

# Financing Smart Cities a Monumental Task; City Alone to C

Express News Service

**Chennai:** The Smart Cities initiative might be off to an encouraging start, but a large consensus among stakeholders is that financing the multitude of projects involved in each city's transformation is going to be a huge task. Especially, as former Commissioner of Chennai Vikram Kapur said, when Chennai's smart city project cost alone could run up to ₹75,000 crore by 2050.

"When we consider the time and the entire wishlist that Chennai wants with a population estimated for 2050, at current prices, it would cost something around ₹32,000 crore. If we

factor in inflation, it could be as much as ₹75,000 crore to ₹80,000 crore," he said at a Smart Cities conference organised by the Indo-American Chamber of Commerce.

However, Kapur, who now heads the Chennai Metropolitan Water Supply and Sewerage Board, does not find financing so much of a problem, as building the capacity within local bodies and their para-organisations to fulfill these projects as bankable ones.

"Funding for me, however, is a lesser problem. There are people who are

ready to fund bankable projects. But to make projects bankable, you require at least that the user pay, tariff and other factors are in line with the expectations of the vendor," he pointed out, stating that that would be possible only if local bod-

ies developed the capacity to "actually implement projects on time."

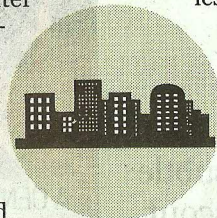
The theme of bankability and funding these projects is one

that others are mulling too. Leocadia I Zak, Director of the United States Trade and Development Agency, said what has been allotted by the initiative now is only seed funding. "But that's exactly what it is – seed financing. The rest of it is supposed to be matched by from the state governments and the private sector. But how do get them to match?" she asked.

"We want to hear about what tools this financing will be made through. At the

World Economic Forum last year, one of the areas of focus was municipal bond financing and we kept hearing about how we have to find ways to de-risk these instruments – that's the big question now," Leocadia said.

Zak also said that it was vital for everyone's interests – both the companies from the US who want to participate in the initiative and their financiers – that there was a system of fair and open procurement policy.



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— VIKRAM KAPUR, former Commissioner of Chennai



