



CWIS-FSM Support Cell

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INFONOMICS



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*Process Brief #2*

Unlocking  
Potential: A  
Framework for  
Sanitation Service  
Contracts with  
the Private Sector

## About This Document

*This series of process documents, initiated by the CWIS FSM Support Cell of the Department of Public Health Engineering (CFSC-DPHE), captures learnings from national and global interventions to assist City Corporations and Pourashavas in becoming more inclusive and improving sanitation service delivery. These documents have been prepared with technical support from Athena Infonomics and other development sector partners in Bangladesh.*

*Although there is a significant body of literature on the role, design, structure, and execution of PPPs for development sector infrastructure projects, including sanitation, much of it is geared toward large wastewater treatment plants and lacks specificity for the context of Bangladesh. This document zeroes in on service contracts, which are critical for establishing smooth, functional, and robust public-private partnerships, and tailors them to the unique needs of Bangladesh.*

*This second edition of the process documentation series offers a detailed framework for engaging the private sector in sanitation service delivery within Bangladesh, specifically focusing on areas such as desludging services and the operations and maintenance (O&M) of fecal sludge treatment plants. Drawing on evidence and best practices from both local municipalities and global experiences, it explores various models for PPPs, highlighting the crucial role of formal, well-structured contracts in ensuring safe and efficient sanitation services. The prevalence of informal agreements, such as verbal contracts, often results in disputes and inefficiencies, making the case for comprehensive, written agreements that clearly outline roles, responsibilities, and financial terms.*

*Additionally, the document provides practical contract templates to aid Local Government Institutions (LGIs) in drafting and managing contracts effectively. These resources are designed to help LGIs develop sustainable operational strategies that are aligned with national sanitation objectives and broader public health and environmental standards. Ultimately, this guide aims to institutionalize effective PPPs, enhancing collaboration between the public and private sectors to effectively tackle sanitation management challenges in Bangladesh.*

*As Bangladesh expands safe faecal sludge management services to over 100 municipalities, this document delineates strategies for engaging the private sector in delivering desludging services and in the design, construction, operations, and maintenance of fecal sludge treatment plants. While the document does not delve deeper into aspects addressing the private sector's involvement in the operations and maintenance of public toilets, this component is noted to be functioning effectively and is more established compared to other segments of the sanitation value chain. Nonetheless, there remains potential to further improve this area, particularly in enhancing inclusivity.*

*Additionally, the document notes the involvement of sanitation workers' cooperatives in the operations and maintenance of public toilet facilities and desludging services in certain municipalities. These cooperative models are in the process of development and refinement. Future iterations of this document series will include a dedicated set of guidelines tailored to these cooperative models, integrating the lessons learned and best practices as these approaches mature and are implemented across a broader range of cities.*

## Acknowledgement

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*Finally, we acknowledge the valuable insights provided by members of the FSM Network who participated in interviews and consultations.*

## List of Acronyms

CWIS	<i>Citywide Inclusive Sanitation</i>
FSM	<i>Faecal Sludge Management</i>
CFSC	<i>CWIS FSM Support Cell</i>
DPHE	<i>Department of Public Health Engineering</i>
PPP	<i>Public-Private Partnership</i>
O&M	<i>Operations and Maintenance</i>
LGI	<i>Local Government Institution</i>
ADB	<i>Asian Development Bank</i>
DSK	<i>Dushtha Shasthya Kendra</i>
WSUP	<i>Water and Sanitation for the Urban Poor</i>
GCC	<i>Gulshan Clean and Care</i>
CSS	<i>Chittagong Sheba Sangstha</i>
IMIS	<i>Integrated Management Information System</i>
FSTP	<i>Faecal Sludge Treatment Plant</i>
SDC	<i>Society Development Committee</i>
MoLGRD&C	<i>Ministry of Local Government, Rural Development &amp; Cooperatives</i>
UNESCAP	<i>United Nations Economic and Social Commission for Asia and the Pacific</i>
ICT	<i>Information and Communication Technology</i>
SBCC	<i>Social and Behavior Change Communication</i>
CFRF	<i>Contract Fees Reserve Fund</i>
PLAM	<i>Performance Linked Annuity Model</i>
MIS	<i>Management Information System</i>
BOD	<i>Biochemical Oxygen Demand</i>
COD	<i>Chemical Oxygen Demand</i>
DO	<i>Dissolved Oxygen</i>

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## Introduction

Sanitation services for sewerage systems are predominantly provided by government utilities, which also regulate and operate wastewater treatment plants (Chowdhry and Koné 2012)<sup>1</sup>. In contrast, on-site sanitation systems and faecal sludge management (FSM) systems are often managed either by local public authorities directly, or through private sector enterprises, or by informal sector sanitation workers operating independently. Across the sanitation value chain, components with resource recovery potential present opportunities to engage the private sector and the informal workforce. In such scenarios, market-based principles can be applied, offering incentives for business development and cost recovery, creating jobs, and generating funds to enhance sanitation services (IWMI, 2016<sup>2</sup>, ADB, 2024<sup>3</sup>).

This process document was developed using a structured, evidence-based methodology to support the engagement of the private sector in sanitation service delivery across Bangladesh. It began with a comprehensive review of national and international literature on public-private partnerships (PPPs), focusing on service contracts relevant to the Bangladeshi context. Stakeholder consultations with local government officials, sanitation cooperatives, NGOs, and development partners provided insights into current practices and challenges. Case studies from cities like Khulna, Dhaka, and Kushtia were analyzed to highlight successful models and inform contract design. Based on these findings, standardized contract templates were created for desludging services and fecal sludge treatment plant operations. These templates were then validated and refined through expert feedback to ensure they align with national sanitation goals and are practical for implementation by local government institutions.

## Engaging the Private Sector Across the Value Chain

In Bangladesh, the sanitation service chain has evolved and innovated over time, and currently, across Pourashavas and City Corporations, the private sector and informal sanitation workers are engaged in service delivery across the following areas:

- i. **Access to sanitation facilities:** In many Pourashavas, the operation and maintenance of public toilets have been outsourced to the private sector, either through lease models or annual contracts. Several studies conducted across various Pourashavas in Bangladesh have demonstrated that local governments typically adopt lease models for outsourcing, with these leases commonly renewed every five years (ADB, 2015<sup>4</sup>, WaterAid, 2022, 2023<sup>5</sup>). This arrangement often attracts entrepreneurs from the *Dalit* and *Harijan* communities, who perceive it as a viable business opportunity.

In these scenarios, the Pourashava undertakes the capital investment, sourcing funds either from their own revenues or through inter-governmental transfers with financial support

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<sup>1</sup> Chowdhry, S., & Kone, D. (2012). Business Analysis of Fecal Sludge Management: Emptying and Transportation Services in Africa and Asia. The Bill and Melinda Gates Foundation.

<sup>2</sup> [https://www.iwmi.cgiar.org/Publications/wle/rrr/resource\\_recovery\\_and\\_reuse-series\\_6.pdf](https://www.iwmi.cgiar.org/Publications/wle/rrr/resource_recovery_and_reuse-series_6.pdf)

<sup>3</sup> <https://www.adb.org/sites/default/files/publication/972871/adbi-local-private-sector-involvement-public-private-partnerships-sustainable-water-and-sanitation.pdf>

<sup>4</sup> [https://www.adb.org/sites/default/files/project-documents/39295-032-tacr-03\\_0.pdf](https://www.adb.org/sites/default/files/project-documents/39295-032-tacr-03_0.pdf)

<sup>5</sup> <https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/female-friendly-public-toilets-in-bangladesh.pdf>

from development financial institutions. Subsequently, the Pourashava tenders out the operations and maintenance responsibilities, requiring the entrepreneurs to pay a lease amount in addition to the tender bidding value. Some Pourashavas in Bangladesh also generate monthly revenues exceeding 100,000 BDT from leasing these facilities. The revenue collected from user fees for accessing the toilets and water closets serves as income for the private operators, who typically allocate these funds towards the operation and maintenance of the facilities.

In urban centers, non-governmental organizations such as Dushtha Shasthya Kendra (DSK) also partner with the City Corporation for the operations and maintenance of public toilets. Additionally, social enterprises like [Bhumijo](#) have partnered with the Dhaka City Corporation to enhance the provision of public toilet services.

- ii. **Collection and conveyance of faecal sludge:** In Pourashavas, households majorly depend on manual emptiers for emptying their on-site sanitation systems, primarily handled by the informal sector. In some City Corporations and Pourashavas, the local authorities offer mechanical emptying services. A recent study by UNICEF (2022)<sup>6</sup> revealed that only 19% of on-site sanitation systems in Bangladesh are emptied, with a mere 4% being emptied mechanically. Additionally, in several Pourashavas and City Corporations, local governments have enlisted the private sector to provide emptying services either throughout the entire administrative area or in selected urban wards organized into zones. The following case examples (refer to [Table 1](#)) provide a quick overview of how City Corporations in Bangladesh are engaging the private sector for desludging services.

*Table 1: Case Studies – Engaging the private sector in delivering safe desludging services*

### **Case Study 1: Improving Desludging Services in Khulna through Multi-Partner Private Sector Engagement**

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<sup>6</sup> <https://washdata.org/sites/default/files/2022-07/Bangladesh-2022-SMOSS-report.pdf>

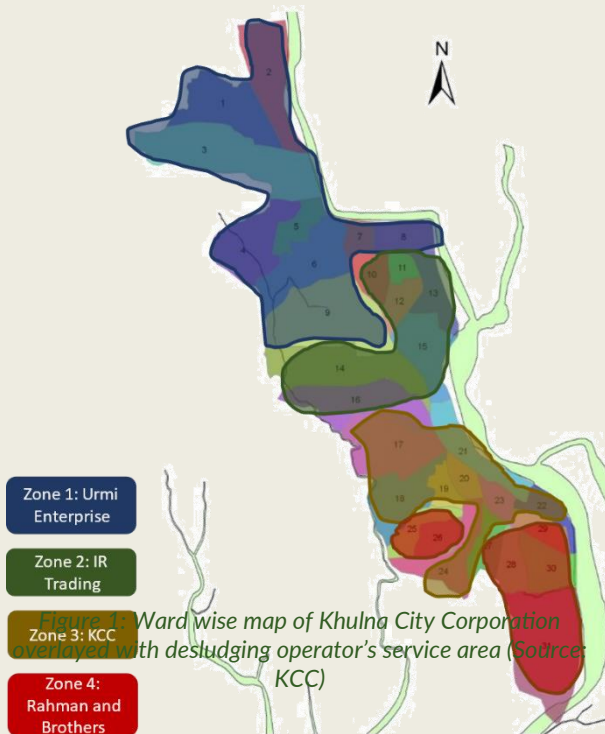
Khulna City Corporation (KCC) has engaged multiple private sector operators for facilitating desludging services to its residents. KCC currently operates a fleet of six desludging vehicles: four 2000-liter vehicles, one 7000-liter vehicle, and one 5000-liter vehicle. Additionally, the central government has allocated BDT 6.50 crore to KCC for the acquisition of 11 new, smaller-capacity vacuum trucks, suitable for the city's narrower streets.

The city is divided into four zones for service management, each assigned to a different operator: Zone 1 (Wards 1 – 9) is managed by Urmi Enterprise, Zone 2 (Wards 10 – 16) by IR Trading, Zone 3 (Wards 17 – 24) by KCC, and Zone 4 (Wards 24 – 31) by Rahman & Brothers. Pricing for desludging services is set at BDT 1 per liter for households, BDT 1.5 for institutions, and BDT 0.5 for lower-income areas.

