

sector to construct and manage public toilets through a PPP agreement. Additional funding support by any means other than Gol grant can be used for public toilets.

6.5. The Projects will be prepared, sanctioned and implemented by ULBs. In the entire project approval and procurement process, all provisions and procedures as prescribed by respective State Governments for ULBs must be followed in their entirety. The entire approval procedure should end at the ULB level. To this end the States are required to empower the ULBs if not already done so. This includes the delegation of powers to allot land (for this purpose) to ULB's and mechanisms to leverage this land to make the Public Toilet a viable project.

6.6. All Public Toilets constructed under SBM must have a minimum 5 year maintenance contract.

7. SBM (Urban) Component IV: Solid Waste Management

7.1. Municipal Solid Waste Management (MSWM) refers to a systematic process that comprises of waste segregation and storage at source, primary collection, secondary storage, transportation, secondary segregation, resource recovery, processing, treatment, and final disposal of solid waste. The Manual on Municipal Solid Waste Management, 2000 published by M/o UD and revised from time-to-time, may be referenced for DPR formulation and implementation.

7.2. ULB's are to prepare DPR for Solid waste management of their city in consultation with state governments. Smaller cities can form clusters to become viable entities to attract private investment. 100% Cost reimbursement for preparing the DPR shall be done by Gol as per unit cost and norms set up by NARC.

7.3. State governments may handhold ULB's in quickly preparing DPR's for SWM by empanelling /shortlisting /identifying private or government agencies for the same.

7.4. The DPR's should be bankable, having a viable financial model. These will be prepared emanating from the needs identified in the City Sanitation Plan. DPRs should be aligned with Govt. of India's goals outlined in the NUSP 2008, SWM rules, advisories, CPHEEO manuals (including cost-recovery mechanisms), O&M practices and Service-level Benchmark advisories released by M/o UD from time to time. Street Sweeping and litter control interventions will be part of DPR which is essential for a clean city.

7.5. In order to promote projects of waste to energy, it is clarified that the central government Grant / VGF may also be used for such projects, either upfront or as generation based incentive for power generated for a given period of time.

7.6. The State High Powered Committee (HPC) will authorize institutes of national repute for appraisal of DPRs for the technical and economic appraisal of DPRs for projects recommended by ULBs. No appraisal will be done by MoUD. The cost of DPR appraisal by these institutes shall be an admissible component under administrative costs, subject to norms as approved by MoUD.

7.7. The performance and quality of appraisal by these identified and authorized institutes will be evaluated and monitored by HPEC as well as NARC and corrective actions taken wherever necessary.

7.8. The State Level high power committee will approve the DPR as well as the financial model of solid waste management.

7.9. The implementation of SWM projects will be as per directions of State Level High Power Committee.

7.10. Central government incentive for the SWM projects will be in the form of a maximum of 20% Grant / VGF for each project. The remaining funds have to be generated as indicated in para 2.6 above.

7.10.1. While considering projects under MSWM it will be ensured that there is no duplication in terms of funding under any other scheme or programme.

7.10.2. Detailed technical and financial appraisal of the DPRs will be carried out in the manner prescribed in paragraph 10.5.4. O&M arrangements for the project shall necessarily be an integral part of the project in the DPR.

7.10.3. SWM projects will be sanctioned by the State level HPC which shall include a representative of the MoUD. In the entire project approval and procurement process, all provisions and procedures as prescribed by respective State Governments must be followed in their entirety. The entire approval procedure for MSW projects except for release of Central funds will end at the State Level.

7.10.4. The States shall be free to choose the technology for SWM projects, toilets and street sweeping. The Ministry of Urban Development shall, from time to time, bring to the notice of the States, through advisories and manuals, and other consultative mechanisms, various options available in these fields.

7.10.5. States will contribute a minimum of 25% funds for SWM projects to match 75% Central Share.(10% in the case of North East States and special category states).

8. SBM (Urban) Component -V: IEC & Public Awareness

8.1. A key strategy under SBM (Urban) is behavior change communication to ensure that sanitation as an issue is mainstreamed with the general public at large and should cover issues of open defecation, prevention of manual scavenging, hygiene practices, proper use and maintenance of toilet facilities (household, community or otherwise), etc., and its related health and environmental consequences. Communication material for behavior change shall be designed in consultation with the M/o Information and Broadcasting, M/o Health & Family Welfare, and should be in sync with the material being used under SBM (Rural).

