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**Chief Executive Secretariat
National Reconstruction Bureau**

**Guidelines for Transfer of Functions
through Mutual Agreement
by Tehsil Municipal Administration
to Union Administration**

December, 2001

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LIST OF ACRONYMS

CBO	Community Based Organization
CCB	Citizens Community Board
CO	Chief Officer
CO Unit	Chief Officer's Unit
Dept.	Department
HQ	Head Quarters
I&S	Infrastructure and Services
LGO	Local Government Ordinance
LG&RDD	Local Government and Rural Development Department
MC	Municipal Committee
MCorp	Municipal Corporation
NC	Neighbourhood Council
O&M	Operation and Maintenance
PHED	Public Health Engineering Department
R&M	Repair and Maintenance
Rs.	Rupees
SBNP	Sindh Balochistan NWFP Punjab
TC	Town Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TO	Tehsil Officer
UA	Union Administration
UC	Union Council
ULC	Urban Local Council
VC	Village Council

1. INTRODUCTION

1.1. Participation in decision making, greater accountability and higher effectiveness demands that responsibility for service delivery would rest with the people at the local level. Presently many functions are being performed by higher levels of local government which could, under the principle of subsidiarity, be performed by the lower tiers. The SBNP Local Government Ordinance 2001 has provided an enabling mechanism for transfer of municipal service delivery functions from higher to lower tiers of local governments. Corresponding funds and resources of the functions to be transferred are to be allocated to the lower tier. The regulatory and monitoring responsibility for such functions, however, remains with the higher tier. Under various sections of the Ordinance, the functions may be transferred from:

- a. the District Government to a Tehsil/Taluka Municipal Administration (TMA) in a common district [Town Municipal Administration in a city district]; or a Union Administration (UA);
- b. the TMA to a UA, Village or Neighbourhood Council (VC/NC); and
- c. the Union Administration to the VC/NC.

1.2. The enabling section (Sections 54(2)(b) of the SBNP LGO, 2001) for transfer of TMA functions to the VC/NC provides that:

“The Tehsil Municipal Administration may on such terms and conditions as are mutually agreed, transfer its functions or responsibilities with regard to providing municipal services to the Union Administration or Village Council:

Provided that no function or responsibility shall be transferred without allocation of corresponding resources and funds:

Provided further that the responsibility to regulate and monitor such functions and services shall remain with the Tehsil Municipal Administration.”

1.3. Mutual Agreement between the TMA and a lower tier is required for transfer of a municipal service delivery function from the TMA to the lower tier. The regulatory responsibility for the transferred functions will however remain with the TMA.

1.4. The present Guidelines pertain to the transfer of functions from the Tehsil Municipal Administration (TMA) to the UA. The purpose is to help the TMA and the UA to:

- a. understand the system of transfer of TMA functions and responsibilities to the UA by ‘Mutual Agreement’;
- b. obtain information about the transferable function and responsibility of the TMA regarding municipal services in a systematic method;

