

## SUBPROJECT SELECTION CRITERIA

### A. Eligible Local Urban Bodies and Subprojects

1. Unless otherwise agreed by the Asian Development Bank (ADB), only urban local bodies (ULBs) listed in Appendix 1 of the Project Administration Manual will be eligible for financing under the project, provided that such ULBs have met the readiness requirement. Such ULBs will have minimal overlap with cities and components funded from other development partners (e.g., World Bank, Japan International Cooperation Agency, KfW, etc.).

### B. Eligible Subprojects under Output 1

2. The following items are eligible for physical investment under the project:

- (i) Water supply infrastructure in all towns—comprising raw water intakes, water treatment plants, overhead tanks, distribution networks, and the metered household connections;
- (ii) In the towns without possible surface water resource, the eligible subsectors also include the groundwater intake, pumps, and approved groundwater recharge facilities including rainwater detention; and
- (iii) Sewage and storm water collection and treatment system in the two national heritage towns of Khajuraho and Rajnagar.

3. Subprojects not listed above are generally not accepted, but may be approved under special circumstances if the needs are clearly justified.

### C. Subproject Selection and Approval Process under Output 1

4. Based on the ULB requirements, the implementing agency will prepare a feasibility report/detailed project report, which may include all or any of the above water services components. This shall be based on the current level of services, the needs and preference of stakeholders, the financial and institutional capacity of the implementing agencies, and the norms and standards prescribed by state and central authorities. Sixty-four towns have been selected which follow:

- (i) **Water resource allocation.** Subprojects should have reliable and sustainable source of water with allocations granted from the State Water Resources Department, and raw water extraction shall be such that it has least impact on other existing users and also no social impacts from submergence. The Water Resource Review Committee should approve the amount and the location of the water intake;
- (ii) **Technical feasibility.** The technical design or detailed project report should be sound and approved by the Technical Review Committee as the most appropriate techno-economic solution considering full life-cycle costs;
- (iii) **Economic and financial returns.** Subprojects should demonstrate an effective economic internal rate of return following ADB guidelines. Subprojects should demonstrate cost-effectiveness in comparison with alternative schemes, and where relevant, these would include assessments of the investments with and without future climate resilience measures;
- (iv) **Financial state of urban local bodies.** The overall financial health of the ULBs will be assessed in terms of own revenue as a proportion of total revenue, and trend of dependence on state/national government. The ULBs with proposed

- subprojects shall be in line with the finance-plus criteria set forth by Department of Economic Affairs, Government of India;
- (v) **Land availability.** The Implementing Agency shall make available encumbrance-free land for the executing agency for implementing the works. Any land acquisition activities should be fully complied with the approved resettlement framework, and involuntary resettlement plan should be completed before award of related contract;
  - (vi) **Operation and maintenance.** Inadequate budgetary allocation for operation and maintenance (O&M) will result in physical neglect of a subproject. The ULBs should demonstrate financial sustainability for payment of O&M costs and servicing debt through user fees and/or taxes (i.e., property taxes) and any committed operating subsidies from the Government of Madhya Pradesh (GoMP) if found necessary due to high cost of operations resulting from geographical location;
  - (vii) **Minimal number of contract packages by taking an integrated procurement approach.** ADB prefers larger contract packages, to the extent feasible. This helps in reducing administrative and transaction costs during project implementation; and
  - (viii) **A tripartite agreement** on the obligations and rights for each side of the project has been prepared for the ULB, the GoMP, and Madhya Pradesh Urban Development Company Limited (MPUDC). Only the ULBs which sign the tripartite agreement should be considered for the project financing. The agreement is attached as Appendix 1 of this document.