The City Corporation has contracted the private operators on an annual basis, aiming to provide them with initial support and resources to create a conducive operating environment. These resources include essential equipment like vacuum trucks and office space. In return, the private operators contribute a monthly royalty of 19% of their revenue to the City Corporation. They are responsible for all operational costs, such as fuel and daily wages for sanitation workers. The City Corporation sets monthly performance targets for these operators and incentivizes them with a BDT 50,000 annual prize for meeting these targets.

Initially, the prize is awarded to operators who achieve 3% of the annual desludging target, with plans to raise this goal to 5% in the next year.

KCC prioritizes worker safety by supplying personal protective equipment (PPE) and jet machines to handle hardened faecal sludge. To facilitate the safe collection and disposal of faecal sludge at the treatment plant, KCC employs an Integrated Management Information System (IMIS) to schedule and manage services efficiently. Additionally, KCC intends to use data from IMIS to monitor the performance of private operators, tracking the number of desludging services each one provides. This information helps link performance to their operational effectiveness and accurately calculate their royalty payments.



## Case Study 2: 'SWEEP', a profitable brand assisting City Corporations in delivering improved desludging services

The Dhaka Water Supply and Sewerage Authority (DWASA) and the Chittagong City Corporation have both implemented private-sector partnerships to enhance desludging services in their respective cities. DWASA has entered into a leasing agreement with Gulshan Clean and Care (GCC) for services in Dhaka, while in Chittagong, Chittagong Sheba Sangstha (CSS) has been similarly engaged by the local city corporation. Both entities operate under the brand name SWEEP, which has been supported technically and administratively by Water and Sanitation for the Urban Poor (WSUP) Bangladesh.

In both cities, the local authorities provide the necessary desludging vehicles to private companies for operation and maintenance, along with access to dumping and treatment sites. The private operators manage daily operations and routine maintenance, while the local authorities handle major or annual maintenance needs. WSUP plays a crucial role by facilitating the relationship between the public and



private sectors, aiding in company selection, lease agreement formulation, operational capacity building, and demand creation strategies.

SWEEP has successfully positioned itself as a reliable, safe, and affordable service provider, focusing on market-driven strategies that ensure service equity and commercial viability. Differential pricing strategies and contractual obligations help target services to diverse income groups, particularly low-income residents. In Dhaka, for example, GCC is required to ensure that 30% of its clientele are from low-income backgrounds.

Financially, SWEEP has proven to be a sustainable model. In Dhaka, it achieved operational and maintenance profitability within five months and, over three years, has served approximately 220,000 people, managing over 8,000 m<sup>3</sup> of sludge and generating significant revenue and profit. In Chittagong, CSS has served nearly 71,491 customers, emptied over 2,128 m<sup>3</sup> of sludge, and made more than USD 5,148 in profit since its operations began.

This approach not only demonstrates the financial viability of professionalized mechanical emptying services but also underscores the potential for scaling such models through effective public-private partnerships and a commitment to serving all community sectors. (Abdullah Al-Muyeed et al., 2018)<sup>7</sup>.

- iii. **Treatment & Reuse:** Currently, Bangladesh has 20 operational faecal sludge treatment plants. In 10 of these cities, the local governments have enlisted the private sector for the operation and maintenance of these facilities. Registered under the company and cooperative acts, these private entities manage the plants and maximize their reuse potential. They produce and sell a range of products, including soil conditioners from dried feces, stabilized sludge for landscaping and non-food agriculture, and treated wastewater for drip and surface irrigation. The below-mentioned case examples from Kushtia and Shibganj highlight a few areas to be considered while engaging the private sector and serve as valuable models for other municipalities seeking to engage private sector partners in the management of faecal sludge treatment plants in Bangladesh.

Shibganj and Kushtia Municipalities provide illustrative examples of how partnerships with private sector entities can enhance the operations and maintenance of faecal sludge treatment plants (FSTPs). Both municipalities have leveraged contractual agreements to engage the private sector for the management of FSTPs, integrating solid waste and faecal sludge processing, and promoting reuse technologies.

Both municipalities have established long-term contracts with private partners, incorporating performance-based renewal clauses to ensure sustained accountability and continuous improvement. In Shibganj, a 10-year contract with Mati Organics Ltd. covers the processing of both solid and faecal waste to produce compost and has the potential for expanding reuse technologies. Kushtia Municipality collaborates with Environmental Resource Advancement Services (ERAS), which manages the FSTP, producing and marketing co-compost from faecal sludge and organic waste. ERAS also provides desludging services using the municipality's vehicles, and Kushtia supports awareness programs to promote the benefits of mechanical emptying services, increasing demand. Shibganj provides office space and municipal equipment to support the private sector.

Both municipalities emphasize integrated waste management, detailed performance monitoring, and effective utilization of municipal resources. Comprehensive performance monitoring and reporting

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<sup>7</sup> [https://www.researchgate.net/publication/325034484\\_Tackling\\_the\\_Second-Generation\\_Sanitation\\_Challenge\\_at\\_Scale\\_Business\\_Solutions\\_for\\_Inclusive\\_Faecal\\_Sludge\\_Management\\_in\\_Bangladesh](https://www.researchgate.net/publication/325034484_Tackling_the_Second-Generation_Sanitation_Challenge_at_Scale_Business_Solutions_for_Inclusive_Faecal_Sludge_Management_in_Bangladesh)

mechanisms ensure transparency and effective oversight. Shibganj includes performance reporting through the Integrated Management Information System (IMIS) in its contract, while Kushtia relies on manual record-keeping and quality control tests conducted by ERAS. The promotion and implementation of reuse technologies, such as composting, create valuable by-products from waste, contributing to environmental sustainability. In both municipalities, the private sector coordinates with various stakeholders, including government departments, local government institutions (LGIs), development organizations, fertilizer companies, and local farmers. This collaborative approach ensures efficient and sustainable waste management while fostering community engagement and the promotion of reuse technologies.

## Emerging Sanitation Service Delivery Models in Bangladesh

From the above-mentioned existing sanitation business models present in Bangladesh, the following is a list of models emerging for engaging the private sector:

**Model A: Public Sector-Led Approach: Operated by Local Government Institutions** - In this model, the responsibility for faecal sludge management services rests with local government institutions (LGIs). These entities spearhead the establishment of collection services and treatment facilities, ensuring the operation and maintenance of the entire system. Funding for the construction and ongoing operations is allocated by the public authority, which also employs dedicated resources to oversee these operations. An example of this can be observed in Lakshmipur Pourashava, where the faecal sludge treatment plant (FSTP) was constructed by the Department of Public Health Engineering (DPHE) and is currently managed and maintained by the local government.

**Model B: Public-Private Partnership (PPP) Model** - Public-private partnerships (PPPs) represent an alternative service delivery framework where the government or public sector collaborates with private entities through long-term contractual relationships to provide public services, including sanitation. PPPs vary in the extent of responsibility and risk transferred to the private sector, with common arrangements including service contracts, management contracts, lease contracts, build-operate-transfer (BOT) agreements, concessions, and joint ventures (ADB, 2008). For instance, in cities like Khulna, Dhaka, and Chittagong in Bangladesh, desludging vehicles are procured by LGIs and then entrusted to private operators for service delivery, as well as operation and maintenance under specified contracts. This approach is also implemented in Shibganj and Kushtia, where treatment facilities constructed by the public authorities are handed over to private firms for management and maintenance, in accordance with performance standards established in the service contracts.

**Model C: Community-Led Service Level Agreement<sup>89</sup>** - Beyond the aforementioned models, a growing number of Pourashavas are adopting a model where sanitation service delivery responsibilities are delegated to community-based organizations and sanitation workers' cooperatives. This shift toward more inclusive management practices allows marginalized community groups to play a pivotal role in city-wide faecal sludge management. Organized into cooperatives, these groups undertake responsibilities for faecal sludge collection, transportation, and treatment under service-level agreements with LGI. This model fosters community ownership and social empowerment by involving these groups in the city's decision-making processes. Learnings from community led cooperatives is presented in

The transformative sanitation model adopted by Faridpur Municipality, in partnership with Practical Action in Bangladesh, exemplifies a successful Public-Private Partnership (PPP) approach that integrates the efforts of traditional sweeper communities, the local government and NGOs to deliver effective and sustainable sanitation services. This collaborative model has led to the creation of a comprehensive sanitation service business plan focusing on capacity building, safety, and reliability of desludging services.

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<sup>8</sup> [Impact brief – Empty to Entrepreneur](#)

<sup>9</sup> [A model to improve the dignity and livelihoods of sanitation workers](#)

Community members received business management training and actively participated in developing a business model that ensures city-wide sanitation services at competitive prices. The model engages the sweepers' cooperatives and the Society Development Committee (SDC), a local NGO that operates the faecal sludge treatment plant, in the service delivery process. These cooperatives, now formalized as business entities registered with the Department of Cooperatives, have established robust governance structures, including constitutions and bank accounts, and have entered into service-level agreements with the municipality for pit-emptying and transportation services.

These cooperatives have been equipped with both imported and locally manufactured desludging vehicles, enhancing their operational capabilities. Their involvement in business planning, market expansion, demand assessment, and client-oriented service delivery has not only made the business model profitable from the outset but also transformed these groups into successful entrepreneurs. The pricing structure is carefully designed to cover costs while providing a financial safety net for the low-income population.

SDC plays a crucial role in producing, demonstrating, and marketing compost while ensuring regular quality checks to meet national standards at the treatment plant. The municipality supports the growth of this business through viability gap funding for three years, with performance-based funding to ensure sustainability. Furthermore, SDC pays a tipping fee to the cooperatives, ensuring city-wide safe disposal of faecal sludge.

Recognizing the success of this model, the Ministry of Local Government, Rural Development & Cooperatives (MoLGRD&C) plans to replicate it across secondary towns to transform informal pit-emptying services into profitable and dignified enterprises. Inspired by Faridpur's example, cities like Magura, Meherpur, and Rajbari have begun to plan and manage their desludging services by engaging sanitation workers' cooperatives. Further, Lakshmipur Pourashava also plans on engaging local sanitation cooperatives for the operations and maintenance of public toilets in the city. This expansion demonstrates the scalable impact of integrating informal sanitation workers into formal business models, fostering community involvement, and improving urban sanitation infrastructure.

## Enabling Environment for Engaging the Private Sector

For engaging the private sector effectively in sanitation service delivery, particularly through Public-Private Partnerships (PPPs), a strong and supportive institutional environment is crucial. Research from the Gates Foundation intervention areas, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the PPP Handbook released by the Asian Development Bank<sup>10</sup> has shown that such an environment is essential to attract and maintain private sector interest, which is key to implementing PPP projects that deliver significant benefits to the public sector.

