



## Sanitation Capacity Building Platform and NIUA

The National Institute of Urban Affairs (NIUA), under the Ministry of Urban Development, was appointed to build the capacity of governments at all levels and other sanitation actors, on decentralized sanitation. A sanitation capacity building platform has been created in March 2016 at NIUA, which acts as a hub for knowledge sharing, collaboration and training among local organizations and government bodies. This platform, supported by the Bill and Melinda Gates Foundation, is pivotal to ensure urban local bodies and other actors in the sanitation system obtain the knowledge and skills required to effectively implement decentralized sanitation.

## CEPT Center for Water and Sanitation

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. In response to sanitation emerging as a national priority, we have focused on urban sanitation, exploring innovative sanitation financing, developing a measurement framework for on-site sanitation and a model for city-wide sanitation planning.

We work with national, state and local governments. We are supporting Government of Maharashtra in developing strategy and implementation of its urban sanitation programs. Our work also supports city governments in making their cities open defecation free, and preparing Integrated Faecal Sludge Management programmes.

# National Workshop Service Level Benchmarking for urban sanitation services with focus on FSSM

## Agenda

CEPT  
UNIVERSITY

C-WAS  
Center for Water  
and Sanitation

  
National Institute of Urban Affairs



 performance  
assessment  
system

Service Level Benchmarks (SLB) for water and sanitation are being published for most ULBs in India. This is stipulated as one of the requirements by the 14th Finance Commission for performance grants to ULBs. Service level monitoring and improvement are also the envisaged outcomes of Government of India's various urban programs like AMRUT and SMART cities. Many states have now institutionalized the process of collection of information for SLBs.

Since its announcement in 2008 by Ministry of Urban Development (as it was known then), the SLB have been recognised by the 13<sup>th</sup> Finance Commission and the 14<sup>th</sup> Finance Commission. Public agencies at national, state and local level have used SLBs for various policy interventions, program monitoring, impact assessment and service improvement actions. Regulators, multi-lateral financing institutions, researchers, consultants, etc. have also used SLB information for varied purposes. Thus SLBs have played an important role in the urban development process in India.

The 15<sup>th</sup> Finance Commission's terms include:

"The Commission may consider proposing measurable performance-based incentives for States, at the appropriate level of government, in following areas:

(vii) Provision of grants in aid to local bodies for basic services, including quality human resources, and implementation of performance grant system in improving delivery of services;

(ix) Progress made in sanitation, solid waste management and bringing in behavioural change to end open defecation.

In this context, National Institute of Urban Affairs (NIUA), in partnership with CEPT University and All India Institute of Local Self-Government (AIILSG), is organising a workshop on April 25<sup>th</sup>, 2018 at Ahmedabad. The workshop aims to review the institutional arrangements for monitoring SLBs, to get feedback from state governments on meeting the conditionality of 14th FC for performance grant and also aims to discuss potential approaches for the 15<sup>th</sup> Finance Commission to consider.

The expected outcomes from this workshop are: a) experience sharing by various state governments on SLB monitoring systems, b) discussion on options to mainstream SLBs by linking the SLB monitoring system to central and state level infrastructure grants, and c) demonstration of online platform for SLB monitoring at state and city level.

10.00 – 10.30	Inaugural Session Chair: Mr. C K Koshy, IAS, Retd Additional Chief Secretary, Govt of Gujarat (TBC) Brief Introductions by NIUA, CEPT, AIILSG
10.30 – 11.00	<a href="#">Service Level Benchmarks and San-Benchmarks Presentation by CEPT</a>
11.00 -11.30	<a href="#">Performance Grants for ULBs under 14<sup>th</sup> FC and revised approach by MoHUA Presentation by NIUA</a>
11.30 -11.45	Tea
11.45 – 13.00	<a href="#">Group Discussion on Experience of States and other stakeholders on SLB, and Performance Grant</a>  <a href="#">15th Finance Commission MoHUA Brainstorming Session</a>
13.00 – 14.00	Lunch
14.00 – 15.00	<a href="#">Presentation on making a pitch to 15th Finance Commission CEPT and NIUA</a>
15.00 -16.00	<a href="#">Use of SLB for Audit and Research/Practice Presentations by CAG and IIT Bombay</a>
16.00 -16.30	Tea
16.30 -17.00	Demonstration of Online PAS-SLB module for San-Benchmark CEPT
17.00 -17.30	Summary Discussions and wrap Up



# National Workshop on Service Level Benchmarking for Urban Sanitation Services with focus on FSSM

Starottel, Ahmedabad

25<sup>th</sup> April 2018

CEPT  
UNIVERSITY

C-WAS  
Center for Water  
and Sanitation

  
National Institute of Urban Affairs



 performance  
assessment  
system

A map of India with numerous blue bubbles of varying sizes overlaid on it, representing data points. The bubbles are concentrated in the southern and western regions of the country. A dark grey semi-transparent box is overlaid on the map, containing the title text.

# SLB in the context of sanitation and SDG 6

Center for Water and Sanitation  
CEPT University

# SLB-PAS at CEPT

- Investments in “infrastructure” or “service delivery?”
- In 2009, a major **research grant** from Bill and Melinda Gates Foundation was made to CEPT University for developing a **Performance Assessment System (PAS)**
- It was implemented with support from **Government of Gujarat (UDD) and Government of Maharashtra (UD and WSSD)**
- In 2013, Ministry of Urban Development, Government of India, designated CEPT as National Technical Support center for Service Level Benchmark and suggested to the state governments to use the PAS portal of SLB
- Over the years, PAS work has extended to other states – Chhattisgarh, Telangana, Jharkhand and Assam.

[www.pas.org.in](http://www.pas.org.in)



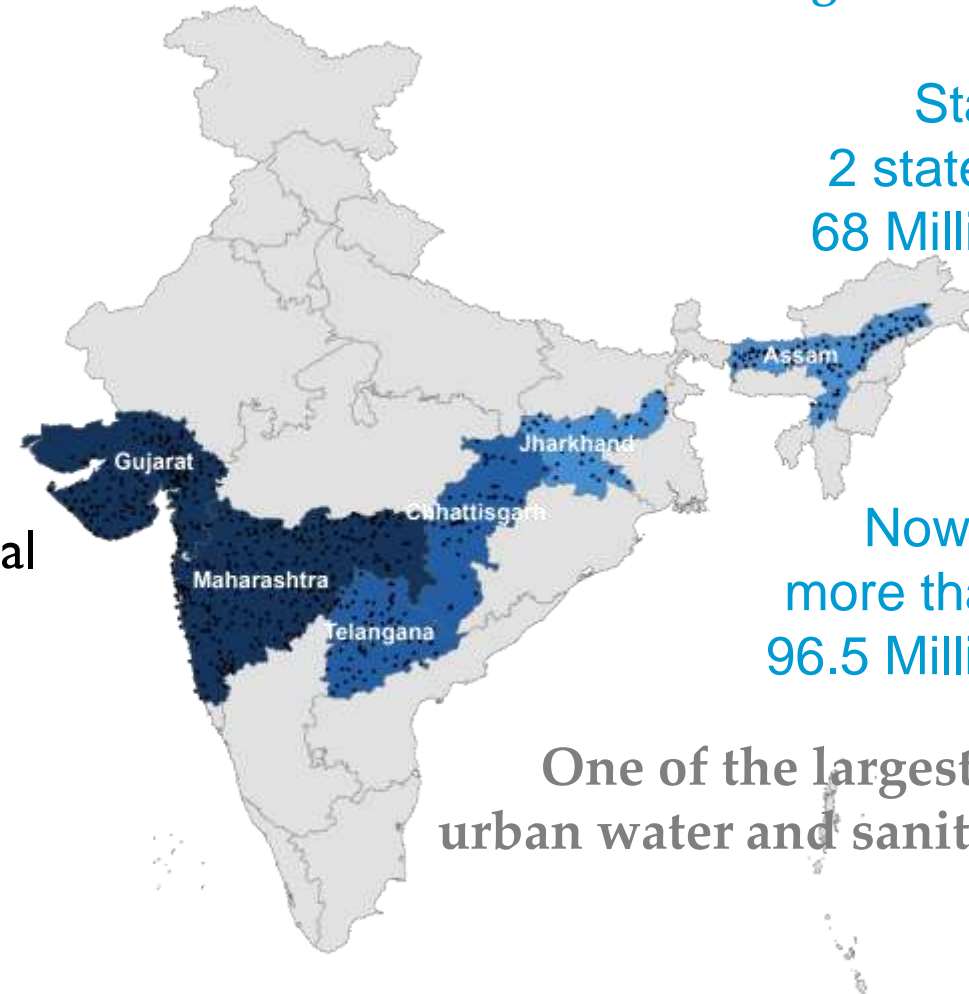
Water Supply  
Services



Wastewater  
Management



Solid waste  
Management

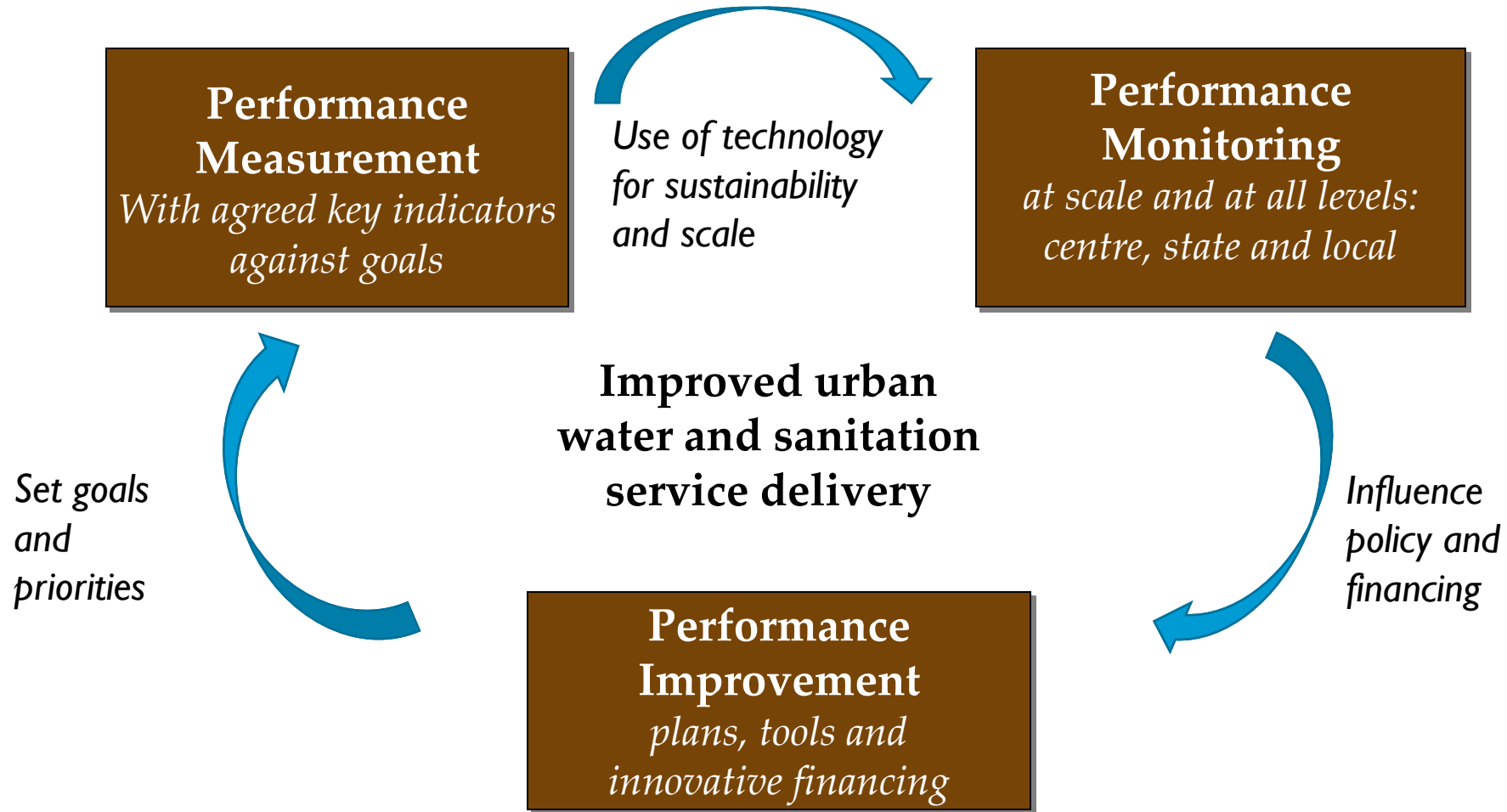


Started with  
2 states, 416 Cities  
68 Million population

Now **6 states**,  
more than **900 cities**  
96.5 Million population

One of the largest databases for  
urban water and sanitation globally

# PAS Approach – moving to a virtuous cycle

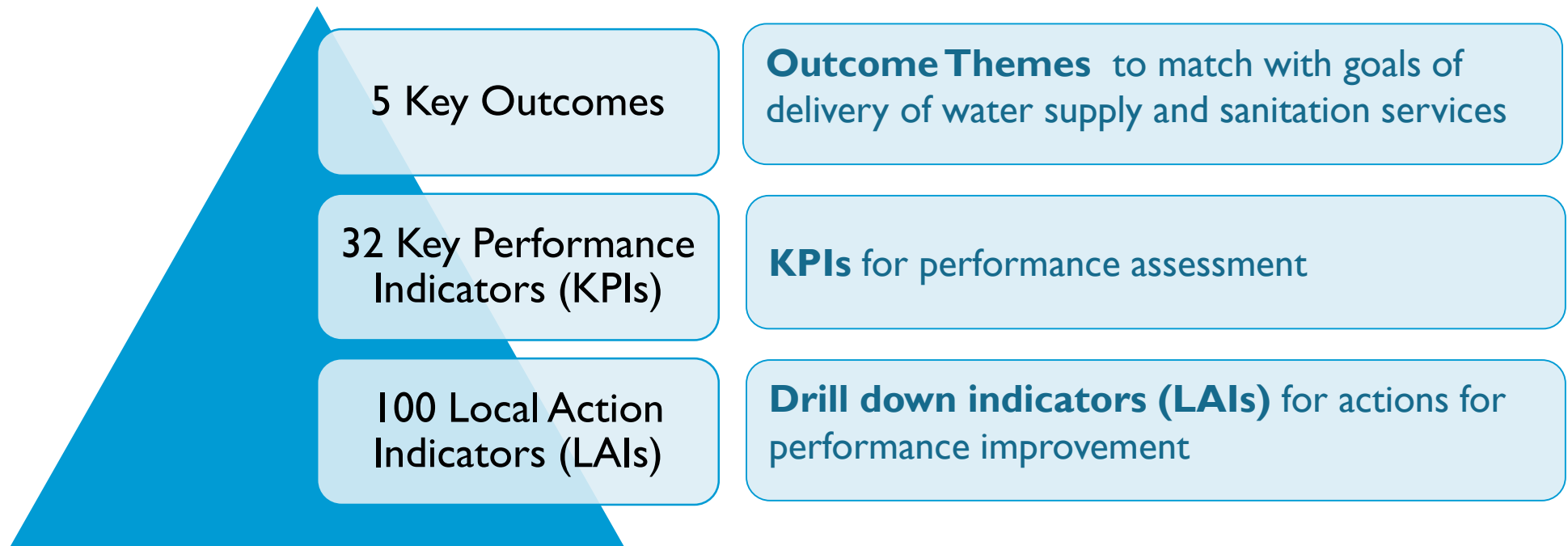


**Measure and monitor performance to reward and learn from success and demonstrate results**

# PAS-SLB Framework

Aligned with the Government of India Initiative, Service Level Benchmarks (SLB)

In addition, it captures performance of **onsite sanitation** and **equity related indicators**



