

## **TOOL # 4C: SAMPLE PAYMENT TERMS BY TYPE OF ACTIVITY**

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## Overview

- The objective of this tool is to provide sample payment terms for a ULB as part of a performance based monitoring system (Section IV of the toolkit)
- These clauses to ensure that performance is tied to tangible outputs, and payment terms and incentives / penalties are clearly demarcated for the private sector
- These payment terms have been provided for the key activities as described in the toolkit – cleaning and refurbishment of the septic tanks and construction and operation and management (O&M)of treatment plants
- The ULB can use these payment terms directly for their contracts or could be modified as per the ULB's context and requirement.

# Sample Payment Terms

## A. Cleaning and refurbishment of septic tanks

**Metric 1:** Percentage of HHs cleaned as per schedule

	Monitoring Process	Payment terms
<b>Self-Reporting</b>	<ul style="list-style-type: none"> <li>The private player collects HH signatures for every septic tank cleaned and informs ULB about HH who are 'unavailable' or 'unwilling'</li> <li>The private player submits a monthly report to the ULB at the end of the month to reflect number of septic tanks cleaned</li> </ul>	<p><b><u>End of Quarter</u></b></p> <ul style="list-style-type: none"> <li>The private player gets paid depending on number of septic tanks cleaned:</li> <li>Proportional payment for percentage of HH cleaned E.g. 70% of payment if 70% of HH cleaned (Unavailable and unwilling HH not counted as a part of the target)</li> <li>The ULB compares results of the sample survey and self-reporting, and in case of:</li> <li>1-5 instances of wrong reporting, INR 2,000 penalty will be charged per instance</li> <li>More than 5 instance of wrong reporting, the contract will be terminated</li> </ul>
<b>HH Survey</b>	<ul style="list-style-type: none"> <li>HHs at the end of every quarter and verifies the HH who are listed as 'unavailable' or 'unwilling'</li> <li>ULB official verifies the HH</li> <li>ULB official randomly checks the level of cleaning using a measuring rod</li> </ul>	<p><b><u>End of 2 quarters</u></b></p> <ul style="list-style-type: none"> <li>If the proportion of HH cleaned are less than 33% of the defined schedule, contract will be terminated for non-performance</li> <li>Bonus of 5% of amount due for that quarter applicable, if more than 95% of the scheduled HH are cleaned</li> </ul>

**Metric 2:** Instances where safety regulations weren't adhered to or manual scavenging took place

**Metric 3:** Number of instances of faecal matter being dumped at non-designated sites

	Monitoring Process	Payment terms
<b>Self-Reporting</b>	<ul style="list-style-type: none"> <li>Private player furnishes signatures of treatment plant operator to show that waste was deposited at the treatment site</li> </ul>	<ul style="list-style-type: none"> <li>In case of manual scavenging or non-compliance with safety regulation is observed or verified based on HH complaints or ULB inspection, the contract will be terminated with immediate effect</li> <li>In case, instance of dumping at waste at sites apart from the treatment plants is observed (verified by the Sanitation Inspector through checks), a fine of INR 5,000 will be levied</li> <li>In case of more than 3 such verified instances of non-designated site dumping through the duration of the contract, the services will be terminated with immediate effect</li> </ul>
<b>Grievance redressal</b>	<ul style="list-style-type: none"> <li>HHs and cleaners can complain in case any instance of manual scavenging is observed while cleaning septic tanks</li> <li>HHs can complain in case collected septage is dumped at non-designated sites</li> </ul>	
<b>ULB Inspection</b>	<ul style="list-style-type: none"> <li>In case there are any complaints regarding illegal dumping of waste, the <i>Mukaddam</i> will validate the complaint and submit report the Sanitation Inspector within 24 hours</li> </ul>	

Metric 4: Number of instances of spillage during cleaning

Metric 5: Number of septic tanks structurally damaged during refurbishment or cleaning

Metric 6: Percentage septic tanks cleaned inadequately

Metric 7: Number of instance of spillage during transportation

	Monitoring Process	Payment terms
<b>Grievance redressal</b>	<ul style="list-style-type: none"><li>• HHs report to the ULB in case of any grievance</li></ul>	
<b>ULB Inspection</b>	<ul style="list-style-type: none"><li>• The Sanitation Inspector instructs the private player to address the grievance within 24 hours</li><li>• When the grievance is addressed, the private player collects a receipt from the HH</li><li>• In case of dispute, the Mukaddam inspects the grievance, and takes the final decision</li></ul>	<ul style="list-style-type: none"><li>• For each grievance not addressed and inadequate septic tank cleaning, the private player will be charged <b>INR xxx</b> as penalty</li></ul>

## B. Construction and O&M of Treatment Plans

**Metric 1:** Instances of safety regulations not being adhered to, at treatment site

	Monitoring Process	Payment terms
<b>ULB random site inspection</b>	<ul style="list-style-type: none"> <li>ULB undertakes random monthly inspections of treatment site to ensure that safety regulations are being followed by operator while dealing with septage</li> </ul>	<ul style="list-style-type: none"> <li>In case of non-compliance with safety regulation is observed or verified based on ULB inspection, the contract will be terminated with immediate effect</li> </ul>

**Metric 2:** Number of instances of contaminated waste dumping

**Metric 3:** BOD and COD level of effluent and septage coming out of Treatment Plants

	Monitoring Process	Payment terms
<b>ULB random site inspection</b>	<ul style="list-style-type: none"> <li>ULB conducts quarterly tests of BOD and COD samples</li> <li>ULB undertakes random inspections of treatment site to ensure that there are no contaminated dumping</li> </ul>	<ul style="list-style-type: none"> <li>If sample of treated sludge and effluent are not consistent with adequate treatment levels, ULB, Environmental agency and the private player to undertake an inquiry to determine reasons and make required corrections. Fine of INR 5,000 to be imposed on private player, if found responsible</li> <li>For every instance of contaminated dumping, a fine of INR 500 will be levied on the private player</li> </ul>