Creating an enabling environment for PPPs involves developing several key components: appropriate legislation and policy frameworks, clear institutional mandates, and enhanced capacities within both the public and private sectors to manage onsite sanitation contracts. Furthermore, generating a strong demand for services is also vital. These factors are often underdeveloped at the beginning of projects, potentially impeding progress and negatively impacting outcomes. Thus, establishing a conducive environment for PPPs is paramount for cities seeking to leverage private partnerships in non-sewered sanitation, ensuring effective implementation of PPP projects and helping to institutionalize PPPs as a preferred mode of project and service delivery. Following are a few key components to be ensured to have a strong enabling environment for engaging the private sector<sup>11</sup>:

- i. **Policies, Regulations, Standards, and Guidelines:** Effective engagement of the private sector in the equitable, safe, and sustainable delivery of sanitation services necessitates robust policy and regulatory frameworks. These frameworks are essential for attracting private investment and ensuring compliance with environmental standards, worker safety, and equitable pricing structures. It is imperative at both national and city levels to establish clear legal mandates and define roles and responsibilities that do not overlap. In this context, in Bangladesh, the Institutional and Regulatory Framework for Faecal Sludge Management (IRF-FSM) and the Local Government Act, 2009 clearly outline the roles and responsibilities of different stakeholders engaged in sanitation service delivery, including government agencies, private sector, NGOs and community organizations<sup>12</sup>. Additionally, cities must ensure that sanitation budgets remain distinct from other funding areas and that revenues specifically allocated for sanitation are ring-fenced to prevent misallocation of funds intended for private sector payouts.

A thorough framework of technical guidelines is essential to ensure the success of public-private partnerships in sanitation. These guidelines should cover all aspects of sanitation infrastructure management, such as the design, construction, and maintenance of public toilets, pits, and septic tanks, as specified in the Bangladesh National Building Code, 2020. Additionally, the framework should include specifications for desludging vehicles and treatment plants. Establishing service standards and standard operating procedures for maintaining sanitation facilities, including desludging and waste transport, is crucial for ensuring adherence to safety and quality standards that safeguard public health and the

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<sup>10</sup> <https://www.adb.org/sites/default/files/institutional-document/31484/public-private-partnership.pdf>

<sup>11</sup> [https://www.susana.org/\\_resources/documents/default/3-3731-7-1575369423.pdf](https://www.susana.org/_resources/documents/default/3-3731-7-1575369423.pdf)

<sup>12</sup> Zaqout, M., & Hueso, A. (2020). Providing municipal faecal sludge management services: lessons from Bangladesh. *Waterlines*, 39(2), 166-179.



environment. At the treatment plant level, it is necessary to clearly outline environmental standards for waste treatment and discharge as mandated by the Environment Conservation Rules (2023) issued by Bangladesh's Department of Environment under the Ministry of Environment, Forests, and Climate Change. Moreover, the Bangladesh Standards and Guidelines for Sludge Management, published by the DoE in 2015, provide detailed disposal requirements for treated biosolids.

Enforcement of these standards is critical; the mere existence of regulations does not guarantee compliance. Effective monitoring and enforcement strategies are required to address frequent issues of non-compliance that lead to poor service quality and inadequate sanitary conditions, particularly in informal settlements. It is also vital to ensure that private providers fulfill their contractual obligations, including adherence to safety norms for sanitation workers, which is often overlooked, thus impacting worker safety and service quality. Incorporating robust monitoring systems, such as the Integrated Management Information System (IMIS) used in Khulna City Corporation and Shibganj Pourashava, can enhance oversight and improve the performance of private sector participants. These Information and Communication Technology (ICT)-based solutions are instrumental in monitoring and reporting, integration of digital payment systems for fee collection tracking, and ensuring that private initiatives align with public health and environmental objectives.

- ii. **Political leadership and commitment:** As highlighted by the CWIS principles, the importance of political leadership and robust accountability systems is critical in driving service improvements and facilitating private sector involvement in sanitation service delivery. Effective political leadership is key in converting public sector commitment into institutional acceptance and normalizing the use of PPPs for service delivery. This leadership plays a pivotal role in addressing political and administrative obstacles throughout the stages of PPP project development—from the initial identification and structuring to the bidding and awarding processes<sup>13</sup>.

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<sup>13</sup> <https://www.cwiscities.com/>



Figure 2: Mayor, Khulna City Corporation talking about how private operators in Khulna are supporting the desludging services in the city.

Moreover, a demonstrated commitment to safe and inclusive urban sanitation across various government levels is essential, ensuring that budget allocations and expenditures are transparent, equitable, and based on performance. The creation of independent and autonomous performance regulators is vital in reinforcing accountability systems. Such systems advocate for marginalized communities, enhancing trust in the process and ensuring that their voices are heard.

Furthermore, political backing is instrumental for key institutional reforms such as tariff-setting and enforcement, which support the sustainability and effectiveness of PPPs. This political support ensures that PPPs are not only executed but are also sustainable and aligned with long-term goals for service improvements in planning, capacity, and leadership. Altogether, these elements foster an environment conducive to private investment and significantly boost the efficiency and effectiveness of sanitation services.

- iii. **Capacity building of Public Authorities and the Private Sector:** For public authorities to effectively engage the private sector in sanitation services, building internal capacity is crucial. This capacity should encompass supporting bidding, negotiation, contract compliance, and monitoring. Authorities must be skilled in structuring contracts, defining the scope, and identifying key risks to maximize project benefits while adapting to the evolving dynamics of non-sewered sanitation business models. Assessing the technical capabilities of bidders is essential to ensure they can meet project requirements and evaluate the technical feasibility of proposals. Transparent procurement processes are vital to attract private sector interest and competition.

To facilitate efficient management of PPPs, appointing a dedicated focal person within the Local Government Institution (LGI) is recommended. This focal person would be responsible for coordinating, ensuring quality control, maintaining accountability, and managing information flow related to PPPs. Their role includes:

- Structuring an efficient PPP model, including project identification, promoting competition, conducting due diligence, transparency during bidding processes,
- Setting tariff guidelines,

- Establishing operations and maintenance standards,
- Ensuring transparency and consistency for private proponents, ensuring the appropriate treatment of employees and government assets
- Providing information dissemination for public stakeholders.

For LGIs new to contracting PPPs, seeking support from transaction advisors and specialist advisors such as development partners, financial analysts, and sector specialists is beneficial. These advisors can assist in maintaining project momentum, strategizing for government consideration, developing public messages, analyzing PPP options, and supporting bidding and negotiation processes. Integrating these specialists early in the process and pairing them with government counterparts enhances local capacity building.

Additionally, the national government should support the LGI in identifying potential local staff, developing a PPP unit, or training staff for new responsibilities. This capacity building should be sustained through robust working relationships with advisors, ideally extending through to contract signing and beyond. The bid and negotiation process should be well-organized and politically defensible to ensure a successful outcome. If external support is limited, key government officials must be well-trained in negotiation and thoroughly familiar with the contract and bidding documents.

In the realm of onsite sanitation services, the smaller size of contracts relative to the transaction costs poses significant challenges, particularly in attracting international firms with the requisite technical expertise for constructing treatment facilities. Given these challenges, it is crucial to focus on developing the local private sector's capabilities, as demonstrated in places like Faridpur and Khulna.

To bolster the local private sector, various strategies have been employed, including comprehensive training programs, technology transfers, business development support, and access to credit. These training programs cover critical areas such as worker safety, operations and maintenance across all value chain segments, and essential business skills like business modeling and proposal development. Additionally, local private sectors often face hurdles in accessing capital. In such scenarios, LGIs can facilitate access to public infrastructure assets or help connect businesses with local banks and even explore becoming loan guarantors to improve access to capital, thereby fostering more robust participation in the sanitation sector.

Furthermore, to enhance service delivery and collaboration, it is essential to foster an active dialogue between public and private stakeholders. Historically, in many cities in Bangladesh, onsite sanitation services were operated by informal, unregulated businesses. By organizing meetings and enhancing dialogue, efforts are made to balance power dynamics between public and private entities, leading to more equitable and effective partnerships.

The targeted initiatives mentioned have significantly upgraded both the technical and financial capacities of the private sector, while also helping to legitimize and regulate the industry. This comprehensive approach ensures that both existing and emerging private entities in the sanitation sector are better prepared to meet market demands and contribute effectively to public health outcomes.

- iv. **Demand for sanitation services:** In public-private partnership (PPP) agreements where private operators' compensation is contingent on project-generated revenues, the uncertainties of market demand pose significant risks. Such scenarios, characterized by high market uncertainty, often transfer considerable operating risks to the private sector. Consequently, private partners frequently seek concessions and guarantees from the public sector to mitigate these risks.

For instance, experiences from cities like Lakshmipur and Khulna have shown a low demand for onsite sanitation services, particularly for emptying and transport services, which affects the volume of faecal sludge processed at treatment plants. To address this, it is crucial for cities to implement comprehensive sanitation marketing and behaviour change campaigns to boost consumer awareness and demand for onsite sanitation services. The Social and Behaviour Change Communication (SBCC) guidelines published by the Department of Public Health Engineering (DPHE), Government of Bangladesh, offer a detailed framework for executing such campaigns.

However, the efficacy of these promotional strategies in generating sufficient demand to ensure business viability remains uncertain, particularly in regions with low awareness and limited information dissemination. In response, the public sector often intervenes to mitigate demand risks by providing private operators with contractual concessions and grants. Additionally, payment delays or defaults by LGs frequently lead to disputes in PPPs. To prevent such issues, identifying a reliable funding source before commencing the procurement process is essential. LGs can further secure their payment obligations by allocating funds to an escrow account specifically for these engagements (as seen in the case of cities in Maharashtra, India<sup>14,15</sup>). To finance the operation and maintenance costs of scheduled desludging services, the cities of Wai and Sinnar in Maharashtra, India have implemented a sanitation tax as part of the property tax. The revenues collected from this sanitation tax, along with the transfers from the general property tax funds, are allocated to pay private contractors. Furthermore, to ensure consistent payments to the private sector for fecal sludge management services, an escrow account was established. This account holds a Contract Fees Reserve Fund (CFRF), and it is maintained with a minimum balance equivalent to three months' payments to the contractor, thus guaranteeing regular disbursements to the private operator. The model is presented in Figure 3.

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<sup>14</sup> [Faecal Sludge and Septage Management in Urban Areas – Services and Business Models. NITI Aayog, 2021.](#)

<sup>15</sup> [Training on Financing and Contracting Options for FSSM, CWAS, CEPT University.](#)

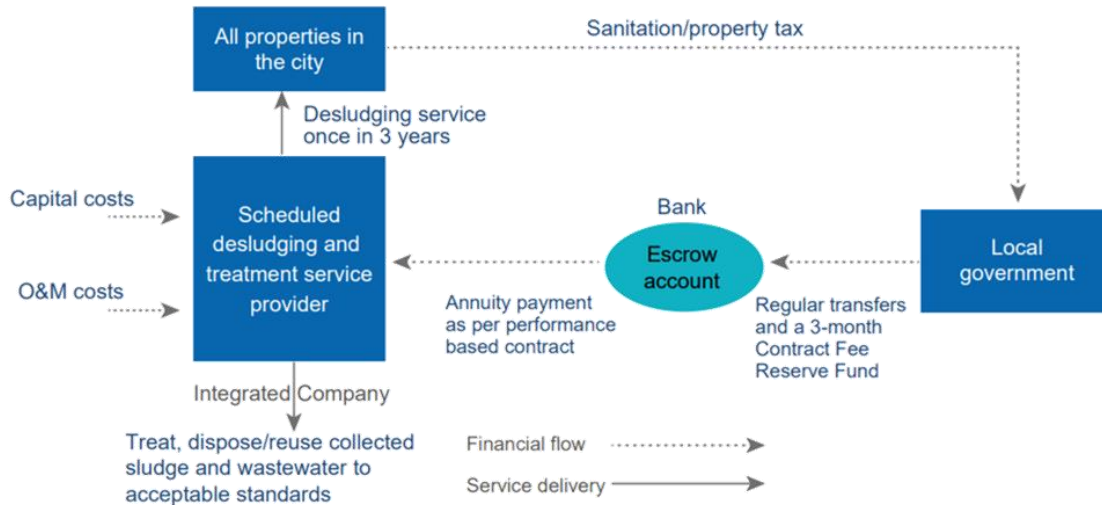


Figure 3: Performance Linked Annuity model (PLAM) of Wai and Sinner cities (NITI Aayog, 2021)

Contractual mechanisms designed to address payment delays, such as stipulations for interest payments on overdue amounts or temporary suspension of services, are also recommended. These measures ensure clear expectations and provide safeguards to manage financial disagreements effectively. Furthermore, some cities incrementally enforce technical standards for containment to stimulate demand for emptying services. Collectively, these strategies demonstrate a comprehensive approach to navigating the complexities associated with PPPs in sanitation services.

