agencies such as the concerned state departments (urban, environment, water, housing, finance, transport, home, education and health), the Police, the All India Institute of Local Self Government (AIIILSG), SPARC, National Slum Dwellers Federation, AGNI, Bombay First, Maharashtra Economic Development Council, the Confederation of Indian Industry, Bombay Chamber of Commerce and Industry, Indian Merchants Chamber, media, etc. In addition, a large number of resident welfare associations and grass root NGOs are participating in the transformation process.

AIIILSG is a national level institution, involved in advocacy and capacity building in the urban sector. AIIILSG is one of the key partners of the Government of Maharashtra several urban initiatives including the management of the state level Solid Waste Management Cell. Urban Management Program of UN-Habitat worked with AIIILSG to build its capacity in urban management. AIIILSG is selected as the implementation partner, on behalf of the Task Force, for this application for its relationship with the GOM and its abilities in advocacy and capacity building.

For example, the Mumbai Chakachak (cleanliness) program, which was initiated in March 2004, best illustrates the partnership of all key stakeholders. This program, which began in three large key wards of the city and main arterial roads, aims to improve: solid waste management, sanitation, traffic, parking, pavements, road structures, civic discipline, etc. Civic groups in association with the Municipal Corporation, the Police and the state government will determine the agenda for improvement under this program. Citizen Consultative Group at city level will provide

guidance in implementation of the program. The corporate sector is providing resources and management support. Maharashtra Economic Development Council is acting as technical secretariat for this program.

SPARC has developed a close partnership with a number of the Mumbai city authorities through their work over the past decade to support the relocation and rehabilitation of slum dwellers in Mumbai through a fully community-driven consensual process. In this, they were key partners of MMRDA in the MUTP II and MUIP transport projects. In the World Bank funded community sanitation programme in the city, SPARC, in their alliance with the National Slum Dwellers Federation and Mohila Milan, facilitated community-driven mechanisms for implementation and maintenance of community facilities.

These experience have led to a clear realisation of 'win-win' opportunities for the city through the close mutually-respectful partnership between government agencies and organised communities with the support of their NGOs. (See also references to this partnership approach in the documentation of the Cities Alliance supported, DFID and SIDA co-financed, Community-Led Infrastructure Finance Facility, CLIFF). Representatives of SPARC and NSDF have been members of the Task Force Sub-Group on housing and have encouraged the prioritisation of the relocation of pavement dwellers, through consensual mechanisms, so as to provide improved living conditions and secure tenure for the pavement dwellers, on the one hand, and improved transportation corridors for the city, on the other.

12. Partnership with financing institutions *(if follow-up investments are required, list the financing partners and describe their role in the design and implementation process of the proposal):*

The Task Force also includes financial institutions such as Infrastructure Development Finance Company (IDFC), Housing Development Finance Corporation (HDFC), and State Industrial Corporation of Maharashtra (SICOM). The Indian capital markets are currently flush with liquidity and are looking for investment opportunities. The Task Force and the GOM propose to develop a sustainable financing framework under which the resources from the government will be leveraged to attract capital for investments from the financial/capital markets, private sector, civil society and the donor community. The proposed Mumbai Development Fund, potentially through dedicated sources, will be a key instrument in development of the sustainable financing framework.

In addition, GOM and GOI are exploring the possibility of World Bank capital financing for several aspects of the transformation including slum upgradation and infrastructure. GOM will also explore the credit enhancement structures available under the USAID Development Credit Authority program for attracting investments into the city.

These institutions are also assisting the Task Force in development of plans and the implementation framework.

13. Partnership with international partners *(describe their involvement in the preparation of the proposal and the activities to be undertaken by these partners):*

The city of Mumbai has had a very long and productive relationship with international donors. These donors include the World Bank, United States Agency for International Development (USAID), Urban Management Program of the UN, Cities Alliance, Water and Sanitation Program, etc. The World Bank has historically been involved in: the Mumbai Urban Development Project for housing and infrastructure development and renovation; water and sewerage projects and the Maharashtra Urban Transport Project, currently in its second phase.

The World Bank has a strong understanding of the city and its requirements and can be credited with the development of institutions in the city. The experience of the World Bank financed MUTP II will be very useful in relocation of the pavement dwellers, development of a slum upgradation strategy and unlocking the potential of infrastructure in the city through consensual relocation of slum and pavement dwellers.

The Indo-USAID Financial Institutions Reform and Expansion (FIRE) project has been supporting the GOM in the development of projects; development of policy and financing framework for urban water supply and sanitation; accounting reforms, management tools such as Environmental Status Reports and Annual Subsidies Report, establishment of Maharashtra Urban Infrastructure Fund; advocacy and capacity building. USAID and other donors are also active in the areas of health sector improvements in the city. UN-Habitat's Urban Management Programme worked with the city through AILSG in the environmental management sector. DFID and SIDA worked with a UK NGO, Homeless International to establish CLIFF (as detailed above) in association with SPARC and NSDF.