5. All subprojects will have to prepare necessary environmental and social safeguard documents (i.e., resettlement plans, initial environmental examinations, indigenous people's plans) as required, in accordance with the Investment Program's environmental and social safeguard frameworks:

- (i) **Gender.** Subproject design shall include gender and pro-poor features both in terms of planning and design (i.e., community participation) and implementation. Examples include improving access to services to women and urban poor, affordability, and institutional arrangements of utility/ULB for O&M (e.g., women staff), to the extent feasible;
- (ii) **Environmental impact.** Environmental assessment will be undertaken for all subprojects. The MPUDC will undertake preliminary screening using rapid environmental assessment checklist ensuring compliance with specific environmental criteria for subproject selection. Subprojects assessed to have significant environmental impacts (category A) will not be undertaken. For subprojects having environmental impacts (category B), an initial environmental examination will be prepared following the environmental assessment and review framework agreed upon between ADB and the government. For subprojects not having environmental impacts (category C), a due diligence report will be prepared;
- (iii) **Involuntary resettlement.** MPUDC and ULBs will screen involuntary resettlement impacts of proposed subprojects. Subprojects assessed to have significant resettlement impacts (category A)<sup>1</sup> will not be undertaken. For

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<sup>1</sup> The involuntary resettlement impacts of an ADB-supported project are considered significant (category A) if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).

- subprojects having involuntary resettlement impacts <sup>2</sup> (category B), <sup>3</sup> a resettlement plan will be prepared following the resettlement framework agreed upon between ADB and the government. For subprojects not having involuntary resettlement impacts (category C),<sup>4</sup> a due diligence report will be prepared; and
- (iv) **Indigenous peoples.** MPUDC and ULBs will screen proposed subprojects for impacts on indigenous peoples. Subprojects assessed to have significant impacts on indigenous peoples (category A)<sup>5</sup> will not be undertaken. For subprojects having some impact or limited impact on indigenous peoples (category B), an Indigenous People Plan will be prepared following the indigenous people planning framework agreed upon between ADB and the government. For subprojects not having any impact on indigenous peoples (category C), indigenous people due diligence report will be prepared or included in a specific section of land acquisition due diligence report prepared for the subproject.

#### D. Technical Selection Criteria

5. The following outline the technical criteria as guidelines for the selection of subprojects:
- (i) Water supply. Water supply subprojects shall ensure source sustainability, continuous pressurized supply at tap, universal coverage with metered house service connections, have an agreement for fixation of an appropriate volume based water tariff, show willingness to pay by consumers, ensure coverage of urban poor, and establish a ring-fenced accounting system. Households can be required to pay for connection, but cost would be covered by the project, and recovered by the municipality either through a "cess" on the monthly utility bill or property taxes or other special financing vehicle suitable to the municipality. Water conservation measures to be introduced, where feasible;
  - (ii) Storm water drainage and flood management subprojects shall focus on core economic and residential areas considering future rainfall under climate change scenarios. Projects can include water body restoration and interconnections with existing drainage. Focus should be on maximum impact (e.g., macro drainage to be given preference in relation to street drains);
  - (iii) Sewerage and septage subprojects shall ensure 100% house connections, collection, treatment, and reuse using appropriate technologies; consider treated effluent and by-products as sources of revenue; and comply with effluent disposal standards. Households can be required to pay for connection, but cost would be covered by the project, and recovered by the municipality either through a "cess" on the monthly utility bill or property taxes or other special financing vehicle suitable to the municipality. Projects can include centralized and decentralized systems (or a combination of both) to ensure full coverage of households and fecal sludge management in unserved/remote/isolated areas;

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<sup>2</sup> Apply for both permanent and temporary physical and economic displacements and for titled and non-titled land users/project affected people.

<sup>3</sup> If it includes involuntary resettlement impacts that are not deemed significant.

<sup>4</sup> When no impacts (both permanent or temporary) are identified by the project team.

<sup>5</sup> The significance of impacts of an ADB-supported project on indigenous peoples is determined by assessing (i) the magnitude of impact in terms of (a) customary rights of use and access to land and natural resources; (b) socioeconomic status; (c) cultural and communal integrity; (d) health, education, livelihood, and social security status; and (e) the recognition of indigenous knowledge; and (ii) the level of vulnerability of the affected indigenous peoples community.

- (iv) Climate change-related considerations should be given in the design of water supply infrastructure wherein the levels of structures are suitably designed; and
- (v) The sanitation components are also to be designed with respect to "climate-change resilience" perspectives wherein the levels of structures are suitably designed.