8.2. A total of **15%** of the total central allocation will be earmarked for this component. Of this, **12%** will be earmarked for States to undertake massive public awareness campaigns on sanitation and establishing its link to public health, hygiene and the environment through various means including - radio, social media, documentaries, plays, workshops, etc. The remaining **3%** will be earmarked for the MoUD to draw a national media campaign and developing standard campaign tools for effective awareness and communication on sanitation.

8.3. Expenditure on Newspaper and TV is not an admissible item under this component for the state government or for the ULB's as this is taken care by government of India ministries and organisations.

8.4. States shall prepare an annual action plan, with details of State funding commitment, for Public Awareness & IEC and State HPC shall approve it. At least 50% of the IEC fund in each annual plan, as approved by State HPC, must go to the ULB's for IEC activities at the grass root level.

8.5. HPEC at State level shall be the competent authority to authorize and delegate administrative powers for use of the state level funds within the approved plan. ULB's shall be competent to spend the minimum 50% part of the ULB level funds, as per approved plan.

8.6. Under no circumstance shall this fund be utilized for purchase of vehicles, construction and maintenance of buildings, creation of posts and payment of salary, and purchase of furniture and fixtures.

States will contribute a minimum of 25% funds towards IEC & Public awareness to match 75% Central Share (10% in the case of North East States and special category states) in each annual plan.

9. SBM (Urban) Component VI : Capacity Building and Administrative & Office Expenses (A&OE)

9.1. **3%** of the total Central Government allocation under the mission will be earmarked for capacity building, administrative and office expenses of States and ULBs.

9.2. **2%** of the total Central Government allocation under the mission will be utilized at MoUD level for capacity building, convening national and regional workshops, various awards and best practice recognition, programme research, studies, international cooperation for capacity building and technology development, A&OE and various eligible purposes in consultation with the Integrated Finance Division (IFD) of the M/o UD.

9.3. States shall propose extensive capacity building activities to be implemented in a mission-mode manner, which will enable the progressive achievement of objectives of SBM (Urban) in a time-bound manner. These will be specified in the comprehensive annual action plan prepared by each state. This will be approved by State Level High Power Committee after sharing and considering suggestions from MoUD. At least 50% of this fund, in each annual plan, as approved by State HPC, must go to the ULB's for activities at the ULB level.

9.4. HPEC at State level shall be the competent authority to authorize and delegate administrative powers for use of these funds. ULB's shall be competent to use the minimum 50% fund, as per approved plan, passed on to them.

9.5. States will be encouraged to use other available capacity building funds to dovetail or integrate capacity building activities of ULB's.

9.6. States and ULBs should identify relevant officials (both senior level officials and field-level functionaries) for training and draw up a calendar of training for them. It will be the responsibility of the State Mission Director to ensure that identified officials undergo adequate capacity building / training to ensure the success of SBM (Urban) in the state. Additionally, states should also identify relevant officials / persons capable of spreading the training on sanitation under SBM (Urban) as "master trainers" who can attend central government training on SBM (Urban) and then organize subsequent training to diffuse the message of SBM (Urban) in the states.

9.7. All support structures for implementing the mission at the state and ULB levels defined in the Mission Management Structure (section 11 of the SBM (Urban) guidelines), *i.e.*, the Programme Management Units (PMUs) at the State level, the Programme Implementation Units (PIUs) at the city level, and Independent Project Review & Monitoring Agencies (IPRMA) etc., engaged on an outsourced basis, shall be funded under this head.

9.8. Under no circumstance shall this fund be utilized for purchase of vehicles, construction and maintenance of buildings, creation of posts and payment of salary, and purchase of furniture and fixtures.

9.9. States will contribute a minimum of 25% funds towards Capacity Building and Administrative & Office Expenses (A&OE) to match 75% Central Share.(10% in the case of North East States *and special category states*) in each annual plan.