## 5 Key Outcome Themes

Access and coverage

Service levels and quality

Financial sustainability

Efficiency in service operations

Equity in service delivery

# PAS - Indicators

## WATER SUPPLY

9

SLB Indicators

35

Drill down Indicators



## WASTE WATER

9

SLB Indicators

6

SAN Benchmarks

32

Drill down Indicators



## SOLID WASTE

8

SLB Indicators

12

Drill down Indicators



## EQUITY

4

Key Indicators

15

Drill down Indicators



## STORM WATER

2

SLB Indicators

## UWSS services

32

Key Indicators

100

Drill down Indicators



# Service Level Benchmarks (SLB) in GoI's Programme

**GoI has launched various programme with a focus on measurable urban service delivery outcomes**

**Service Level Benchmarks help measure service delivery outcomes**

- **Swachh Bharat Mission** – Thrust on **elimination of open defecation and cleanliness**
- **AMRUT** – To achieve benchmark of **universal coverage of water supply and sanitation**

**Regular monitoring of SLBs is essential to measure the outcome of these investments**

**BUT**

**Are SLBs consistent with Sustainable Development Goals?**



# Sustainable Development Goal 6

# SDG Goal 6: Ensuring universal access to safe and affordable drinking water for all by 2030

TARGETS	INDICATORS
<b>6.1</b> By 2030, achieve universal and equitable access to safe and affordable drinking water for all	<b>6.1.1</b> Proportion of population using safely managed drinking water services
<b>6.2</b> By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	<b>6.2.1</b> Proportion of population using safely managed sanitation services, including a hand-washing facility with soap and water
<b>6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	<b>6.3.1</b> Proportion of wastewater safely treated <b>6.3.2</b> Proportion of bodies of water with good ambient water quality
<b>6.4</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	<b>6.4.1</b> Change in water-use efficiency over time <b>6.4.2</b> Level of water stress: freshwater withdrawal as a proportion of available freshwater resources

<https://sustainabledevelopment.un.org/sdg6>

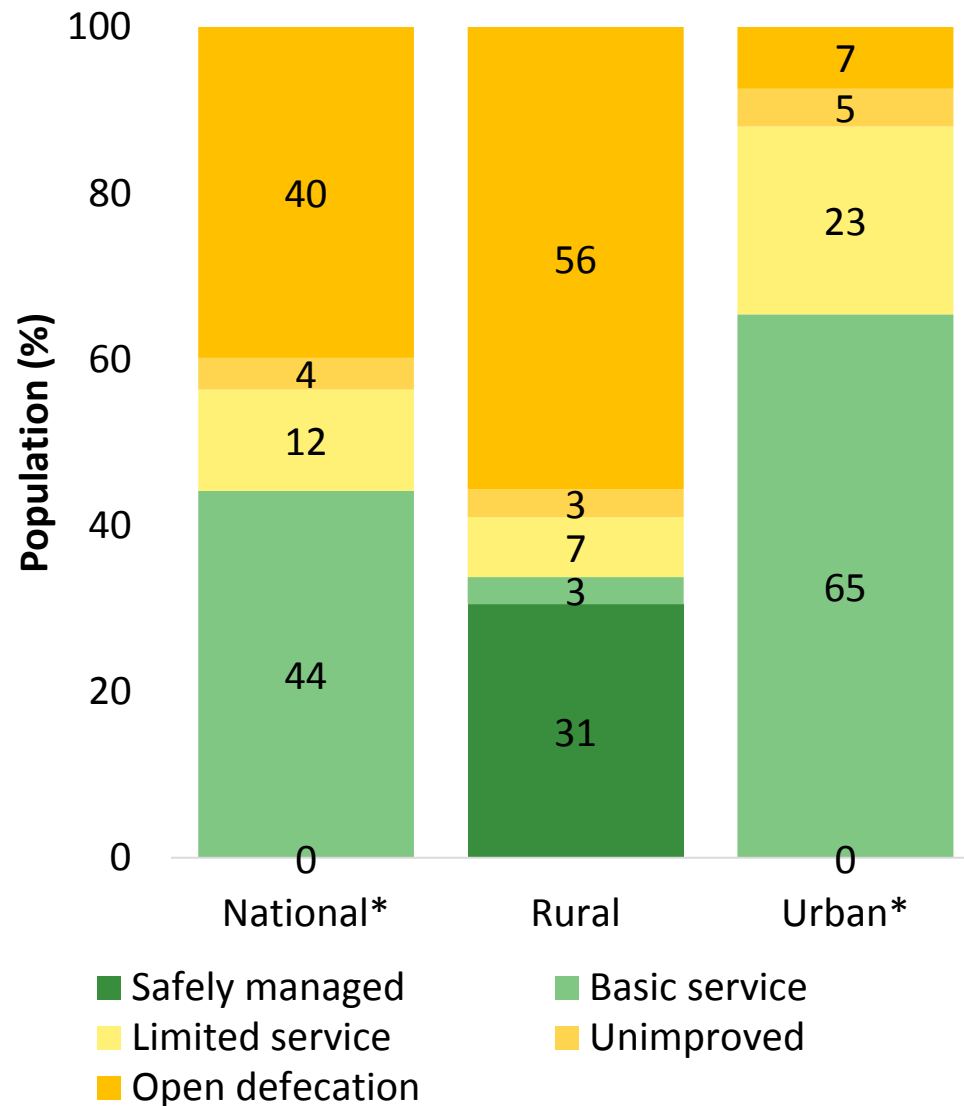
# The new JMP ladder for sanitation services

Service Level	Definition
<b>SAFELY MANAGED</b>	Use of improved facilities that are not shared with other households and where excreta are safely disposed of in situ or transported and treated offsite
<b>BASIC</b>	Use of improved facilities that are not shared with other households
<b>LIMITED</b>	Use of improved facilities shared between two or more households
<b>UNIMPROVED</b>	Use of pit latrines without a slab or platform, hanging latrines or bucket latrines
<b>OPEN DEFECACTION</b>	Disposal of human faeces in fields, forests, bushes, open bodies of water, beaches or other open spaces, or with solid waste

*Note: improved facilities include flush/pour flush to piped sewer systems, septic tanks or pit latrines; ventilated improved pit latrines, composting toilets or pit latrines with slabs.*

Source: WHO/UNICEF JMP (2017)

# Sanitation ladder of India - 2015



Safely managed sanitation estimate is not available for urban India.

Rural estimate is based on SQUAT survey of RICE institute.

- The SQUAT survey was designed to be representative of the rural open defecation challenge in five plains states of north India: Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh and Haryana

Hygiene related data is not available

Source: WHO/UNICEF JMP (2017)

# SDG 6.3 Water quality and wastewater



Target 6.3

## Water quality and wastewater

“By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally”

### Indicator 6.3.1

Proportion of wastewater safely treated  
(wastewater and fecal sludge)

### Indicator 6.3.2

Proportion of bodies of water with good  
ambient water quality

# SAN Benchmarks

*Framework for assessment of onsite sanitation*

# SLB indicators focus only on Sewerage system

## Conventional Underground Sewerage system

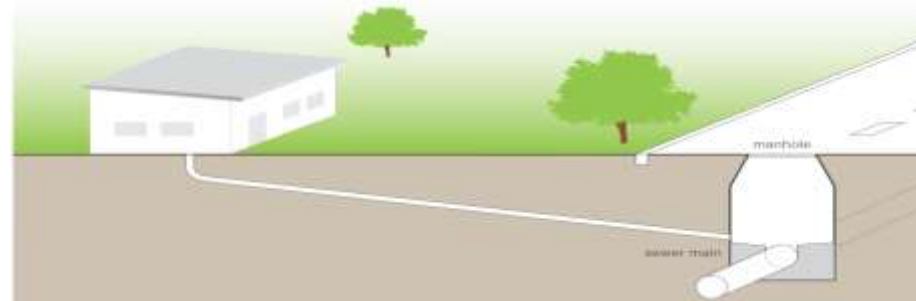
User interface



1. Coverage of toilets

2. Coverage of sewerage network

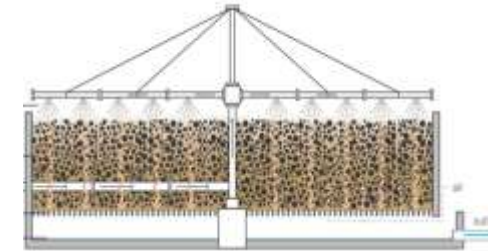
Collection



3. Collection efficiency of sewerage network

Conveyance

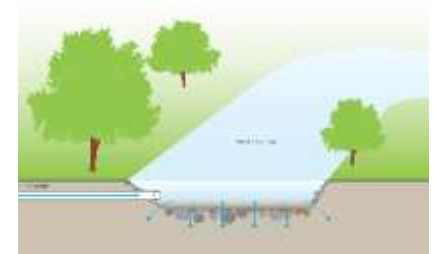
Treatment



4. Adequacy of sewage treatment capacity

5. Quality of sewage treatment

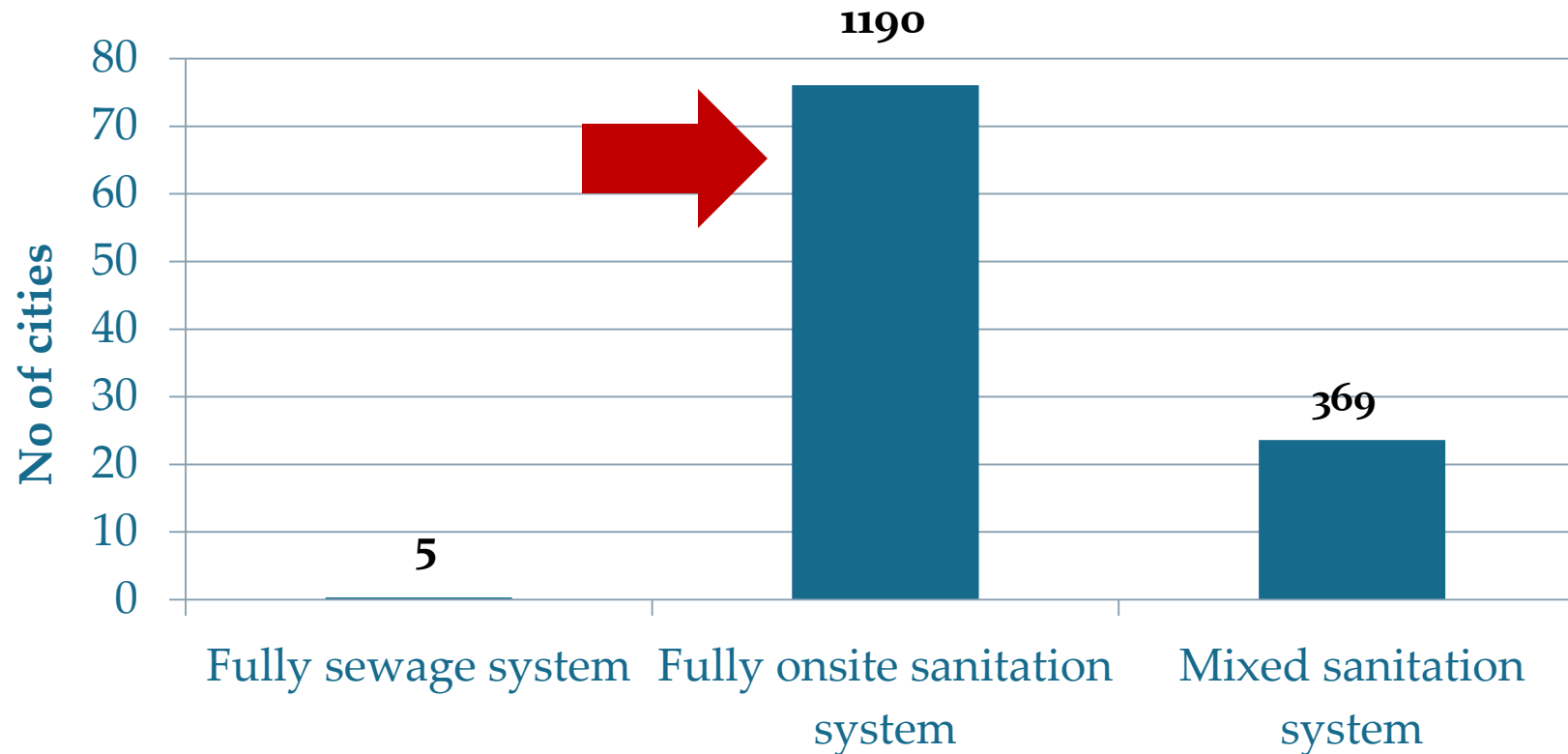
Recycle & Reuse



6. Extent of reuse and recycling of sewage



## Most cities in India are dependent on onsite system

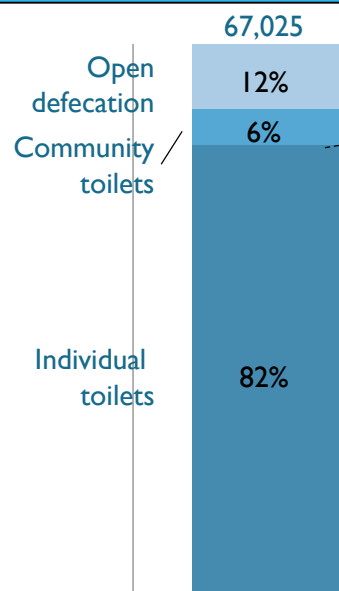


**76%** of cities in **India** are fully dependent on **on-site sanitation systems**

**24%** are dependent on **mixed sanitation systems**

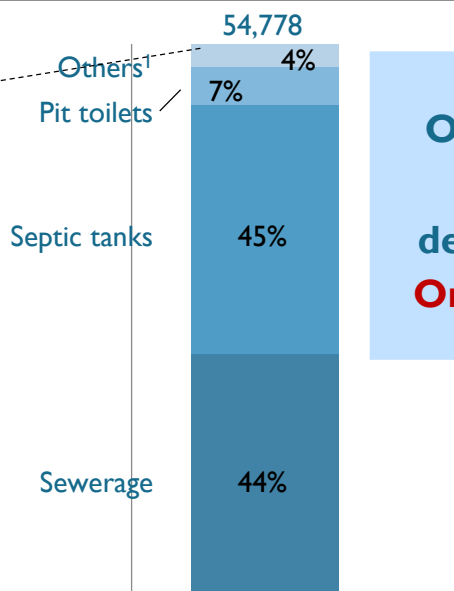
Source: Based on the SLB data submitted to GOI by 16 states covering 1564 cities in 2011