#### **E. Design Considerations for Adapting to Climate Change Risks**

6. **Water supply.** Design considerations would include (i) production well: upper well casing to be extended vertically by 0.5 meter (m) from highest flood level; (ii) intake, pump houses, and water treatment plant: key facilities to be elevated or protected by embankment of which crest level will be at least 0.5 m above the highest flood level; (iii) implement groundwater recharge in the towns when groundwater is the resource for drinking water; (iv) surface material would preferably be cement concrete where structures are vulnerable to frequent waterlogging in the water treatment plants; and (v) at least 15% extra reinforcement of overhead tanks to stand more intense cyclones and heavy winds.

7. **Septage and drainage.** Design considerations would include (i) septic tanks or pits: to be raised by at least 0.2 m above existing ground level, and (ii) climate change may result in an increase of 10% in terms of rainfall intensity in the coming few decades. Therefore, the design of drains shall consider a 10% added capacity to accommodate additional runoff due to increased rainfall intensity.

8. **Other facilities.** Necessary measures will be taken to mitigate risks (particularly from flooding) of damages to key facilities, such as selection of appropriate location, elevation of base of the facilities, and protection by embankment.

9. **ADB review.** MPUDC submits to ADB for approval the standard design–build–operate bidding document of the first water supply and drainage subprojects, together with the checklist to demonstrate compliance with the selection criteria, when (i) detailed designs are prepared, and (ii) safeguard documents are prepared. MPUDC will submit to ADB for review the following contract packages before bidding.

10. ADB shall not finance any subproject that fails to satisfy the selection criteria set out in this Appendix.

**APPENDIX 1: SUBPROJECT SELECTION CRITERIA**

**TRIPARTITE PROJECT IMPLEMENTATION AGREEMENT**

**BETWEEN**

**URBAN DEVELOPMENT AND HOUSING, GOVERNMENT OF MADHYA PRADESH**

**AND**

**MADHYA PRADESH URBAN DEVELOPMENT CO LTD. AND**  
*(Name of the ULB)*

**Agreement Number:**

\_\_\_\_\_

Dated \_\_\_\_\_ 20

This Memorandum of Agreement is entered on this the \_\_\_\_\_ day of \_\_\_\_\_, Two Thousand \_\_\_\_\_ at Bhopal.

**BETWEEN:**

Governor of Madhya Pradesh (GoMP), represented by the Principal Secretary/Secretary, Government of Madhya Pradesh, Urban Development and Housing Department, having its office at Mantralaya, Bhopal (hereinafter referred to as "UDHD" which expression shall, unless repugnant to the context or meaning thereof, include its administrators, successors and assigns), of the FIRST PART.

AND

Madhya Pradesh Urban Development Co Ltd, a company duly incorporated under the Companies Act 2013, having its registered office at \_\_\_\_\_ represented by Shri/Smt. \_\_\_\_\_ Managing Director (hereinafter referred to as "MPUDC" which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) of the SECOND PART.

AND

Municipal Corporation / Municipal Council / Nagar Parishad of \_\_\_\_\_, established under the Madhya Pradesh Municipal Corporations Act 1956 /Madhya Pradesh Municipalities Act, 1961 represented by the Commissioner /Chief Municipal Officer Shri/Smt/Ms \_\_\_\_\_ having its office at \_\_\_\_\_ (hereinafter referred to as '-----' (*abbreviated Name of the ULB*) which expression shall, unless repugnant to the context or meaning thereof, include its administrators, successors and assigns) of the THIRD PART

GoMP, MPUDC, and Urban Local Body (ULB) shall hereinafter be collectively referred to as "The Parties" and individually referred to as "The Party"

WHEREAS,

- A. The GoMP has been raising financial resources in the form of debt and grants from time to time for development and maintenance of various infrastructure-related assets of various ULBs across the State. Various sources of funding include funds from the Government of India, World Bank, Asian Development Bank, KfW, Department for International Development of the United Kingdom, Japan International Cooperation Agency, and other bilateral and multilateral financial agencies, domestic financial institutions, banks, and such other financial institutions.
- B. And UDHD, Government of Madhya Pradesh, has constituted MPUDC under the Companies Act 2013, with an objective to
  - (i) transfer financial assistance received from various sources to ULBs, statutory boards, public sector undertakings, and similar such development institutions/ agencies, in the form of loan, grant, and such other means as may be decided by the UDHD;
  - (ii) identify suitable projects, procure consultants for technical assistance, undertake technical and financial studies, formulate Detailed Project Report;
  - (iii) carry out procurement process for selection of contractors for works, implement projects on behalf of ULBs, and hand over the project assets to the concerned ULB upon completion of construction;

