MoHUA-World Bank India Smart Cities Program

1.   The Government of India (GoI) launched the Smart Cities Mission (SCM) in June 2015. The SCM focuses on **"sustainable and inclusive development of compact areas and creating a replicable model which will act as a light house to other aspiring cities"**. A total of 100 smart cities are proposed to be covered under the SCM. The selected Smart Cities will receive a grant of Rs.500 crores each from Government of India and a matching grant from the State Government/Urban Local Body (ULB).

2.   The cities were selected under the mission in a two-stage process. In the first stage intra-State competition, State Governments shortlisted potential Smart Cities based on Stage I Criteria. In the second stage, each short-listed city prepared a based Smart City Proposal (SCP) which was evaluated and ranked in the national level city challenge competition. In each round of selection in the second stage, a set of winning cities were declared and the rest were invited to improve and resubmit their proposals.

3.   After selection, the Smart Cities were expected to set up Special Purpose Vehicles (SPV) that are jointly owned by the ULB and the State Government, and start implementation of their plans.

Performance Based Incentive Grant

4.   The Ministry of Housing and Urban Affairs (MoHUA) and the World Bank are partnering to design a performance-based program for select Smart Cities. Under this Program, well-performing Smart Cities will receive additional grants from MoHUA against a set of pre-determined performance parameters. The proposed MoHUA-World Bank India Smart Cities Program (ISCP) has a total outlay of US$500 million of which around US$480 million will be available as performance based incentive grants, and the balance would be available for specific demand-driven capacity building and project management support at state level as well as at the SPV level. The performance-based incentive grants will be disbursed to the SPVs on achievement of pre-determined performance measures/results.

5.   The grants will be open to only the first 60 SPVs selected under the Smart Cities Mission for the first phase of the program. For this purpose, each interested State/UT will be required to submit information for only those Smart Cities which were selected in the first three rounds (including fast-track round).

6.   3-4 States/UTs will be selected and up to a total of 12 SPVs will be shortlisted for participation in the ISCP. The selection of the 3-4 States/UTs will be done based on aggregate performance of SPVs in their State/UTs. Selection of SPVs from the shortlisted 3-4 states will be done based on performance of individual SPVs in these States, with the higher ranking SPVs making the cut.

7.   To facilitate the screening of States/UTs and shortlisting of SPVs interested in participating in ISCP, a screening framework has been prepared. The screening framework comprises of three sections. Part A of the screening framework lists mandatory conditions for access to the Program. Part B presents the criteria for screening of States/UTs, while Part C presents the criteria for shortlisting of SPVs.

8.   The amount of incentive grant to be transferred to SPVs will be determined based on a detailed assessment of SPVs shortlisted using the screening framework. This detailed assessment will be carried out by the World Bank. The overall annual allocation of the grant amount will be pre-determined. However, the share going to each SPV would depend on the relative performance of the SPV against pre-determined measures. Thus, the final set of SPVs selected for participation in the program will be competing against each other for volume of funds and the performance will be calibrated against a number of clearly defined performance measures every year. Once assessments are complete, and performance indicators have been drafted, MoHUA will convene a National Workshop for the selected States/UTs and SPVs to discuss and finalize the proposed indicators. This workshop will be held within three months of receipt of State's/SPV submission on the screening framework. During implementation, MoHUA will conduct an Annual Performance Assessment (APA) to evaluate the performance of selected SPVs against the performance indicators through a third party vendor. The results of the APA will be ratified by MoHUA. The process of performance assessment, indicators and amounts available as a performance incentive against each indicator, prior actions required for accessing the performance incentive grants (such as ensuring full-time staff is on-board, implementation plan of the SCP is revised to reflect on-ground situation, etc.), and details on the APA will be presented in the proposed national workshop.

9.   Submission of the information requested in the screening framework will be the responsibility of the Urban Department of the interested States/UTs, who will need to collect and collate information from each of its SPVs and submit it as per the formats provided in the screening framework. The SPVs, in turn, will need to submit information to their Urban Department as per the formats provided in the screening framework. Each format presented in the screening framework mentions whose responsibility it is to provide the information, and has been colour coded. Formats colour coded in green need to be filled by the State/UT Urban Department, while formats colour coded in blue need to be filled by each SPV.

10.   All information furnished by states/UTs/SPVs should be presented as of 30th November 2017. The last date for receiving the submission from the state/UT is 11th December 2017. Two hard copies of the submission with all formats filled in, along with all required supporting documents, should be submitted to MoHUA on or before the deadline. States/UTs also need to submit the basic information in a soft copy format which will be uploaded on the Ministry's smart cities website. The deadline for submission of the soft copy is 13th December 2017. The soft copy submission does not require supporting documents to be included. In case of discrepancy between the hard copy and the soft copy, the hard copy submission will be considered final. Soft copy submission will be made to the Under Secretary (Smart Cities-I) MoHUA (mscdivision@gmail.com). MoHUA will complete the assessment and declare the list of selected states and SPVs within three weeks of receiving the submissions.

11.   States/UTs can direct queries to Mr. Sanjay Sharma, Under Secretary (Smart Cities-I), MoHUA. MoHUA will respond to all queries received on or before 15th November 2017. Responses to queries will be uploaded on the Ministry's smart cities website. Responses to queries received after 15th November 2017 will be at discretion of MoHUA.

12.   The SPV CEO and Principal Secretary of the Urban Department in the State/UT will certify that the information provided is true and accurate.

13.   Information presented against Part B of the screening framework will be used to screen the 3-4 well-performing States/UTs, while information presented against Part C of the screening framework will be used to shortlist up to 12 better-performing SPVs from these States/UTs. Since information requested in Part B is dependent on the information provided in Part C, interested States/UTs should ensure that the information required against all three parts of the screening framework is included in their final submission (and not submitted in parts). States/UTs submitting information in parts after the submission deadline will not be considered.

14.   State/UTs and SPVs should note that given funding under ISCP is proposed to be additional to funding available under the SCM, some of the performance parameters may also be additional to what the SCM Guidelines require the SPVs to mandatorily achieve.

Part A - Mandatory Conditions

15.   States/Union Territories will need to demonstrate that all Smart City SPVs in their State meet all mandatory conditions. Failure of any SPV in the State/UT to meet the mandatory conditions will lead to exclusion of all SPVs in that State from participating in the proposed program.

Part B – Screening Criteria for States

16.   The screening criteria included in Part B of the screening framework has been developed based on SCM guidelines and important activities that Smart Cities were expected to take up after being selected.

17.   The state/UT level scores in the screening will be determined based on aggregating the scores achieved by each SPV in the State/UT. In case of a tie between States, their scores on Indicator 2 will determine the final position of the State. If there is still a tie, then their scores on Indicator 3 and so on will determine their final position.

Part C – Criteria for Selection of SPVs

18.   The shortlisting criteria included in Part C of the screening framework will determine the basis for selection of cities that will participate in ISCP. Part C intends to capture the variation in performance of SPVs within a State to determine the shortlist of SPVs in each State (top ranking SPVs).