In addition to donors, the city of Mumbai has also had partnerships with international institutions including: the University of London for establishment of Bombay First and its subsequent work; the City of London; McKinsey, etc. The Task Force proposes to build long term City-to-City Partnership with cities such as Johannesburg⁶.

The following is the nature of association of international partners with the on-going activity of Transforming Mumbai into a world-class city. The broader contours of the proposed donors support is presented below. The activities will be detailed out in six-monthly work plans in order to be inclusive and flexible in a complex process of transformation. The support from donors will assist the Task Force and office of the Secretary to: access sectoral knowledge and international best practices; create flexibility in procurement of local and international consultants; enhance credibility of the transformation process; and, undertake investments.

- a. McKinsey Company Limited is involved with the development of vision for the Mumbai city on pro bono basis.
- b. Several other firms, which have done the work on city restructuring, have made presentations to the task force.
- c. World Bank: In addition to the on-going investment support, World Bank is expected, through this application to Cities Alliance, to support the Task Force in the areas of rehabilitation of pavement dwellers, development of strategies for slum upgradation, land and housing markets, unlocking the potential of existing infrastructure to enhance economic growth. GOM also proposes to explore the possibility of long-term technical assistance and investment support from the World Bank for implementation of the transformation especially for slum upgradation, potentially under a World Bank Adjustable Program Loan (APL). The GOM and GOI are in discussions with the World Bank on this option.
- d. USAID is currently supporting the Task Force with technical and management support, organization of a workshop on international experiences and technical assistance in the development of the vision. USAID support, as detailed elsewhere, is also expected in the implementation phase through technical and credit enhancement support. USAID will provide support for sharing of international experience, technical assistance consultancy for detailing of sector-plans and management support.
- e. Water and Sanitation Program (WSP): WSP is currently supporting the GOM with sharing of information on international best practices and institutional reforms necessary for improving the service delivery. WSP is also expected to support the GOM: sharing of international experiences; specific studies in the analysis of existing institutional frameworks and proposals for improving the governance of service delivery; assistance in building consensus for identified institutional reforms. .
- f. Several donors including the World Bank, USAID, WSP and UMP have provided inputs in development of this proposal.

14. Co-financing (*describe the co-financing sources, local and otherwise, and the arrangements made. If co-financing is not yet approved, summarize the status of the request and timing*):

The infrastructure of Mumbai is financed by the field agencies. For example, the MCGM had an annual budget of Rs 48,080 million (USD 1 billion) during 2003-04. Out of this, MCGM spends annually Rs. 12,800 million (USD 284 million) on capital investments. MMRDA is undertaking the World Bank Funded Mumbai Urban Transport Project with an outlay of Rs 45,000 million (USD 1 billion) to be implemented during 2003-2007. MMRDA is also undertaking Mumbai Urban Infrastructure Project from their own resources with an outlay of Rs 26,000 million (USD 577 million) to be implemented during 2004-06. MSRDC built several flyovers in the city and they propose to undertake new flyovers and implement the Mumbai Trans Harbour Link as part of the transformation process.

The financing of the initial phase of the transformation is multi-mode. One of the objectives of the Task Force initially is to mobilise resources for 'quick wins'. The investments required for 'quick wins' identified above are expected to be from: (a). The government sources such as GOM, MCGM, MMRDA, central government through its commitment of Rs. 5000 million for Dharavi and other programs, and, (b). Private sector contributions. For 'quick wins' alone, substantial investments are expected from the private sector.

This application is to seek software support for the transformation. The software support consists of research, technical assistance, process management, dissemination, public awareness, consultations and capacity building. The following are on going and proposed sources for the software support.

- a. Resources from the civic society: McKinsey and Bombay First have contributed considerable resources for development of the vision and for implementation support. So far, these two entities have spent Rs. 22.4 million (USD 0.5 million). Bombay First will continue to provide its support. This support from Bombay First is expected to be Rs. 7.2 million (USD 160,000) for next 24 months. Local NGOs such as Action Forum for Good Governance in India (AGNI) is launching a campaign to create the ownership for the Vision amongst political leaders during the national elections scheduled for April 2004. This campaign itself will cost Rs. 4 million (USD

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⁶ The details of this activity are not included in this proposal

90,000), which will be funded by civil society. In addition, there are several individuals and institutions, which have provided their time and resources, the value of which has not been estimated.

- b. Corporate Resources for Transformation: The Government of Maharashtra proposes to mobilise resources from the corporate sector to the extent of Rs. 500 million during the financial year 2004. The Government of Maharashtra in association with Bombay First and industry associations have organized initial meetings in this regard.
- c. Resources from the Government: Apart from the investments in 'quick wins', the Government and its field agencies will put in substantial resources in implementation of the transformation. The GOM will also explore the grant resources from GOI's programs such as City Challenge Fund (an incentive fund for comprehensive city level reforms) and Pooled Finance Development Fund (an incentive fund for credit enhancement for market borrowing).
- d. International Donors: Please refer to sections 13 and 20 for international partners.

The sectoral breakdown of co-financing of software support is summarised below.