- (iv) appoint Project Management and Monitoring Consultants to manage, monitor, and regulate construction works;
  - (v) to carry out all such activities that may be necessary for the development, and implementation and maintenance of an urban municipal project;
  - (vi) any other activity as decided by the Board of Directors, and/or as assigned by UDHD.
- C. And UDHD, through Government of India, has availed a financial assistance in terms of loan from World Bank/ADB/KfW (*insert the name of the Financing Institution*) for its program titled “ (*insert name of the Program such as MPUDP/MPUSIP/MPUSEP, etc.*)
- D. And ‘-----’(*abbreviated Name of the ULB*) intends to avail the financial assistance, under the said program, extended by UDHD through MPUDC for the construction of assets for its \_\_\_\_\_ as per details given in Schedule 1 (hereinafter referred to as "the Project"), their operation and management for specified period.
- E. And ‘-----’ (*abbreviated Name of the ULB*) authorizes the MPUDC to develop, construct, operate, and maintain the Project on its behalf during the period of this Agreement.
- F. And that the Funds required for Operation and Maintenance of the Project during the period of this Agreement, shall be paid as advance to MPUDC by ‘-----’(*abbreviated Name of the ULB*) as per Schedule 2.
- G. And the complete cost of Operation and Maintenance shall be borne by ‘-----’(*abbreviated Name of the ULB*).
- H. And ‘-----’ (*abbreviated Name of the ULB*) agrees to achieve the required reform outcomes as per Schedule 3 in a time-bound manner which are essential for the long-term sustainability of the services to be provided through this project.
- I. And that the funds provided to MPUDC and/or ULB shall be used as per the procedures and guidelines approved as part of the Operations Manual for MPUDC for the specific purpose for which it has been released. And that the funds shall not be used/ diverted for any other purpose.
- J. UDHD, MPUDC, and ‘-----’ (*abbreviated Name of the ULB*) enter into these presents to record the terms, conditions, and covenants mutually agreed to by them and detailed hereafter.
1. COMMENCEMENT AND DURATION
- 1.1. This Agreement shall come into force from the date of signing of this Agreement.
- 1.2. Unless agreed upon otherwise by the parties, this Agreement is for a period of -----  
----- (*nos. in figures and words*) years from the date of this Agreement.

- 1.3. And if required, thereafter, extended from time to time by mutual written consent of all the Parties.

Now this Agreement witnesseth as follows:

2. OBLIGATIONS OF UDHD

- 2.1 UDHD, through MPUDC, agrees to extend a financial assistance of Rs.\_\_\_\_\_to '-----' (*abbreviated Name of the ULB*) for the purposes of development, and implementation of the Project.
- 2.2 UDHD agrees to make necessary budgetary provisions according to the timelines for project implementation, as per Schedule 2.
- 2.3 The financial assistance of INR-----Crores will be provided to '-----' (*abbreviated Name of the ULB*) for the purpose of project implementation in the following arrangement:
- 2.3.1 82.5% of the total Capital Cost of the project will be provided as state government's contribution as per Schedule 2;
- 2.3.2 17.5% of the total Capital Cost of the project will be provided as advance towards '-----' (*abbreviated Name of the ULB*) contribution, which the '-----' (*abbreviated Name of the ULB*) will repay to the state government in an annuity model as per Schedule 2.
- 2.4 UDHD agrees that the financial assistance, as per Schedule 2, shall be remitted to MPUDC within\_\_\_\_\_days of the demand raised by MPUDC.
- 2.5 In case ULB fails to repay any of its installments its contribution of the capital cost of the Project as presented in Schedule 2, UDHD reserves the right to deduct such amounts from the other grants or amounts provided in favor of the ULB in the budgetary provisions of UDHD (with prior information to the ULB). UDHD shall pay such amounts directly to MPUDC.
- 2.6 In case ULB fails to pay any of its installments or amount in total, against Operation and Maintenance costs of the Project as presented in Schedule 2, UDHD reserves the right to deduct such amounts from the other grants or amounts provided in favor of the ULB (with prior information to the ULB) in the budgetary provisions of UDHD. UDHD shall be paying such amounts directly to MPUDC for making payments to the Operation and Maintenance contractor.

