Performance based Contracts for Private Sector in FSSM services in Maharashtra, India

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Achievements under Swachh Bharat Mission (Urban) – A flagship programme

Focus has been largely on toilet construction

The focus has now moved beyond toilets to ODF +/++ . . .

Source: SBM website (Dated – 27.9.2018)
National level experience on ODF++ (FSSM) in India . . .

• Over the past two years FSSM has received increasing attention and a national FSSM policy has been adopted.

• Government of India has undertaken several policy and programme initiatives, AMRUT FSSM sub-mission

• Many states have undertaken FSSM projects in their cities

~400+ FSTPs at planning or implementation phase
Focus on FSSM by Government of Maharashtra . . .

• Increased focus on moving ODF cities towards ODF+ after declaring Urban Maharashtra ODF on 2nd Oct. 2017

• Maharashtra Government has passed resolutions, directing to move towards ODF+/++ and to utilize Incentive grant and 14th FC funds for ODF++ activities

Huge market for Private Sector in FSSM !!!
Possible engagement models with Private sector in FSSM . . .

Access & Collection

Activities required

Option 1
- Contract 1A
- Contract 1B

Option 2
- Contract 2A
- Contract 2B

Option 3
- Contract 3A

Conveyance

A. Emptying of septic tanks along a regulated schedule
B. Construction of FSTP
C. O&M of FSTP

Treatment

Emptying of septic tanks
O&M of FSTP
Construction of FSTP
Construction and O&M of FSTP
Emptying of septic tanks, construction and O&M of FSTP
Creating a balanced performance based contract . . .

- Bundled or Unbundled contract?
- Operational role of the private contractor
- Source of revenue
- Investment / ownership of capital asset
- Risk mitigation and allocation
- Contract length and value
- Payment structure
- Revenue stream enough to meet private players’ return expectations?
- Who should invest in capital assets?
- How to address the major risks for the private player and the LG?
- What is the appropriate contract duration for private and LG?
- What is the appropriate payment structure for the private player?

Using these stages... Cities engaged with Private sector
Wai & Sinnar cities

- Cities of Wai and Sinnar – both within 200 km from Pune and Mumbai respectively

- 1st cities to start scheduled emptying of septic tanks
  - Wai became first city in India to start such a service on May 30, 2018
  - Sinnar set to start similar service

- 2-3 trucks to desludge ~2000 septic tanks annually in Wai and 3-4 trucks to desludge 4000 septic tanks annually in Sinnar for a 3 year cleaning cycle.

Achievements so far

- 500+ septic tanks covered by scheduled desludging done in 8 months

- Since last 2-3 months…

  - 7-8 septic tanks desludged per day as compared to 7-8 per month in 2017 with demand desludging
  - 2.5 million liter septage delivered to treatment facility
  - 90%+ acceptance rate from HHs

- Sanitation workers now wear safety gear regularly

- Households pay sanitation tax instead of high user charges for desludging
Performance linked annuity for scheduled desludging . . .
SafeGuard for LG: Performance linked payments...

- Payments based on achieving agreed targets of septic tanks emptied
  - *Payment deduction for non-achievement of targets*

- Clauses to ensure safety standards - use of PPE and vigilance against manual scavenging

- Clauses to ensure safe disposal of septage and non-spillage

- Emergency emptying's also included in contract
Performance linked Monitoring Mechanism of emptying service

**Daily report** on septic tanks emptied by private operator to LG

**Collection and transport record form**

<table>
<thead>
<tr>
<th>i. Details of Waste Generator</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Name : ____________________</td>
</tr>
<tr>
<td>b) Phone Number: ___________</td>
</tr>
<tr>
<td>c) Address: __________________</td>
</tr>
<tr>
<td>d) Property Tax Number: ______</td>
</tr>
<tr>
<td>e) Type of building: Individual house / Apartment / Commercial complex / Other (specify)</td>
</tr>
<tr>
<td>f) Was the Septic tank cover open (Yes / No)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ii. Identification of Waste:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Volume __________ liters</td>
</tr>
<tr>
<td>b) Type: Septic Tank ________</td>
</tr>
<tr>
<td>c) Source: Residential/Commercial/Restaurant/Others</td>
</tr>
<tr>
<td>d) Septic tank cover placed back on Septic tank (Yes / No)</td>
</tr>
<tr>
<td>e) Septic tank emptied (Yes / No)</td>
</tr>
<tr>
<td>f) Any kind of deficiencies, missing pipes or fittings, improper manholes or access covers, any other cracks or damage observed: ____________________________________________</td>
</tr>
</tbody>
</table>

The undersigned being duly authorized does hereby certify to the accuracy of the source and type of Fecal Sludge and Septage collected and transported.