10. Funding pattern and financial process

10.1. *Funding pattern: Guiding Principals:*

- a) First installment will be released to states on receipt and acceptance of proposal containing the brief concept state sanitation strategy as given in **Annexure IV**.
- b) For House Hold Toilets, Funds in the first installment will be released as per number of beneficiary household identified, in the concept sanitation plan, at the rate of Rs. 2000/- Central assistance.
- c) For Community Toilets and Solid Waste Management Projects, Adequate funds will be released on the proposal of the State Government for SWM and Community toilet projects. It will be ensured that funds do not remain parked with the state governments GoI share of grant / VGF may be drawn from this pool fund maintained at state level. This will be replenished on demand by states based on progress.
- d) For IEC, Capacity Building and Administrative expenditure, appropriate percentages of (a) and (b) above shall be added to the first installment.
- e) States will contribute a minimum of 25% funds towards all components to match 75% Central Share. This will be 10% in the case of North East and special category States.
- f) Subsequent installments shall be released based on utilization certificates of previous grants, physical and financial progress and other indicators as approved and desired by the National Advisory & Review Committee (NARC).

10.2. Clarification on Grant v/s VGF

10.2.1. Under Swachh Bharat Mission, projects under PPP mode are encouraged, to invite private capital in urban infrastructure as well as to bring in private sector efficiency in delivery of urban services and O & M. It is also understood that in the current scenario, there may be a requirement for viability gap funding. For solid waste management, revenue streams such as Compost from organic waste, recycled construction material from C & D waste, Power from waste to energy plants can be leveraged.

10.2.2. All ULB's must first explore possibility to take up the projects in a PPP mode for the above reasons. Government of India funds as per prescribed funding pattern will be available for claiming VGF.

10.2.3. State governments can also add or generate funds for ULB's as additional incentives over and above minimum 25% share required to make the projects viable.

10.2.4. Release of VGF grants will be as per contractual arrangement with the private partner and as approved by state government. However, it will be ensured that funds do not remain parked with the state governments.

10.2.5. Adequate funds will be released on acceptance of the proposal of the State Government for SWM and Community toilet projects. ULBs will initiate project preparation and bidding as per the guidelines for community toilets and SWM.

10.2.6. States will release the Central Government share of VGF adding their share in conformity with the contractual requirements of the project taken up on PPP mode.

10.2.7. In case state government feels that a project is not suitable to be taken under PPP methodology, it may then consider the GoI share (as per funding pattern) to be treated as Grant from GoI to the ULB. It will be up to the state government and ULB to arrange for the balance resources for the project, which must be ensured at the time of approving a project.

10.2.8. For PPP Projects, state governments to follow their own policy and rules. No project shall be referred to Government of India.

10.3. Allocation of funds to States / UTs

10.3.1. The mission will be implemented with the following classification of funding to states:

S. No.	Classification	Percentage Allocation (Central Govt. funding)	Total Amount for Mission Period Rs. Crore
i.	Project Fund based on Normative Criteria	60%	8773.80
ii.	Performance Fund based on Performance Matrix	20%	2924.60
iii.	Public Awareness & IEC Activities	15%*	2193.45
iv.	Capacity Building & A&OE	3%	438.69
v.	Research, Capacity Building & A&OE (M/o UD)	2%	292.46

*3% of which to be retained by M/o UD

10.3.2. The **Project Fund** specified in 10.3.1(i) above shall be allocated as follows:

i. The distribution of the Project fund will be as under: (Rs. in Crore.)

a.	Project Funds for States other than the North-East	80%	7019.04
b.	Project Funds to North-East States	10%	877.38
c.	Flexi Funds*	10%	877.38

*Flexi Funds in terms of the Department of Expenditure OM No. F.No.55(5)/PF.II/2011 dated 06.01.2014) will be available to states

- ii. Where ever it is required for fund allocation to be divided among States / UTs it will be done by giving :
- A) 50% weightage to the ratio of urban population in each State / UT to the total urban population, and
- B) 50% weightage to the ratio of number of statutory towns in each State / UT to the total number of statutory towns.

*Both ratios shall use Census 2011 data. Details of distribution of Project Fund across States / UTs are at **Annexure III**.*

10.3.3. The **Performance Grant** specified in 10.3.1(ii) above shall be kept with the SBM National Mission Directorate as Performance Grant and released as per the criteria mentioned below for rewarding performing states. The release of the performance grant shall be based on a Performance Matrix and Third Party Evaluation by the Independent Project Review & Monitoring Agency (IPRMA) on the following outcomes:

- a. Elimination of open defecation
- b. Conversion of insanitary latrines into pour-flush latrines
- c. Eradication of manual scavenging
- d. Prevention of pollution of water sources
- e. Ensuring cleanliness and hygiene in public places
- f. Awareness creation
- g. Capacity building

The National Advisory & Review Committee (NARC) at the M/o UD may also design other relevant criteria for the release of these funds and shall take a final view regarding the release of this grant keeping in view the progress made and circumstances of each State. This will not be applicable in the first installment. No withholding of 20% shall be done while releasing the first installment to the states.