### 3. OBLIGATIONS OF ULB

#### 3.1. ULB agrees to:

- a) Provide all assistance to MPUDC during project formulation, development, and construction.
- b) And hereby authorize MPUDC to develop, construct, operate, and maintain the Project on its behalf during the period of this Agreement.
- c) And that it will remit funds to MPUDC's account *as per Schedule 2* to settle the advance provided by UDHD towards ULB's contribution of 17.5% of the total capital cost of the Project.
- d) And hereby authorize MPUDC to appoint consultants, contractors, and such other entities or individuals to undertake its obligations under this Agreement.
- e) And that they will meet the Operation and Maintenance expenses immediately on completion of the construction of the Project by MPUDC/contractor.
- f) And that the Funds required for Operation and Maintenance during the period of this Agreement shall be remitted to MPUDC by the ULB.
- g) And to take over the assets immediately after completion of implementation activities, and commissioning of the Project.
- h) Any other conditions as decided by UDHD, and agreed by ULB, that may be necessary for the development, implementation, and maintenance of the Project.

3.2. All the relevant information available with ULB pertaining to the Project and such other relevant documents shall be provided to MPUDC for construction of works, implementation monitoring, operation and maintenance, and such other activities as may be required to be carried out by MPUDC from time to time. ULB shall provide all necessary information, data, survey reports, etc., and give access to the Project site to MPUDC and third parties for technical studies, construction, operation and maintenance, and such purposes as may be specified in writing by MPUDC from time to time during the period of this Agreement.

3.3. The Parties acknowledge that the Project land, built assets, and such other improvements made thereon by MPUDC/contractor will always be owned and possessed by ULB. However, during the period of this Agreement, MPUDC, contractors, and such other third parties authorized by UDHD, MPUDC, and *ULB*, will have unfettered access to Project site for the purposes of development, construction, maintenance, monitoring, and to do such other activities that may be necessary.

3.4. *ULB* undertakes that it shall comply with all necessary compliances during the development, construction, and maintenance of the Project. This will include all requisite National- and State-level statutory regulations, as well as requirements identified under the Environmental and Social Impact Assessment and the

Environmental and Social Management Plan developed for the Project, as presented in Schedule 4.

- 3.5. *ULB* has acquired and taken possession of adequate land for the Project in accordance with the DPR. *ULB* undertakes that the land is free from all encumbrances and is ready for the project implementation activities to be initiated by the contractor. In this regard, *ULB* undertakes that necessary expenses towards rehabilitation and resettlement of the affected persons whose land is taken / acquired or livelihood affected shall be entirely borne by *ULB*, or as per the provisions made in DPR.
- 3.6. *ULB* shall be responsible for carrying out its statutory obligations such as providing of water supply/ sewerage services, water/ sewer connections, disconnection, reconnection, billing and collection of User Charges, management, and such other duties during the period of this Agreement and subsequently.
- 3.7. *ULB* undertakes to comply with its statutory obligations for provision of municipal services. For this purpose, it shall without fail levy, collect, and retain user charges from the consumers in accordance with applicable laws, policies, and administrative practices. *ULB* also undertakes to seek the required approvals from the Council and also take necessary steps to make provisions for the above activities in the legal and regulatory framework (such as local bylaws for implementation of state's connection policy), as deemed required in a time-bound manner and will achieve the cost recovery targets as set out in Schedule 3.
- 3.8. *ULB* shall carry out the social outreach and necessary Information, Education, and Communication activities to ensure adequate social acceptability through citizen participation and community engagement, and will set up a mechanism for consumer grievance redressal and attend to consumer complaints in a timely manner. It shall also obtain timely feedback from citizens on the services provided and keep MPUDC updated from time to time and take due care of needs of the urban poor and minorities.
- 3.9. *ULB* agrees that, based on Project needs and request from MPUDC, it shall execute all necessary documents and/or become a party to all third-party contracts to be entered into by MPUDC/UDHD for the development, implementation, and maintenance of its assets and be bound by its obligations under such contracts.
- 3.10. *ULB* shall actively participate with MPUDC and third parties during the entire project life cycle, which includes DPR preparation, bid process management, contractor selection, construction of assets, implementation **monitoring and supervision and operation and maintenance period. For this purpose, *ULB* undertakes to deploy adequate staff with relevant expertise and experience to be part of the Project Implementation Team that will be constituted by MPUDC** as stated in clause 4.7 of this agreement. This will help the *ULB* staff in familiarizing themselves about the design, planning, and implementation activities carried out during that time and further will facilitate easy takeover and management of *ULB* assets once they are handed over by MPUDC to the *ULB*.
  - 3.10.1. In the implementation phase of this Agreement, *ULB* will deploy at least one Engineer.

