International Journal of Technology and Applied Science (IJTAS)
E-ISSN: 2230-9004 ● Website: www.ijtas.com ● Email: editor@ijtas.com

Governance of Urban Services for the Poor: Impact Assessment and Administrative Effectiveness of the APUSP Model

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Abstract:
Urban poverty in India is increasingly a problem of governance as much as of infrastructure. This paper assesses the Andhra Pradesh Urban Services for the Poor (APUSP) project, a grant-funded partnership between the Government of Andhra Pradesh and the UK Department for International Development (DFID) that sought to improve municipal performance and service delivery in 42 Class I towns. Using a documentary design, the study reconstructs financial flows, physical outputs and institutional performance from the Comptroller and Auditor General's performance audit, parliamentary records and DFID's retrospective review, and appraises them against a five-dimension governance-effectiveness framework. The findings show a strong record in environmental infrastructure and community finance but an uneven record in reform. By March 2006, only 49 per cent of the DFID grant had been spent; infrastructure absorbed 83 per cent of expenditure, while municipal reforms and civil-society strengthening used 43 and 12 per cent of their allotments. Most of this is due to reimbursement-based financing, inadequate monitoring, and lack of independent evaluation. The paper concludes that the long-term legacy of APUSP is its institutional legacies such as pro-poor municipal planning, self-help group networks and the underpinnings of MEPMA, and makes recommendations for the design of future urban poverty programmes.

Keywords: urban governance, urban poor, APUSP, administrative effectiveness, impact assessment, municipal reforms, community development.

1. Introduction

India's urban transition has brought with it an urbanisation of poverty. Cities generate most of the country's economic growth, yet a large share of their residents live in settlements where water, sanitation, drainage and secure tenure are missing or unreliable (Ahluwalia et al., 2014; Kundu, 2011). Andhra Pradesh illustrates the pattern. According to the 2001 Census, 27 per cent of the state's population lived in urban areas, and three-quarters of that population lived in Class I towns with more than 100,000 residents (Comptroller and Auditor General of India [CAG], 2007). By 2011, undivided Andhra Pradesh had 283

lakh urban residents in 171 urban local bodies, including 7,519 slums with a combined population of 89.51 lakh (Mission for Elimination of Poverty in Municipal Areas [MEPMA], 2012).

Poor governance is now blamed more than ever, on top of low investment levels. Slums, according to UN-Habitat (2003), are the result of failures of institutions, land markets, and public service systems; the World Bank (2004) demonstrated that the absence of accountability between citizens and policymakers and between citizens and service providers is a failure of services towards poor people. While the 74th Constitutional Amendment has given the municipalities a large spectrum of urban functions to carry out, there has been no corresponding devolution of financial resources, staff, and administrative capability (Ahluwalia, 2019). Road and pipe-building programmes that do not reinforce and strengthen the municipalities that are responsible for operation and maintenance can end up with the creation of "assets that leak".

The challenge was tackled by the design of the Andhra Pradesh Urban Services for the Poor (APUSP) project. It was a collaboration between the Government of Andhra Pradesh and the DFID (UK Department for International Development), funded with a grant commitment of £94.4 million, and finally encompassed 42 Class I towns (House of Commons International Development Committee, 2009). It integrated three elements—municipal reform, environmental infrastructure and strengthening civil society. The typology of DFID's own retrospective review classifies APUSP as part of a second generation of urban projects which shifted the focus from the slum to the municipality, from the "act" of slum improvement to the "actor" responsible for it (Oxford Policy Management [OPM] & CRISIL, 2013b).

This paper seeks to answer the questions of the extent to which the APUSP model helped to improve governance of urban services for the poor and how well it was managed. It aims at four outcomes: (a) model description (design and institutional architecture); (b) evaluation of financial, physical and institutional outputs; (c) evaluation of administrative effectiveness in the areas of planning, financing, implementation, participation and accountability; and (d) model learning for designing urban poverty programmes in the future. The study brings together a range of evidence from audit and parliamentary work, which is distributed throughout the documents.

In Section 2, the framework is outlined; in Sections 3 and 4, the model and the methods are described; in Sections 5 and 6, the findings are presented; and in Sections 7 to 9, the legacy, a recommendation for reforms and a conclusion are discussed.

2. Literature Review and Conceptual Framework

2.1 Governance, Decentralisation and the Urban Poor

Governance refers to the mechanisms by which public and non-public actors govern collective actions, and focuses on networks, rules and relationships, not just on government (Kooiman, 2003; Rhodes, 1996; Stoker, 1998). The concept is not only useful in cities, where services are transmitted through numerous intermediaries, such as municipal engineers, state bodies, contractors and community groups, but also because of its effectiveness in delivering services that benefit the poor. Decentralisation aims to get these hands nearer to citizens, but whether they are able to perform depends on the powers, resources and incentives they have at their disposal at the local level (Rondinelli et al., 1983). Indian experience since the 74th Amendment indicates that urban local bodies continue to be hampered in their fiscal autonomy and parallel state institutions limit the discretion of the ULBs (Ahluwalia, 2019). Any evaluation of a programme like APUSP thus needs to question not only what was constructed, but whether the municipality was able to become a more effective provider of services for the poor.