- v. **Contractual Arrangement:** Based on consultations with Pourashava officials across Bangladesh, development partners, and national stakeholders like the Municipal Association of Bangladesh (MAB) and the Department of Public Health Engineering (DPHE), it was found that engagement mechanisms between local government institutions (LGIs) and private sector service providers are predominantly informal. Commonly, verbal agreements or handshake deals prevail, lacking formal contracts or service-level agreements. Such informality often leads to role overlaps and a lack of incentives for servicing impoverished communities, which in turn can cause disputes in service delivery<sup>16</sup>.

City authorities are advised to implement formal contractual safeguards that protect the interests of all service providers, including private enterprises and cooperative societies. These measures are crucial for motivating entities to participate in safe and inclusive sanitation services. A well-drafted contract is central to a successful partnership, as underscored by The World Bank: *it defines the relationship, delineates rights and responsibilities, allocates risks, and establishes mechanisms for managing changes*.

Effective sanitation contract drafting involves creating detailed legal documents that outline the terms of the service agreement. Essential elements of such contracts include clear definitions of the parties involved, specific terms of engagement, provisions for indemnification, termination clauses, conditions for force majeure, and requisite signatures.

<sup>16</sup> ITN-BUET. (2024). Training Manual on Service and Business Models for Sustainable FSM in Municipalities', International Training Network-Bangladesh University of Engineering and Technology, Dhaka.



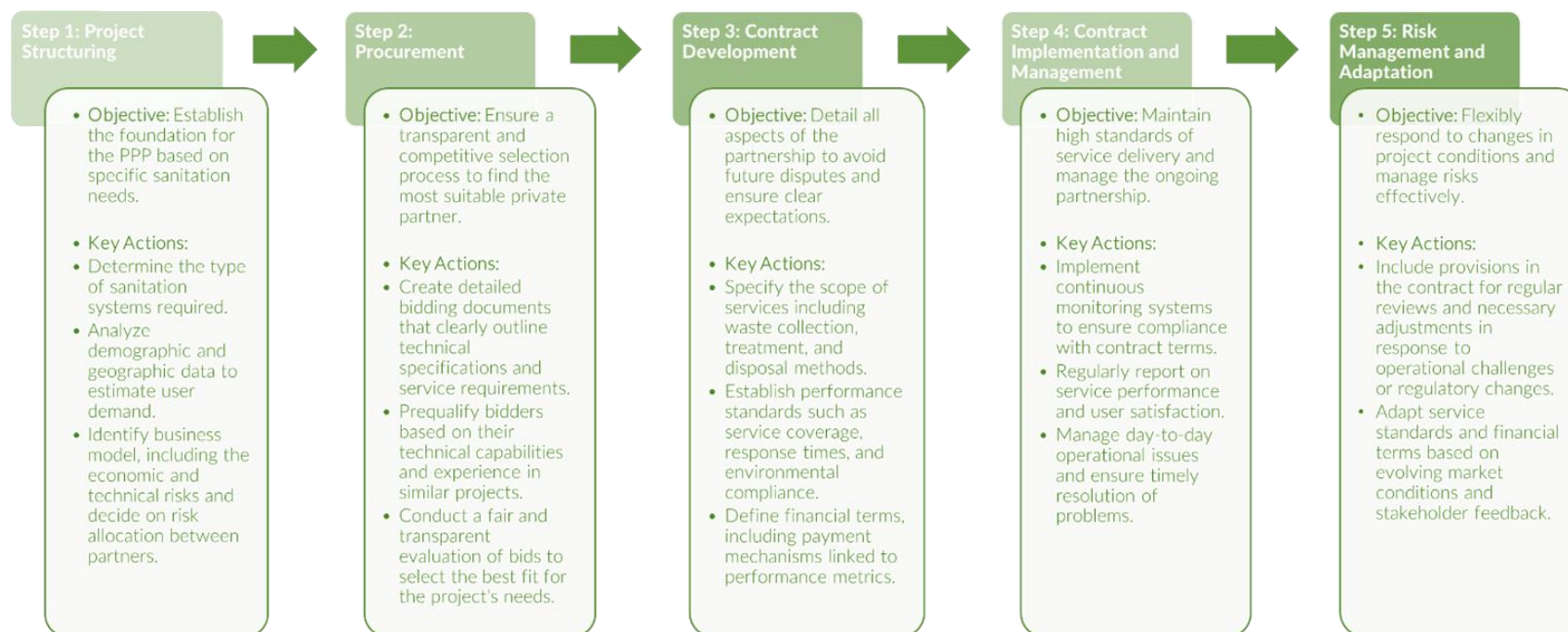
A structured contract clarifies roles, sets performance standards, and introduces mechanisms for improvement and accountability, thereby facilitating compliance with both national regulations and international standards.

Moreover, a robust contract can enhance private sector engagement by providing a clear framework for collaboration, thereby promoting safe, equitable, and sustainable service delivery. This approach not only aids in transforming a city into a model compliant with the CWIS framework but also supports the achievement of national development objectives and global commitments, such as the SDGs.

## Contract Development and Management

To summarize, for engaging the private sector, the following are the key steps involved, including project structuring, procurement, contract development, contract implementation and management, risk management, and adaptation, as outlined in Figure 4.

Figure 4: Process map for engaging a private sector



While we have outlined the essential elements for crafting a robust service contract for private sector engagement, we also offer ready-to-use templates that Local Government Institutions (LGIs) can utilize to engage private entities for delivering safe and equitable desludging services, as well as for the operations and maintenance of treatment facilities. Should an LGI wish to engage the private sector for comprehensive waste management services—including collection, conveyance, and the operations and maintenance of a faecal sludge treatment plant—components from these templates can be combined to create a service contract tailored to integrated services.

## ANNEXURES

### A. Service Contract Template – Engaging Private Operators for Provision of Desludging Services

# STAMP SAMPLE SERVICE CONTRACT

#### Faecal Sludge Emptying and Transport Services Contract for City ABC

This Faecal Sludge Management Services CONTRACT (hereinafter called “**the Contract**”) is made on the XX day of the month of XX, 20XX, between, on the one hand, [LGI name] Municipality/ Pourashava, represented by the Municipality, [LGI name] Pourashava/Municipality under the Local Government (Municipalities) Act, 2009 (hereinafter called “**LGI**” or “**Municipality**” which expression shall include its respective successors and permitted assignees, unless the context otherwise requires)

AND

[●], a private limited company incorporated under the provisions of the Companies Act, 1994 having Trade License Number [●] and having its registered office at [●], hereinafter referred to as “[●]” or “**Service Provider**” (which expression shall unless excluded by or repugnant to the subject or context be deemed to mean and include its successor / successor in interest) of the Third Party.

The parties are together referred to as the “Parties” and individually as the “Party” in this Agreement.

#### **WHEREAS:**

[LGI name] Pourashava/Municipality is the prime user and custodian of the Faecal Sludge Emptying and Transportation Services in the vicinity of [mention Service area], [LGI name]. [LGI name] Pourashava/Municipality is responsible for ensuring that faecal sludge is emptied from households and institutions of the Pourashava/Municipality is properly transported and disposed of at designated sites

such as the *Faecal Sludge Treatment Plant (FSTP)*. The LGI wishes to partner with the Service Provider for the scheduled emptying and transportation of faecal sludge in the LGI's jurisdiction.

NOW IT IS HEREBY AGREED AND UNDERSTOOD BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

## **1. The Contract Period:**

- **Commencement Date:** The commencement date shall be the date on which this Agreement is signed.
- **Concession Period:** The concession is granted for a period of \_\_ years commencing on 1<sup>st</sup> of the month following the month in which the FSTP is commissioned. The exact start and end date of the Concession Period shall be entered into Annexure A on the date of commissioning of the FSTP.
- **Extension Period:** The Concession Period may be extended after the Concession Period ends, for up to \_\_ years upon mutual agreement between the Parties.

## **2. Scope of Work for the Service Provider and the Municipality:**

### **2.1 Scope of Work for Emptying and Transportation**

- 2.1.1** Service Provider shall have to submit the approach, methodology and tentative work plan in consultation with LGI officials for \_\_ years to roll out the scheduled septic tank, soak pit and pit latrine emptying service in the Pourashava/Municipality. The work plan should also include tentative number of trucks with it sizes to be used by the bidder (reference for provision of services in Annexure E).
- 2.1.2** The Service Provider will be required to print leaflets containing information on the scheme for scheduled emptying highlighting the information as decided between the Service Provider and the LGI. These leaflets will be distributed to households/properties when the Service Provider visits them and in areas where scheduled emptying needs to be undertaken.
- 2.1.3** The Service Provider will be required to undertake preliminary visits to each household/property after being given the schedule/target for emptying by the LGI. During the visit, the Service Provider shall ensure that the septic tanks / latrine pits are accessible and have proper access covers which are openable. In case, access is not available, the Service Provider shall notify the same to the LGI and the household. It is the responsibility of the LGI to ensure that the septic tanks / latrine pits (Containment systems) in the households / institutions have proper access for emptying.
- 2.1.4** The Service Provider shall build a database and a Management Information System (MIS) of the households / institutions in the Pourashava where the faecal sludge needs to be emptied. The data needs to be updated as and when emptying is undertaken. The MIS should record information like the specification of the septic tank / pit latrine (containment system), date it is emptied, signs of leakages or cracks, access for emptying etc. (Annexure G for details). The Service Provider shall share the updated database and MIS with the LGI at the end of every month.
- 2.1.5** The Service Provider must ensure that septic tanks / pit latrines are not damaged in the process of emptying and there is no spillage during emptying.
- 2.1.6** The Service Provider will be required to provide for, and operate a GPS fitted suction emptier truck and, also provide all the necessary materials for emptying of septic



tanks / pit latrines. The Service Provider shall give the necessary access for monitoring to the LGI officials.

- 2.1.7** The number of trucks and the appropriate sizes of trucks to be provided in the city is left to the discretion of the Service Provider and should be determined based on field visits conducted in the city before submitting bid documents.

## **2.2 Scheduling the Cleaning of On-Site Sanitation systems:**

The Service Provider will manage the entire process of scheduling and tracking the cleaning of septic tanks / latrine pits, while the Municipality will issue notices to any structure that has septic tanks or soak pits / latrine pits (the “Customers”).