- 3.11. In the Operation and Maintenance phase of this Agreement, ULB will deploy at least one Engineer. During the period this Agreement, ULB shall actively assist MPUDC in monitoring the services provided by third parties by deploying adequate staff with relevant expertise and experience. The key obligations of *ULB* for this purpose will be to certify all necessary documents pertaining to work-progress, quality of services/works, payments to third parties, and such other activities that MPUDC may require *ULB* to undertake so as to ensure that the Project is constructed and maintained properly.
- 3.12. *ULB* agrees to pay to MPUDC all costs towards operation and maintenance of the Project in accordance with the terms and conditions set out in the agreements with contractors and other third parties during the period of this Agreement.
- 3.13. *ULB* shall make available/deploy its employees to MPUDC from time to time during the period of this Agreement for the purposes of capacity building, training, and skills upgradation.
- 3.14. Upon expiry of this Agreement and in accordance with the conditions of the agreement, *ULB* shall promptly take over the responsibility of operation and maintenance of the assets being built by MPUDC/contractor under this Project.
- 3.15. *ULB* shall communicate with the citizen its planned service improvements made to the Project from time to time, render efficient public services, collect and retain user charges, and manage community expectations.
- 3.16. *ULB* shall provide all necessary information, data, survey reports, etc., and give access to the Project site to MPUDC and third parties for technical studies, construction, operation and maintenance, and such purposes as may be specified in writing by MPUDC from time to time during the period of this Agreement.
- 3.17. ULB undertakes that
  - a) it is solely liable to repay 17.5% of the total project cost as its own contribution which is being paid to MPUDC by UDHD as advance as per Schedule xx.

and that all financial assistance received from GoMP, and the amount repayable to GoMP will be reflected on its balance sheet.

#### 4. OBLIGATIONS OF MPUDC

- 3.18. All finances meant for the Project under this Agreement shall be vested with the MPUDC.
- 3.19. MPUDC will receive the funds for project implementation on behalf of ULB, from UDHD as per the following arrangement:
  - 4.2.1. 82.5% of the total capital cost of the Project as state government's contribution for project implementation as per Schedule 2.
  - 4.2.2. 17.5% of the total capital cost of the Project as ULB's contribution for project implementation as per Schedule 2.
- 3.20. MPUDC will receive funds from the ULB towards the annual operation and maintenance cost of the project assets during the period of this Agreement as per Schedule 2.
- 3.21. The financial assistance shall be utilized by MPUDC for the purpose of development, implementation, and maintenance of the Project during the period of this Agreement.
- 3.22. MPUDC shall undertake all necessary activities for development, implementation, and maintenance of the Project during the period of this Agreement, as per the agreed scope and parameters mentioned in the DPR approved by the council of the ULB and the MPUDC. This includes appointment of consultants for the conduct of technical and financial studies; appointment of Project Monitoring Consultants; appointment of contractors for construction activities and operation and maintenance; and procurement of plant, machinery and equipment, and such other goods as may be essential to carry out the duties of MPUDC. For carrying all necessary activities in the interest of the Project, MPUDC will always be in compliance with its Operations Manual.
- 3.23. MPUDC shall actively involve the ULB during the preparatory period, procurement process, construction stage, and operation and maintenance period of the Project in accordance with the applicable provisions of this Agreement and relevant provisions of contracts with third parties such as consultants, contractors, and service providers.
- 3.24. MPUDC will constitute a Project Implementation Team, comprising representatives from UDHD, MPUDC, *name of ULB*, and independent experts (if any), to monitor the progress of the activities undertaken by MPUDC and *name of ULB* so as to ensure that the time frame, quality of works, and reliability of public services to the people are assured at all times during the period of this Agreement and subsequently. The responsibility of the Project Implementation Team would include confirmation to the