2.2 Participation, Co-production and Vulnerability

The other strand is about the role of the poor communities. Ostrom (1996) demonstrated that co-production of services enhances service outcomes, and Joshi and Moore (2004) argued that institutionalised co-production can be a means of providing services under conditions of weak state presence. Collective organisations of urban poor can become politically influential by engaging and challenging the state, according to Mitlin (2008). But it is not automatically empowering; participation depends on how it's done and on the attitudes of the participants. There are two key points of contrast between tokenism and a form of citizen power: Arnstein's (1969) ladder helps to explain this difference, and Cornwall (2002) warns that the environment in which participation takes place is influenced by who invites whom. Co-production demands a sharing of control, Bovaird (2007) adds. The insights are relevant to APUSP since its self-help group/community structures were designed to enable poor women to have their voice and participation in implementation.

Poverty is a multi-faceted phenomenon. Chambers (1995) emphasized that the priorities of poor people were security, dignity and livelihoods rather than income and Moser (1998) presented vulnerability as a function of the assets available to poor households to withstand shocks. This tradition is carried forward by APUSP's self-proclaimed objective of decreasing the vulnerability, rather than the poverty, of the urban poor, as well as by its civil-society activities, which targeted health, education and livelihood assets.

2.3 Implementation and Administrative Effectiveness

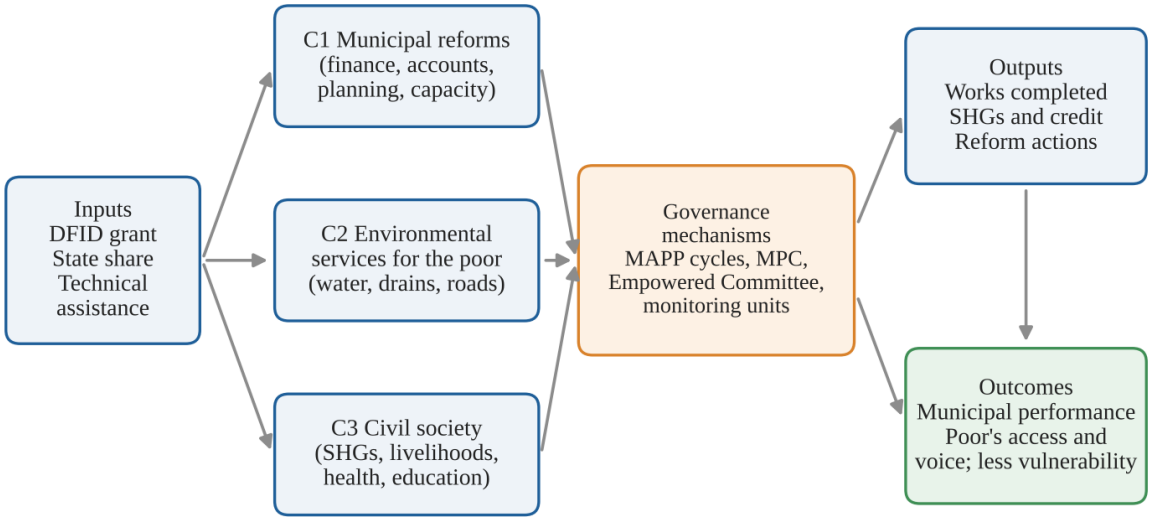
Many programmes involving multiple decision points and multiple agencies involve compounding probabilities of delay, as Pressman and Wildavsky (1973) note. APUSP brought together a state coordinating unit, a fund-channelling corporation, 42 municipalities, consultants and community organisations and tied fund release to performance goals, making implementation capacity a key driver of outcomes.

2.4 Analytical Framework

Based on this literature, the study assesses APUSP at five levels of administrative effectiveness: (a) planning and targeting; (b) financial management and absorption; (c) implementation and service delivery; (d) participation and strengthening civil society; and (e) monitoring, evaluation and accountability. The sixth "Cross-Cutting" lens looks at institutional legacy and sustainability. Figure 1 delineates the evidence that was organised through a results chain from inputs to the three components to the mediation of the governance mechanisms to outputs and outcomes.

Figure 1

Results Chain Used to Assess the APUSP Model



Note. Author's synthesis based on the component structure described in CAG (2007). MAPP = Municipal Action Plan for Poverty Reduction; MPC = Minimum Performance Criteria; SHG = self-help group.

3. The APUSP Model

3.1 Origins, Scale and Funding

There is some uncertainty about when the project began. The evidence to the UK Parliament indicates that it was established in 1999, the state audit dates it to April 2000, and the DFID retrospective review shows that the project was from 2001-2008 (CAG, 2007; House of Commons International Development Committee, 2009; OPM & CRISIL, 2013b). It is likely that the differences are the result of the design/operational launch and field implementation differences. The project's extension, which spanned from March 2006, ended in March 2008 (CAG, 2007).