- 2.2.1** The Service Provider must establish and maintain a Control Centre for Customers to phone and request cleaning services or register complaints.
- 2.2.2** The control centre must have 24x7 voicemail recording facilities and must be staffed from 10am to 5pm on all working days of the Municipality, by operators who speak the local language.
- 2.2.3** By the 20th of every month, the Service Provider shall submit to the Municipality and FSTP a list of Customers whose soak pits and septic tanks / pits will be cleaned during the following month in the format in Annexure B.
- 2.2.4** Based on the information provided, the Municipality shall issue notices before the 24th of the month to all those Customers whose soak pits and septic tanks / pits are to be cleaned in the following month, instructing the Customer to ensure that the soak pit and/or septic tank and/or pit latrines is accessible for cleaning.
- 2.2.5** The Service Provider will call each Customer to set up a cleaning appointment at least five (5) days in advance of the cleaning day (the “First Appointment Date”) and send a digital reminder to the mobile phone number and/or e-mail address provided by the Municipality.
- 2.2.6** The Service Provider will send a digital reminder message to every Customer on the day before the First Appointment Date, and once again on the morning of the First Appointment Date.
- 2.2.7** In the event that a Customer is not available at the Appointment Date or if access to the septic tank or soak pit / latrine pit is blocked or inaccessible for any reason, the appointment must be re-scheduled within 48 hours (“Second Appointment Date”).
- 2.2.8** The Service Provider will send a digital reminder message to the Customer on the day before the Second Appointment Date, and once again on the morning of the Second Appointment Date.
- 2.2.9** If a Customer is not available or if access to the pit latrines or septic tank or soak pit remains blocked or inaccessible at the Second Appointment Date, then the Service Provider shall inform the Municipality in writing. The Municipality shall issue a notice to the Customer for the relevant fine as per its rules and regulations, and enforce collection of the fine and other penalties, if any.

### **2.3 Providing Cleaning Services for On-Site Sanitation systems:**

The Service Provider shall operate jetting-cum-suction trucks ("Trucks") to provide pit latrine / septic tank or soak pit de-sludging and cleaning services ("Sludge Cleaning Services") to all Customers in city/town ABC.

- 2.3.1** Every pit latrines, septic tank and soak pit in ABC must be cleaned once every year.
- 2.3.2** The Municipality shall provide two jetting-cum-suction Trucks that are owned by it to the Service Provider for delivering the Sludge Cleaning Services.
- 2.3.3** The Service Provider may acquire other Trucks to provide the services, as needed, with its own capital.
- 2.3.4** The Service Provider shall be fully responsible for operating and maintaining the Trucks for the duration of the Contract Period, including paying for all associated expenses including but not limited to servicing, fuel, driver and staff expenses, tire changes, repairs and maintenance, insurance etc.
- 2.3.5** Truck drivers must be given four (4) copies of a "Service Notice" in a format similar to Annexure C for each customer. One copy has to be handed to the customer, one copy has to be filed at the FSTP with a signature/stamp of the Customer, one copy has to be filed at the control centre with a signature / stamp of the Customer and one copy has to be submitted to the Municipality with a signature / stamp of the Customer.
- 2.3.6** The Trucks must be cleaned and disinfected periodically, maintained properly, must not leak, meet emission norms and operate without other malfunctions, at all times (Annexure F).
- 2.3.7** The Trucks must be parked overnight at a location provided by the Municipality or at the FSTP and must leave customer premises clean and hygienic as it was when the Truck arrived.
- 2.3.8** The Trucks must carry the faecal sludge to the FSTP and not dispose it at any other location.
- 2.3.9** Each Truck must have one driver and one operator, who must be properly and periodically trained to perform their tasks, without causing nuisance or inconvenience to the customer or damage to their property.
- 2.3.10** The driver and operator must wear uniforms with the names of the Pourashava Office and the Service Provider clearly visible and use appropriate safety gear at all times.
- 2.3.11** Any other relevant regulations, Government Orders and notifications related to such services, should be adhered to at all times during the Contract Period.
- 2.3.12** All deployed staff must carry a photo identity card issued by the Municipality.
- 2.3.13** The driver must have a valid and appropriate driving license.
- 2.3.14** The Service Provider must have adequate insurance for the Trucks.
- 2.3.15** The Truck drivers must take precautions to avoid inconvenience, damage, destruction or disturbance to any third party's right and properties.
- 2.3.16** The Trucks should prominently display the Contact Centre helpline number.

### **2.4 Other Activities:**

- 2.4.1** The Service Provider shall support the Municipality to ensure that all buildings in ABC build proper septic tanks / pit latrines that will do the right kind of treatment and be easily accessible for efficient cleaning.
- 2.4.2** The Service Provider shall help the Municipality to build a section on the Municipality website containing up-to-date information about FSM services being offered in ABC, standard designs for building septic tanks and pits and toilets, and other related information including quarterly updates to ensure transparency with citizens.
- 2.4.3** Other awareness and informational campaigns may be conducted by the Service Provider from time to time, and the Municipality shall extend its support as needed and necessary.

### **3. Payment of service fees to Service Provider:**

- 3.1** The Municipality have set up a bank account in a nationalized bank and all fees and fines or penalties paid by Customers shall be collected in this bank account only ("Project Bank Account").
- 3.2** The Project Bank Account shall only be used for purposes related to this Agreement.
- 3.3** The Client agrees to pay the Service Provider the following compensation for the Service performed under this Agreement:  
 = 1000 Taka per 1000 cum of Faecal Sludge collected from the assigned locations.
- 3.4** Due to the importance of FSM services to preserve the environment and health in ABC, the Municipality has decided to charge every household, hotel and guesthouse in ABC a fixed fee for each cleaning services, to be notified to these Customers through periodic notices.
  - 3.4.1** Every septic tank / pit latrines and soak pit in the city must be cleaned once each year
  - 3.4.2** If any Customer does not make their soak pit or septic tank / pit latrines available for cleaning, then a fine of \_\_\_ Taka shall be imposed.
  - 3.4.3** If any Customer has more than one (1) septic tanks or soak pits or require more than one (1) trip by the Truck to clean, then that Customer shall be charged an additional cleaning or trip fee as per the fee schedule of the Municipality.
  - 3.4.4** The service charges and penalties paid by the Customers to the Municipality together are the fees ("Customer Fees").
  - 3.4.5** The Customer Fees must be collected by the Municipality in a timely and rigorous manner.
  - 3.4.6** The rates for service charges and penalties will be periodically revised by the Municipality.

**3.5** Payments of service fees to the Service Provider shall be made via electronic bank transfer into the designated bank account of the Service Provider, or by crossed account payee cheque in favour of the Service Provider, on or before the \_th of the following month, provided the monthly reports as per have been submitted in a timely manner (in a similar format provided in Annexure D).

**3.6** All funds collected in the Project Bank Account shall be used for providing and promoting FSM services in ABC only and the Municipality shall not withdraw any funds from the Project Bank Account for any other purpose. Further, the Municipality shall not withdraw more than 10% of the funds collected the Project Bank Account, for purposes other than payments made to the Service Provider.

#### **4. Force Majeure:**

##### **4.1 Definition of Force Majeure:**

Force Majeure means any event or circumstance that prevents or adversely affects any Party in the performance of its obligations under this Agreement, provided that the Party has little or no ability to control such events or circumstances, and the effects of such event or circumstance could not have been prevented with reasonable efforts:

- 4.1.1** Natural disasters, including but not limited to earthquakes, floods, cyclones, fires or storms, in and around ABC.
- 4.1.2** Act of war, terrorism, sabotage, blockades or military action.
- 4.1.3** Civil unrest, labour unrest, strikes or actions by unions or organized groups.
- 4.1.4** Any other event that disrupts the ability of Trucks and staff of the Service Provider to safely move around in ABC and deliver the Sludge Cleaning Services.

##### **4.2 Notification of Force Majeure:**

The Party claiming Force Majeure shall:

- 4.2.1** Inform the other Party of the event or circumstance leading to Force Majeure as soon as practically possible but no later than 48 hours after the start of such event or circumstance.
- 4.2.2** Provide daily update on the situation along with an assessment of likely future developments.
- 4.2.3** Inform the other Party once the situation has ceased and normal conditions are restored.

##### **4.3 Consequence of Force Majeure:**

- 4.3.1** Neither party shall deem to be in breach of this Agreement if unable to perform their obligations solely due to one or more Force Majeure.
- 4.3.2** Either Party shall have the right to terminate this Agreement if Force Majeure conditions continue for a period of over 120 (one hundred and twenty) days.

## **5. Default and Termination:**

### **5.1 Events of default by Service Provider:**

Any of the following, if they occur during the Agreement Period, shall constitute an event of default by the Service Provider unless these happen due to Force Majeure or due to default by the Municipality:

- 5.1.1** Service Provider fails to meet the timelines agreed upon.
- 5.1.2** Service Provider disposes faecal sludge in any location other than the FSTP.
- 5.1.3** The Service Provider is in material breach of its obligation under this Agreement and the same has not been remedied for over 30 days after being notified of the breach.

### **5.2 Event of default by the Municipality:**

Any of the following, if they occur during the Agreement Period, shall constitute an event of default by the Municipality unless these happen due to Force Majeure or due to default by the Service Provider:

- 5.2.1** Non-payment of service fees by the Municipality to the Service Provider.
- 5.2.2** The Municipality is in material breach of its obligation under this Agreement and the same has not been remedied for over 30 days after being notified of the breach, especially:
  - i. Collection of Fees from Customers in a timely manner.
  - ii. Ensuring convenient access for Trucks to the FSTP Site.
  - iii. Exclusivity to provide Sludge Cleaning Services under an agreement with the Municipality.

### **5.3 Termination due to default by Service Provider or Municipality:**

The Municipality shall have the right but not obligation to terminate this Agreement if the event of default by the Service Provider is not rectified within 30 days of the Service Provider being notified of the event of default, simultaneously in writing and electronically by the Municipality.

The Service Provider shall have the right but not obligation to terminate this Agreement if the event of default by the Municipality is not rectified within 30 days of the Municipality being notified of the event of default, simultaneously in writing and electronically by the Service Provider.

If either Party becomes entitled to terminate the Agreement and decides to terminate the Agreement, such Party shall issue a notice (the "Termination Notice") explaining in sufficient detail the sequence of events that led to the termination of this Agreement.

The Party receiving the Termination Notice shall have a further 30 (thirty) days to rectify the cause of the Termination Notice. If the cause is rectified, then the Termination Notice



shall be withdrawn by the issuing Party. If the cause is not rectified, then this Agreement shall stand terminated.

#### **5.4 Process after Termination of Agreement:**

In the event of termination of this Agreement for any reason including the end of the Concession Period, the following actions shall be completed within 30 days from the termination date:

- 5.4.1** Control of the Trucks owned by the Municipality shall be passed back to the Municipality.
- 5.4.2** The Service Provider shall no longer have access to the FSTP or permission to use the Municipality's Trucks.
- 5.4.3** All records, reports, MIS documents, computer files etc shall be handed over to the Municipality. The Service Provider may retain copies for tax, statutory and internal purposes.
- 5.4.4** Any outstanding payments to the Service Provider for services provided shall be paid promptly by the Municipality to the Service Provider.
- 5.4.5** The Municipality is not obliged or required to continue the services of or pay any personnel, workers, sub-Service Providers that have been hired or retained by the Service Provider.
- 5.4.6** In the event of Termination due to default by Municipality, then the Municipality shall pay the Service Provider a breakup fee.

