



GOVERNMENT OF KERALA

Abstract

Local Self Government Department- Kerala Solid Waste Management Project (KSWMP) - Direction to all Municipalities as per Section 58 of Kerala Municipality Act, 1994 to execute the participation agreement with Suchitwa Mission- accorded- Orders issued

LOCAL SELF GOVERNMENT(DC)DEPARTMENT

G.O.(Rt)No.1613/2020/LSGD Dated,Thiruvananthapuram, 07/09/2020

- Read 1 G.O(Ms.)20/2020/LSGD dt. 23/01/2020
2 G.O(Rt.)393/2020/LSGD dt. 15/02/2020
3 G.O(Rt.)779/2020/LDGD dated 24/04/2020
4 G.O(Rt) 1420/2020/LSGD dated 29/07/2020
5 Letter No 11/KSWMP/2020 dated 17/08/2020 from the Project Director KSWMP.

ORDER

1. As per the G.O read as 3rd paper above Government have designated Kerala State Suchitwa Mission as the nodal agency for implementing Kerala Solid Waste Management Project (KSWMP) with a loan from World Bank for strengthening the Waste Management activities of all Urban Local Bodies - Municipal corporations and Municipalities in Kerala.

2. The Project Director, KSWMP as per letter read as 5th paper above has informed that in order to proceed with the project negotiations and to comply with readiness criteria, an agreement has to be signed with the participating Urban Local Bodies and has therefore requested to give necessary directions to all municipal corporations and municipalities for executing the Participation agreement with Kerala State Suchitwa Mission.

3. Government have examined the matter in detail. As per G.O read as 1st paper above Government have already taken a policy decision to strengthen the institutional capacity of all Urban Local Bodies and to provide additional support in Waste management over and above the plan allocation.

4. In the above circumstance Government are pleased to issue direction to all municipal corporations and municipalities as per Section 58 of Kerala Municipality Act, 1994 to execute the participation agreement as appended to this order with Kerala State Suchitwa Mission before September,15th, 2020, and return the signed document to Suchitwa Mission.

(By order of the Governor)
BISHWANATH SINHA IAS
PRINCIPAL SECRETARY

To:

The Executive Director, Suchitwa Mission, Thiruvananthapuram

The Project Director, KSWMP, Thiruvananthapuram

The Director of Urban Affairs, Thiruvananthapuram

All Urban Local Bodies (Through Director of Urban Affairs)

The Executive Director, IKM, Thiruvananthapuram

Principal Accountant General (A&E) Kerala, Thiruvananthapuram

Accountant General (G&SSA/E&RSA) Kerala, Thiruvananthapuram

The Information & Public Relations (Web & New Media) Department

Stock File/Office Copy.

Forwarded /By order

Signature Not Verified

Digitally signed by SMITHA B CHANDRA

Date: 2020.09.08 12:17:11 IST

Reason: Approved

Section Officer

KERALA SOLID WASTE MANAGEMENT PROJECT

Participation Agreement

Participation Agreement (this “**Agreement**”) between Executive Director, Suchitwa Mission (“**SM**”) and Secretary Municipality (the “**Participating Urban Local Body-ULB**”) (collectively the “**Parties**” and individually a “**Party**”) dated on

WHEREAS(A)The Government of Kerala (“**GoK**”) is implementing the Kerala Solid Waste Management Project (“**KSWMP**”) to strengthen the institutional and service delivery systems for solid waste management (“**SWM**”) in Kerala.

(B) As part of KSWMP, the Government has mandated SM to use funds of a loan from International Bank for Reconstruction and Development (“**IBRD**”) to finance three types of activities in support urban local bodies with whom it enters into a participation agreement:

- (i) provision of grants, each for the financing of the urban local bodies’ projects (each a “**Sub-project**”) for the improvement of solid waste management capacities and systems, whose availability is linked to eligibility criteria to be met by the ULB;
- (ii) provision of technical assistance and implementation of capacity building activities to help urban local bodies improve solid waste management and achieve the conditions and performance level to which the availability of funds under those grants is subjected; and
- (iii) development of regional solid waste management facilities which serve more than one ULB, in each case on behalf of and on delegation from the cluster of urban local bodies benefiting from such facility.