Funding was shared. The audit shows that the project cost is Rs 1,407.47 crore, of which Rs 747.21 crore came from DFID's grant and Rs 660.26 crore from the state government, which was limited to environmental infrastructure. According to a reply in the Lok Sabha, 71 per cent of the budget of the DFID was financial aid and 29 per cent was technical assistance (Government of India, 2006). The project initially covered 32 towns, was extended to 42 in 2004, and was expected to benefit about 2.8 million slum dwellers (CAG, 2007). Table 1 summarises these features.

Table 1

Profile of the APUSP Project

Feature	Detail
Partners	Government of Andhra Pradesh; DFID (United Kingdom)
Period	Launched 1999 to 2000 (sources differ); closed March 2008 after extension from March 2006

Coverage	32 Class I towns, extended to 42 towns in 2004
Target group	About 2.8 million slum dwellers
Total cost	Rs 1,407.47 crore
DFID grant	Rs 747.21 crore (£94.4 million commitment)
State share	Rs 660.26 crore, environmental infrastructure only
Components	C1 Municipal reforms; C2 Environmental services for the poor; C3 Strengthening civil society
Fund channel	Grant routed through the Government of India; APUFIDC as project banker
Oversight	Empowered Committee; Project Coordinator; Municipal Strengthening Unit; Appraisal and Monitoring Unit

Note. Compiled from CAG (2007), Government of India (2006) and House of Commons International Development Committee (2009). APUFIDC = Andhra Pradesh Urban Finance and Infrastructure Development Corporation.

3.2 Components

The first component, municipal reforms (C1), aimed to strengthen municipal finance, accounting, planning, operation and maintenance, and staff capacity. The second, environmental services for the poor (C2), funded water supply, sanitation, solid waste management, drainage, roads, footpaths and street lighting in poor settlements, including off-site links to trunk infrastructure. The third, strengthening civil society (C3), built the capacity of community organisations to voice the needs of the poor and press for better local services, through self-help groups, livelihoods, health, education and support to vulnerable groups (CAG, 2007). In its evidence to Parliament, DFID listed the reform agenda as covering procurement efficiencies, accounting reforms, property tax assessment and collection, a wider tax net and complaint management systems (House of Commons International Development Committee, 2009).

3.3 Planning and Institutional Architecture

Each participating municipality prepared a Basic Municipal Action Plan for Poverty Reduction (BMAPP), planned for one to two years, containing a strategy and proposals for reforms and infrastructure. The matrix of poor settlements was a central device ranking settlements in a three by three matrix by the level of poverty and level of environmental infrastructure deficiency, thus allowing funds to follow need. Towns that met Minimum Performance Criteria (MPC) and demonstrated a desire to reform were awarded a three- to five-year Comprehensive Municipal Action Plan (CMAPP) for reforms and then another for infrastructure and social development (CAG, 2007). So money was released on performance – a design element that was supposed to be used to incentivize reform.

The strategic oversight was provided by an Empowered Committee of the Principal Secretary of the Municipal Administration and Urban Development Department. The municipalities had commissioners who were responsible for implementation and were monitored by a Project Coordinator. The Commissioner and Director of Municipal Administration maintained two units, one called the Municipal Strengthening Unit and the other Appraisal and Monitoring Unit, while the Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC) served as the project's banker (CAG, 2007).

4. Research Methodology

The study uses a documentary and secondary data approach to a completed programme where surveys of beneficiaries are not available in the public domain. Data was collected from four sources: the Comptroller and Auditor General's (CAG) performance audit of APUSP, as set out in the CAG audit report for the year ended 31 March 2006, which investigated the records of 10 out of 42 project towns selected through stratified random sampling; replies in the Lok Sabha; and evidence given to the UK House of Commons International Development Committee; the DFID retrospective review on urban investments in India (OPM & CRISIL, 2013a); and state-level data on slums and urban poverty institutions (MEPMA, 2012).

Three steps of analysis were used: First, financial and physical data were recompiled from audit tables, and arithmetic checks were performed on the data, with annual releases and expenditures reconciling to the audit totals. Secondly, performance indicators were computed, such as the absorption rate (expenditure as a proportion of allotment), the completion rate (works completed as a proportion of works sanctioned), and the achievement rate (outputs against targets). Third, a simple rubric was employed to rate each of the administrative-effectiveness dimensions. A dimension was rated Substantial if 75 per cent or more of the child's quantitative achievement was at or above the expected standard, or the evidence was mostly favourable; Partial if 40 to 75 per cent of the child's quantitative achievement is at or above the expected standard, or the evidence is mixed; and Limited if 75 per cent or more of the child's quantitative achievement is less than the expected standard, or the evidence is predominantly adverse. The ratings are analytical judgements made by the author and are provided for information only and do not represent official judgment results.