# Sanitation situation in INDIA



**Access to type of sanitation for HH in urban India**  
(in '000 HH)

**37 million people practice open defecation in urban India**



**Methods of disposal of waste by HH with personal toilets in urban India** (in '000 HH)

**28 million people with individual toilets use unsanitary methods of disposal of waste**

**Over 50% of HHs are dependent on Onsite system**



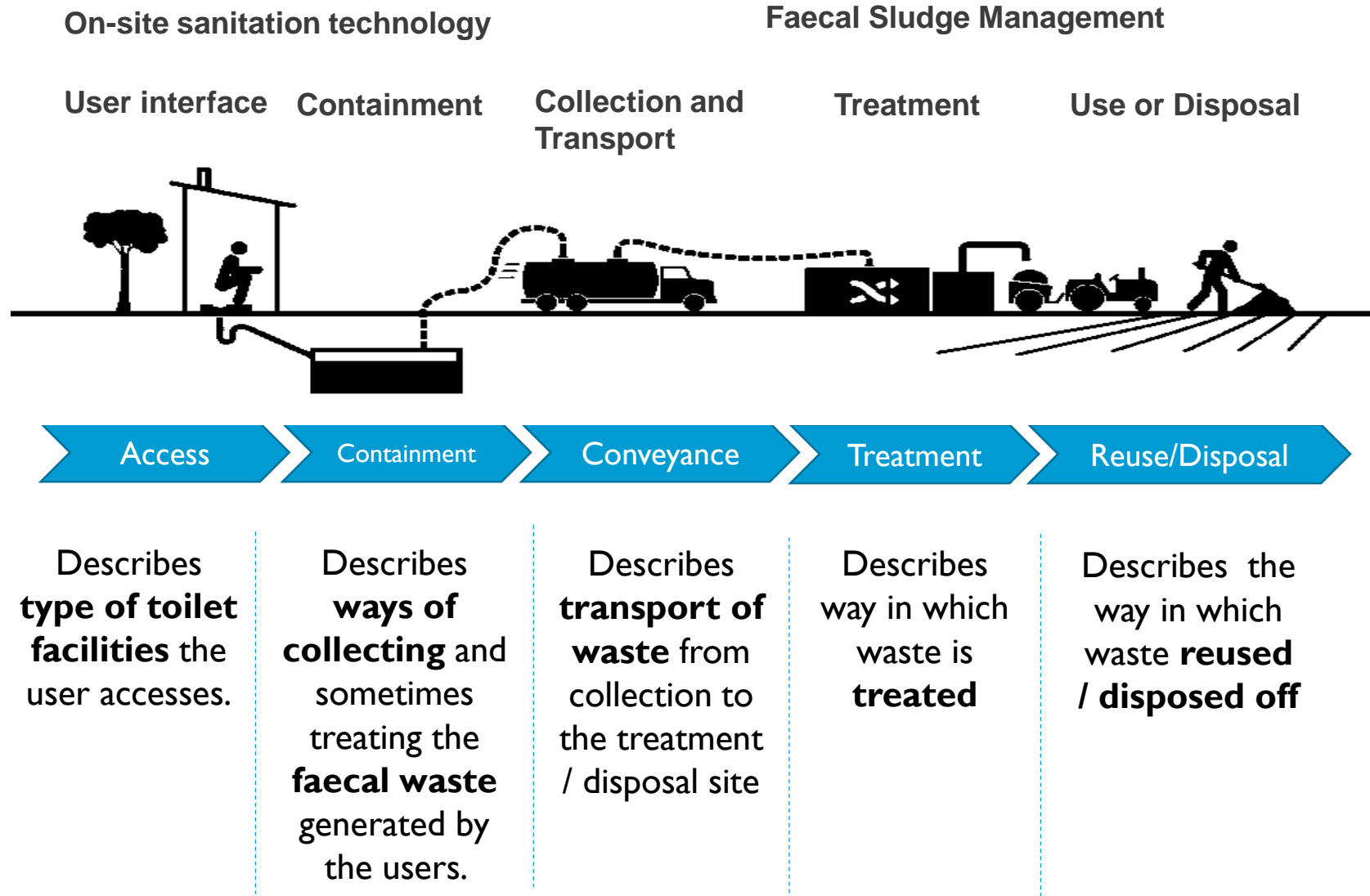
**Status of wastewater treatment in urban India<sup>2</sup> (MLD)**

**43,117 MLD untreated wastewater is discharged in water bodies or on land**

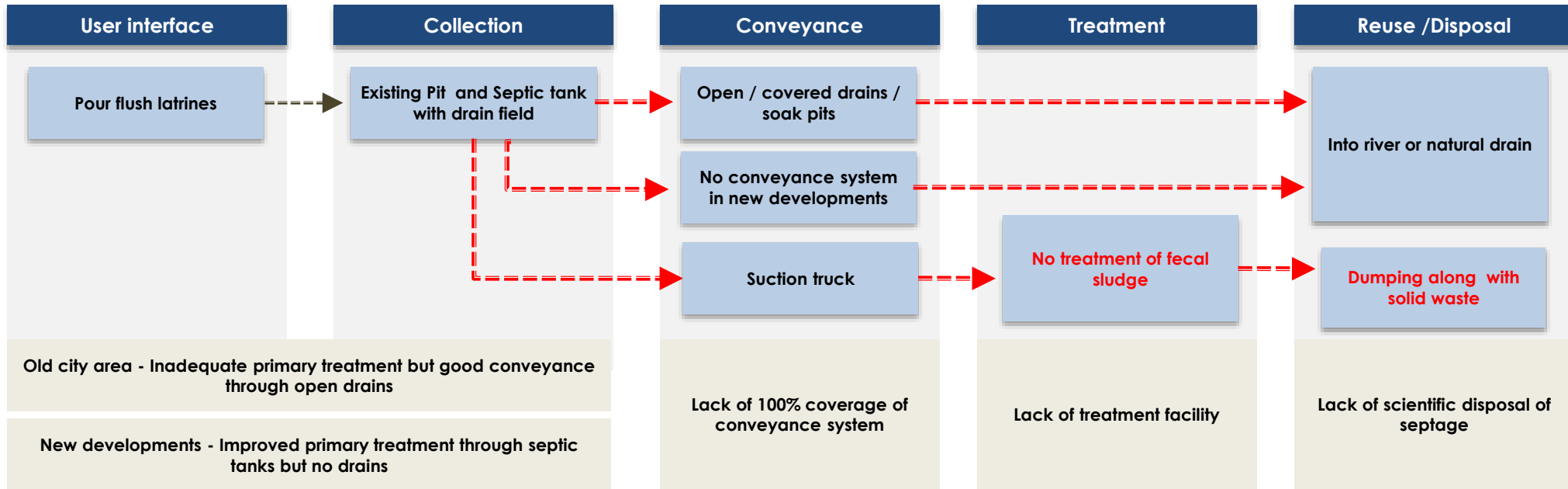
**Only 30% of the WW is being treated**

Note: (1) Others includes primitive methods of C&C such as pour flush toilets-other systems, night soil disposed into open drain and latrines serviced by humans and animals, (2) "Inventorization of sewage treatment plants" report by Central Pollution Control Board of India (CPCB), 2015; Source: Based on Census of India 2011

# Understanding the Sanitation Service Chain ...



# SBM focuses on toilets but not on FSSM



Missing links in Sanitation value chain in a city



# 1 truck of Faecal Sludge and Septage carelessly dumped = 5,000 people defecating in open!

1 Gram of Faeces may contain:

**100 parasites eggs**

**1000 Protozoa**

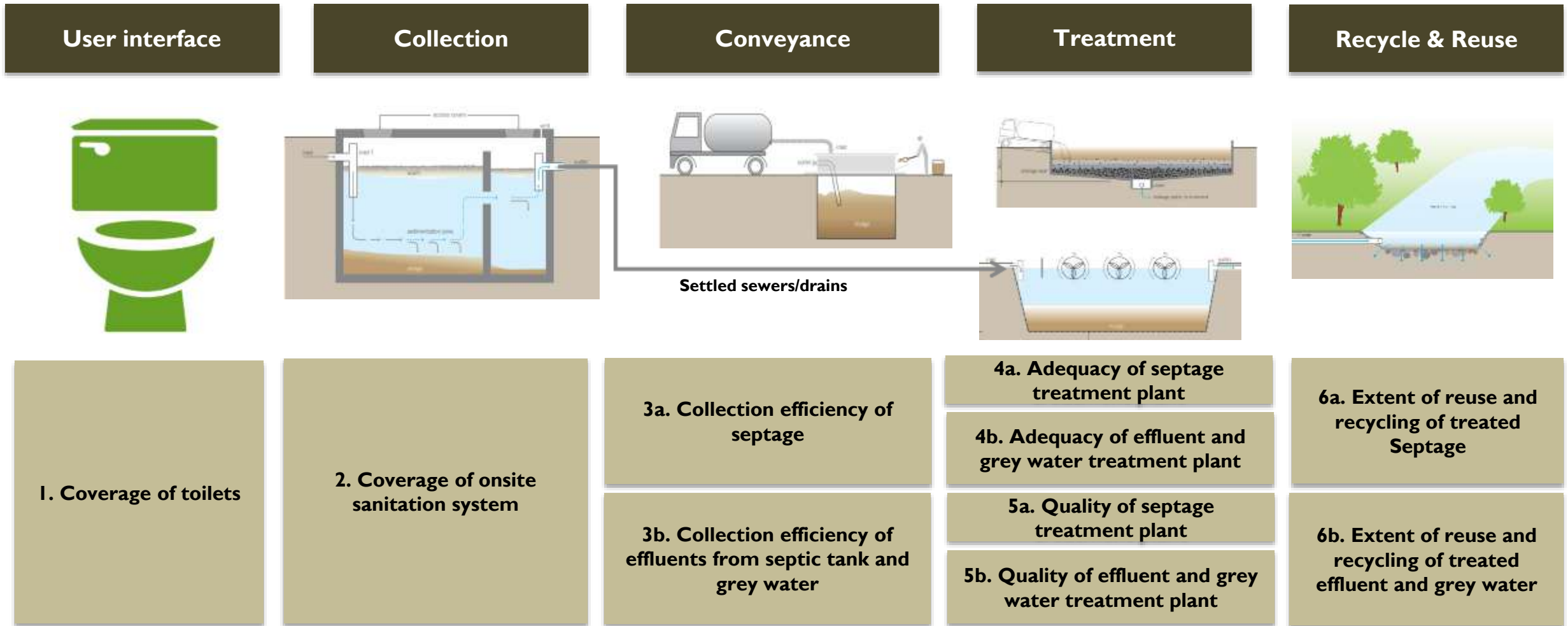
**1,000,000 Bacteria**

**10,000,000 Virus**

Source : Chary, Srinivas, (2017), "City Wide Approach to Sanitation : Operationalizing FSM Regulations A Case study of Warangal City" at Ujjain Workshop by Water Aid, ASCI (*mimeo*)

# Indicators for Onsite sanitation systems

Onsite system – Septic tank with soakpits and Settled Sewer/lined drain

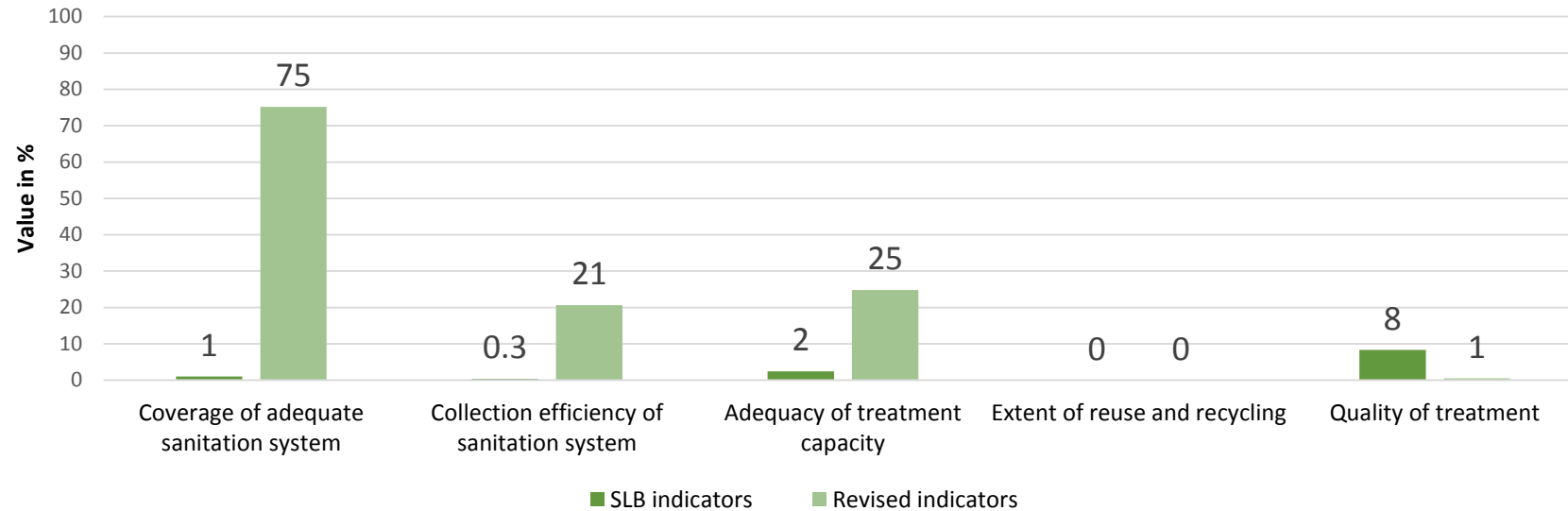


# Application of San Benchmark

- ✓ SAN Benchmark indicators added in online PAS system
- ✓ Calculated for more than **600+ cities**
- ✓ Included in **IFSM toolkit and SANI PLAN tool**
- ✓ Used for preparation of **Shit Flow Diagram (SFD)**
- ✓ **Trained** more than **1200 government officials**

# SAN Benchmarks: State Level Sanitation Assessment -Chhattisgarh

Sanitation assessment using existing and revised indicators - urban Chhattisgarh (2014-15)

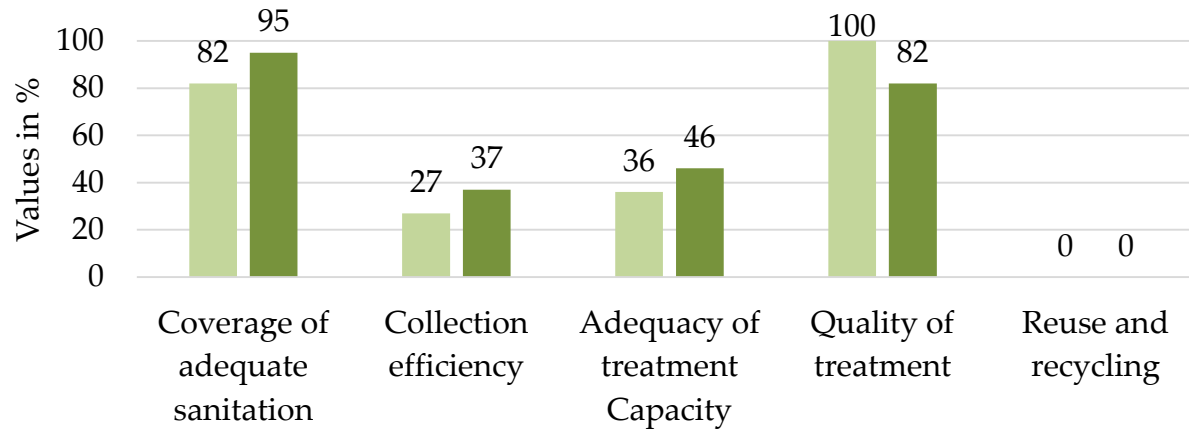


- **Chhattisgarh:** 43 urban local bodies (ULBs); 11,000 to 1.2 million population
- Partial underground sewer network: 2 ULBs; STP: 1 ULBs (Bilaspur)
- San Benchmark shows **better performance** for coverage and collection efficiency
- **Adequacy of treatment** increases because it captures treatment of fecal matter through septic tank connected to soak pit