- i. Strategic Planning and Finance - Government / USAID / WSP / Private Sector
- ii. Housing - Government / World Bank / Private Sector
- iii. Physical Infrastructure - Government / World Bank / USAID / WSP / Private / NGOs
- iv. Economic Growth - Government / Private Sector / USAID
- v. Governance - Government / Private / WSP / USAID
- vi. Social Infrastructure - Government / Private / NGOs / World Bank / USAID

It must be highlighted that the actual specifics of the support will evolve based on detailed discussions with all stakeholders and each donor. It is hoped that support will not be specifically ring-fenced to one sector but, although ensuring a major focus for individual donor's resources, they will accept the need for support to linkages between different sectoral agenda and for some flexibility in managing support for such a complex change initiative.

It is also anticipated that other donors and financial institutional will be encouraged by the Transformation process when it is underway to engage in dialogue with the Task Force to identify further areas of support.

- 15. Coordination and coherence of effort (*describe how the proposed activity fits within the framework of development cooperation priorities adopted in the country, and how it relates to other relevant on-going initiatives*):

India proposes to grow at 8 percent per annum and above in order to reduce the poverty and enhance the quality of life. Government of India has initiated series of measures aimed at the enhancing the economic growth and the quality of life. Vision 2020 aims at making India a developed country. Maharashtra, and Mumbai in particular, are key engines of India's economic growth. Transforming Mumbai will contribute to national objectives of enhanced economic growth and quality of life and will create demand for similar efforts in other cities. As discussed above, the Prime Ministers Office is also involved with this process. The Prime Minister, during his visit to Mumbai, announced a package assistance of Rs. 5000 million (USD 100 million) for the development of Dharavi, the largest low-income settlement in Mumbai.

- 16. Potential for replication and scaling-up of the activity (*describe the mechanisms that will be put in place with networks of the urban poor, associations of local authorities or private institutions to disseminate the experience and lessons learned*):

Mumbai transformation is very likely to stimulate similar efforts in other cities of the state and the country. Many of the institutional partners are also national in character. This will help in dissemination at the national level. AILSG is a national level institution and the lessons from this activity will be disseminated through its capacity building activities in other cities in the country. Similarly, national institutions such as Confederation of Indian Industry, Indian Merchants Chamber and IDFC will help create the demand for similar assignments in other states. The donors such as USAID and WSP are working on building capacity in the urban sector. The participation of these donors will help in dissemination of the Mumbai experience. Also, several states have training institutions and associations of local authorities, which will be utilized for the dissemination of lessons learnt.

- 17. Knowledge creation and sharing (*describe specific activities and products that will promote and facilitate the development and sharing of information on CDS and scaling-up upgrading*):

The vision document, sector plans, campaign materials and process reports including policy framework will be generated. In addition, AILSG will document the entire process extensively every three months from the inception. These will be displayed in all relevant websites. Partners through their websites will also be able to disseminate the

reports generated under the activity. The audience of the knowledge products emerging from the activity will be citizens in India and elsewhere, State governments, private sector and civil society organisations.

18. Anticipated impact of the activity on the environment:

The proposed activities under the Mumbai Task Force will substantially benefit the environment. The activities will lead to better physical environment by improving the air-quality, public places, cleanliness, quality of built space and protection of the natural resources. These activities will also improve the quality of life in terms of better services and safety to citizens, improved health and enhanced personal incomes of all its citizens. The activities will also lead to improved sanitation and health in all areas of the cities including low-income settlements.

IMPLEMENTATION AND FINANCING PLAN:

19. Implementation arrangements, including a project schedule (*starting and ending date, as well as major milestones*) linked to a related disbursement plan for each implementing partner that would receive funds from the Cities Alliance (*include estimated disbursements by quarter*).

The implementation will be approved, guided and monitored by the Task Force (to be converted into an Empowered Committee). The Task Force will provide the direction and guidance to field agencies such as: state urban, housing and transport departments, Municipal Corporation of Greater Mumbai, Mumbai Metropolitan Regional Development Authority, Slum Redevelopment Authority, Maharashtra Housing and Area Development Authority, Maharashtra Industrial Development Corporation, Maharashtra Tourism Development Corporation, Maharashtra State Road Development Corporation, Mumbai Rail Vikas Corporation, etc.

The civic groups and NGOs such as Bombay First, AGNI, All India Institute of Local Self Government will provide support to the Task Force in implementation of the transformation process. There are several other civic and NGO groups, which are working at grass root level and which will be involved as much as possible in this citywide change agenda.

As discussed above, the Citizen Action Group (CAG) will monitor and guide the transformation process. The Bombay First will act as the secretariat for CAG. AILSG, on behalf of the Task Force, will provide management support and fund flows for activities proposed under the Cities Alliance support.

The implementation schedule is presented in Attachment 1.

20. Summary of Financing Plan⁷

Detailed Financing Plan to be printed from file : citiesalliance-budget7

⁷ This Financing Plan is only for software and does not include investments under the 'quick wins' and other capital activities which will be separately funded as described above.