The results are limited by four restrictions. The audit has been limited to implementation through March 2006, just two years before closure, and concludes with an examination of a quarter of the project towns, so care should be taken when generalising municipality-level information to the 42 towns. There is no baseline or control group data, which is a common issue in evaluations of urban projects (OPM & CRISIL, 2013b); hence, impact is measured in terms of outputs, institutional outcomes, and plausible contribution rather than causal attribution. Some audit counts were disputed by the Project Coordinator, and in cases of discrepancy, both are reported. Finally, the later years of the project (2006-2008) have less public documentation.

5. Findings: Impact Assessment

5.1 Financial Absorption

Six years after launch, the municipalities and the project office have invested Rs 363.36 crore, which represents 49 per cent of the total amount of Rs 747.21 crore granted by DFID. At this rate, the full grant would not likely be used for closure (CAG, 2007). Table 2 and Figure 2 break down the position by component. Environmental infrastructure (C2) used 57 per cent of its allotment and accounted for 83 per cent of all expenditure, whereas municipal reforms (C1) used 43 per cent and civil-society strengthening (C3) only 12 per cent. Approved allocations for C3 in the action plans were themselves only half of the allotment, which indicates weak demand for this component at the municipal level.

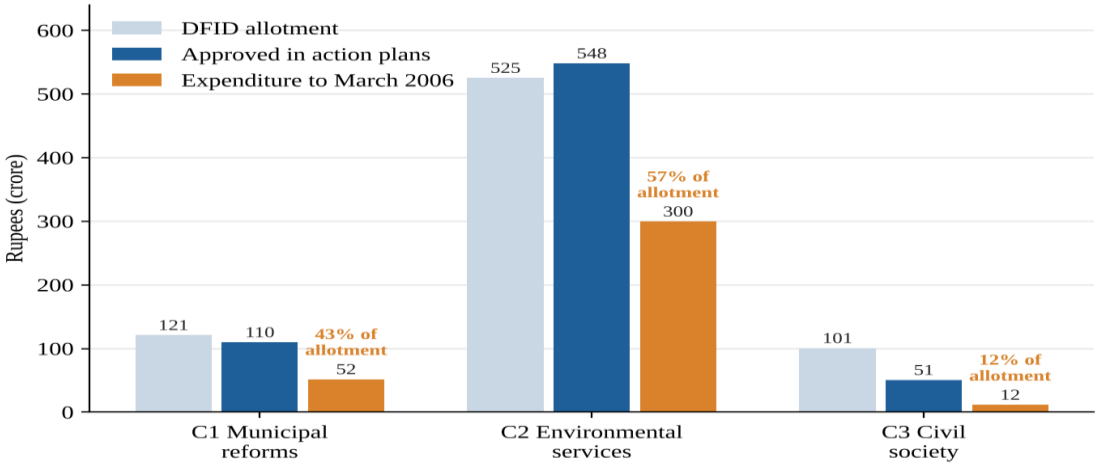
Table 2

Component-wise Allotment and Expenditure to March 2006 (Rs crore)

Component	DFID allotment	Approved in plans	Expenditure	% of allotment	% of total spent
C1 Municipal reforms	121.13	109.90	51.92	43	14
C2 Environmental services	525.33	548.31	299.77	57	83
C3 Civil society	100.75	50.68	11.67	12	3
Total	747.21	708.89	363.36	49	100

Note. Data from CAG (2007, para. 2.1.8.4). Percentages are calculated from the audit figures and rounded.

Figure 2- *Allotment, Approved Allocation and Expenditure by Component*



Note. Plotted from the figures in Table 2.

The second issue is suggested by the fund flows. Between 2000 and 2006, the state government budgeted Rs 468.63 crore and released Rs 456.39 crore to APUFIDC for C2, but APUFIDC passed on only Rs 320.96 crore, and municipalities reported C2 expenditure of Rs 299.77 crore (Table 3 and Figure 3). As of March 2006, a total of Rs 135.43 crore, which was approximately 30 per cent of the state releases, remained in APUFIDC's personal deposit account, while state releases in 2004–05 and 2005–06 had nothing to do with expenditure. Municipal utilisation certificates had been submitted for only Rs 221.57 crore of the Rs 299.77 crore spent (CAG, 2007).

Table 3

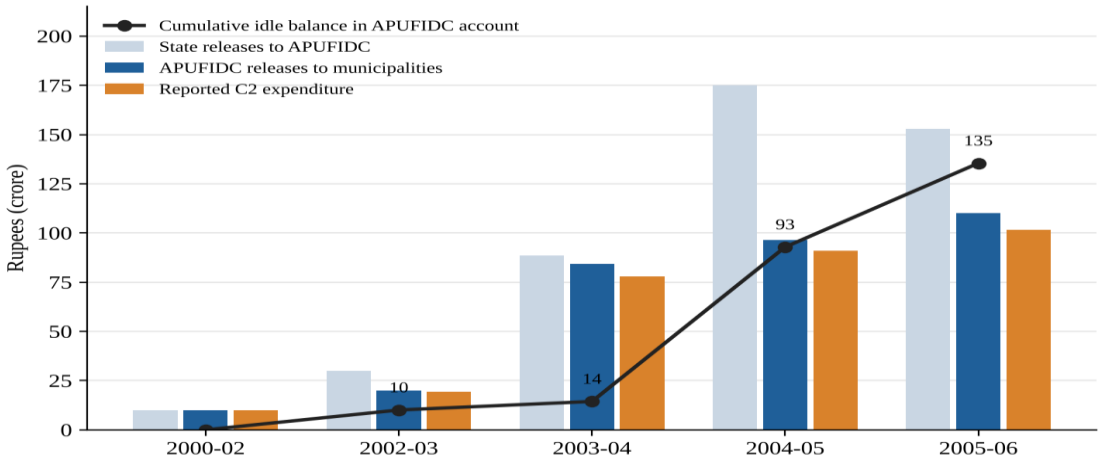
Annual Fund Flows, 2000–2006 (Rs crore)