# SAN Benchmarks: City Level Sanitation Assessment

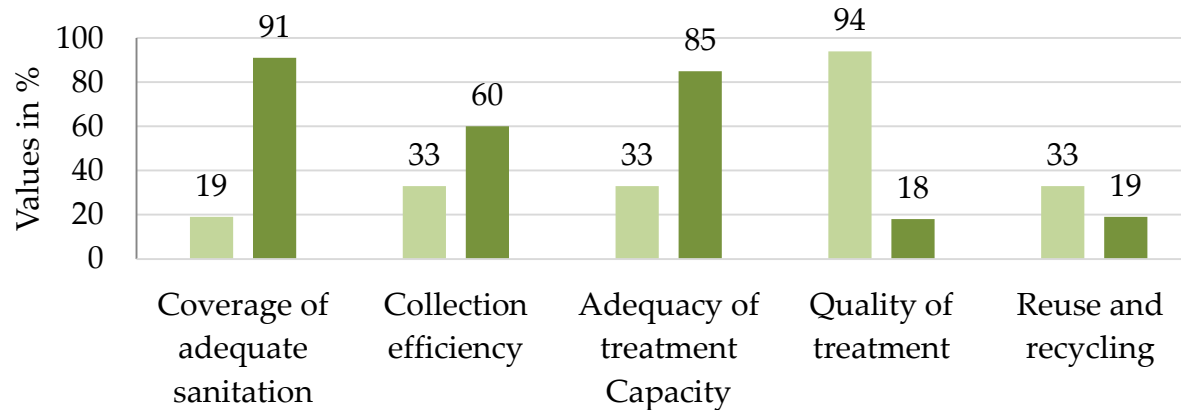
Sanitation assessment (mixed sanitation system - Nagpur)



## Nagpur :

- 82% of properties are connected to sewer network. 13% have septic tanks with soak pits.
- WW generated: 276 MLD
- STP capacity: 100 MLD
- 12% of septic tanks are cleaned annually and treated in existing STP
- Quality tests are not carried out for sludge treatment

## Kalyan Dombivli



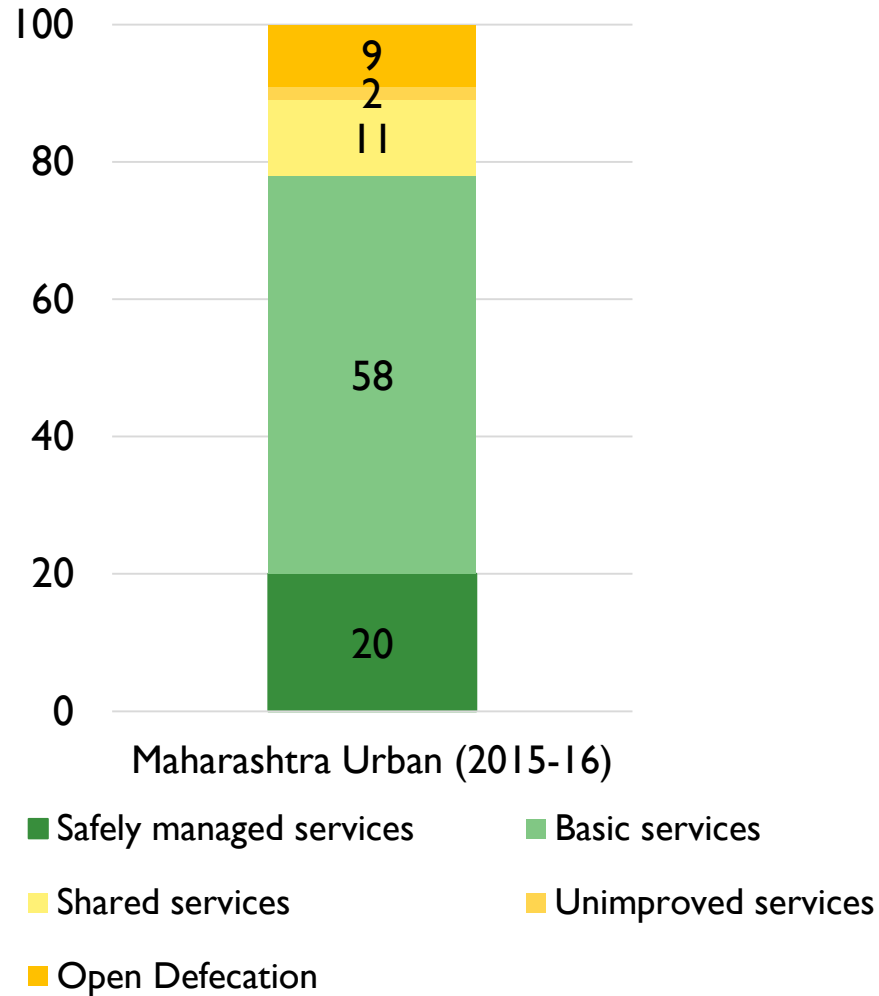
## Kalyan Dombivli:

- 19% of properties are connected to sewer network. 78% have septic tanks with soak pits.
- WW generated: 370 MLD
- STP capacity: 123 MLD
- 8% of septic tanks are cleaned annually and treated in existing STP
- Quality tests are not carried out for sludge treatment
- 30 MLD treated sewage is reused

SLB Indicators

Revised indicators

## Sanitation Ladder for Urban Maharashtra from PAS data as per SDG 6.2.1



- Sanitation ladder can be generated from PAS data base.
- Based on these database, strategic plans can be prepared for improvement of sanitation services at state and city level.
- For example, in Urban Maharashtra safely managed services can be improved by implementation of fecal sludge and septage management plans at city level (transportation and treatment of FSM)
- Safely managed onsite sanitation is low cost improvement measures as compared with underground sewerage system

# PAS USERS

# PAS Data Users



## Government agencies

National, state and local governments for various policy interventions and improvement actions

**Gujarat:** Guidelines for ODF; Assess impact of capital investment on service level improvement in sewerage system; State of environment report, 2012.

**Maharashtra:** State level strategy for making cities ODF; Septage management guidelines; Policy guidelines SWM.

**Chhattisgarh:** Impact assessment of SWM.

**City Level:** To prepare service level improvement plans in more than 30 urban local bodies.



## Financial Institutions

For project identification and selection

Various financial institutions such as ADB have used this information for project identification, selection and formulation.

World Bank – WSP have worked with us on SLB Connect



## Regulators

To assess regulatory compliance

CAG -Performance audit of delivery of three basic civic services for selected ULBs in various states.



## Researchers

Data use by academicians and students

Many academicians and students of planning or technology colleges have used this information for research purpose. More than 20 research reports have been prepared using PAS information in CEPT University itself.



## Consultants

Various consulting assignments related to preparation of Vision documents, City Development Plans, City Sanitation Plans. Indian Institute of Technology (IIT) Mumbai has used for city assessments

# PAS Tools



# Activities at C-WAS

## Performance Assessment System



PAS Toolkit



City Profile



State Profile

## City level – From Planning to Implementation Support



Performance improvement plans



CSP-City Sanitation Plans



ODF-Open Defecation Free Plans



Fecal Sludge Management Plans

## Equity in Municipal Services



Slum Free action plan



Pro-poor benchmarking of water and sanitation

## Supporting Statewide Program - Maharashtra



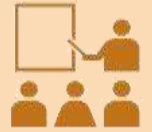
Monitoring SBM



ODF framework



State level guidelines for ODF, IFSM



Capacity building programmes



Documentation support

## Urban Water Security



Urban water security toolkit



Participatory ground water management-Documentation support

## Financing Water Sanitation



State and Municipal Finance Assessments



City Sanitation Fund

## Sanitation Planning tools



Saniplan



PSP in IFSM



Integrated Fecal Sludge Management



SaniTab

## Onsite sanitation



FSM guidelines



SanBenchmarks



Capacity building of cities and local contractors



Sanitation Credit



Demand assessment

# Thank you

[cwas@cept.ac.in](mailto:cwas@cept.ac.in)

[www.pas.org.in](http://www.pas.org.in)

Citation Suggestion for this presentation:

CWAS – CEPT University, (2018) SLB in the context of sanitation and SDG 6

## 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.



[pas.org.in](http://pas.org.in)  
[cwas.org.in](http://cwas.org.in)



[pas@cept.ac.in](mailto:pas@cept.ac.in)



[pas\\_project](#)



[pas.cept](#)



[pas.org.in/web/ceptpas/pase-news](http://pas.org.in/web/ceptpas/pase-news)  
Sign up: [tiny.cc/pasenews](http://tiny.cc/pasenews)

# **14<sup>th</sup> Finance Commission's Performance Grant to ULBs**

## **14FC Support Cell at NIUA**

**25.4.2018**



# Performance Grant- Background

- ▶ 14FC Grant in two parts: Basic Grant (80%) and Performance Grant (20%)
- ▶ The shares of Basic and Performance Grants are Rs. 69,715.03 crore and Rs. 17,428.76 crore respectively
- ▶ State-wise and year-wise amounts have already been fixed by the 14FC
- ▶ Three Mandatory conditions for ULBs as per 14FC Report for claiming Performance Grant (2017-18) are:
  - To get their annual accounts for 2014-15 & 2015-16 audited;
  - To show an increase in their own revenues in 2015-16 as compared to 2014-15;
  - \*To measure and publish the service level benchmarks (SLBs) for Water Supply, Sewerage, Storm Water Drainage and SWM with Actual status of 2016-17 and Target for next year of 2017-18.

*\* A deadline for publishing these SLBs was not specified by the 14FC unlike the 13FC which specified the date of publishing SLBs as 31<sup>st</sup> March of every year.*

# Performance Grant- Scheme

- ▶ 14FC Performance Grant Scheme/Toolkit, developed under the guidance of MoHUA, is applicable for the remaining three years period of 14FC, i.e. 2017-18, 2018-19, and 2019-20. A 100-marks scheme has been developed based on the three mandatory conditions of 14FC:
  - Publishing of Audited Accounts on ULB/State website- **10 marks**
  - Covering Establishment and O&M cost from Own Income (50-60% = 10 marks, 60-70% =15 marks,  $\geq 70\%$  =**20 marks**)
  - Capital Expenditure as % age of Total Expenditure  
(10-15 % = 10 marks, 15-20% = 15 marks,  $\geq 20\%$  = **20 marks (Non-AMRUT cities)** and  
(20-30% = 10 marks, 30-40% = 15 marks,  $\geq 40\%$  = **20 marks (AMRUT cities)**)
  - Coverage of Water Supply (70-80% = 5 marks, 80-90% = 10 marks,  $\geq 90$  = **15 marks**)
  - Non-Revenue Water (30-40% = 5 marks, 20-30% = 10 marks,  $\leq 20$  = **15 marks**)
  - 24X7 Water Supply in PT/CT- **10 marks**
  - Scientific Disposal of Waste (20-50% = 5 marks,  $\geq 50\%$  = **10 marks**)

# Performance Grant Scheme-Components

- ▶ Two National level workshops were held (*19 June 2017* at NIUA, New Delhi and *3 August 2017* at MoHUA, Nirman Bhawan, New Delhi) with the motive of providing handholding support to the States and to sensitize them with the 14 FC Scheme/Toolkit.
- ▶ States were expected to upload ULB wise submissions on SmartNet which were:
  - One MS Excel file per ULB- consisting of six sheets namely, **ULB Details, Income Details, Expenditure Details, SLB Details** followed by calculations in **Annexure 2 Sheet** and a score generating **Summary Sheet**
- ▶ States were also expected to upload ULB wise **documentary evidences** in support of the information provided in the above mentioned MS Excel file:
  - Audited accounts statements along with the URL where it has been published
  - Actuals of Income and Expenditure as per the audited accounts
  - Copy of published SLBs e.g. online publishing, Gazette Notification or District Notification

# Verification Process

- ▶ Indicative list of steps which may be taken by the State Governments to verify and evaluate the claims of ULBs- *Third party evaluation, Random verification by state official teams, Other type of audits (Chartered accountants), Cross verification with other reports like credit rating, Cross checking at State level with figures of devolutions and schemes grants*
- ▶ A deadline was set for the States to examine and verify the claims of all their ULBs and upload on SmartNet, in the prescribed format as discussed in previous slide, by **30 October 2017**. States are also expected to provide **Annexure 1**, duly verified and signed by the Principal Secretary (UD), highlighting the scores of eligible and ineligible ULBs.
- ▶ However, upon scrutinizing the information submitted by the States, several discrepancies were noticed in the claims and henceforth, the MoHUA decided to extend the deadline for submission of Performance Grant (2017-18) claims up to **28 February 2018**.

# Verification Process

- ▶ As per the Toolkit, the 14FC Support Cell was required to check Annexure 1 furnished by the States providing the scoring details of eligible as well as ineligible ULBs- relying on the ‘trust & verify’ mechanism suggested by the 14FC.
- ▶ **However, the inclusion of evidence based documents advocated that the provided information for the claims forwarded by the States be checked thoroughly and meticulously.**

# Major Issues

- ▶ Annexure 1 providing the scores of eligible as well as ineligible ULBs; duly verified and signed by the States was scrutinized. Serious discrepancies were observed in claimed scores of ULBs which required a scrutiny.
- ▶ **This led to scrutinizing of documents at individual ULB level for all the states and the following has been observed:**
  - ▶ ULB-wise Admissible documentary evidences have not been submitted by the states.
  - ▶ The ULB wise financial data provided as part of the documentary evidences did not match with the data fed in MS Excel Sheet. (40 Marks)
  - ▶ For ‘publishing of audited accounts’ URL was not provided or, URL not working or, the information was not uploaded at all. (10 Marks)
  - ▶ Tampering with the original MS Excel file was also observed. The Excel file contains LOCKED formulas to generate scores based on the filled information.

# Major Issues

- ▶ Since there was no deadline for measuring and publishing of SLBs, some of the states undertook this exercise till March 2018 whereas it should have been done by 31<sup>st</sup> March 2017.
- ▶ It raises questions how the targets of 2017-18 are being set in the last quarter of 2017-18. Ideally states should have notified ULB-wise SLBs by 31<sup>st</sup> March 2017.
- ▶ Duly authenticated SLBs were not been provided for ULBs. (50 Marks)
- ▶ In many instances, SLBs were not relevant at all e.g.
  - ▶ Non revenue water was NIL or 100%,
  - ▶ Scientific disposal of waste was 100%,
  - ▶ Coverage of Water Supply was 91% because above 90% would fetch directly 15 marks
  - ▶ It appears that some states/ULBs published these SLBs after the circulation of 14FC Performance Grant Scheme requirements.

# SLBs Specific Issues

- ▶ Haryana, Odisha, Manipur, Tripura & Sikkim published SLBs in last quarter of 2017-18.
- ▶ Himachal Pradesh didn't publish at all.
- ▶ Increased NRW levels Jirapur, Chanderi, Mihona in Madhya Pradesh.
- ▶ Andhra Pradesh provided wrong certificate of Scientific Disposal of waste.
- ▶ Inflated SLBs to achieve marks Madhya Pradesh and Chhattisgarh.
- ▶ Mismatch with Gazette Notifications
- ▶ Bihar published only Excel sheet
- ▶ Patna reported 100% NRW with target of 10% in 2017-18.



# One-time Relaxation for Qualifying Marks

- ▶ As per the Performance Grant Scheme, ULBs getting a score of 60 and above will be eligible for the Performance Grant. In case of ULBs of north-eastern States and three hill States namely J & K, Himachal and Uttarakhand, a score of 50 and above will make them eligible for the Performance Grant.
- ▶ However, after the scrutiny of PG Claims received from the States it was found that a majority of ULBs were unable to qualify for the PG and in some cases, only one ULB in the entire State or no ULB was eligible in the State for PG.
- ▶ Following the scrutiny of the PG Claims, MoHUA decided to give one-time relaxation of 10 marks in the qualifying criteria i.e. Qualifying score is reduced to 50 instead of 60 and for ULBs of north-eastern States and three hill States namely J & K, Himachal Pradesh and Uttarakhand, qualifying score is reduced to 40 instead of 50.