(C) To carry out its mandate under the KSWMP, SM has established the following implementation arrangement: a state project management unit (“**SPMU**”) in Thiruvananthapuram and a district project management unit (each a “**DPMU**”) in each district in Kerala, co-located with the district team of SM, to act as the administrative interface for urban local bodies. The DPMU of the district of the Participating ULB has designated a specific co-ordinator for the interactions between the Participating ULB and the DPMU staff and the consultants supporting the implementation of the KSWMP.

(D) The Participating ULB wishes to enter into a participation agreement with SM and become a participating ULB under KSWMP.

(E) Immediately after signing this Agreement, the Participating ULB should constitute a Project Implementation Unit (“**PIU**”) under the Secretary (executive head) of the Participating ULB, comprising a SWM Engineer, a Finance/Accounts Officer and 1 or 2 junior level technical staff, as needed, responsible for handling SWM services in the Participating ULB. Participating ULB will be required to submit the PIU notification to SPMU at the time of signing this Agreement.

NOW, THEREFORE, the Parties agree as follow:

1. (a) The KSWMP project implementation manual (“**PIM**”), a copy of which is attached to this Agreement as Annexure 2, is incorporated to this Agreement by reference and constitutes an integral part of it with the same effect as if the provisions of the PIM were repeated in extension this Agreement.
- (b) In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of the PIM shall prevail.
- (c) In the event, provisions of the PIM are amended by SM with written approval of the Bank during project implementation, provisions of this Agreement may also need to be amended through an addendum adopted by the ULB’s council.

Allocation of Grants

2. SM extends to the Participating ULB a Basic Grant and Incentive Grant(each a “Grant” and collectively the “Grants”) of a maximum aggregate amount of **Rs: Crore** (termed “Grant Allocation Ceiling” or GAC),whose proceeds shall be used by the Participating ULB for the financing of the Participating ULB’s activities as per the guidelines and procedures specified in the PIM, which the Participating ULB shall complete not later than September 30, 2026. The GAC is subject to change at the end of Year 4 of project implementation (December 2024) based upon the participating ULB’s implementation performance and grant reallocation procedure outlined in the PIM.
3. The Grants include: a basic grant (“**Basic Grant**”) representing 40% of the GAC, and an incentive grant (“**Incentive Grant**”) aggregating to 60% of the GAC.
4. The Grants shall be allocated to the Participating ULB upon meeting the eligibility criteria for each grant, as follows:

- (a) The Basic Grant would be allocated on signing of this Participation Agreement before December 31, 2022.
- (b) The Incentive Grants would be allocated on meeting the eligibility criteria as follows which shall be verified by the Independent Verification Agency (“IVA”) as per the PIM:
 - (i) 40% of GAC would be allocated on meeting all the following three criteria prior to December 31, 2024 unless otherwise agreed by GoK.
 - i. the Participating ULB has prepared a 5-year city-wide plan for climate-smart and disaster-resilient SWM (“**SWMP**”) with technical assistance described in Paragraphs 11 and 12 below, which has been approved by SM;
 - ii. the Participating ULB has issued SWM by-laws that incorporate the principles of Kerala’s Integrated Solid Waste Management Strategy 2020;
 - iii. the Participating ULB has confirmed access to/use of facility for safe disposal of waste, as per national SWM rules 2016 and other national regulations;
 - (ii) 5% of the GAC shall be allocated per eligibility criteria, when the Participating ULB meets the following eligibility criteria prior to December 31, 2024 unless otherwise agreed by GoK.
 - iv. hiring of top-level staff in accordance with the structure approved by GoK.
 - v. signing of performance-based contract(s) for the Participating ULB’s solid waste collection and transportation services;
 - vi. development and adoption of a plan for user charges and operation and maintenance budgeting; and
 - vii.** implementation of monitoring and evaluation including a grievance redressal mechanism.

Utilization of Allocated Grants for expenditure on eligible Sub-projects

- 5. The Participating ULB shall utilise each Grant towards expenditure on eligible Sub-project activities. Eligible Sub-project activities for each Grant are as follows:

- (a) The expenditures eligible for a Sub-project to be financed under the Basic Grant shall be selected by the Participating ULB among the Track I activities, listed in more detail in the PIM, which includes, among others:
 - (i) expansion of the coverage of decentralized biodegradable waste management systems (generator and community level),
 - (ii) upgrade of existing material collection facilities or resource recovery facilities,
 - (iii) closure or remediation of existing dumpsites and development of incremental disposal cells as interim facility,
 - (iv) routine public space cleaning/sanitization and other waste management activities related to COVID19 like procurement of protective gears and equipment for sanitation workers,
 - (v) financial support to existing women self-help groups engaged in ongoing waste collection services, and
 - (vi) operation and maintenance support for tipping fee for regional disposal facilities.