Year	Budget provision	State releases	APUFIDC releases	C2 expenditure	C1 and C3 spend	Idle balance
2000–02	10.00	10.00	10.00	10.00	21.26	0.00
2002–03	30.00	30.00	19.93	19.29	14.30	10.07
2003–04	88.63	88.63	84.28	77.89	15.61	14.42
2004–05	175.00	175.00	96.56	90.85	4.80	92.86
2005–06	165.00	152.76	110.19	101.74	7.62	135.43
Total	468.63	456.39	320.96	299.77	63.59	135.43

Note. Compiled from CAG (2007, para. 2.1.8.2). The first row combines 2000–01 and 2001–02, reconciled to audit totals. Idle balance is the cumulative gap between state and APUFIDC releases. C1 and C3 spending includes Rs 45.90 crore incurred directly by DFID.

Figure 3

Fund Flows and Idle Balance in the APUFIDC Account



Note. Plotted from the figures in Table 3. The first period combines 2000–01 and 2001–02.

5.2 Environmental Infrastructure Outputs

Physical delivery was uneven by planning cycle. Of 2,495 works sanctioned under C2 between 2001 and 2006, 1,843 (74 per cent) were complete in March 2006. Completion was near-universal in the first-cycle BMAPPs (98 per cent) but fell to 67 per cent in the first CMAPP cycle and to 13 per cent in the second (Table 4 and Figure 4), as larger and more complex works entered the pipeline. In the ten audited towns, all 269 BMAPP works were completed in eight of them, although 40 works ran two to twelve months late. Slippage then widened in CMAPP: 55 of the 207 works proposed in 2003–05 remained incomplete.

Table 4

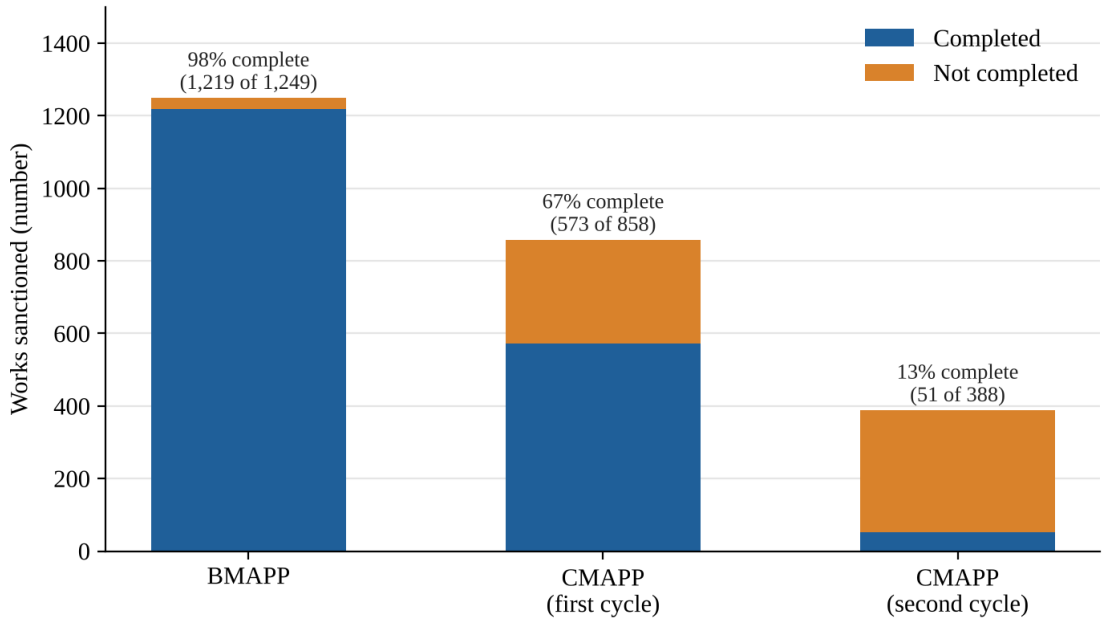
Status of C2 Works by Action Plan Cycle, March 2006

Action plan cycle	Sanctioned	Completed	Not completed	% complete
BMAPP	1,249	1,219	30	98
CMAPP (first cycle)	858	573	285	67
CMAPP (second cycle)	388	51	337	13
Total	2,495	1,843	652	74

Note. Data from CAG (2007, para. 2.1.10.1). BMAPP = Basic Municipal Action Plan; CMAPP = Comprehensive Municipal Action Plan.