# Summary

<b>States qualified as per the Scheme (22 States)</b>	<b>Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarkhand, West Bengal</b>
<b>Claims not received at all (6 States)</b>	<b>Arunachal Pradesh, Jammu &amp; Kashmir, Kerala, Meghalaya, Mizoram, Nagaland</b>
<b>State(s) where no ULBs have qualified (1 State)</b>	<b>Himachal Pradesh</b>

# Summary

Claims not received at all

Arunachal Pradesh, Kerala, Meghalaya, Mizoram, J&K, Nagaland

Tampering/Missing with the MS Excel Sheet

Uttar Pradesh, Bihar, Himachal Pradesh, Tripura, Assam

Online publishing of audited accounts/  
Links not provided or not working

Assam, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Uttar Pradesh, Maharashtra, Manipur, Gujarat, Punjab, Uttarakhand, Tamil Nadu, West Bengal

Mismatch of SLBs information in Excel sheet with documentary evidences

Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Uttar Pradesh, Punjab, Maharashtra, Manipur, Odisha, Gujarat, Rajasthan, Uttarakhand, Tamil Nadu, Tripura, West Bengal

Mismatch of financial information provided in Excel sheet with documentary evidences

Assam, Bihar, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh, Manipur, Odisha, Gujrat, Rajasthan, Uttarakhand, Tripura

THANK YOU

# Group discussion



## Group Discussion on Experience of States and other stakeholders on SLB, SBM and Performance Grant

- Discuss institutional arrangements for measurement and monitoring system for service level benchmarks in the state. What support does the state need?
- Are the performance grants and SBM grants distributed regularly in the state? what are the major bottlenecks, if any?
- How can the state move beyond ODF to septage management and treatment?
- How does the state plan to include SLB monitoring and Faecal Sludge and Septage Management (FSSM) in its submission to the 15<sup>th</sup> FC?

# **15<sup>th</sup> Finance Commission MoHUA Brainstorming Session**

---

**14FC Support Cell at NIUA**

**5.4.2018**

# 15<sup>th</sup> Finance Commission – Terms of Reference

---

The role of the Central Finance Commissions has been to review the state of finances, deficit and debt level of the Union and the States, and henceforth to give recommendations for maintaining a stable and sustainable fiscal environment consistent with equitable growth.

The broad contours of the 15th Finance Commission that are most relevant to MoHUA are:

- Horizontal and vertical distribution of the net proceeds of taxes and augmentation of the consolidated fund of the State to supplement the resources of Municipalities in the State based on the recommendations of the State Finance Commissions
- Designing measurable performance based incentives for States, at appropriate levels, in regard to the efforts made by the States in implementation of the flagship programmes of Government of India, improving ease of doing business by effecting policy related changes and savings through the adoption of technology, particularly through Direct Benefit Transfer



# 15<sup>th</sup> Finance Commission – Terms of Reference

---

As per the Terms of Reference (TOR) of the 15FC, the Commission may consider proposing measurable performance-based incentive for States, at the appropriate level of government, in the following areas:

- Efforts made by the states in expansion and deepening of tax net under GST
- Efforts and progress made in moving towards replacement rate of population growth
- **Achievements in implementation of flagship schemes of GOI, disaster resilient infrastructure, sustainable development goals, and quality of expenditure**
- Progress made in increasing capital expenditure eliminating losses of power sector, and improving the quality of such expenditure in generating future income streams
- **Progress made in increasing tax/non tax revenues, promoting savings by adoption DBT and PFMS, promoting digital economy and removing layers between the government and beneficiaries**

# 15<sup>th</sup> Finance Commission – Terms of Reference

---

- Progress made in promoting ease of doing business (particularly in rationalizing construction contract) by effecting related policy and regulatory changes
- Provisions of grants-in-aid to municipalities for basic services, including quality human resources and implementation of performance grant system in improving delivery of services
- Control or lack of it in incurring expenditure on populist measures: and
- Progress made in sanitation, solid waste management and bringing in behavioural change to end open defecation

# Allocations by Previous Finance Commissions

---

The grants-in-aid as recommended by the previous Finance Commissions-five-year grants ranging from Rs. 2,000 crore (11<sup>th</sup> FC), Rs. 5,000 crore (12<sup>th</sup> FC), Rs. 23,111 crore (13<sup>th</sup> FC) and Rs. 87,143.79 crore (14<sup>th</sup> FC)

- **These do not bear any relationship with the fiscal needs of municipalities or with the spending gaps.**

Municipalities are facing a huge backlog of basic infrastructure and a comparatively low spending compared to HPEC expenditure norms, both in terms of capital investment requirements (Rs. 39.2 lakh crore) and operation & maintenance requirements (19.9 lakh crore) for twenty years time period at 2009-10 prices.

As per the HPEC Report, the actual annual municipal spending on maintaining services is just about 27-28% of the HPEC norms.

# Estimates of the Resource Gap and Investment Requirements

---

Calculation of the resource gap would require estimated municipal incomes and expenditures for the next five years, i.e. 2020-21 to 2024-25.

- MoHUA has already issued a questionnaire to State Governments, seeking information such as:
  - sources and estimated amounts of municipal own income, State level grants and SFC grants, Central level and CFC grants, capital income from sale of land, loans & income from municipal bonds, etc.
  - and expenditure incurred on establishment & salaries, operation & maintenance, capital expenditure on development works for the above-mentioned periods.

# Estimates of the Resource Gap and Investment Requirements

---

In order to see the resource gaps of municipalities and infrastructure investment demands, some kind of norms such as HPEC norms or others need to be finalized.

- MoHUA has already issued a questionnaire to State Governments seeking information on estimated requirement of funds as per the norms decided by the States, both for operation & maintenance as well as capital investments requirements.
- **However, a uniform methodology for the adoption of Norms with some local variations needs to be adopted to calculate estimated financial requirements for municipalities across all States**
  - **State-wise functional domain of municipalities is also very important**
  - **Effect of geographical variations on formulating project costs and O&Ms, etc.**

# Estimates of the Resource Gap and Investment Requirements

---

A similar kind of exercise was undertaken by MOUD for preparing the 13<sup>th</sup> FC and 14<sup>th</sup> FC memorandums but States could not provide very useful data and it was found to be difficult to use the data to arrive at national level municipal resource gaps, etc.

Most of the State governments did not provide methodologies used to estimate these resource gaps and investment requirements and these estimates were found to be on adhoc basis.

During the preparation of 13<sup>th</sup> FC memorandum, the total resource gap in terms of the difference between the requirements of funds for core services (**operation and maintenance only**) and resource generation was Rs. 1,28,660 crore for a five year period.

However, the gap could have been much wider if other necessary infrastructure like transport and urban renewal, etc. were also considered. Based on JNNURM CDPs and projected requirements of funds and further projecting it for 5161 towns as per the 2001 Census led to a figure of Rs. 7,91,080 crore.

# Other Considerations - Achievements in Implementation of Flagship Schemes

---

## Reforms envisaged via National Missions (AMRUT, Smart City, SWACHH Bharat, etc.) and 14<sup>th</sup> FC Performance Grant Scheme and Achievements

As per the ToR of 15<sup>th</sup> FC, it may consider proposing measurable performance-based incentive for States, at the appropriate level of government, in the areas of:

- (iii) Achievements in implementation of flagship schemes of GOI, disaster resilient infrastructure, sustainable development goals, and quality of expenditure.
  
- (vii) Provisions of grant in aid to local bodies for basic services, including quality human resources and implementation of performance grant system in improving delivery of services

# Other Considerations- Achievements in Implementation of Flagship Schemes

---

## **Reforms envisaged via National Missions (AMRUT, Smart City, SWACHH Bharat, etc.) and 14<sup>th</sup> FC Performance Grant Scheme and Achievements**

The Urban Memorandum of MoHUA will summarize the recommendations for the urban sector, especially after analyzing the progress and difficulties faced by the States and municipalities in implementing the reform conditionalities under various mission programs such as AMRUT, SBM, NULM and others, as well as the reform conditionalities of 14<sup>th</sup> FC Performance Grant Scheme.

Mission-wise and State-wise information may be sought in the following table



# I. AMRUT Mission - Please provide State-wise information on **Demand, Allocation, Release and Gaps for the Mission in Rs. Crore**

Sector	2015-16	2016-17	2017-18	2018-19	2019-20	Total (2015-20)
<b>1. Water Supply</b>						
a. Demand						
a. Allocation						
a. Actual Release						
a. Funding Gap						
<b>2. Sewerage &amp; Septage Management</b>						
a. Demand						
a. Allocation						
a. Actual Release						
a. Funding Gap						
<b>3. Drainage</b>						
a. Demand						
a. Allocation						
a. Actual Release						
a. Funding Gap						
<b>4. Urban Transport</b>						
a. Demand						
a. Allocation						
a. Actual Release						
a. Funding Gap						
<b>5. Others (Green Space &amp; Parks)</b>						
a. Demand						
a. Allocation						
a. Actual Release						
a. Funding Gap						
<b>Total</b>						

# I. AMRUT Mission – State-wise Physical Progress

	2015-16		2016-17		2017-18		2018-19		2019-20	
Sector	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Water Supply										
Sewerage & Septage Management										
Drainage										
Urban Transport										
Others (Green Space & Parks)										
Total										

- The State-wise SLIPs and SAAPs provided to MoHUA as part of the AMRUT Mission may be utilized to analyze the financial requirements and infrastructure gaps at the State/National-level

# I. AMRUT Mission - Progress of Reforms

	2015-16	2016-17	2017-18	2018-19	2019-20
Major Reforms	Achievements by the States	Achievements by the States	Achievements by the States	Achievements by the States	Achievements by the States
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

## II. SBM- Please provide State-wise information on **Demand, Allocation, Release and Gaps for the Mission in Rs. Crore**

Point (ix) of the 15FC ToR mentions that performance-based incentives may be given based on the “progress made in sanitation, solid waste management and bringing in behavioural change to end open defecation.” For this purpose, information pertaining to sanitation and solid waste management under SBM may be obtained for preparing the urban memorandum.

Sector	Total (2015-20)			
	Demand	Allocation	Actual Release	Funding Gap
1. Household toilets (including conversion of insanitary latrines into pour-flush latrines)				
2. Community toilets				
3. Public toilets and urinals				
4. Solid Waste Management				
5. IEC & Public Awareness				
6. Capacity Building and Administrative & Office Expenses				
<b>Total</b>				

## II. SBM-Physical Progress

	2015-16		2016-17		2017-18		2018-19		2019-20	
Sector	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Household toilets (including conversion of insanitary latrines into pour-flush latrines)										
Community toilets										
Public toilets and urinals										
Solid Waste Management										
IEC & Public Awareness										
Capacity Building and Administrative & Office Expenses										
Total										

## II. SBM-Progress of Reforms

---

	2015-16	2016-17	2017-18	2018-19	2019-20
Reform	Achievements by the States	Achievements by the States	Achievements by the States	Achievements by the States	Achievements by the States
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
Total					

# III. NULM-Demand, Allocation, Release and Gaps

Sector	Total (2013-20)			
	Demand	Allocation	Actual Release	Funding Gap
1. Employment through skill training and placements				
2. Social mobilization and institutional development				
3. Capacity building and training				
4. Self-employment programme				
5. Scheme of shelters for urban homeless				
6. Support to urban street vendors				
<b>Total</b>				

# III. NULM-Physical Progress

	2013-14		-----		2019-20	
Sector	Target	Achievement	Target	Achievement	Target	Achievement
Employment through skill training and placements						
Social mobilization and institutional development						
Capacity building and training						
Self-employment programme						
Scheme of shelters for urban homeless						
Support to urban street vendors						
<b>Total</b>						



# III. NULM-Progress of Reforms

	2013-14	2014-15	----	----	2019-20
Reform	Achievements by the States	Achievements by the States	Achievements by the States	Achievements by the States	Achievements by the States
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
Total					

# IV. Housing

---

Main components of the Pradhan Mantri Awas Yojana (PMAY) – Housing for All scheme:

- “In situ” slum redevelopment
- Affordable Housing through Credit Linked Subsidy
- Affordable Housing in Partnership
- Subsidy for beneficiary-led individual house construction

How can we include data available under the Housing for All Scheme to prepare the urban memorandum?

# V. Smart Cities Mission

---

How can we use information available under the Smart Cities Mission to prepare our recommendations for the urban memorandum?

- Under SCM, what percentage of projects contribute to providing and strengthening of basic services (water supply, sewerage, storm water drainage, solid waste management, urban transport and other such as green spaces and parks, etc.)?
- What is the financial implication from the Centre, State and ULB for these basic services projects highlighted above?

# VI. Credit Rating of ULBs

---

- Till now, 463 AMRUT towns with population one lakh and above have got their credit rating on the basis of detailed financial information provided by the municipalities.
- These credit ratings are assigned based on the financial position of the ULBs, including their assets and liabilities, own revenue receipts, intergovernmental transfers and other revenue streams, resources available for capital investments, expenditure patterns, Double Entry Accounting and other governance practices adopted by these cities.
- The above information is already available for these cities can be used to understand their current financial position, to estimate the income and expenditure of all municipalities and to estimate the financial position for the period of 2020-21 to 2024-25.

# The Urban Memorandum of MoHUA for the 15<sup>th</sup> Finance Commission

---

The Urban Memorandum of MoHUA will summarize the recommendations for the urban sector, based on analysis of financial capabilities of municipalities and resource gaps of required capital investments and operation and maintenance costs based on HPEC norms for service sectors such as water supply, sewerage, drainage, SWM, etc. It will also capture the Housing sector requirements.

MoHUA may consider increasing the portion of Performance Grant by linking it with the progress made under selected parameters/reforms. These reforms or actual physical achievements, etc., may be selected from the National Mission Programs and the 14<sup>th</sup> FC Performance Grant Scheme conditionalities, etc.

Nevertheless, it is very important to consider the difficulties faced by the States and municipalities in meeting these reforms.

**THANK YOU**

---



# Making a pitch to 15<sup>th</sup> Finance Commission

Center for Water and  
Sanitation CEPT University

April 2018

# TOR of Finance Commissions

- After the 74<sup>th</sup> CAA, one of the main Terms of reference (ToR) of Central Finance Commissions is to recommend "the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats and Municipalities in the State, on the basis of the recommendations made by the Finance Commission of the State."
- The problem is that in many states, the State Finance Commissions are not regularly set up and even if they are, their reports are not tabled in the state assembly (Tamil Nadu is an exception)
- In absence of poor information on municipal finance and on services, the FCs have made ad-hoc allocations
- The 15<sup>th</sup> FC, like the previous FCs, will have to make their own assessment of the need to supplement resources for PRIs and ULBs



# Requirements associated with FC grants

- Every Finance Commission put some conditions for grants to local bodies
- The 10<sup>th</sup> FC stipulated that State Governments should prepare suitable schemes and issue detailed guidelines for utilisation of grants. The local bodies were required to raise matching contributions for the purpose.
- The 11<sup>th</sup> FC stipulated that the first charge on the grants should be maintenance of accounts and audit, followed by the development of a financial database. The remaining amounts were to be utilised for maintenance of core services

# 12<sup>th</sup> FC and Solid Waste

- The 12<sup>th</sup> FC stipulated that at least 50 per cent of the grants provided to each State for the urban local bodies should be earmarked for the scheme of solid waste management through public-private partnership. The municipalities should concentrate on collection, segregation and transportation of solid waste. The cost of these activities, whether carried out in house or outsourced, could be met from the grants.
  - “Composting and waste to energy initiatives would be economically viable in the private sector provided the municipalities can assure regular supply of solid waste (segregated, if necessary). The role of the municipalities should, therefore, be restricted to ensuring proper collection, segregation (if necessary) and transportation”.
- Can the 15<sup>th</sup> FC be convinced about SBM 2.0? i.e. to focus on sanitation, especially to move beyond toilets and provide specific grants for FSM collection and treatment !

# 13 FC - Basic and Performance Grants

- The 13<sup>th</sup> FC provided grants for rural and urban local bodies in two parts - a general basic grant and a general performance grant. No conditions were set for accessing the basic grant.
- The 13<sup>th</sup> FC set six conditions for panchayats to access the performance grant and nine conditions in the case of urban local bodies. One of these conditions was “Publication of Service Level Benchmarks, as identified by Ministry of Urban Development to be published in state gazette”.

