

Role of SLNA (KUIDFC)

Summary:

Karnataka Urban Infrastructure Development & Finance Corporation (KUIDFC), akin to many of its peers in India, has been set-up as a State Level Intermediary (Financial and Administrative) to support Municipal and Urban development programs. However, in due course, KUIDFC has enhanced its capabilities from being a pass-through vehicle for Govt. Program Funding to a more Resource mobilization and augmentation Institution.



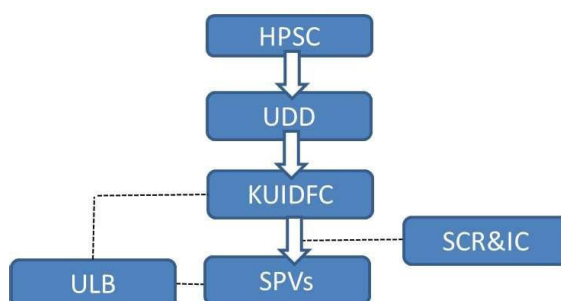
Highlights:

- Set up in 1993, notified as State Pooled Finance Entity (SPFE) and acts as Fund Manager for two Funds – UIDF and MCRF
- Leveraged GoI MegaCity Scheme and EAP funding to create substantial corpus in two Funds (~1200 Cr balance, 2018). Has set up KWSPFT and raised tax free bonds and now leveraging GoK program funds, UIDF, MCRF funds for projects.
- Broadly two categories of Funding models adopted—EAP (60:40) and Govt. Sponsored (50:50) viz. Grant, Loan proportions. While Grant component is passed on from GoI/ GoK the Loan component is securitized through SFC Devolutions to ULBs, for repayment.
- While KUIDFC Board deals with corporate matters, there are Empowered Committees (with delegated powers of cabinet) responsible for decisions on projects/programs.
- The total organization strength is ~350 with a mix of staff by deputation, contract, outsourcing and consultancy recruited as per KUIDFC HR Policy. These staff are spread across 8 locations in Karnataka, including HQ at Bengaluru

Implementation in Practice:

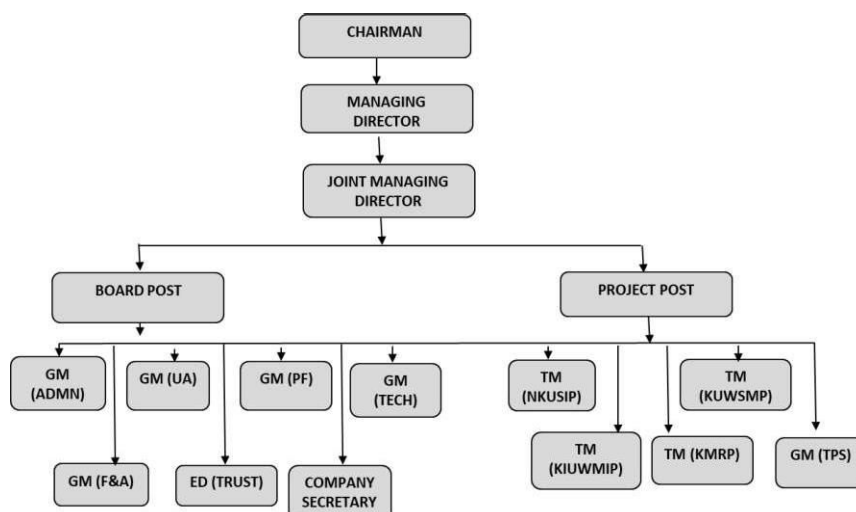
Role in Smart Cities Mission

- KUIDFC, as the SLNA for SCM in Karnataka, has been supporting 7 cities – Belagavi, Hubballi-Dharwad, Davangere, Shivamogga, Tumakuru, Mangaluru and Bengaluru
- KUIDFC has adopted a robust and effective governance, institutional support mechanism for implementation of Smart Cities Mission in Karnataka:
 - High Powered Steering Committee (HPSC) headed by the Chief Secretary having HoDs of various departments - accorded status of empowered committee
 - KUIDFC as the convening agency had the role to coordinate all the 7 cities – financial as well as administrative
 - Smart City Review and Implementation Committee chaired by the Minister (UD) with members from People Representatives, District Authorities, UDA officials, ULB Commissioner and SPV head
 - SPV with board representation as [1-GoI, 6-GoK, 6-ULB & 2-Independent]