Figure 4

Completion of C2 Works by Action Plan Cycle



Note. Plotted from the figures in Table 4.

Quality of planning was a recurrent weakness. Expenditure of Rs 5.40 crore on 13 water supply, drainage and road-cum-drainage works in six audited municipalities was judged unfruitful because works began without adequate surveys. Pipelines were laid before storage reservoirs could be built because land clearances had not been obtained, and drains and roads stalled on encroachments and court stay orders (CAG, 2007). The binding constraint was therefore less money than the municipal capacity to prepare, clear and execute works in dense, contested settlements.

5.3 Civil Society and Livelihood Outputs

The civil-society component presents a contrast between community finance, where results were strong, and social-sector investment, where they were not. APUSP organised 41,750 self-help groups in all project towns and arranged bank linkages worth Rs 117.12 crore for 27,812 of them, with a satisfactory recovery rate. Livelihood training reached 17,608 candidates against a target of 21,000, and 12,057 were placed in

the first two phases (CAG, 2007). These outputs equal 67 per cent bank-linkage coverage of groups, 84 per cent of the training target and 68 per cent placement of trainees (Table 5 and Figure 5).

Table 5

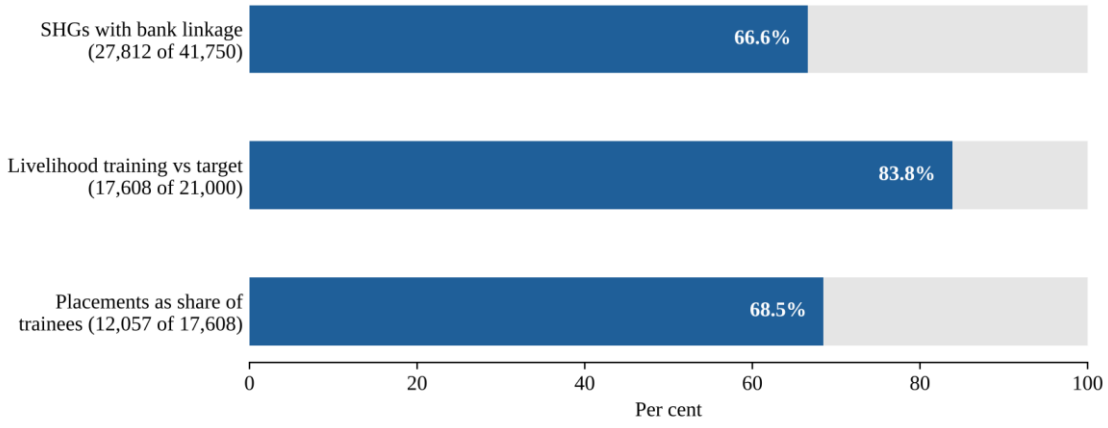
Civil Society and Livelihood Outputs

Indicator	Target or base	Achievement	Rate (%)
Self-help groups formed	Not stated	41,750	Not applicable
SHGs with bank linkage	41,750	27,812	66.6
Bank credit linked	Not stated	Rs 117.12 crore	Not applicable
Livelihood trainees	21,000	17,608	83.8
Placements	17,608	12,057	68.5
Social-sector proposals, ten audited towns	382	0 per audit; 169 of 383 per Project Coordinator	0 to 44

Note. Data from CAG (2007, paras. 2.1.11.1 and 2.1.11.2). Rates are calculated from the audit figures. The placement rate is calculated on trainees, not on the original target.

Figure 5

Achievement of Civil Society and Livelihood Outputs



Note. Plotted from the figures in Table 5.

By contrast, none of the 382 proposals, valued at Rs 34.02 crore, for education, health and vulnerability reduction in the ten audited towns had been implemented according to the audit, although the Project Coordinator reported at the exit meeting that 169 of 383 proposals had been implemented (CAG, 2007). Early child development, school health and rehabilitation services were among the proposals not delivered. C3 therefore strengthened the economic assets of poor women more than the social and political assets implied by its civil-society objective. Funds under C3 were also reimbursed after expenditure rather than advanced, which starved municipalities of cash for work they were expected to pre-finance.

5.4 Municipal Reforms

Municipal reform results were the least visible. Eight audited towns had taken up 122 reform works costing Rs 12.80 crore in 2002 for completion within a year, yet none was complete by November 2006, and Rs 2.29 crore spent on them was largely unfruitful. A further 191 proposals worth Rs 12.82 crore approved in 2004 and 2005 had incurred no expenditure by March 2006. Accounts compilation and audit were absent or inadequate in seven of the ten towns, no town cross-verified property tax data with other agencies, unauthorised water connections were not brought into the collection net, no landfills were established, and the General Town Plan, meant to integrate GIS-based property and utility mapping with municipal information systems, had not been formulated (CAG, 2007).