#### **6. Dispute Resolution:**

- 6.1** The Parties shall first attempt to resolve any dispute, disagreements, differences or controversies of any nature (the "Dispute") amicably between the appropriate representatives of the Parties within 30 days.
- 6.2** If the Dispute cannot be solved amicably, then it may be referred to arbitration according to provisions of Clause 7.3 below.
- 6.3** Arbitration:
  - 6.3.1** Procedure: Any Dispute which could not be settled by the Parties through negotiations, after the period of 30 (Thirty) Business Days from the service of the Dispute Notice, shall be referred to and finally resolved by arbitration under the Arbitration and Conciliation Act, 1996. The number of arbitrators shall be 3 (Three). Each disputing Party shall appoint 1 (One) arbitrator and the 2 (Two) arbitrators so appointed shall appoint the third arbitrator.
  - 6.3.2** Place of Arbitration: The seat, or the legal place, of arbitration shall be ABC, Bangladesh, but if required and with the agreement of the Parties, it may be held elsewhere.
  - 6.3.3** Bengali language: All written communication, submissions, awards and orders, as well as any oral hearings, shall be conducted in Bengali.
  - 6.3.4** Enforcement of Award: The Parties agree that the decision or award of the arbitration panel shall be binding and final and shall be enforceable with the provisions of the Arbitration Act 2001.

**6.4 Performance during dispute:** The Parties shall continue to perform their respective obligations under this Agreement until the final resolution of the Dispute.

**7. Other Terms and Conditions:**

**7.1 Exclusivity:** The Municipality shall not enter into any contract that is materially similar to this Agreement, and shall not pay any other party, for any of the services or activities listed in this Agreement.

**7.2 Labour:** The Service Provider shall ensure the following:

**7.2.1** No person under the age of 18 shall be employed on a part-time or full-time basis or as a Service Provider or sub-Service Provider to deliver the Sludge Cleaning Services. Volunteers shall not be counted as employees.

**7.2.2** Every six months, a health check shall be conducted of all employees and workers who do the Sludge Cleaning Services.

**7.2.3** The Service Provider shall comply with all applicable labour laws. The Municipality shall be indemnified against any claims against the Service Providers for non-compliance of such laws.

**7.2.4** All employees shall be properly qualified and trained to undertake their tasks.

**7.2.5** All employees shall have health insurance against occupational hazards that is applicable to similar occupations.

**7.3 Insurance:** The Service Provider shall, at their cost, purchase and maintain all relevant insurances with respect to the Trucks, for the entire Contract Period, in line with good industry practices.

**7.4 Asset and Land Use:** The Service Provider shall ensure that the FSTP Site and Trucks shall be used optimally and exclusively for the purposes mentioned and related to this Agreement. The FSTP Site and Trucks shall not be used for activities unrelated to this Agreement.

**7.5** The Service Provider shall pay all taxes, duties, statutory charges, fees and outgoing including utility bills related to the Trucks and Sludge Cleaning Services provided.

**7.6 Governing Law:** This Agreement shall be governed by the laws of Bangladesh.

**7.7 Notices:** Any notice must be in the Bengali language and delivered (i) electronically to the e-mail address(es) AND (ii) by registered mail or reputed courier service (with tracking number) or hand delivered with stamp of acceptance, as per the details below. This information can be updated by either Party by submitting a notice to the other Party.

If to the Municipality:

[●]

If to the Service Provider:

[•]

**7.8 Severability:** If for any reason, any provision of this Agreement becomes invalid, illegal or unenforceable, the validity and legality of the other provisions shall in no way be affected. The Parties shall negotiate in good faith to substitute such invalid, illegal, or unenforceable provisions as nearly as possible.

**7.9 No Partnership:** Nothing in this Agreement shall be construed or interpreted as a partnership between the Parties.

In witness whereof the parties hereto have caused this understanding in duplicate to be executed hereunto set their respective hands the day month and year first hereinabove written.

**For the Service Provider**

**For the Pourashava Governing  
Body of ABC**

---

Name:

Title:

Date:

---

Name:

Title:

Date:

## Annexure A

*This Annexure is to be filled in and duly signed on the date of commissioning the desludging vehicles.*

Date of Commissioning vehicles: \_\_\_\_\_

Start Date of Concession Period: \_\_\_\_\_

End Date of Concession Period: \_\_\_\_\_

**For the Service Provider**

\_\_\_\_\_  
Name:  
Title:  
Date:

**For the ABC Municipality**

\_\_\_\_\_  
Name:  
Title:  
Date:

## Annexure B

List of Customers planned for the Month of \_\_\_\_\_, 202\_\_

Sr. No.	Name	Address	Type / Category

The rest of this page is intentionally left blank

## Annexure C

### Sludge Cleaning Service Notice

Order No:  
Customer ID:  
Customer Name:  
Address:  
Phone No.:  
E-mail:

**First Appointment Date:** \_\_\_\_\_ Arrival Time: \_\_\_\_\_ Dep. Time: \_\_\_\_\_  
Cleaning completed: Yes / No  
If No, then reason: Right person not available at site  
Access blocked  
Other: \_\_\_\_\_

**Second Appointment Date:** \_\_\_\_\_ Arrival Time: \_\_\_\_\_ Dep. Time: \_\_\_\_\_  
Cleaning completed: Yes / No  
If No, then reason: Right person not available at site  
Access blocked  
Other: \_\_\_\_\_

Number of Units to be cleaned: \_\_\_\_\_ Pit Latrine \_\_\_\_\_ Septic Tanks  
\_\_\_\_\_ Soak Pits

Number of Units cleaned: \_\_\_\_\_ Pit Latrine \_\_\_\_\_ Septic Tanks \_\_\_\_\_  
Soak Pits

Total Volume of sludge collected: \_\_\_\_\_ Litres  
-----  
-----

#### Customer Acknowledgement:

The septic tank / pit latrine and soak pit cleaning services have been completed satisfactorily.

Customer Signature and Stamp

#### Feedback:

The site was left clean and hygienic:	Yes	No			
The operator was courteous:	Yes	No			
The operator used appropriate safety equipment:	Yes	No			
Overall Score:	1	2	3	4	5



## Annexure D

### Monthly MIS Statement for the month of \_\_\_\_\_, 20\_\_\_\_

#### Operational Information:

No. of working days			
No. of Customers served:		No. of Scheduled Cleanings:	
<i>Plan</i>		<i>First Appointment</i>	
<i>Actual</i>		<i>Second Appointment</i>	
<i>Fulfilment Rate (%)</i>		No. of Emergency Requests	
		No. of fines charged	
Areas of ABC covered			
Volume of Faecal Sludge Collected		Total kilometres run by Trucks	

#### Financial Data (all amounts in Bangladeshi Taka):

<b>Operating Costs:</b>			
Total salaries and manpower			
Fuel			
Truck Maintenance and Repairs			
Office and admin costs			
Financing and other expenses			
<b>Total Operating Costs (A)</b>			
<b>Capital Investments:</b>			
Truck Improvement CapEx			
<b>Total Capital Investment (B)</b>			
Payment due to Service Provider for current month (C)			

Amount for repayment of Investment by Service Provider (C-A-B)			
Opening Balance of Project Bank Account			
Fees Collected		Total YTD:	
Fines Collected		Total YTD:	
Total Collections		Total YTD:	
Payments to Service Provider for prior months			
Withdrawals by Municipality			
Closing Balance of Project Bank Account			

#### **Annexure E FSM Service Guidelines**

##### **Operator Safety Procedures**

Equipment operators should be warned of the hazardous of faecal sludge, provided with and trained on the use of safety equipment, and trained to practice appropriate personal hygiene. Safety equipment to be regularly provided to the operators and always available to them during service delivery includes: reflective apron, safety glasses, hard-toe gum boots, face mask, gloves, raincoat during rainy seasons and disinfectant soap. Operators should be trained and constantly reminded to wash their hands with disinfectant soap after key moments, which are: (i) completing the desludging of a load at the customer's location, (ii) discharging of a load at the disposal point, and (iii) at the end of the working day. Operators should be trained on appropriate methods of carrying heavy loads to prevent personal injuries, particularly concrete covers or septic tanks and slabs. Operators should be advised to avoid conflict with members of the public.

##### **Public Safety Procedures**

Operators should be regularly trained on and supervised to ensure appropriate public safety procedures are practiced. Public safety procedures during service provision include: a) ensure the vehicle is driven in an appropriate manner; b) park the vehicle in the appropriate location when possible to avoid traffic accidents and use tire chocks to prevent uncontrolled movement when parked on a slope; c) ensure the vehicle is clearly visible to road users either through the use of fluorescent reflectors or emergency lights, particularly during hours of reduced visibility (darkness, rain, etc.); d) ensure no obstacles such as a hose, piece of equipment or concrete cover are placed in a location that could endanger members of the public; e) wash down the end of the suction hose and any spillage around the pit or septic tank; f) ensure members of the public avoid getting close to an open pit or septic tank, particularly children, to avoid an accidental falls into them; and g) ensure the vehicle is regularly washed and cleaned.

##### **Environmental Safety Procedures**

Operators should be regularly reminded and supervised to ensure emptied and transported sludge is disposed of at the pre-agreed locations.

## Annexure F Maintenance Services

All types of Maintenance Services refers to regular maintenance activities that need to be undertaken when necessary, as well as unexpected repair or replacement of major parts of the Equipment as a result of Equipment malfunction will be done by the Service Provider.

### Frequent Maintenance Services

Regular maintenance activities that need to be undertaken twice or more per year (including preventative maintenance), as well as unexpected repair or replacement of parts of the Equipment as a result of Equipment malfunction, accidents, operator error, neglect, vandalism or natural disasters. In order to prevent unexpected maintenance and reduce downtime due to equipment malfunction, the Service Provider is required to undertake preventative maintenance in the form of daily and weekly checks. Any malfunctions detected by the operators should be reported to their management and responded to in a timely manner. The detailed list of frequent maintenance services covered by the Service Provider is listed below:

#### 1. Pre-Start Daily Check (5 minutes)

- ✓ Engine: check fuel level, oil level and look for oil leaks and report any
- ✓ Vacuum Pump: check oil level in reservoir and drip feed (the latter by running the engine with the pump on vacuum and view the oil drip through the glass section of the oiler; should be 30 drops per minute)
- ✓ Tires: check tire pressure (35 psi)
- ✓ Brakes: check breaks performance
- ✓ Hoses: check hoses for damage

#### 2. During Operation Check

##### a) Vacuum Pump:

- ✓ check that the pump is reaching the correct vacuum of 0.8 bar;
- ✓ look for air leaks;

#### 3. After-Finished Daily Check (10 minutes)

- ✓ wash out hoses and tank by sucking clean water through the hoses and discharging into an appropriate discharge point;
- ✓ wash down the outside of the machine; and
- ✓ ensure the engine fuel tap is turned off.