Date: ______________, Time: ___________

Name and Signature – Property owner: _______________________

<table>
<thead>
<tr>
<th>iii. Details of Sumeet Facilities Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Name of Driver : ____________________</td>
</tr>
<tr>
<td>b) Permit : ____________________________</td>
</tr>
<tr>
<td>c) Vehicle License no : _________________</td>
</tr>
<tr>
<td>d) Truck Capacity : ____________________</td>
</tr>
<tr>
<td>e) Pump Out Date : ____________________</td>
</tr>
<tr>
<td>f) No. of trips taken to empty the septic tank:</td>
</tr>
</tbody>
</table>

The above described wastewater was picked up and hauled by me to the disposal facility named below and was discharged. I certify that the foregoing is true and correct:

Name and Signature of authorized transport agent and title: _______________________

<table>
<thead>
<tr>
<th>iv. Acceptance by Wai Municipality’s authorized FSTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>The above transporter delivered the described Fecal sludge and Septage to this treatment facility and it was accepted.</td>
</tr>
<tr>
<td>The waste was contaminated with solid waste or other kinds of waste (YES / NO)</td>
</tr>
<tr>
<td>Details (if yes): ____________________________________</td>
</tr>
<tr>
<td>No of trips received at the FSTP for this form: ________</td>
</tr>
<tr>
<td>Septage received at treatment plant: Date: ___________, Time: ___________, Volume: __________ liters</td>
</tr>
</tbody>
</table>

Name and Signature of authorized treatment plant operator signatory and title: _______________________

NOTE: SUBJECT TO THE TERMS AND CONDITIONS OF WAI MUNICIPALITY

Paper based monitoring system to be soon replaced by online monitoring system
Dedicated source of Revenue: Levied differential tax on all properties for financing FSSM services

Differential taxation rates

Residential Properties **with / without toilets** – $4 / annum

Non Residential Properties **with toilets** – $4 / toilet seat

Non-residential properties **without toilets** – $1.5 / annum

LG resolution for taxation
Key Clauses:

- WMC and SMC has put funds in the Escrow Account to create a Contract Fees Reserve Fund (CFRF) at the start of the Escrow arrangement.
- Minimum balance of three months payment to the Private sector
- Transfers from property tax and sanitation tax every month to pay to the private sector
- Interest on delayed payment
Awareness generation to ensure success!

Household visits with information leaflets

Paintings / banners in the city

Circulating small videos

Intimation through SMS

Scheduled emptying for your septic tank is due on 18/11/2018. Please be ready at home. For more info call: Help us in making Wai a clean and healthy city.
Citywide Sanitation services through Private sector

Inclusive – Equitable services to all HHs including Slums

Price reduction for FSSM services

Removed need for manual labour

Impact of work in these cities . . .

Balanced Engagement between LG & Private

Behavior change
Scalability

Scaling up in other 10 LGs of Maharashtra

Influenced National Policies and guidelines

Lessons scaled up at State level through Policies and guidelines

Tools for training LGs across India

Model Tenders for emptying & Treatment used by LGs
Partnerships and Collaboration to attain Scale . . .
Points to Remember . . .

- Huge potential to engage with private sector in FSSM

- Create a Balanced Performance based contract by following the six stages
  - Safeguard LG Interest by performance linked payments
  - Safeguard Private interest for timely Payments through dedicated source of revenue stream and escrow mechanism
  - Performance linked monitoring and awareness activities

- Model performance based tenders for Emptying and Treatment services ready for use by other LGs
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.