10.4. Disbursal of funds to States / UTs and ULBs

10.4.1. States / UTs will submit a proposal for release of grant to the Central Government based on projections and authenticated targets with a Concept Note on State Urban Sanitation strategy in the format given in **Annexure IV**. This shall be submitted online to the SBM National Mission Directorate.

10.4.2. On acceptance of the State Government's proposal by the ministry, first installment of funds shall be disbursed to States / UTs in the following manner:

- i. 50% of the project fund shall be divided among states as per the formula mentioned at 10.3.2 (see also **Annexure III**).
- ii. 12% of Project funds released above shall be released as IEC and the Public Awareness component and,

- iii. 3% of the Project funds released above shall be released or the Capacity Building and A&OE funds.
- iv. No withholding of 20% shall be done on account of performance grant, while releasing the first installment to the states.

10.4.3. Subsequent installments (including for Capacity Building & IEC, and the Public Awareness and A&OE) shall be released on

- (i) Submission of the Utilization Certificate for 75% of the fund released as 1st installments and,
- (ii) Satisfactory physical and financial progress as per NARC criteria.

The quantum of subsequent installments will be based on actual demands and projections of expenditure for admissible components as per funding pattern of SBM.

10.4.4. Release of central contribution towards Grants / VGF by States/UTs for projects shall be in a manner described in paragraph 10.1 and 10.2 above.

10.4.5. At the end of the 2nd and 3rd quarters of each Financial Year, the use of allocated funds by States / UTs under the mission shall be reviewed by NARC, and NARC may reallocated funds from non-performing states to performing states based on the potential to utilize funds in a given financial year.

10.4.6. State governments shall evolve a suitable mechanism to release funds along with state share to ULBs within 30 days of release of the central share by M/o UD. Interest at the rate specified by the M/o Finance from time-to-time shall be levied on the State for any delay in release of funds to ULBs beyond 30 days. This will be implemented by appropriate deductions from the state's next installment of fund release under the mission.

10.5. Sanction of projects (DPRs)

10.5.1. Projects will be sanctioned by state government (HPEC) or ULBs as prescribed in these guidelines. This is specified for each for each component of SBM in these guidelines.

10.5.2. Only new projects will be considered under the Mission and it will be ensured that there is no duplication. Projects will be considered as "new" if they are not projects already sanctioned and ongoing under state and central schemes and externally-aided programmes.

10.5.3. Wherever Detailed Project Reports (DPRs) are to be prepared for project sanction, fund release and monitoring, the cost of DPRs for the projects under the Mission shall be reimbursed subject to norms set-up by the NARC.

10.5.4. The State High Powered Committee (HPC) will authorize institutes of national repute for appraisal of DPRs for the technical and economic appraisal of DPRs for projects recommended by ULBs. The cost of DPR appraisal by these institutes shall be an admissible component under administrative costs, subject to norms as approved by MoUD.

11. Mission Management Structure Swachh Bharat Mission (SBM)

Urban will have a three-tier mission management structure as follows:

11.1 National Level

11.1.1. A **National Advisory and Review Committee (NARC)** headed by the Secretary, M/o UD, and comprising representatives of relevant line ministries will be notified by the M/o UD. NARC will meet as per the requirements, but will meet at least once in three months. The functions of NARC will be:

- i. Overall monitoring and supervision of SBM (Urban)
- ii. Advise the States / UTs to explore avenues for innovative resource mobilization of private financing and leveraging land for PPP in sanitation projects.
- iii. Approve installments and release of installment of funds for states / UTs by Central Government under the mission.
- iv. Develop and modify performance matrix and criteria for the release of performance grants to States / UTs as specified in paragraph 10.3.3.
- v. Monitor outcomes and performance of projects sanctioned under SBM (Urban)
- vi. NARC may delegate, as it considers appropriate, some of the functions within prescribed limits, to the National Mission Director (NMD) of the SBM National Mission Directorate to ensure speedy implementation of the mission
- vii. Any other issue which may be referred to it by the Government

11.1.2. The **SBM National Mission Directorate** will be headed by a National Mission Director (NMD) who will not be below the rank of Joint Secretary to the Government of India.

- i. The NMD will be the overall in-charge of all activities related to SBM (Urban). NMD will be supported by a suitable team of officers at the