# 13<sup>th</sup> FC and SLB

- “... State Governments must notify or cause all the municipal corporations and municipalities to notify by the end of a fiscal year (31 March) the service standards for four service sectors-water supply, sewerage, storm water drainage, and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.”
- “This could be in the form of a declaration of a minimum level of service for the indicators mentioned against each of these four service sectors in the **Handbook on Service level Benchmarks published by the Ministry of Urban Development**. For example a State Government may notify before 31 March 2011 that by 31 March 2012, all municipalities and municipal corporations in the state will provide a specified minimum level of service for each of the indicators for the **four service sectors of water supply, sewerage, storm water drainage and solid waste management**.”
- “Such a notification will be **published in the State Government gazette** and the fact of publication will demonstrate compliance with this condition.”

# 14 FC and Performance Grants

- “we are providing performance grants to address the following issues: (i) making available reliable data on local bodies' receipt and expenditure through audited accounts; and (ii) improvement in own revenues. In addition, **the urban local bodies will have to measure and publish service level benchmarks for basic services.**”
- “To be eligible, the urban local body will have to submit audited annual accounts that relate to a year not earlier than two years preceding the year in which it seeks to claim the performance grant. It will also have to show an increase in own revenues over the preceding year, as reflected in these audited accounts. **In addition, it must publish the service level benchmarks relating to basic urban services each year for the period of the award and make it publicly available. The service level benchmarks of the Ministry of Urban Development may be used for this purpose.**”

# ToR of the 15th Finance Commission relating to ULBs

**“The Commission may consider proposing measurable performance-based incentives for States, at the appropriate level of government”, in following areas:**

- *Achievements in implementation of flagship schemes of Government of India, disaster resilient infrastructure, sustainable development goals, and quality of expenditure (Para 7, iii)*
- *Provision of grants in aid to local bodies for basic services, including quality human resources, and implementation of performance grant system in improving delivery of services (Para 7, vii)*
- *Progress made in sanitation, solid waste management and bringing in behavioural change to end open defecation (Para 7, ix)*

# Performance based grants design

- **Development Grant**

- ✓ **Size:** Often minimum 20 % of the total development grants
- ✓ **Formula-based:** using a basic allocation formula
  - Expenditure needs, revenue capacity and cost variations or proxies + adjustment against performance
- ✓ **Performance-based award:** extent of improvement

- **Capacity Building Grant**

- ✓ To help the LG to improve performance
- ✓ To respond to the weaknesses identified in assessments

- **Assessment**

- ✓ **Annual assessment:** financial and service delivery
- ✓ **Set of defined indicators** (PAS-SLB service level, financial, project implementation etc.)

# Performance Linked Grant: International Experiences

Feature	Uganda (2008)	Ghana (2009)	Nepal (2009)	Indonesia (2006)	Bangladesh (2008)	SoI (2009)
<b>Minimum conditions</b>	8	9	13	6 + 30 for various stages	Pilot 9	8
<b>Performance measures</b>	121	60	57	NA	Pilot 42	64
<b>Assessment</b>	Combined Ministry + QA	Contracted out	Contracted out	Submission of documents to project office	External audit contracted	Contracted out/ audit
<b>Scoring</b>	Fixed scoring	Relative performance	Fixed scoring	Phasing of reform levels	Fixed scoring	Relative perform.
<b>Formula</b>	Population, poverty land + performance	Population, land, equal share + performance	Population, HDI, equal share, cost index and performance	Selection based on reform-mindedness and poverty	Population + performance adjustments	Population, equal share + performance
<b>Coverage</b>	Nationwide	Nationwide	Nationwide	Piloting	Roll-out	Nationwide
<b>Funding</b>	GOU + DP	GOG+DP	GON + DP	GOI +DP	GoB+ DP	Gov + DP

Source: Steffensen Jesper (2010), "Performance Based Grant Systems (PGBS) – Using grants as incentives", presentation.



## Key suggestions in Operationalizing Performance Based Grants

- **Make Performance Assessment of essential municipal services mandatory**
  - Align the performance indicators with SBM, AMRUT, Smart Cities
    - (this is possible with PAS/SLB data base)
  - State UDD should institutionalize the system to monitor and review performance on an annual basis and introduce quarterly monitoring for selected priority indicators
  - Build capacity of ULBs to maintain performance system at local level through internal information systems
  - Need for **neutral, professional and robust assessment** of financial and service delivery among ULBs linked with **capacity building support**

# What can we suggest to 15<sup>th</sup> FC?

- Recommend continuation of performance linked grants to ULB with Service Level Benchmark
- Link it to flagship projects like Swachh Bharat and AMRUT
- As in case of Maharashtra, where ULBs are advised to allocate 50% of their basic grants under 14<sup>th</sup> FC to sanitation, can we suggest earmarking funds to FSM?

# Thank you

[cwas@cept.ac.in](mailto:cwas@cept.ac.in)

[www.pas.org.in](http://www.pas.org.in)

Citation Suggestion for this presentation:

CWAS – CEPT University, (2018) 15<sup>th</sup> Finance Commission: Making a pitch for SLB and Sanitation

## 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.



[pas.org.in](http://pas.org.in)  
[cwas.org.in](http://cwas.org.in)



[pas@cept.ac.in](mailto:pas@cept.ac.in)



[pas\\_project](#)



[pas.cept](#)



[pas.org.in/web/ceptpas/pase-news](http://pas.org.in/web/ceptpas/pase-news)  
Sign up: [tiny.cc/pasenews](http://tiny.cc/pasenews)



# Comptroller and Auditor General of India

Supreme Audit Institution of India



25<sup>th</sup> April 2018

# About *Comptroller and Auditor General (CAG) of India*

## **VISION**

The vision of SAI India aspires to become a global leader and initiator of national and international best practices in public sector auditing and accounting. We are recognized for independent, credible, balanced and timely reporting on public finance and governance.

## **MISSION**

Mandated by the Constitution of India, [(Art.148 to 151), DPC Act 1971 and various Audit regulations)] we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders i.e. the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes.

To achieve our mission we conduct compliance as well as performance audits of social and infrastructure Schemes. The objective of Performance audit is to examine whether planning was proper. Funds were available for implementation of the schemes if so, same was spent economically, efficiently and effectively (cannons of 3Es) and the desired objective was achieved or not.

# The role of CAG in conducting ULB audit

- After 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment(1993) PRIs and ULBs become institution of self governance
- They became institutions for planning for economic growth of their respective territories.
- The primary Auditor of Local Bodies is Director of local fund Audit (DLFA).The external audit of Local Bodies is done by CAG under section 14,19(3) and 20(1) of CAG (DPC) Act.
- Sec 14:Audit of receipt and expenditure of bodies or authorities substantially financed from Union or State
- Sec 19(3): Governor of the state or Administrator of Union may request to audit the accounts in public interest .
- Sec 20(1): Entrustment of Audit to CAG if President or the Governor of the State or the Administrator of Union Territory is satisfied that it is expedient to so to do in public interest.
- To provide support to Primary Auditor called Technical Guidance and Support (TGS)
- Currently ,27 states out of 31 have granted TGS to CAG. In West Bengal TGS is not relevant as ELA(Examiner of Local Accounts who is a primary Auditor is an officer of CAG. For remaining 3 states Arunachal Pradesh ,Nagaland and Delhi efforts for grant of TGS are still being made.
- Components of TGS : Planning and setting auditing standards ,adoption of new audit methodology ,training in audit and accounts, annual transaction audit by random selection ,supplementary audit of institutions audited by the State Director of Local Fund Audit.

# Aspects considered while conducting compliance audit

- If Accounts are prepared on the basis of double entry accrual basis
- If all the transactions have been recorded properly.
- Reports like trial balance, Income /Expenditure Account ,Receipt and payment account and Balance sheet are generated or not.
- Other wise Accounts approved in general body of the ULB is referred .
- After proper sampling transactions of receipt and expenditure is audited.
- For detailed scrutiny transactions(Income and Expenditure) of one month per year is selected
- Conduct regulatory and proprietary audit to ensure that decisions were taken within the frame of set Rules and expenditure were properly accounted for.

## For Performance Audit of selected services or scheme

- To conduct performance audits we select audit units by using scientific sampling methods(Random sampling method, Stratified sampling etc.)and examine the records within the set criterion(Relevant Act, Rules, Govt. GRs, Circulars etc.) and examine the implementation of schemes of the selected samples by applying the canons of 3Es(Economy, Efficiency and Effectiveness).Based on the audit observations we assess the lapses in the internal control prevailing in the organization to derive Audit conclusions and on that basis recommendations are suggested. While doing the risk analysis and making our samples precise we also use the data of service level benchmark.



# Case study on *Service Level benchmarking* in ULBs

- **OBJECTIVE**

- Use benchmarking as a tool for evidence gathering technique for identifying problem areas and areas of excellence
- Collection of data for comparison
- Characteristics of good benchmarking indicators for arriving at effective audit conclusions
- **BENCHMARKING** is a process for measuring an organization's performance or process against similar organizations that have consistently achieved superior standards themselves in the same categories of performance. In the context of performance audits, benchmarking helps identify opportunities of achieving better economy, efficiency and effectiveness. Benchmarking can be of use both during the planning and execution phase of performance audit.

- **BACKGROUND OF THE CASE STUDY**

- To measure and monitor the performance of local bodies in delivery of key services, Ministry of Urban Development (MoUD), Government of India (GoI) promulgated, in July 2008, Service Level Benchmarking (SLB) in four key sectors viz. Water Supply, Sewage Management (Sewage and Sanitation), Solid Waste Management (SWM) and Storm Water Drainage (SWD). Audit selected three of the above services ie Water Supply, Solid Waste Management (SWM) and Sewage Management (Sewage and Sanitation) for use of the benchmarking technique.

## SELECTED CITIES FOR THE CASE STUDY

Total **36 ULBs** were selected from across Maharashtra for this exercise  
**(Delivery of Basic Civic Services by Select Municipal Councils)**

### PERIOD

Conducted between **February and August 2014** covering the period 2011-14

## STRENGTHS AND CONCERNS OF THE TECHNIQUE

### Strengths:

- Benchmarking can be an effective tool for performance audit as it gives an objective review of implementation of schemes having social impact.
- It provides objective data on methods of operation(system is old or new) e.g. Ratnagiri MC etc.
- It identifies better ways of operating (new or upgraded schemes)
- It supports recommendations for making changes (for upgrading existing system)
- It presents a target for improvement in the audited organizations

### Concerns:

- Some concerns while using benchmarking are Benchmarking requires high degree of skill
- The acceptability of the findings of benchmarking with the auditees is an area, which will require attention

## SCHEMES and FUNDS

Water supply services in 36 selected MCs were examined in audit to ascertain whether:

- infrastructure was created and the mandated quantity of water supplied;
- sufficient funds were available for executing water supply schemes;
- schemes for augmentation of water supply and reforms were implemented economically, efficiently and effectively;
- and SLBs for water supply services were attained.

For improving the civic infrastructure in small and medium cities, MoUD, GoI launched the **Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)** in December 2005 under Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

The Water Supply and Sanitation Department, GoM also introduced (October 2008) the State scheme namely, **Maharashtra Sujal Nirmal Abhiyan (MSNA)** to establish a self sustainable 24x7 water supply system by identifying the gaps in civic infrastructure through reforms and by undertaking capital works.

In 36 selected MCs, 20 MCs implemented 21 projects under UIDSSMT, MSNA and MSJNA for augmentation of water supply from the existing capacity to 70 lpcd or 135 lpcd.

Name of the Scheme	No. of projects sanctioned	Original sanctioned Cost as per DPR (₹ in crore)	Period of sanction	Projects completed	Ongoing projects	Expenditure incurred on completed and ongoing projects (₹ in crore)
UIDSSMT (13 MCs)	13	563.82	September 2006 to July 2008	6	7	734.29
MSNA (07 MCs)*	7	106.78	February 2009 to July 2011	1	6	90.41
MSJNA (01 MCs)*	1	37.67	February 2010	0	1	25.11
<b>Total</b>	<b>21</b>	<b>708.27</b>		<b>7</b>	<b>14</b>	<b>849.81</b>

Source: Data furnished by DMA and MCs  
 \* Manmad MC was involved in execution of projects under two schemes (MSNA and MSJNA)

Status of water supply projects taken up under UIDSSMT, MSNA and MSJNA in the selected MCs as of October 2014

## SCHEMES and FUNDS

### Implementation of projects under UIDSSMT

The cost of 13 projects (Rs 563.82 crore as per DPR) taken up under UIDSSMT was to be shared between **GoI, GoM and MC in the ratio of 80:10:10 respectively**. Due to delay in sanctions to these projects, the estimated cost of the projects increased and receipt of funds from GoI/GoM delayed. Consequently, the tender cost increased. Further, of the 13 projects taken up, five projects were completed with delays ranging from 10 to 40 months. The remaining seven projects were under execution as of October 2014 and they have already exceeded their original schedule of completion by 13 to 39 months.

### Implementation of projects under MSNA

Under the State scheme MSNA, the project cost is shared between **GoM and the MCs in the ratio of 80:20 in A category MCs and 90:10 in B and C category MCs**. Seven augmentation projects were approved by GoM during the period February 2009 to July 2011 at a total cost of Rs 106.78 crore. Of the seven projects, one project was completed with delay of 14 months, while the remaining six projects were in progress as of October 2014 with time overrun of three to 44 months. The main reasons for delay in execution of projects were public agitation, stoppage of one work due to erosion of river bank at proposed Kolhapur Type (KT) Weir, delay in receipt of grants from GoM etc.

### Implementation of project under MSJNA

Under MSJNA, GoM sanctioned (February 2010) one project for Manmad MC at a cost of Rs 37.67 crore. The project was awarded in October 2012 at a cost of Rs 42.91 crore to be completed by October 2013. The project was in progress as of October 2014 and the contractor was paid Rs 25.11 crore.

Nature of reform works	No. and names of MCs which did not complete the reform works
Consumer survey	Nine out of 24 MCs (Alandi, Bhandara, Hinganghat, Manmad, Osmanabad, Pandharpur, Phaltan, Udgir and Uran)
Water and Energy audit	10 out of 24 MCs (Akkalkot, Alandi, Bhandara, Chalisgaon, Hinganghat, Jalna, Osmanabad, Phaltan, Sawantwadi and Uran)
GIS mapping	Eight out of 24 MCs (Alandi, Bhandara, Hinganghat, Osmanabad, Pandharpur, Phaltan, Shirdi and Uran)
Bulk metering /Flow metering	14 out of 24 MCs (Alandi, Akot, Hinganghat, Hingoli, Jalna, Udgir, Ratnagiri, Bhandara, Uran, Manmad, Osmanabad, Khamgaon, Shirdi and Phaltan)
Hydraulic modelling	Nine out of 24 MCs (Alandi, Bhandara, Hinganghat, Jalna, Osmanabad, Pandharpur, Shirdi, Udgir and Uran)
Source: Data collected from MCs	

### Progress of completion of MSNA reform works in 24 MCs

## WATER SUPPLY SERVICES

Findings of audit on three of the nine indicators:

### Shortfalls in cost recovery of water supply services:

The SLBs of GoI prescribed 100 *per cent* recovery of cost of water supply services. In audit, it was observed that the main reasons for operational losses were

- non-revision of rates for water supply services by the MCs to meet their actual costs
- high percentage of non-revenue water
- poor collection of water charges

### High percentage of non-revenue water:

The major reasons of non-revenue water (NRW) are loss of water due to

- poor maintenance of distribution network,
- water theft,
- illegal connections,
- non-metering of water connections *etc.*

### Non-metering of water connections:

Consumer metering induces efficiency in water use, reveals leakages in the distribution system and enables high-end consumers to be charged more for consuming more.