Some reforms delivered. The 42 project towns reported energy savings of Rs 8.5 crore by November 2006 through analysis of street lighting, pumping loads and contract demand, without capital investment (CAG, 2007). DFID's review credits these initiatives with informing the state government's Energy Mission (OPM & CRISIL, 2013b). The distinction is instructive: reforms that were technically self-contained and quickly rewarding advanced, while reforms that required political decisions on tax, assets and accounts stalled.

6. Administrative Effectiveness Analysis

6.1 Planning and Targeting

APUSP's planning architecture was sound in design, and the audit described project formulation as by and large sound. The poor-settlement matrix gave a transparent basis for allocating funds. Execution weakened the design. Although the project was conceived in 2000, BMAPPs and settlement matrices were approved only by 2002, and eight towns took more than 24 months to move from BMAPP to CMAPP while thirteen took more than 24 months to complete the first CMAPP cycle. Vital plans, namely the System Improvement Plan, the Finance and Operation Plan and the Operation and Maintenance Plan, were left out in all audited towns, which undermined the reform logic from the outset. In Dharmavaram, only one of 27 identified poor settlements was taken up for infrastructure, and four of its 11 approved works had begun by October 2006 (CAG, 2007). These delays contributed directly to the two-year extension of the project.

6.2 Financial Management

One of the most significant differences in administration was in the financing. C2 funds were advanced to municipalities, whereas C1 and C3 expenditure had to be met first from municipal general funds and then reimbursed by DFID. Municipalities with limited cash therefore concentrated on works that came with money in hand and neglected the reform and social components, a pattern the audit identified as a main reason for poor C1 and C3 performance. There was a logic to the project that was performance-based – release was to be linked with reform – and a financing mechanism that rewarded infrastructure.There was, therefore, a logic of the project that was performance-based, in that in order to receive release, the project was to be linked with reform, and a financing mechanism that rewarded infrastructure alone. All the audited towns had utilisation of more than 90 per cent in BMAPP and in the case of C1 absorption in BMAPP, it was as low as nil in Dharmavaram, Tadepalligudem and as high as 59 per cent in Machilipatnam; utilisation of CMAPP ranged from nil to 59 per cent (CAG, 2007).

The issue was exacerbated by poor financial management. Commissioners of six of the ten audited municipalities placed Rs 4.95 crore in project money in fixed deposits, instead (CAG, 2007); four towns

used Rs 33.03 lakh of project money for salaries, instead; Rs 48.81 lakh in liquidated damages for delayed work was not received by the four towns; and Rs 1.45 crore of project money was paid in surplus under the UPADHI livelihood programme (CAG, 2007). These irregularities are relatively small in scale within this project, but indicate that fiduciary monitoring was not aligned with the decentralised nature of the project.

6.3 Implementation Capacity

There were primary practical difficulties with implementation. Work was commissioned before land and permissions were acquired, alignments were prevented by encroachments, designs were not surveyed properly, and contractors did not produce. In September 2006, the studies on municipal reform had not yet been completed by consultants within 18 months, except for base maps (CAG, 2007). Staff capacity was lost as well: Out of the contracted Municipal Information and Performance Officers, 18 left the job within one year and 14 before three years; Rs 18.70 lakh was not recovered for training and salary expenses (CAG, 2007). Contracted workers can be good for the bottom line, but it can be a problem if they erode institutional memory, as had happened here.

6.4 Monitoring and Evaluation

The dimension of monitoring and evaluation was the lowest. The audit revealed that monitoring was inadequate in both the Project Coordinator's office and the municipalities, and municipalities that were sluggish were never pushed by the Appraisal and Monitoring Unit. A project impact and monitoring system had reportedly been set up to refine verifiable indicators and baselines, yet the Project Coordinator had no information on its activities. Independent consultants were to conduct the Participatory Annual Evaluation Study to capture the perceptions of poor and vulnerable groups, but they did not undertake it, and municipalities did not integrate planning and performance reviews (CAG, 2007). DFID's later review reaches a similar conclusion for its urban portfolio as a whole: evaluations were rarely planned prospectively, lacked baselines and control groups, and could not attribute impact (OPM & CRISIL, 2013b). The result of this is that the project's most significant assertion – that welfare for the urban poor has been improved – cannot be substantiated from the record that is available.

6.5 Summary Assessment

Table 6 summarises the dimension ratings under the rubric described in Section 4.

Table 6- *Administrative Effectiveness of APUSP by Dimension*

Dimension	Key evidence	Rating
Planning and targeting	Sound matrix-based design; BMAPPs approved two years late; vital plans omitted; General Town Plan not formulated	Partial
Financial management and absorption	49% of grant spent in six years; 30% of releases idle; fixed-deposit parking and diversion	Limited
Implementation and service delivery	74% of C2 works complete; BMAPP 98%, second CMAPP cycle 13%; Rs 5.40 crore unfruitful	Partial
Participation and civil society	41,750 SHGs; Rs 117.12 crore bank credit; social-sector proposals largely undelivered	Partial
Monitoring, evaluation and accountability	Participatory evaluation not undertaken; poor monitoring; no baseline data	Limited
Institutional legacy	Reform action plans, energy savings and MEPMA followed APUSP; attribution tentative	Substantial

Note. Ratings are the author's analytical judgements under the rubric in Section 4, based on CAG (2007) and OPM and CRISIL (2013b).