#### 4. Mechanic's Weekly Check List

##### a) Belts:

- ✓ check belt tension and adjust or replace belts as necessary;

##### b) Engine:

- ✓ check oil level and quality of oil on dip stick, top up if necessary
- ✓ change oil periodically as recommended in engine manual
- ✓ check for easy starting and tick over
- ✓ adjust plug points and carburetor when necessary
- ✓ clean air filter

##### c) Vacuum Pump:

- ✓ check oil level
- ✓ rotate pump by hand and listen for clicking sound that shows that vanes are sliding freely, if sound is heard clean the vanes
- ✓ check oil drip feed

##### d) Tires:

- ✓ check tire pressure and condition
- ✓ change over tires (front-to-rear, crossed) when front tires  $\frac{3}{4}$  worn out

e) General:

- ✓ check all bolts for tightness
- ✓ check that belt pulleys and sprocket are tight on their shafts
- ✓ grease all grease nipples
- ✓ oil the chain and control linkages
- ✓ check engine and pump for oil leaks and rectify
- ✓ check general engine operation
- ✓ check hoses and fittings
- ✓ check brakes and look for excessive wear on wheel and roller bearings

5. Mechanic's Monthly Maintenance Check List

- ✓ clean outside of machine
- ✓ clean inside of wheels
- ✓ clean brakes and oil
- ✓ clean brake cables
- ✓ clean inside of tank
- ✓ check pump inside and operation
- ✓ check engine operation
- ✓ easy start and tick over
- ✓ adjust carburetor and plug points
- ✓ check engine oil quality and level
- ✓ check belt tension, adjust or replace
- ✓ check oil chain and control linkage
- ✓ check tire pressure and condition
- ✓ tighten all bolts
- ✓ grease all nipples
- ✓ check all hoses and fittings

**Annexure G Information to be Recorded by the Service Provider**

1. Financial

- ✓ revenue from emptying services from the Client's copy of numbered invoice book
- ✓ detailed expenses incurred including dates with description of item and amount spent, including but not limited to salaries; fuel and vehicle maintenance; equipment and materials (safety, soap, etc.); office expenses; external services (bank charges, insurance, utilities, etc.) from company ledger and invoice books. *If ledger book includes other aspects of the Service Provider's business, FSM-related operations need to be clearly identified.*

2. Operational

- ✓ volume of fuel purchased for the vehicle (litres) from fuel invoices
- ✓ volume of fuel purchased for the Vacuum tanker (litres) from fuel invoices
- ✓ customer records (date and time of service request, date and time of service delivery, location with accurate address including area, street and house number when available, preferably GPS location, contact information with name and phone number, number of people served by the tank or pit, and number of loads emptied from the daily record of services
- ✓ downtime recorded in unit of days as either 'no demand', or 'technical failure of equipment' or 'not enough staff' from the record of downtime.

3. Management

- ✓ type and amount of training attended by employees and management from the training certificates.
- 4. Equipment Maintenance
  - ✓ daily and weekly checks from the checklist records
  - ✓ date, description of maintenance performed and cost from the maintenance records.

## B. Service Contract Template – Engaging Private Operators for Faecal Sludge Treatment Plants

### STAMP SAMPLE SERVICE CONTRACT

#### Faecal Sludge Operation and Management Services Contract for City ABC

This Faecal Sludge Management Services CONTRACT (hereinafter called “**the Contract**”) is made on the XX day of the month of XX, 20XX, between, on the one hand, [LGI name] Municipal Corporation/ Pourashava, represented by the Municipal Corporation, [LGI name] Municipal Corporation/Municipality under the Local Government (Municipalities) Act, 2009 (hereinafter called “**LGI**” or “**Municipality**” which expression shall include its respective successors and permitted assignees, unless the context otherwise requires)

AND

[●], a private limited company incorporated under the provisions of the Companies Act, 1994 having Trade License Number [●] and having its registered office at [●], hereinafter referred to as “[●]” or “**Service Provider**” (which expression shall unless excluded by or repugnant to the subject or context be deemed to mean and include its successor / successor in interest) of the Third Party.

The parties are together referred to as the “Parties” and individually as the “Party” in this Agreement.

#### **WHEREAS:**

[LGI name] Municipal Corporation/Municipality is the prime user and custodian of the Faecal Sludge Treatment Plant (FSTP)/Co-treatment Plant at [mention FSTP location], [LGI name]. The FSTP/Co-treatment plant is primarily constructed to serve the areas under the jurisdiction of [LGI name] LGI and other peripheral areas within the greater region of [LGI name], if any. LGI wants to partner with the Service Provider to operate, maintain and treat faecal sludge at the Faecal Sludge Treatment Plant/Co-



treatment Plant. The Site and the *FSTP/Co-treatment* plant developed thereon shall be and continue to be the property of the LGI.

NOW IT IS HEREBY AGREED AND UNDERSTOOD BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

**1. The Contract Period:**

- 1.1 Commencement Date:** The commencement date shall be the date on which this Agreement is signed.
- 1.2 Concession Period:** The concession is granted for a period of \_\_ years commencing on 1<sup>st</sup> of the month following the month in which the FSTP is commissioned. The exact start and end date of the Concession Period shall be entered into Annexure A on the date of commissioning of the FSTP.
- 1.3 Extension Period:** The Concession Period may be extended after the Concession Period ends, for up to \_\_ years upon mutual agreement between the Parties.

**2. Scope of Work for the Service Provider and the Municipality:**

**2.1 Designing and Building a FSTP:**

The Service Provider shall engage CDD to design and build a FSTP at the FSTP Site, which will be provided for such purpose against a fee payment.

- 2.1.1** The LGI shall retain full ownership of the FSTP Site, but it shall be marked for use as a FSTP only as long as the FSTP remains operational.
- 2.1.2** The Service Provider shall have no right of ownership, leasehold right or any other right to the FSTP Site but shall have unrestricted access to the FSTP Site for the duration of this Agreement.
- 2.1.3** The FSTP Site will be jointly identified and marked by the Service Provider and the LGI within 1 (one) week of signing this Agreement. If the FSTP Site is found to be unsuitable, or any other event including difficulty in receiving any required permits, then an alternative FSTP Site shall be identified within 2 (two) weeks from it becoming known that the identified FSTP Site is unviable.
- 2.1.4** The LGI shall ensure that the FSTP Site is accessible by the Trucks at all times from the main road.
- 2.1.5** This FSTP may be expanded, enhanced or improved from time to time, as the need may arise, at the sole decision of the Service Provider, provided that no additional land is requested. If additional land is required, the LGI shall provide such additional land adjoining the FSTP Site.
- 2.1.6** The Service Provider shall build a database and a Management Information System (MIS) of the households / institutions in the Pourashava where the faecal sludge needs to be emptied. The data needs to be updated as and when FS is delivered from the household/institution to the FSTP. The MIS should record information like the specification of the septic tank / pit latrine (containment system), date it is disposed

and treated, etc. (Annexure G for details). The Service Provider shall share the updated database and MIS with the LGI at the end of every month.

## **2.2 Operating and Maintaining the FSTP:**

The Service Provider will operate the FSTP as per the terms herein.

- 2.2.1** The FSTP must be operated in accordance with the Standard Operating Procedures (SOP) published by concerned authorities (Annexure E).
- 2.2.2** All preventive and curative maintenance activities must be conducted in accordance with the SOP. All records must be maintained and made available to the Municipality whenever requested.
- 2.2.3** By the 20th of every month, the Service Provider shall receive from the Municipality and/or FSTP a list of Customers whose soak pits and septic tanks / pits will be cleaned during the following month in the format in Annexure B.
- 2.2.4** All by-products and effluents from the FSTP must meet relevant standards and norms, as set by and periodically updated by relevant authorities.
- 2.2.5** All by-products from the FSTP shall be made available to the LGI and/or Municipality for use in public gardens and parks, if requested by the LGI and/or Municipality.
- 2.2.6** The FSTP must always be well-maintained, clean and not create any nuisance or disturbance to any neighbouring structures or inhabitants (Annexure F).
- 2.2.7** The Service Provider to retain "Service Notice" in a format similar to Annexure C from each truck driver for each customer with a signature/stamp of the Customer.

## **3. Payment of service fees to Service Provider:**

- 3.1** The Municipality have set up a bank account in a nationalized bank and all fees and fines or penalties paid by Customers shall be collected in this bank account only ("Project Bank Account").
- 3.2** The Project Bank Account shall only be used for purposes related to this Agreement.
- 3.3** The Client agrees to pay the Service Provider the following compensation for the Service performed under this Agreement:  
= 100,000 Taka on a monthly basis
- 3.4** Payments of service fees to the Service Provider shall be made via electronic bank transfer into the designated bank account of the Service Provider, or by crossed account payee cheque in favour of the Service Provider, on or before the \_th of the following month, provided the monthly reports as per have been submitted in a timely manner (in a similar format provided in Annexure D).
- 3.5** All funds collected in the Project Bank Account shall be used for providing and promoting FSM services in ABC only and the Municipality shall not withdraw any funds from the Project Bank Account for any other purpose. Further, the Municipality shall not withdraw more than 10% of the funds collected the Project Bank Account, for purposes other than payments made to the Service Provider.

## **4. Force Majeure:**

### **4.1 Definition of Force Majeure:**

- 4.1.1 Force Majeure means any event or circumstance that prevents or adversely affects any Party in the performance of its obligations under this Agreement, provided that the Party has little or no ability to control such events or circumstances, and the effects of such event or circumstance could not have been prevented with reasonable efforts:
- 4.1.2 Natural disasters, including but not limited to earthquakes, floods, cyclones, fires or storms, in and around ABC.
- 4.1.3 Act of war, terrorism, sabotage, blockades or military action.
- 4.1.4 Civil unrest, labour unrest, strikes or actions by unions or organized groups.
- 4.1.5 Any other event that disrupts the ability of Trucks and staff of the Service Provider to safely deliver the Sludge to the FSTP.

#### 4.2 Notification of Force Majeure:

The Party claiming Force Majeure shall:

- 4.2.1 Inform the other Party of the event or circumstance leading to Force Majeure as soon as practically possible but no later than 48 hours after the start of such event or circumstance.
- 4.2.2 Provide daily update on the situation along with an assessment of likely future developments.
- 4.2.3 Inform the other Party once the situation has ceased and normal conditions are restored.

#### 4.3 Consequence of Force Majeure:

- 4.3.1 Neither party shall deem to be in breach of this Agreement if unable to perform their obligations solely due to one or more Force Majeure.
- 4.3.2 Either Party shall have the right to terminate this Agreement if Force Majeure conditions continue for a period of over 120 (one hundred and twenty) days.

### 5. Default and Termination:

#### 5.1 Events of default by Service Provider:

- 5.1.1 Any of the following, if they occur during the Agreement Period, shall constitute an event of default by the Service Provider unless these happen due to Force Majeure or due to default by the Municipality:
- 5.1.2 Service Provider fails to meet the timelines agreed upon.
- 5.1.3 The Service Provider is in material breach of its obligation under this Agreement and the same has not been remedied for over 30 days after being notified of the breach.

#### 5.2 Event of default by the Municipality:

Any of the following, if they occur during the Agreement Period, shall constitute an event of default by the Municipality unless these happen due to Force Majeure or due to default by the Service Provider:

- 5.2.1 Non-payment of service fees by the Municipality to the Service Provider.

**5.2.2** The Municipality is in material breach of its obligation under this Agreement and the same has not been remedied for over 30 days after being notified of the breach, especially:

- i. Collection of Fees from Customers in a timely manner.
- ii. Ensuring convenient access for Trucks to the FSTP Site.
- iii. Exclusivity to operate a FSTP under an agreement with the Municipality.

### **5.3 Termination due to default by Service Provider or Municipality:**

The Municipality shall have the right but not obligation to terminate this Agreement if the event of default by the Service Provider is not rectified within 30 days of the Service Provider being notified of the event of default, simultaneously in writing and electronically by the Municipality.

The Service Provider shall have the right but not obligation to terminate this Agreement if the event of default by the Municipality is not rectified within 30 days of the Municipality being notified of the event of default, simultaneously in writing and electronically by the Service Provider.

If either Party becomes entitled to terminate the Agreement and decides to terminate the Agreement, such Party shall issue a notice (the "Termination Notice") explaining in sufficient detail the sequence of events that led to the termination of this Agreement.

The Party receiving the Termination Notice shall have a further 30 (thirty) days to rectify the cause of the Termination Notice. If the cause is rectified, then the Termination Notice shall be withdrawn by the issuing Party. If the cause is not rectified, then this Agreement shall stand terminated.

