

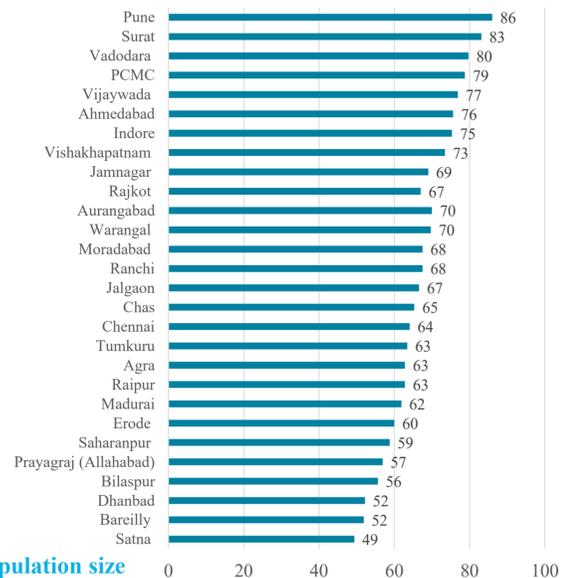
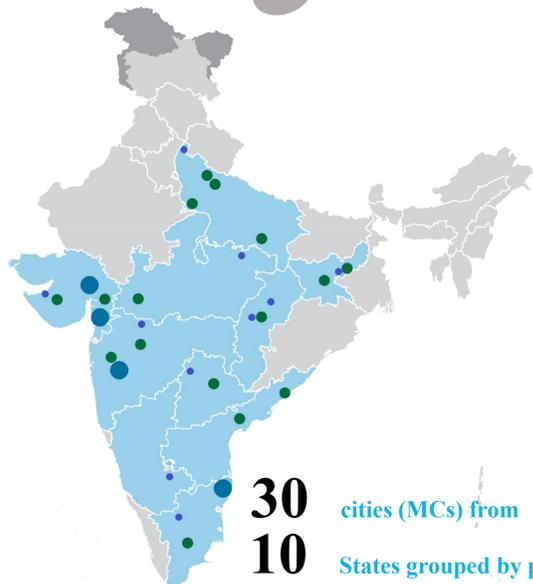
# Creditworthiness assessment: An approach for urban local governments in India

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## Creditworthiness Assessment Frameworks for Cities

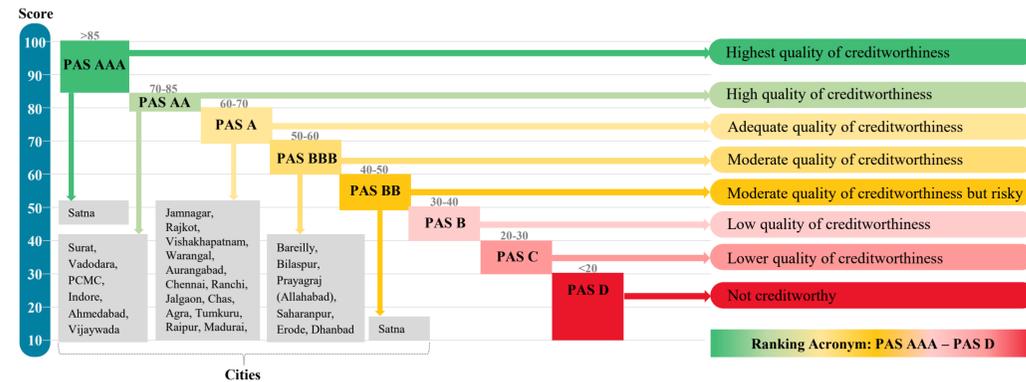
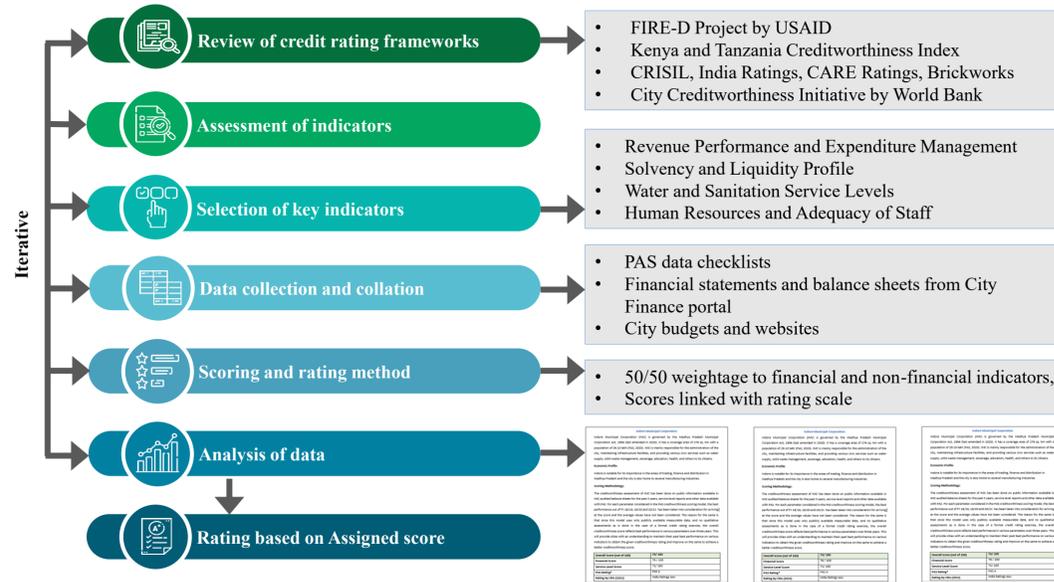
- Improved access to capital
- Lower borrowing costs
- Investor confidence and economic development
- Enhanced financial management
- Enhanced service delivery
- Long-term planning and sustainability

### Selection of Cities and their score



### Overall Approach and Methodology

- ULBs can use creditworthiness self-assessment tool before approaching a CRA for a formal credit rating for issuing bonds or raising other forms of debt.
- Relies on financial performance indicators as well as the WASH operational performance indicators
- Can be used to improve creditworthiness through structured finance mechanisms to tap into market-based financing for WASH investments.



### Conclusion and Way Forward

- Scaling up and linking creditworthiness assessment framework** with national and state frameworks and guidelines
- Collaboration with cities:** Deep dive creditworthiness assessment with a few cities. Understand city priorities, investor interests and suggest tailored recommendations, structured mechanisms and potential actions. This will help improve creditworthiness of cities and assess feasible borrowing options from the market
- Public Disclosure of creditworthiness assessment reports:** In accordance with the cities, the creditworthiness assessment of cities can be disclosed in public domain to improve transparency and accountability of cities.