## Achievement against SLBs during 2013-14

Service level benchmark indicators	National benchmarks	No. of MCs which did not achieve the SLB of GoI as on March 2014	Range of achievement by the MCs	Range of targets fixed by MCs to be achieved as on March 2014	No. of MCs which could not achieve their own targets as on March 2014.	Percentage of MCs which could not achieve their own targets
Coverage of water supply connection	100 <i>per cent</i>	36	35-96 <i>per cent</i>	40-100 <i>per cent</i>	31	86
Per capita supply of water	135 lpcd	30	25-129 lpcd	35-340 lpcd	27	75
Extent of metering of water connection	100 <i>per cent</i>	35	0-94 <i>per cent</i>	5-100 <i>per cent</i>	17	100
Extent of non-revenue water	20 <i>per cent</i>	26	21-56 <i>per cent</i>	0-50 <i>per cent</i>	29	81
Extent of cost recovery in water supply services	100 <i>per cent</i>	27	20-99 <i>per cent</i>	25-305 <i>per cent</i>	22	61
Efficiency in collection of water supply related charges	90 <i>per cent</i>	36	12-87 <i>per cent</i>	15-99 <i>per cent</i>	29	81
Continuity of water supply	24 hours per day	36	6	1-7	24	75
Quality of water supplied	100 <i>per cent</i>	18	52-99 <i>per cent</i>	85-100 <i>per cent</i>	18	50
Efficiency in redressal of customer complaints	80 <i>per cent</i>	13	28-77 <i>per cent</i>	42-100 <i>per cent</i>	13	36

Source: Data published by GoM

## SANITATION AND WASTE WATER SERVICES

A sound sewage management requires direct access to toilets to improve the sanitation facilities, direct connection with sewage network, conveying of sewage to STP of adequate capacity for treatment before its final discharge.

### Underground sewage

- In four of 36 MCs, the properties had direct connection to underground sewage or waste water collection networks.
- In two other MCs (Alandi and Bhusawal), the underground sewage network was very old and non-functional as of October 2014 and the sewage generated was flowing to the nearby water bodies.
- In the remaining 30 MCs, waste water was connected either to open drains or storm water.

### Collection efficiency of sewage network

- The collection efficiency of sewage network ranged between 23 and 96 per cent in four MCs and was 'nil' in respect of remaining 32 MCs. Thus, the effectiveness of the system was poor in majority of the MCs.
- Only two MCs (Shirdi and Pandharpur) were able to treat the entire waste water generated before its final discharge. In the remaining 34 MCs, 208.51 MLD was being discharged without treatment either due to inadequate capacity of STPs or non- functioning of STPs.

### Achievement against SLBs during 2013-14

Sl. No.	SLB indicators	National benchmarks (per cent)	No. of MCs which achieved the national benchmarks (range in per cent)	No. of MCs which fixed its own targets (range in per cent)	No. of MCs which achieved the targets
1.	Coverage of toilets	100	None	36 MCs (35-100)	11 MCs
2.	Coverage of sewage network services	100	None	7 MCs (30-75)	None
3.	Collection efficiency of the sewage network	100	None	6 MCs (30-70)	None
4.	Adequacy of sewage treatment capacity	100	2 MCs (100-160)	5 MCs (40-90)	1 MC
5.	Quality of sewage treatment	100	4 MCs (100)	5 MCs (35-100)	3 MCs
6.	Extent of reuse and recycling of sewage	20	1 MC (87)	6 MCs (8-90)	None
7.	Efficiency in redressal of consumer complaints	80	25 MCs	36 MCs (45-100)	21 MCs
8.	Extent of cost recovery in sewage management	100	1 MC	22 MCs (1-100)	3 MCs
9.	Efficiency in collection of sewage charges	90	1 MC (100)	22 MCs (15-100)	2 MCs

## SOLID WASTE MANAGEMENT SERVICES

The basic requirement for management of MSW is availability of land for segregation, processing and its disposal in an area allocated for landfilling, in an environment friendly manner. Landfilling needs to be restricted to non-biodegradable, inert and other wastes that are not suitable either for recycling or for biological processing so as to minimize the burden on landfill.

### Achievements against SLBs of GoI during 2013-14

Service Level Benchmark indicators	National benchmarks (per cent)	No. of MCs which achieved the SLBs	SLB achievement by remaining MCs (range of achievement in percentage)
Household level coverage of MSW	100	1	35 MCs (1- 98)
Efficiency of collection	100	6	30 MCs (67 -99)
Extent of segregation of MSW	100	0	36 MCs (0 -25)
Extent of scientific disposal of MSW	100	0	36 MCs (0)
Extent of cost recovery in SWM services	100	0	36 MCs (0-45)
Extent of MSW recovered	80	1	35 MCs (0-70)
Efficiency in redressal of consumer complaints	80	29	7 MCs (46-77)
Efficiency in collection of SWM charges	90	1	35 MCs (0-81)
Source : Data published by GoM			

### Findings in Solid Waste Management

#### Non-segregation of waste as per MSW Rules

- Except Panvel MC, none of the 36 selected MCs have any mechanism to weigh or dispose of the MSW being collected, in an environment friendly manner in the designated landfill sites.

#### Storage, handling and transportation of waste in violation of MSW Rules

- The waste being transported should not be visible to public nor exposed to open environment. Joint visits by audit in 18 of 36 selected MCs revealed that four MCs were transporting MSW in open vehicles without covering the waste.

#### Non-functioning of bio-gas plants

- Five bio-gas plants constructed/partially constructed could not be put to optimal use due to repair and maintenance problem, lack of demand for the end product (cooking gas) etc.

#### Under-utilization of vermi/mechanical composting plants

- Despite an investment of Rs 4.03 crore by six MCs on construction of vermi/mechanical composting plants, only 714 MT of compost was produced against the expected production of 4,926 MT of compost till October 2014.

#### Non-disposal of MSW in an environment friendly manner

- Only one MC has scientific disposal landfill.
- Audit observed that all the 35 MCs were dumping unprocessed MSW either in the available landfill sites or unauthorized directly in the pits, on the road sides or near water bodies.

## MONITORING OF SERVICE DELIVERY

An effective internal control system provides a reasonable assurance on overall management process and shows the extent of monitoring of operations carried out by an organization. The DMA under the control of the UDD, GoM exercises administrative control and monitors the activities of the MCs.

Some of the issues noticed in monitoring of service delivery were as under:

- The entire activities of the MCs are monitored by the DMA centrally from Mumbai. Due to insufficient number of administrative and technical staff/resources, approvals to project proposals and DPRs were delayed in the office of DMA.
- No reports and returns have been prescribed by the DMA for the MCs for effective monitoring and implementation of State projects (MSNA and MSJNA) with reference to the original sanctioned costs and timelines.
- The reasons for not fixing the SLB targets by the MCs against various indicators for water supply, solid waste, sewerage and SWM; and the under achievements have never been assessed or evaluated by the DMA for suitable remedial action.
- In terms of Municipal Solid Wastes (Management and Handling) Rules - 2000, MCs are required to submit detailed information with regard to disposal of solid waste, hospital waste and slaughter houses in Form-II to the MPCB. There were however, delays in submission of information to MPCB by majority of MCs



## CONCLUSION AND RECOMMENDATIONS

### Water Supply Services

- ❑ In order to achieve the target of per capita water supply in affected MCs, the ongoing water supply augmentation works need to be completed in a time bound manner and the remaining MCs, which did not submit any DPR for augmentation works to the DMA, should initiate immediate action in this regard.
- ❑ In order to avoid time and cost overruns, the Government may ensure that the project proposals are scrutinized, sanctioned and awarded timely. The Government should also release its share of funds for the Central and State schemes timely to avoid further slippages in the projects.
- ❑ In order to optimize water management, reforms in water supply services should be completed and adopted by the MCs. The collection efficiency of water dues should be improved by vigorous follow-up and penal action as per Rules.
- ❑ The Government/MCs should make concerted efforts to achieve the SLBs to identify performance gaps and introduce improvements.

### Sewage Management

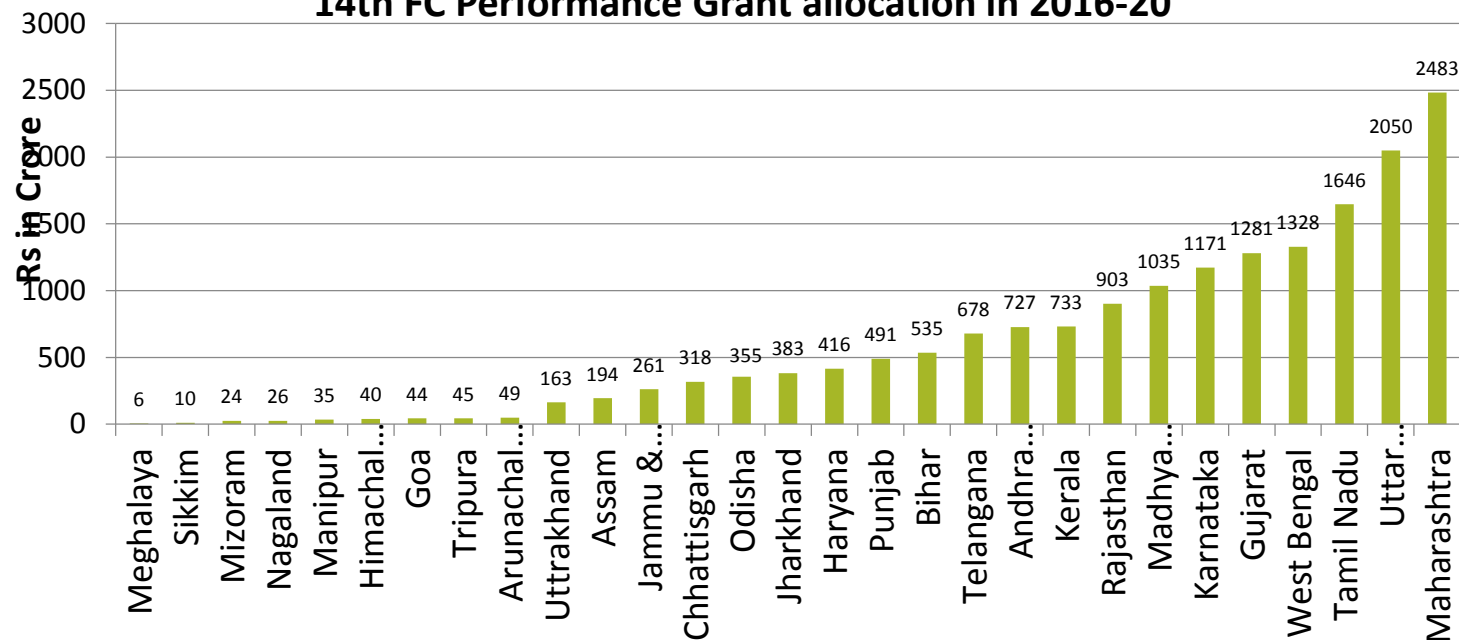
- ❑ The Government should ensure that underground sewage network in the affected MCs are upgraded timely for effective collection and disposal of sewage/waste water.
- ❑ The existing capacity of the STPs should be upgraded, wherever necessary, and all non-functional STPs should be made operational.

### Solid Waste Management

- ❑ The Government may ensure that the MCs dispose of MSW in an environment friendly manner in consonance with MSW Rules, 2000.
- ❑ The bio-gas/mechanical composting plants should be established only after confirming end users or buyers to ensure their gainful use.
- ❑ Repair and maintenance problems should be addressed on priority to make the plants functional at the earliest.
- ❑ The Government should enforce the MSW Rules, 2000 to ensure that all the MCs have valid authorization from MPCB for setting up waste processing and disposal facilities or for operating slaughter houses.
- ❑ The MCs should maintain database of all the health units generating bio-medical waste under their jurisdiction and also conduct periodical inspection of such units to ensure scientific disposal of waste by the health units.

# 14<sup>th</sup> Finance Commission for ULBs

14th FC Performance Grant allocation in 2016-20



□ 14<sup>th</sup> FC conditions are limited to the areas of critical importance. These are:

- **Compilation of accounts and their audit:**

Common issue that emerged from SFC reports is the need to have reliable data on the finances of local bodies in order to make informed decisions.

- **Increase in own revenues:** To encourage ULBs to generate own revenues and to improve the quality of basic services they delivery

- **Measure and publish Service Level Benchmarks (SLB)**

relating to basic urban services: Improvements in the quality of basic services are likely to lead to an increase in the willingness of citizens to pay for the services.

Details	13 <sup>th</sup> FC	14 <sup>th</sup> FC
Total Grant to municipality (Rs in crore)	23,111 (162 Rs per capita)	87,143 (488 Rs per capita)
Basic grant	90%	80%
Performance grant	10%	20%
No of Conditions for performance grant	9	3



# Comptroller and Auditor General of India

Supreme Audit Institution of India



# THANK YOU

# SLB as a monitoring & evaluation instrument - A Research Institution's Perspective for FSSM



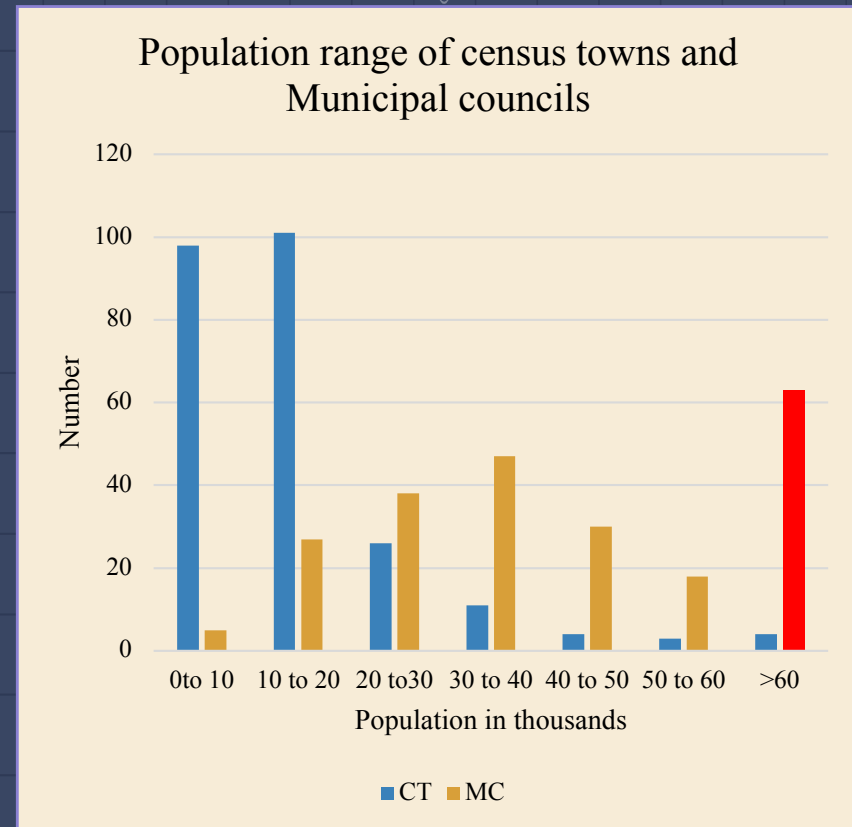
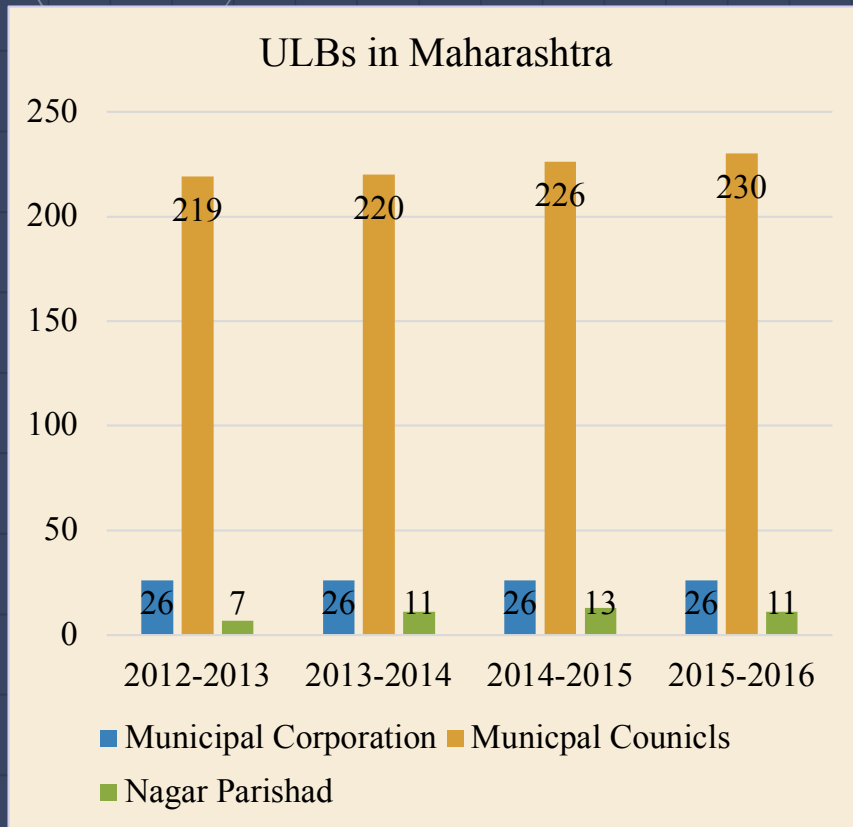
Prof. Bakul Rao