### **5.4 Process after Termination of Agreement:**

In the event of termination of this Agreement for any reason including the end of the Concession Period, the following actions shall be completed within 30 days from the termination date:

- 5.4.1** Control of the FSTP owned by the Municipality shall be passed back to the Municipality.
- 5.4.2** The Service Provider shall no longer have access to the FSTP.
- 5.4.3** All records, reports, MIS documents, computer files etc shall be handed over to the Municipality. The Service Provider may retain copies for tax, statutory and internal purposes.
- 5.4.4** Any outstanding payments to the Service Provider for services provided shall be paid promptly by the Municipality to the Service Provider.
- 5.4.5** The Municipality is not obliged or required to continue the services of or pay any personnel, workers, sub-Service Providers that have been hired or retained by the Service Provider.

- 5.4.6 In the event of Termination due to default by Municipality, then the Municipality shall pay the Service Provider a breakup fee.

## **6. Dispute Resolution:**

- 6.1 The Parties shall first attempt to resolve any dispute, disagreements, differences or controversies of any nature (the "Dispute") amicably between the appropriate representatives of the Parties within 30 days.
- 6.2 If the Dispute cannot be solved amicably, then it may be referred to arbitration according to provisions of Clause 7.3 below.
- 6.3 Arbitration:
- 6.3.1 Procedure: Any Dispute which could not be settled by the Parties through negotiations, after the period of 30 (Thirty) Business Days from the service of the Dispute Notice, shall be referred to and finally resolved by arbitration under the Arbitration and Conciliation Act, 1996. The number of arbitrators shall be 3 (Three). Each disputing Party shall appoint 1 (One) arbitrator and the 2 (Two) arbitrators so appointed shall appoint the third arbitrator.
- 6.3.2 Place of Arbitration: The seat, or the legal place, of arbitration shall be ABC, Bangladesh, but if required and with the agreement of the Parties, it may be held elsewhere.
- 6.3.3 Bengali language: All written communication, submissions, awards and orders, as well as any oral hearings, shall be conducted in Bengali.
- 6.3.4 Enforcement of Award: The Parties agree that the decision or award of the arbitration panel shall be binding and final and shall be enforceable with the provisions of the Arbitration Act 2001.
- 6.4 Performance during dispute: The Parties shall continue to perform their respective obligations under this Agreement until the final resolution of the Dispute.

## **7. Other Terms and Conditions:**

- 7.1 Exclusivity: The Municipality shall not enter into any contract that is materially similar to this Agreement, and shall not pay any other party, for any of the services or activities listed in this Agreement.
- 7.2 Labour: The Service Provider shall ensure the following:
- 7.2.1 No person under the age of 18 shall be employed on a part-time or full-time basis or as a Service Provider or sub-Service Provider to operate and manage the FSTP. Volunteers shall not be counted as employees.
- 7.2.2 Every six months, a health check shall be conducted of all employees and workers who perform duties in the FSTP.
- 7.2.3 The Service Provider shall comply with all applicable labour laws. The Municipality shall be indemnified against any claims against the Service Providers for non-compliance of such laws.
- 7.2.4 All employees shall be properly qualified and trained to undertake their tasks.

**7.2.5** All employees shall have health insurance against occupational hazards that is applicable to similar occupations.

**7.3 Insurance:** The Service Provider shall, at their cost, purchase and maintain all relevant insurances with respect to the FSTP, for the entire Contract Period, in line with good industry practices.

**7.4 Asset and Land Use:** The Service Provider shall ensure that the FSTP Site and Trucks shall be used optimally and exclusively for the purposes mentioned and related to this Agreement. The FSTP Site and Trucks shall not be used for activities unrelated to this Agreement.

**7.5** The Service Provider shall pay all taxes, duties, statutory charges, fees and outgoing including utility bills related to the FSTP.

**7.6 Governing Law:** This Agreement shall be governed by the laws of Bangladesh.

**7.7 Notices:** Any notice must be in the Bengali language and delivered (i) electronically to the e-mail address(es) AND (ii) by registered mail or reputed courier service (with tracking number) or hand delivered with stamp of acceptance, as per the details below. This information can be updated by either Party by submitting a notice to the other Party.

If to the Municipality:

[•]

If to the Service Provider:

[•]

**7.8 Severability:** If for any reason, any provision of this Agreement becomes invalid, illegal or unenforceable, the validity and legality of the other provisions shall in no way be affected. The Parties shall negotiate in good faith to substitute such invalid, illegal or unenforceable provisions as nearly as possible.

**7.9 No Partnership:** Nothing in this Agreement shall be construed or interpreted as a partnership between the Parties.

In witness whereof the parties hereto have caused this understanding in duplicate to be executed hereunto set their respective hands the day month and year first hereinabove written.

**For the Service Provider**

**For the Pourashava Governing**

**Body of ABC**

---

Name:

Title:

Date:

---

Name:

Title:

Date:

**Annexure A**

*This Annexure is to be filled in and duly signed on the date of commissioning the FSTP.*

Date of Commissioning FSTP: \_\_\_\_\_

Start Date of Concession Period: \_\_\_\_\_

End Date of Concession Period: \_\_\_\_\_

**For the Service Provider**

---

Name:

Title:

Date:

**For the ABC municipality**

---

Name:

Title:

Date:



## Annexure B

List of Customers planned for the Month of \_\_\_\_\_, 202\_\_

Sr. No.	Name	Address	Type / Category

The rest of this page is intentionally left blank

## Annexure C

### Sludge Cleaning Service Notice

Order No:  
Customer ID:  
Customer Name:  
Address:  
Phone No.:  
E-mail:

**First Appointment Date:** \_\_\_\_\_ Arrival Time: \_\_\_\_\_ Dep. Time: \_\_\_\_\_  
Cleaning completed: Yes / No  
If No, then reason: Right person not available at site  
Access blocked  
Other: \_\_\_\_\_

**Second Appointment Date:** \_\_\_\_\_ Arrival Time: \_\_\_\_\_ Dep. Time: \_\_\_\_\_  
Cleaning completed: Yes / No  
If No, then reason: Right person not available at site  
Access blocked  
Other: \_\_\_\_\_

Number of Units to be cleaned: \_\_\_\_\_ Septic Tanks \_\_\_\_\_ Soak Pits

Number of Units cleaned: \_\_\_\_\_ Septic Tanks \_\_\_\_\_ Soak Pits

Total Volume of sludge collected: \_\_\_\_\_ Litres

#### Customer Acknowledgement:

The septic tank and soak pit cleaning services have been completed satisfactorily.

Customer Signature and Stamp

#### Feedback:

The site was left clean and hygienic:	Yes	No			
The operator was courteous:	Yes	No			
The operator used appropriate safety equipment:	Yes	No			
Overall Score:	1	2	3	4	5

## Annexure D

### Monthly MIS Statement for the month of \_\_\_\_\_, 20\_\_

#### Operational Information:

No. of working days			
No. of Customers served:		No. of Scheduled Cleanings:	
<i>Plan</i>		<i>First Appointment</i>	
<i>Actual</i>		<i>Second Appointment</i>	
<i>Fulfilment Rate (%)</i>		No. of Emergency Requests	
		No. of fines charged	
Areas of ABC covered			
Volume of Faecal Sludge Collected		Total kilometres run by Trucks	

#### Financial Data (all amounts in Bangladeshi Taka):

<b>Operating Costs:</b>			
Total salaries and manpower			
Fuel			
FSTP Maintenance			
Office and admin costs			
Financing and other expenses			
<b>Total Operating Costs (A)</b>			
<b>Capital Investments:</b>			
FSTP Improvement CapEx			
<b>Total Capital Investment (B)</b>			
Payment due to Service Provider for current month (C)			
Amount for repayment of Investment by Service Provider (C-A-B)			
Opening Balance of Project Bank Account			
Fees Collected		Total YTD:	
Fines Collected		Total YTD:	
Total Collections		Total YTD:	
Payments to Service Provider for prior months			
Withdrawals by Municipality			
Closing Balance of Project Bank Account			
<b>Annexure E FSTP Operations Guidelines</b>			
<b>Operator Safety Procedures</b>			
Equipment operators should be warned of the hazardous of faecal sludge, provided with and trained on the use of safety equipment, and trained to practice appropriate personal hygiene.			

Safety equipment to be regularly provided to the operators and always available to them during operations includes: reflective apron, safety glasses, hard-toe gum boots, face mask, gloves, raincoat during rainy seasons and disinfectant soap. Operators should be trained and constantly reminded to wash their hands with disinfectant soap after key moments.

#### **Environmental Safety Procedures**

Operators should be regularly reminded and supervised to ensure collected sludge is treated in pre-agreed processes.

#### **Annexure F Operations and Maintenance Services**

All types of Operational Services refer to regular operating and maintenance activities that need to be undertaken, when necessary, as well as unexpected repair or replacement of as a result of Equipment malfunction will be done by the Service Provider.

1. Collection of faecal sludge: Monitor regular disposal of faecal sludge from the desludging trucks / vehicles in the treatment plant
2. Dewatering and drying beds of fecal sludge: Ensure beds are covered with transparent polyethene
3. Biological treatment of separated liquid: Check levels of BOD, COD, pathogens, and heavy metals in the treated water rendering the liquid healthier. Check levels of pH, temperature, and DO for nitrification and denitrification processes.
4. Drying of fecal sludge: Spreading the sludge in a thin layer to facilitate air moisture removal/drying via condensing or adsorption to facilitate quicker drying
5. If applicable, collection of organic fractions of municipal solid waste
6. Co-compost mixture preparation: Prepare using 1-part dry fecal sludge, 3 parts organic solid waste, and 1-part sawdust as bulking agent to reach a targeted moisture level in the range of 45% to 60% to improve aeration.
7. Construct composting beds

#### **Annexure G Information to be Recorded by the Service Provider**

5. Financial
  - ✓ detailed expenses incurred including dates with description of item and amount spent, including but not limited to salaries; equipment and materials (safety, soap, etc.); office expenses; external services (bank charges, insurance, utilities, etc.) from company ledger and invoice books. *If ledger book includes other aspects of the Service Provider's business, FSM-related operations need to be clearly identified.*
6. Operational
  - ✓ volume of material purchase, as required
  - ✓ customer records (date and time of service request, date and time of service delivery, location with accurate address including area, street and house number when available, preferably GPS location, contact information with name and phone number, number of people served by the tank or pit, and number of loads emptied from the daily record of services
  - ✓ downtime recorded in unit of days as either 'technical failure of equipment' or 'not enough staff' from the record of downtime.
7. Management
  - ✓ type and amount of training attended by employees and management from the training certificates.
8. Equipment Maintenance
  - ✓ daily and weekly checks from the checklist records
  - ✓ date, description of maintenance performed and cost from the maintenance records.



## Contact Us

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**Athena Infonomics** is a global data solutions group that applies social science research, data analytics, and technology to provide global development leaders with user-centric, context-specific outcomes. Founded in Chennai, India in 2010, Athena now has offices in India, the United States, the United Kingdom, and Kenya, alongside program hubs spanning Sub-Saharan Africa and South Asia. Having worked on more than 200 projects across practices with various clients, we have built a reputation for meaningful outcomes delivered by a skilled, energetic, committed, and passionate team. This work is gaining recognition: in 2022 alone, we were included in *The Financial Times*' Asia-Pacific High-Growth Companies list and India's Growth Champions list, compiled by *The Economic Times*.