7. Discussion

7.1 Reconciling Positive and Critical Accounts

However, evidence to the UK Parliament indicates that APUSP has "led to a sustainable improvement in urban governance" (House of Commons International Development Committee, 2009), whereas the audit notes a lack of implementation of the reforms, delay, and underspending. The two accounts can be harmonised in terms of time and motivation. The audit covered the project at the halfway stage and compliance; the Parliamentary evidence was presented when the project closed and from the institutional influence perspective. It seems that both these points are partially correct: the design did leave over institutions which survived the project, and absorption and reform were a bit slow up through 2006.

7.2 Infrastructure First: Pragmatism or Distortion?

There are two interpretations of concentration on infrastructure. DFID's review revealed that slum infrastructure contributed to an improved rapport and confidence of poor communities, who stated the most frequently repeated need was for basic services (OPM & CRISIL, 2013b). This perspective was a logical starting point for the C2 dominance. But the theory of the project relied on municipal reform for sustainability, while the project sequence and financing enabled infrastructure to be done before the reforms, which would ensure sustainability. Pressman and Wildavsky (1973) identified the problem here – reforms would have to be decided upon by councils, commissioners and the Empowered Committee, while works could be carried out with an advance and a contractor. If the funding model is the one where the reform part is the more difficult route, then the pattern that the audit observed is a foregone conclusion.

7.3 Policy Legacy Despite implementation issues

APUSP seems to have had an impact on state policy. The Reform Infrastructure Action Plans under APUSP facilitated the start of reform implementation in Andhra Pradesh under the Jawaharlal Nehru National Urban Renewal Mission; energy-saving projects helped in the implementation of the Energy Mission of the state, and the project introduced the concept of a professional cadre for the municipal functionaries. It also documents improvements in the capacity of cities and the establishment of new institutions for poverty alleviation, like MEPMA (OPM & CRISIL, 2013b). By 2011, MEPMA operated in a state with 7,519 slums and 19.04 lakh slum households (MEPMA, 2012). It is a difficult task to directly attribute the events, but the chronology is suggestive; the review itself cautions. The legacy is not so much about the buildings constructed as it is about the organisational templates that the State has embraced.

8. Policy Recommendations

Seven recommendations for future urban poverty programmes were supported by the evidence.

1. The same advance financing for finance reform and social components as for infrastructure; and infrastructural tranches linked to the municipality's control of the milestones for finance reform.
2. Fill in surveys, land clearances and permissions before works are sanctioned, on a published readiness checklist.
3. Develop prospective evaluation starting from the first year, baseline survey, comparison settlements, explicit theory of change and value for money analysis (OPM & CRISIL, 2013b).
4. Improve fiduciary monitoring by real-time tracking of funds, timely utilisation certificates, and timely sanctions on idle funds and diversion. Install skills in the municipal cadres, not in contract staff, and create incentives for retention and transfer of skills.
5. Engage civil-society organisations in essential activities including settlement prioritisation and works supervision, as well as other add-on social projects (OPM & CRISIL, 2013b).
6. Perform political economy analysis at state/municipal level at the design stage to identify points of resistance to reforms (OPM & CRISIL, 2013b).

9. Conclusion

This paper has evaluated APUSP as an experiment in providing urban services for the poor. The evidence indicates that a project was designed before it was implemented. Its poor-settlement matrix, performance-based funding cycles and three-part structure reflected a high-degree of sophistication on urban poverty as a problem of institutions as well as assets. In reality, financial absorption was slow, with 49 per cent of the grant's money absorbed after six years; monitoring and independent evaluation were minimal; and infrastructure absorbed the bulk of expenditure, 83 per cent of the grant. The assessment is not entirely bad, however. APUSP constructed and finished hundreds of works, primarily in the first planning cycle, organised 41,750 self-help groups, and facilitated the linkage of over Rs 117 crore of bank credit to the poor women's groups its component structure had targeted and created reform instruments and energy savings, which later became the basis of state policy. The long-term legacy seems to be in the institutions that followed, such as the launch of MEPMA, rather than in any quantifiable impact on household welfare, however, which would be difficult to prove from the available evidence. The takeaway from the central lesson in the governance of urban services is that money will have architecture, and reform will have architecture too. If infrastructure is financed up front and reform is paid back after, then municipalities

will select infrastructure. Administrative effectiveness will require financing, monitoring, and incentives to be aligned with reforms and improvements desired by the designer. Future research should merge this documentary evidence with information from household surveys and municipal financial data from the final years of the period, in order to quantify the impact on access to services, municipal revenues and household vulnerability.

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