Centre for Technology Alternatives for Rural Areas  
Indian Institute of Technology, Bombay

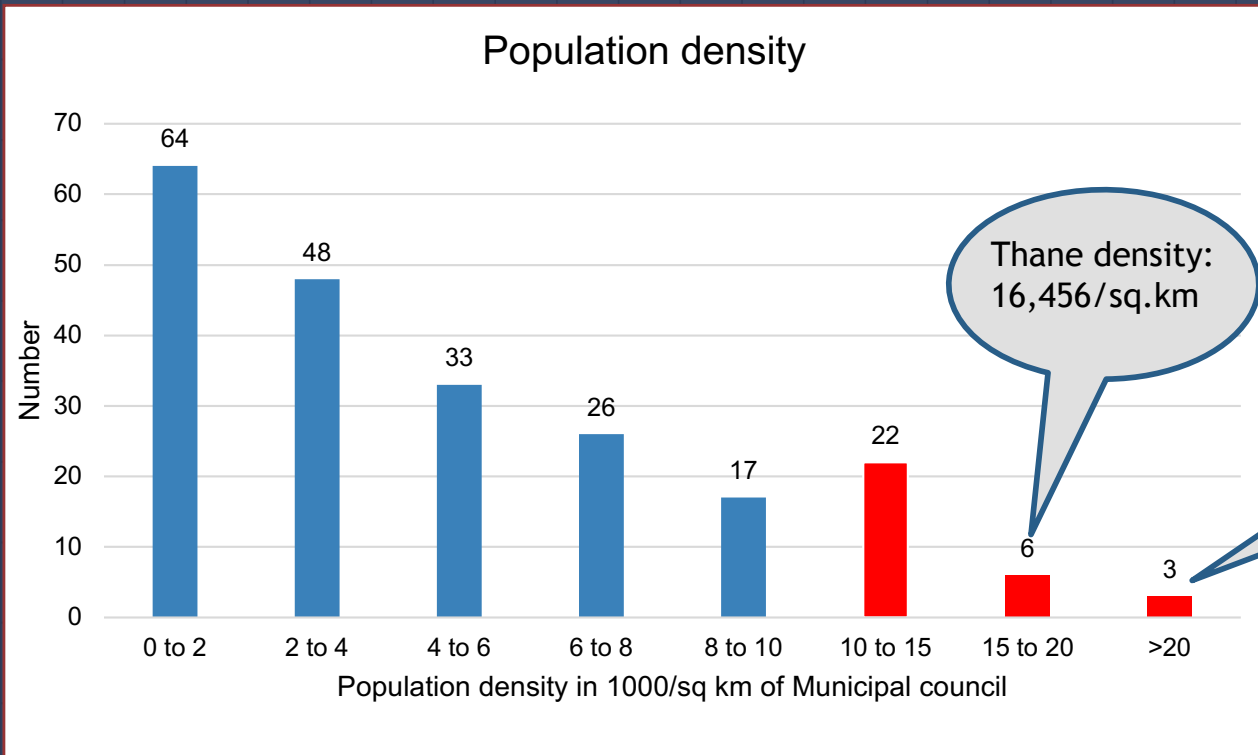
25<sup>th</sup> April 2018

National Workshop by CWAS, NUIA & AILSG

# Status of ULBs



# Status of ULBs

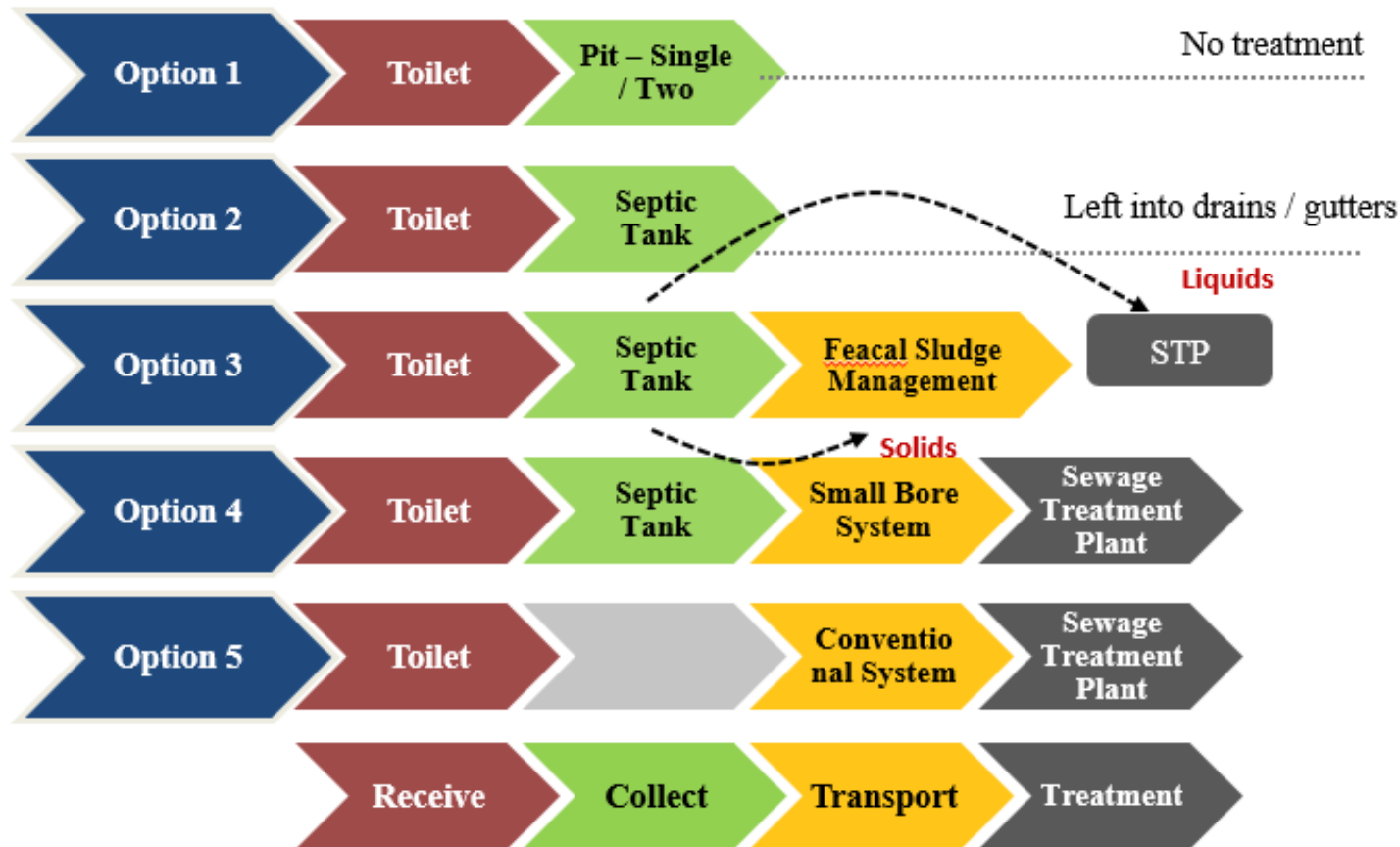


Thane density:  
16,456/sq.km

Mumbai density:  
20,482/sq.km







# Progress in Sewage Management (Sewerage and Sanitation)





# Faecal Sludge and Sludge Management

-  On-site Technologies to remain the context appropriate technology in future
-  Technological Challenges in designing and implementing FSSM to remain
-  Capacity to implement and run a successful FSSM a major challenge
-  Guidance for FSSM's successful - the need of the hour



# SBL for Sewage Management (Sewerage and Sanitation)

Coverage of Toilets

Coverage of Sewage Network Services

Collection Efficiency of the Sewage Network

Adequacy of Sewage Treatment Capacity

Quality of Sewage Treatment

Extent of Reuse and Recycling of Sewage

Efficiency in Redressal of Customer Complaints

Extent of Cost Recovery in Sewage Management

Efficiency in Collection of Sewage Charges

Adequacy

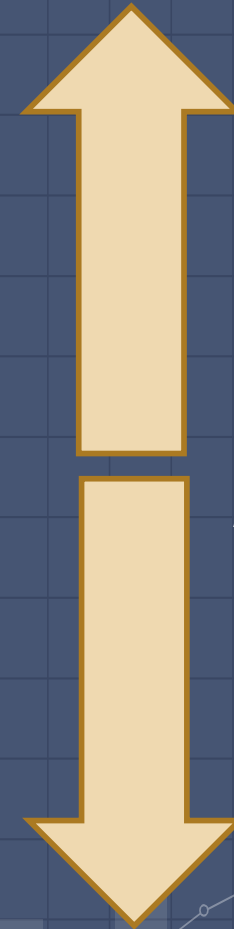
Applicability

Usability

Affordability

Practicability

Capability



# SBL for Sewage Management (Sewerage and Sanitation)

Current SBLs – Challenges,  
Adequacy, Usability

Context specific SBLs

New SBLs for FSSM?

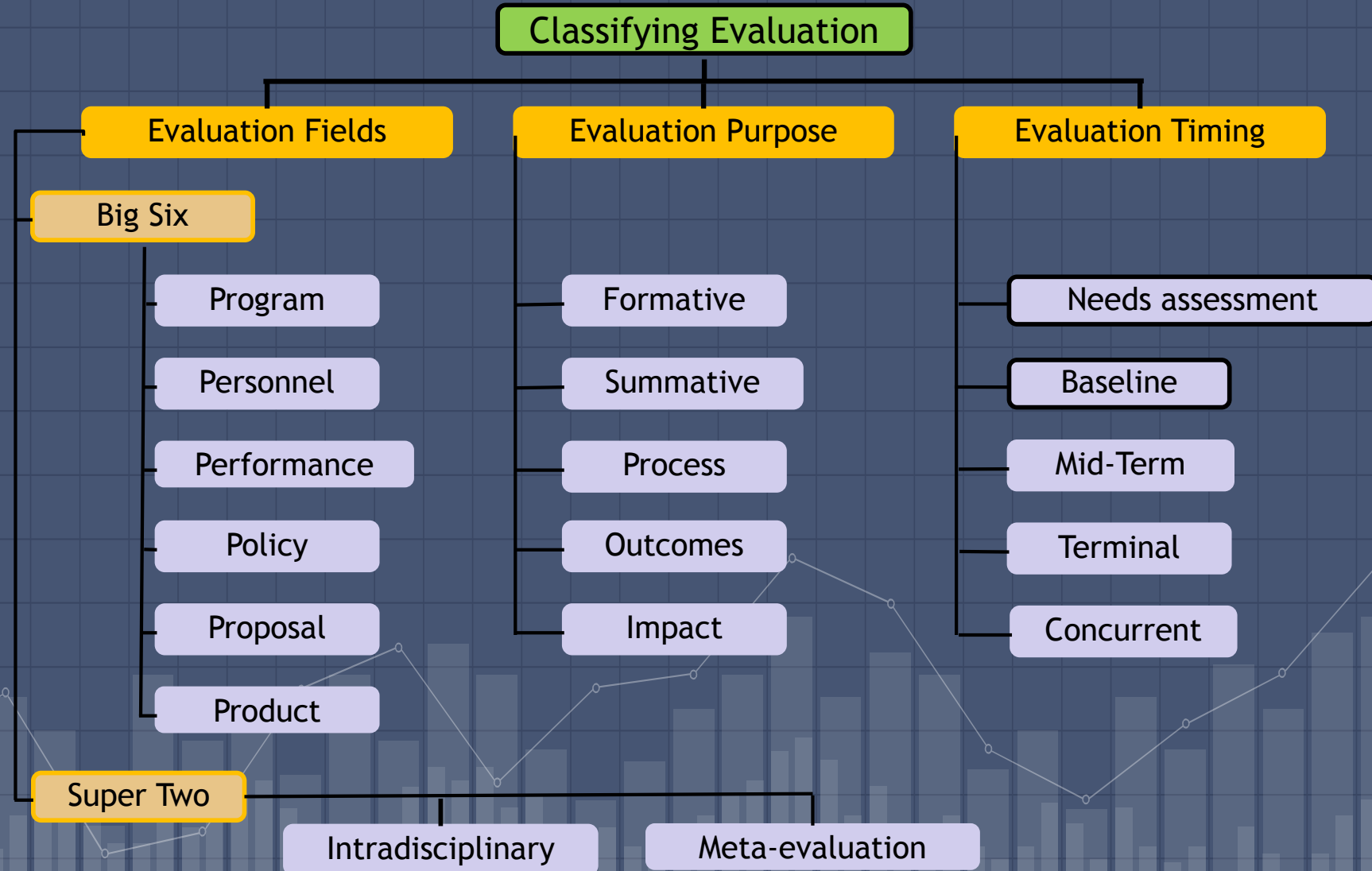
More Derived SBLs

Institutional arrangements  
for monitoring SBLs







Feedback to state  
governments



# Evaluation Classification



# Empanelment for Evaluation

-  DMEO – 2017 – no details online except RFP
-  Maharashtra DES – 2016 – IIT Bombay empanelled, 37 institutes
-  Maharashtra DMA / UDD -2018 – IIT Bombay empanelled, 37 institutes
-  KEA – 2016 – 30 evaluators, 11 assessors of evaluation reports, State evaluation policy
-  Meghalaya Program Implementation & Evaluation Dept. – EOI for empanelment
-  Punjab Directorate General Monitoring & Evaluation – third party validations, meta-assessment report

# SBL as a Tool towards achieving goals beyond

- 📊 SBL as a Monitoring Tool to SBL as an Evaluation Tool
- 📊 Mainstreaming Sanitation Evaluation through SBLs (modified)
- 📊 Systems for measuring performance institutionalised in urban agencies and available for external evaluation !



# THANKS!

**Any questions?**

[bakulrao@iitb.ac.in](mailto:bakulrao@iitb.ac.in)





# National Workshop on Service Level Benchmarking for Urban Sanitation Services with focus on FSSM

Starottel, Ahmedabad

25<sup>th</sup> April 2018

CEPT  
UNIVERSITY

C-WAS  
Center for Water  
and Sanitation

  
National Institute of Urban Affairs



 performance  
assessment  
system