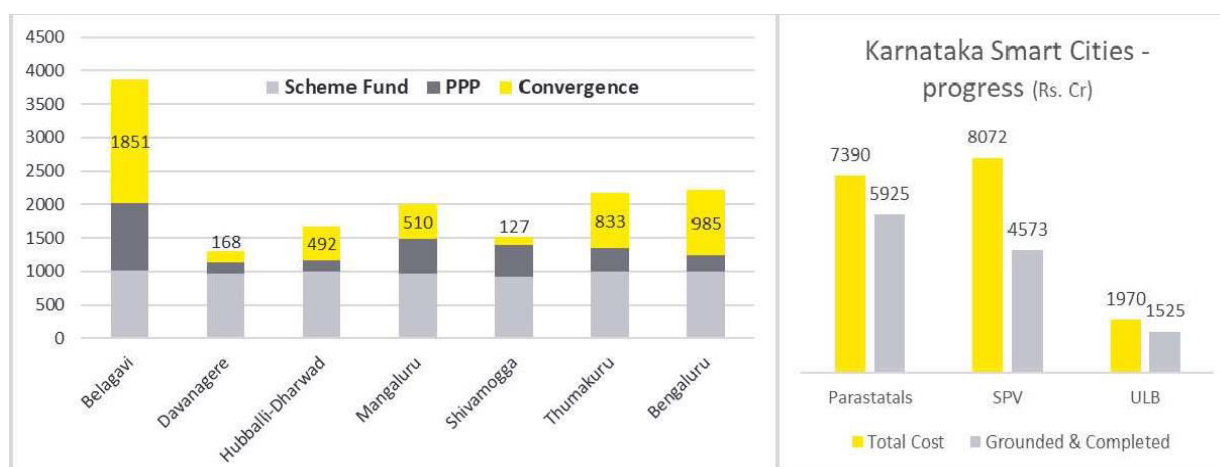


- KUIDFC's distinct HR policy had supported in attracting market talent, who were then positioned both at HQ and City level to augment the Mission implementation. Some highlights of the policy are:
 - Senior and mid-level positions are filled on permanent or deputation basis – through approval of Board
 - Project level positions are identified and approved by the concerned empowered committee for approving projects (here SCM HPSC)

- While a PMU functions at HQ under the concerned Task Managers handholding projects, Project specific Implementation Units (PIUs) functions at cities guided by cities and PMU
- A blend of State Establishment rules for scale, positions and allowances along with norms facilitating Board powers to fix market linked pay and performance appraisal has been adopted



- KUIDFC has also been able to augment financial resources for the Smart Cities (pooled mechanism) through various debt channels for convergence
 - Commercial Borrowings
 - Multi-lateral agencies
 - NIIF/KIPDF



- To guide and monitor the functions of the SPVs, a District level 'Smart City Implementation & Review Committee' had been approved by Govt. of Karnataka, comprising members MP, MLA, DC (District), Mayor, Leader of Opposition, Chairman (UDA), Commissioner (ULB), Commissioner (UDA) and MD (SPV).

Results/Impact:

Karnataka Smart Cities have envisaged over 800 projects worth nearly Rs. 17,500 Cr. across 7 cities. Through the support of KUIDFC, cities were able to leverage convergence funds to the tune of Rs. 6,240 Cr from State, National & IFI programs as well as from Finance Commission grants. It is also evident that while parastatals (predominantly KUIDFC) have grounded & completed nearly 80% of their share, SPVs through the support from KUIDFC were able to ground & complete nearly 550 projects worth Rs. 10,500 Cr.

Lesson learnt:

Active support and guidance from State Mission Directorate in the form of administrative, technical and financial resource augmentation has not only provided effective and efficient project implementation in

Karnataka Smart Cities but also enabled their parent ULBs to focus on conventional responsibilities even while being part of the scheme.

Replicability and Sustainability:

State level intermediaries in other States can similarly take up responsibilities to guide and monitor SPVs.

Fact Sheet:

Thematic area	Mission management
First-year of the program	2016 (wrt SCM)
Responsible institution	KUIDFC
Target audience	-
Coverage	Smart Cities within the State of Karnataka