Leading Cities
Making Smart Cities Smarter
Agenda

Financing and funding overview

Step-by-step guide to Smart City transformation

Media strategy
Smart Funding: Building Smart Cities will require creative financing.
Black & Veatch

There is no unique solution to the successful roll-out of SCC solutions.
PwC

Financing smart infrastructure is expensive and requires creative approaches.
Smart Cities Council

Funding is a major stumbling block for municipalities beginning their smart city transformation.
CISCO

Traditional funding approaches will not be sufficient to meet their significant infrastructure needs.
Deloitte
Financing vs Funding

**Financing sources:**

- Municipality funds
- Government/Federal grants
- Private funds
- Bonds
- Vendor Finance
- IDO’s
- Commercial banks

**Funding sources:**

- Project savings
- Project revenue
- Tax incentives
- Property taxes
- Asset recycling
India: $15B Smart Cities Mission
Australia: $50M Smart Cities and Suburbs Program
Canada: $75M Smart Cities Challenge
U.S. Smart Cities Caucus
Europe: Horizon 20/20
Africa: Smart Africa Alliance
Asia Pacific: ASEAN 26-city Smart Cities Action Plan
Public-Private Partnerships

- Currently viewed as the most accessible option
- Proven financing model from big infrastructure projects
- Government funding in the mix is a driving factor
<p>| Public-Private Partnerships | | Vendor Finance |
|----------------------------|--------------------------------------------------|
| • Currently viewed as the most accessible option | | • Flexible forms (loan, lease, bank guarantee) |
| • Proven financing model from big infrastructure projects | | • CISCO, Philips, General Electric |
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| **IDO’s**                     | • World Bank, OECD, CIF, ADB  
|                              | • Below market rate loans  
|                              | • Attract private financing |
Funding Smart City Projects

- **Project savings** (LED lights, smart metering, waste management)
- **Project revenue** (micro-grids, EV charging, digital kiosks)
Funding Smart City Projects

• **Project savings** (LED lights, smart metering, waste management)
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• **Tax Increment Funding** (critique: gentrification, risky for cities)
• **Tax abatement** (more flexibility, less risk for the city)
Financing and Funding

- Understanding the full range increases the odds
- Federal/state government funds remain the main source
- PPP’s, impact investors, IDO’s
- City needs to match external financing
The Smart City Transformation Process
Step by step guide to Smart City Transformation

1. Understand what is a Smart City
Step by step guide to Smart City Transformation

1. Understand what is a Smart City

2. City Assessment – status quo analysis, identifying priorities and needs
Step by step guide to Smart City Transformation

1. Understand what is a Smart City
2. City Assessment – status quo analysis, identifying priorities and needs
3. Smart City Master Plan
   • Financial roadmap
   • Data policy
   • Dedicated Governance
   • Guidelines (long-term partners, collaboration, interoperability)
Step by step guide to Smart City Transformation

1. Understand what is a Smart City
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3. Smart City Master Plan
   - Financial roadmap
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   - Guidelines (long-term partners, collaboration, interoperability)
4. Execution
   - Launch “quick wins”
   - Expand the ecosystem and attract partners
Benefits:

• Motivating current and new participants
• Accelerating the transition
• Promoting the community
• Transparency
• Increasing project continuity
• Attracting investors