Performance based contracts for engaging private sector in FSSM - Wai & Sinnar, India

- First cities in India to implement scheduled desludging of septic tanks
- Engagement of private sector for FSSM services - Tendering was a transparent and competitive bidding process done thorough online government platform. Model tenders were vetted by top legal firms in the country.
- For scheduled emptying in both cities - A private facilities management company awarded contract for the first 3 year cycle
- For FSTP construction – Design-Build-Operate contract awarded to private company for 3 years
- Payments to emptying private sector through a Performance Linked Annuity Model (PLAM)

City government resolution for FSSM

- Scheduled emptying of all septic tanks
- Engaging private sector to provide service
- Treatment facility
- Sanitation Tax to fund O&M

All properties in city

Desludging company

- Deliver sludge to treatment facility
- Desludging service once in 3 years
- Capital costs
- O&M costs

Sanitation / property tax

Bank

Escrow account

Local government

Annuity payment as per performance based contract

Regular transfer + 3 month reserve
Performance linked payment clauses

<table>
<thead>
<tr>
<th>Targeted amount of septic tanks emptied</th>
<th>Compliance to safety standards and laws</th>
<th>Quality of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey of all properties done</td>
<td>Disposal at designated site only – subject to fine</td>
<td>Operator must clean any spillage – fine for non-addressed grievances</td>
</tr>
<tr>
<td>Operator must empty pre-determined target of septic tanks in the cycle as per schedule</td>
<td>On reaching FSTP site, desludging form must be signed again as proof of receipt - Payment on submission of these forms</td>
<td>There should be no damage to septic tanks during emptying</td>
</tr>
<tr>
<td>After each desludging, desludging form to signed by household - Payment on submission of these forms</td>
<td>Manual labour should not happen according to law – households can complain with picture proof – violation can lead to contract termination</td>
<td>Model tenders available</td>
</tr>
<tr>
<td></td>
<td>Use of personal protective equipment mandatory – subject to warnings and fine</td>
<td>Emptying</td>
</tr>
</tbody>
</table>

CEPT’s Center for Water and Sanitation (C-WAS) has been working on urban water and sanitation related action research – including training and advocacy to enable governments improve delivery of services.

C-WAS works closely with governments, supporting them in development of strategies and implementation of urban sanitation programs.