scope, key parameters, and milestones achievement as per the works contract as well as compliance with the technical and safeguards requirements as detailed in the DPR and Environmental and Social Impact Assessment /Environmental and Social Management Plan, respectively.

3.25. MPUDC shall actively involve the ULB during the procurement process, construction stage, and operation and maintenance period of the Project in accordance with the applicable provisions of this Agreement and relevant provisions of contracts with third parties such as consultants, contractors, and service providers. For this purpose, MPUDC undertakes to provision for adequate representation from ULB in the Project Implementation Team.

3.26. MPUDC shall be eligible to charge a supervision and management fee of 6 (six)% of the cost of the Project from UDHD/ULB for carrying out its obligations under this Agreement.

#### 4. CONFIDENTIALITY

3.27. The Parties undertake and agree to keep the documents/information received by them from the other Party for performing the services secret and strictly confidential except in the following cases where the confidential information

- a) is already known to the other Party as of the date of the disclosure thereof;
- b) becomes publicly available;
- c) is required to be disclosed under applicable laws and regulations or by Governmental order, legal process; and
- d) is acquired from a third party that represents that it has the right to disseminate the other Party such information under orders of duly established court of law.

3.28. This obligation of confidentiality will extend up to a period of six (6) months after expiry or termination of this Agreement.

#### 5. DISPUTE RESOLUTION

3.29. In case of a dispute between the Parties, the matter will be resolved through mutual discussion.

#### 6. MODIFICATION

3.30. It is agreed that any modification of the terms and conditions of the Agreement shall be made only by a written agreement between the Parties.

3.31. It is agreed that any of the Parties to this Agreement can initiate the process for a modification.

7. TRANSFER OR ASSIGNMENT

3.32. MPUDC shall have the right to subcontract any of its obligations under this Agreement to third parties.

8. NOTICES

3.33. Unless otherwise stated, notices to be given under this Agreement including but not limited to a notice of waiver of any term, breach of any term of this Agreement, and termination of this Agreement, shall be in writing and shall be sent through registered post or any other mode normally adopted and delivered or transmitted to the Parties at their respective addresses set forth below:

If to the UDHD at: .....

If to ULB at: .....

If to MPUDC at:.....

For and on behalf of UDHD: (Signature, Name, and Seal)

For and on behalf of MPUDC (Signature, Name, and Seal)

For and on behalf of ULB (Signature, Name, and Seal)

Witness: (Signature, Name, and Address) 1.

2.

3.

**Schedule 1**

**Standard Format that Captures the Details of the Subproject/Details of the DPR and bid document**

**Schedule 2**

**Standard Format to capture the expected time of and amount of ULB and State contribution for the capital cost of the Project to be drawn from the bid's contract document, AND time and amount of ULBs remittances to MPUDC for O&M for 5 years (water)/10 years (sewerage)**

**Schedule 3**

**List of Reforms and Timelines Agreed by ULB**

*This will include the reforms required by ULB to be undertaken to ensure that its assumptions included in the financial assessment of subproject (for e.g., number of people taking connections in year 1, year 2; water/sewerage tariff raised from Rs. X to Rs. Y in year 1/year 2, etc.; property tax collection enhanced to Rs.XY in year 1, Rs.YY in Year 2 and so on) are met by the ULB. MPUDP will provide support in meeting these targets.*

**Schedule 4**

**ESMF Standards**

**A matrix of functions and responsibilities under ESMF and its requirements for MPUDC, MPUDC and ULB will be included here based on the revised ESMF being drafted.**