Perspective of a Private Desludging Enterprise

For Performance Based Contract For Scheduled Emptying in Maharashtra, India

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Current practice of desludging in Indian cities: Complaint redressal

Current Desludging frequency
@ 8-10 years v/s the norm of 2-3 years

- Affects ODF Sustainability
- Small towns Pay more
- Low frequency
- High costs
- Adverse Environmental Impacts
- Chances of Manual Scavenging

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Private sector perspective while working with LGs

**Delayed payments**

“Ideally, bills should be cleared in 30 days, and for late payments, interest should be paid at the rate of 8% per annum.” – Manisha Enterprises

**Cost escalation**

“For a fixed-fee contract for regulated schedule, we cannot offer 24 hour emergency service. We will only work 8 hours a day, otherwise it is likely that we will over-use our truck.” - Aditya Enterprises

“Another key issue is the escalation of fuel costs. The contract should clearly account for that.” – ZR Enterprises

**Transparent procurement**

“We would rather not deal with the ULB directly, there are always issues with internal politics. If there is a mediator in between then we would be interested.” - Envicare

**Termination**

The contract should have a clause defining a 3 month notification period in case of termination. It should also have a dispute resolution mechanism.” – Kadam Enterprises

**Performance risks**

“If we work on a regulated schedule, it will be difficult to get household signatures. That will become complicated, and I don’t want my payment to suffer.”- Ugale Septic Tank Cleaning Services

“I have tried to do a regulated schedule on my route, but that has been difficult. People always say, “come back later”, and it falls apart.” – Aditya Enterprises
Concerns addressed through performance based contracts

The problem

• Demand based desludging was practiced

• Private sector had concerns for payments, procedural delays and lack of quantum of septic tanks to be emptied

• Local government was not equipped with technical knowhow, staff and funds

The Solution

• Local government took decision to implement scheduled emptying

• PERFORMANCE BASED CONTRACT was introduced to implement scheduled emptying.

• The contract addressed all the concerns for both private as well as for the local government
Key clauses: Design of Performance Based Contracts (PBC)

Assured and timely payments
- **Sanitation tax** collected from all the properties as a part of property tax and then paid to the service provider. This ensured fixed yearly revenue generation for providing the service.
- **Escrow account** in a bank to channelize monthly payment of fees. The account would at any point of time have a minimum balance equal to three times monthly fee of the contractor.

Fixed target for emptying
- **Fixed target** of septic tank to be emptied per day for the stipulated years
- Assurance to the private player about the **fixed quantum of work** and thus, they are keen to invest and work under such contracts.
- **A fixed route plan** also helps the operator to make optimum use of fuel and time.

Less scope of disputes
- Clearly defined **roles and responsibility** of private contractor
- Identification of **activities not expected** e.g.: manual scavenging, repairs of septic tanks, opening of access covers etc
Wai: 1st city in India to implement Performance based contract for scheduled desludging

- Population ~ 43,000
- Known as Dakshin Kashi, it is a holy pilgrimage town and an old Buddhist settlement
Timeline - Scheduled septic tank desludging services in Wai

Resolution for Scheduled Emptying
- Schedule desludging through performance based contract
- Sanitation tax

Data collection and private sector assessment
- 100% property survey
- Private sector landscape
- Consultation with the private sector

Bids floated for competitive bidding
- Bid was floated through E-Tender
- Service provider was selected through competitive bidding process

Award of service contract
- Appointed scheduled emptying service provider
- 36 months of service contract
- Started operation from May, 2018

2014 → 2018
Sumeet Facilities Ltd. is the Service Provider for Scheduled Emptying in Wai.

**Legal / Inception / Place**
- Established in 1992
- Facility Management Services is the core business

**SUMEET GROUP**
- Presence in 13 states in India
- 3 International Offices
- 450+ clients
- 25000 + employees
- Revenue in excess of 80 million USD
- More than 7 certifications/accreditations
- First company to be awarded contract for scheduled desludging in 2 cities in India
A WIN-WIN Situation for all….

**LOCAL GOVT**
- Mandate to ensure service provision.
- Challenges in FSSM
  - Improper onsite systems not conforming to standards.
  - No treatment facility & unsafe disposal.
  - Limited funds, manpower, equipment.
  - Low technical know-how.

**PRIVATE SECTOR**
- Already Active
- Better access to technology and knowhow
- Competitive prices

**WIN – WIN SITUATION**
- ULB’s are able to ensure adequate services & standards.
- Citizens get timely services at competitive prices.
- Entrepreneurs / SP’s get business opportunities.
- Current Govt Policies and schemes support and encourage PPP in urban infrastructure projects.
What has been achieved by scheduled desludging in Wai through PBC

• 500+ scheduled desludging done in 8 months

• 7-8 septic tanks desludged per day as compared to 7-8 per month in 2017 when demand desludging was happening.

• 2.5 million litre septage delivered to treatment facility

• 90%+ acceptance rate from HHs for scheduled service

• Ensured PPE usage: Sanitation workers wear safety gear while desludging operations

• Greater awareness amongst the citizen, elected representatives – Benefits of scheduled desludging
Implementation through Performance Based Contracts (PBC)

**CHALLENGES & INTERVENTIONS**

- **Hardens sludge**
  - Chemicals are added one day before the emptying is done.
  - Jetting machines / spray etc..

- **False emergency requests**
  - Sanitary inspector visits the property who raises an emergency request; Emergency requests to be address post approval of the sanitary inspector

- **Sealed access covers**
  - ULB has appointed a mason to open the access covers
  - Supervising Officer visits the HHs one day in advance to make sure that access covers are opened.
**Implementation through Performance Based Contracts (PBC)**

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<th><strong>RESOURCE OPTIMIZATION</strong></th>
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<td>• Economy of scale was achieved</td>
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<td>• KRA’s &amp; SOP’s were properly defined to the staff which resulted in meeting desired targets in set working hours.</td>
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<td>• Fuel optimization achieved due to proper route mapping.</td>
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<td>• Timely maintenance of vehicles helped in lowering vehicle breakdowns and helped in achieving the desired targets.</td>
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<th><strong>STREAMLINING OPERATIONS</strong></th>
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<td>• Target was fixed in terms of number of septic tanks to be emptied which helped in arriving at proper route optimization.</td>
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<th><strong>STRENGTHEN BIDDING CAPACITY</strong></th>
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<td>• Strengthened technical ability to bid in other cities.</td>
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<td>• Due to experience of working through the PBC, it has increased scope to perform better in other cities.</td>
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Lessons learnt and future scope

• With most cities in Maharashtra moving towards ODF++, scheduled emptying would be practiced for which there is a scope for involvement for the private sector.

• Performance based contractors is a medium which safeguards the interest of the private sector to work with local government.

• Local government receives good quality of services with the help of modern tools and techniques.

• Even if the private sector is appointed to provide the service, the ULB needs to regularly monitor the quality of service prior to releasing the payment.

• Formalization of workforce involved in emptying of septic tanks.

• Indirect taxation helps to accept the service delivery model (Households pay sanitation tax instead of high user charges for desludging)
Thank you

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About us
The Center for Water and Sanitation (C-WAS) at CEPT University carries out various activities – action research, training, advocacy to enable state and local governments to improve delivery of services.