 - (b) The expenditures eligible for a Sub-project to be financed under the Incentive Grants shall be selected by the Participating ULB among the Track II activities, listed in more detail in the PIM, which includes, among others:
 - (i) establishment or strengthening of primary waste collection and transportation systems, and
 - (ii) development of new waste management or processing facilities and new material recovery facilities or recycling facilities for non-biodegradable waste.
6. Each Sub-project shall be included in the ULB annual development plan and shall be approved by its District Planning Committee as part of government's annual planning approval process.
7. The Participating ULB shall comply with the following obligations related to the implementation of each of its Sub-projects:
- (a) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social

standards and practices satisfactory to IBRD, including in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016, applicable to recipients of loan proceeds other than the borrower, referred to in the PIM;

- (b) provide, promptly as needed, the resources required for its Sub-project, including priority for allocation of Project funds to sub projects under progress before taking up new subprojects; maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to IBRD,;
- (c) (i) maintain a financial management system and prepare required financial statements in accordance with consistently applied accounting standards acceptable to IBRD, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (ii) have such financial statements audited by independent auditors acceptable to IBRD, in accordance with consistently applied auditing standards acceptable to IBRD, and promptly furnish the audited statements to the GoK, SM and IBRD;
- (d) Ensure the resources allocated and released for the subprojects are used only for eligible expenditures and such resources are spent to reflect reasonable utilisation levels expected by GoK, SM & IBRD as specified in PIM.
- (e) enable the GOK, SM and IBRD to inspect the Sub-project, its operation and any relevant records and documents; and
- (f) prepare and furnish to GOK, SM and IBRD all such information as the GoK, SM or IBRD shall reasonably request relating to the foregoing.

8. Without limitation to the provisions of Paragraph 10 of this Agreement, the Participating ULB shall comply with the following additional obligations, related to the implementation of its Sub-projects:

- (a) comply with the national SWM rules 2016, technical guidelines and operational procedures laid out in the PIM for planning, designing and implementing SWM investment Sub-projects (including climate and disaster resilience);
- (b) for each Sub-project, prepare an environment and social impact assessment, an environmental and social management plan, and other safeguards management documents in accordance with the provisions of the ESMF;
- (c) procure the goods, works and services for implementing Sub-projects to be financed out of the Grant in accordance with the provisions of the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018 referred to in the PIM;
- (d) adopt the financial management systems for planning, budgeting, reporting and auditing, as outlined in PIM;
- (e) report quarterly on the progress of the key activities under this Agreement and their results as per the monitoring and reporting systems described in the PIM; and
- (f) provide access to its records and Sub-projects to the SPMU/DPMU staff and their authorized consultants to periodically verify compliance of the Participating ULB with its obligations under this Agreement.

Disbursements

9. After incurring expenditure on Sub projects, the Participating ULB shall submit the bills to GoK’s relevant treasury offices as per the existing procedures under annual development plan. treasury offices will disburse the allocated grants directly to vendors, contractors or suppliers of the Participating ULB against these bills, subject to compliance with Annual Triggers as listed in Paragraph 10.

Compliance, default, suspension of grants and refund

10. SM will carry out an annual verification of compliance of the Participating ULB with its obligations under this Agreement for the preceding four quarters of expenditure. The ULBs would be required to comply with five Annual Triggers (ATs), including compliance with (a) Environmental and Social Safeguards systems as per ESMF; (b)

external statutory audit annually; (c) procurement systems as per PIM, (d) technical guidelines in PIM & national/state regulations, and (e) eligible investment menu.

11. The verification of compliance with ATs will trigger approval of expenditures for the preceding four quarters and disbursement of grants for the next FY. Upon failure to meet the ATs, SM may, in addition to requiring the Participating ULB to take the necessary corrective actions, may:
 - (a) obtain a refund of all or any part of the amount of the Grants disbursed
 - (b) suspend or terminate Sub-project(s) which are not in compliance with this Agreement
 - (c) suspend or terminate disbursement of all or part of the undisbursed grants

Technical Assistance and Capacity Building

12. Through a technical support team of consultants (“**TSC**”) recruited by SM on the basis of terms of reference further detailed in the PIM and assigned to the Participating ULB upon signing of this Agreement, SM shall provide end-to-end specialized technical support to the Participating ULB for the preparation and implementation of its SWMP and the implementation of key institutional, policy and financial reforms to ensure long-term sustainability of SWM services.
13. The participating ULB shall prepare city-wide SWMP with the technical assistance of assigned TSC, based on an integrated service delivery approach for improving the SWM services and shall identify the infrastructure and service delivery interventions across the entire value chain including at-source waste segregation, at-source treatment (if possible), primary collection and transportation, processing, recycling and safe disposal of residual waste at engineered landfill. The SWMP shall also include:
 - (a) a financial sustainability plan to ensure adequate cost recovery mechanisms and budgetary allocations required for operations and maintenance of the SWM facilities to be constructed or upgraded by the Participating ULB
 - (b) an environment and social impact assessment based on stakeholder consultation and community engagement discussions, as further detailed in the ESMF.

14. To implement the SWMP, the Participating ULB will be assisted by TSC in the following areas: (i) annual financial planning, budgeting and reporting, (ii) investment specific activities including planning, design, procurement, and implementation, and (iii) preparation of all technical documents including climate and disaster resilience, environment and social impact assessment, contract management and implementation supervision.
15. The TSC will report to the Participating ULB for implementing their terms of reference and will be administratively supervised by the DPMU.
16. Participating ULB will nominate municipal staff and other local level service providers and stakeholders to participate in the SWM skill development program to be conducted by SM, as further described in the PIM.

Development of Regional Solid Waste Management Facilities

17. SM will identify Regional Facilities to be developed for treatment, processing and safe disposal of solid waste including municipal waste, construction & demolition waste and bio-medical waste, which would be able to service more than one ULB (collectively the “**Interested ULBs**”) (collectively, the “**Regional Facilities**” and individually a “**Regional Facility**”) and shall develop and contribute to the financing of the Regional Facilities on behalf of and through delegation from the Interested ULBs.
18. To facilitate the coordination among Interested ULBs, the Participating ULB shall enter into an inter municipal agreement for each of the Regional Facilities among all Interested ULBs, describing the cost sharing arrangements among the parties to the inter municipal agreement, and pursuant to which:
 - (a) The Participating ULB shall designate and authorize SM to coordinate among the Interested ULBs and implement the Regional Facility, in which the Participating ULB is one of the Interested ULBs; and
 - (b) The Participating ULB shall grant SM’s responsibility over the implementation of the Regional Facility including planning, procurement of technical consultants, work contractors and operators, design, implementation, management and monitoring.

19. The Participating ULB shall support SM in its implementation of Regional Facilities in which the Participating ULB is one of the Interested ULBs, as follows:
 - (a) the Participating ULB shall authorise the collection and transport of waste to such Regional Facilities as per the quantities agreed in the inter municipal agreement;
 - (b) the Participating ULB shall pay the tipping charges and/or other fees determined by SM through due process and approved by GoK, for the services provided by Regional Facilities to the Participating ULB;
 - (c) the Participating ULB shall abide by rules applicable to the participation in Regional Facilities, including the setting up of payment security mechanisms and the authorisation to assign grants for the participating ULB towards meeting the payment obligations of the Participating ULB.
 - (d) The Participating ULB shall adhere to the terms and conditions of the inter municipal agreement that will be signed amongst all Interested ULBs for Regional Facilities.
20. The Participating ULB shall, throughout the term of this Agreement:
 - (a) implement all SWM related- policies that GoK may adopt for effective SWM or for the implementation of KSWMP (such as user charge policy, public private partnership policy, regional waste facilities policy, etc.);
 - (b) implement the revisions to the GoK Annual Planning Guidelines of that promote multi-year plans for priority infrastructure and maximise allocation of resources for solid waste management; and
 - (c) co-operation with and facilitate the activities of vendors and consultants appointed by SM to contribute to the implementation of the KSWMP.
21. This Agreement shall come into force upon its signature by the Party signing it last, and shall terminate on December 31, 2026, unless further extended or earlier terminated by signed written agreement between the Parties.
22. This Agreement shall not be amended, terminated or extended without prior written approval of GoK.

Signed by:

For the Participating ULB	For Suchitwa Mission
Name:	Name:
Signatory authorized by council	Executive Director
Date:	Date:

Annexure 1: Council Resolution of the Participating ULB deciding to participate in KSWMP and execute and deliver the Participation Agreement

Annexure 2: KSWMP Project Implementation Manual