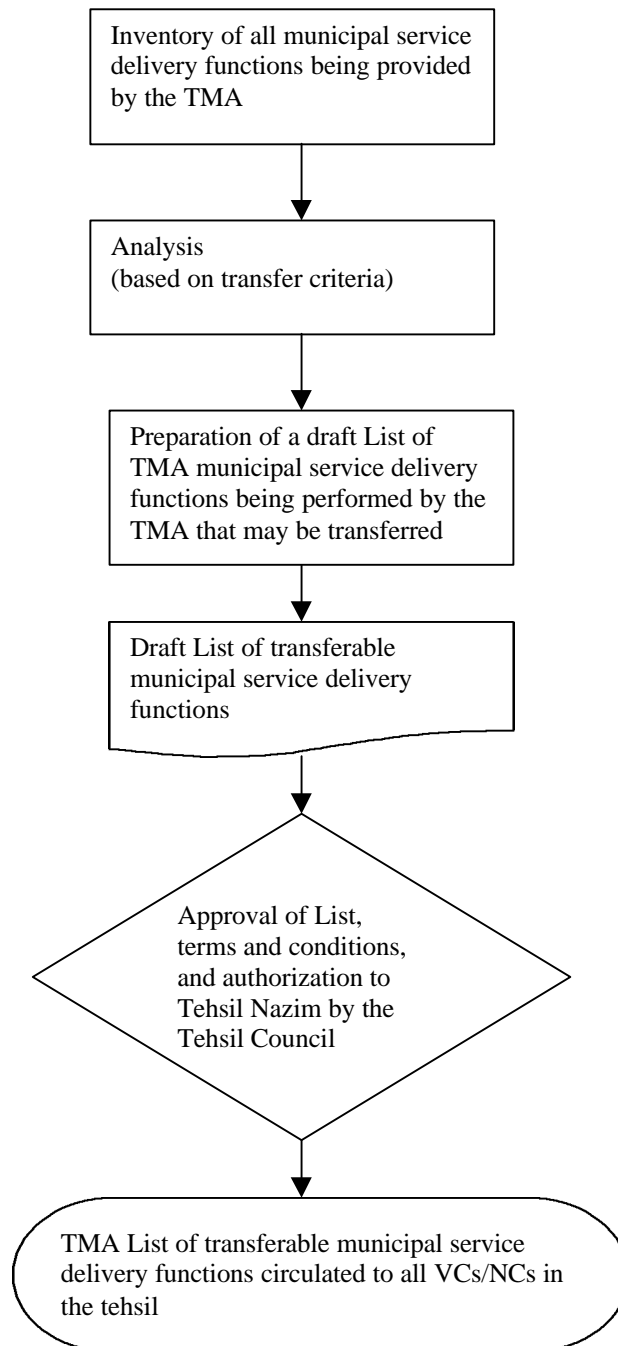
- c. make an informed decision based on the available information;
- d. enter into a ‘Mutual Agreement’ for transfer of a TMA municipal service delivery function;
- e. operate and maintain the municipal service delivery function transferred by the TMA to the UA;
- f. discharge regulatory responsibilities of the TMA after transfer of such function and responsibility to the UA; and
- g. understand the procedures for cancellation of the ‘Mutual Agreement’ in case of violation/breach of agreement.

2. PROCESS FOR TRANSFER OF FUNCTIONS

- 2.1. It is envisaged that TMA municipal service delivery functions can be transferred to the Union Administration through ‘Mutual Agreement’ under two processes. Under the first process, the function to be transferred is selected from a list prepared and notified by the TMA. In the second process, “any other TMA function”, not included in this list prepared and notified by the TMA, can be transferred.
- 2.2. The process for preparing an inventory of all the municipal services being currently provided by the TMA, selecting a function that can be transferred to a Union Administration or Village Council/ Neighbourhood Council, and, preparing a List of Transferable Functions is detailed in part 3.
- 2.3. The process for transfer of a listed function by Mutual Agreement is given in Part 4 while Part 5 gives the process for transfer of “any other function”. The implementation of the agreement after the transfer is detailed in Part 6.

3. FUNCTIONS TRANSFERABLE FROM TMA

- 3.1. As mentioned in Part 2, the TMA will need to decide which of the functions that it is actually performing, can be transferred to the lower tier of local government and the physical areas/territories where this function may be transferred.
- 3.2. The steps for preparing this list include: (a) making an inventory of the existing municipal service delivery functions in the entire tehsil that the TMA is actually performing; (b) the criteria for selection of the functions that it can transfer to the lower tier; and (c), preparing a list of municipal service delivery functions to be transferred.



Inventory of municipal service delivery functions

- 3.3. To enable the TMA to consider the functions that it may transfer to lower tiers of the local government, it is necessary for the TMA to make an inventory of all existing municipal services (which it is actually providing) in the entire tehsil.
- 3.4. On 13th August 2001, there were water supply, sewerage, drainage and sanitation services/schemes developed (or being developed), and/or operated and maintained by the:
 - a. Urban Local Councils (Municipal Corporation, Municipal Committee and Town Committees);
 - b. Government departments – Public Health Engineering Department (PHED) and Local Government and Rural Development Department (LG&RDD) or equivalent; and
 - c. District Councils in the rural areas.
- 3.5. The inventory will include an overview of the condition of all municipal service delivery functions actually performed by the TMA in the entire TMA area. A sample format showing what information has to be included in the inventory of the functions is attached as Annex A.
- 3.6. The inventory will enable, the TMA to have detailed information on all aspects of the municipal service delivery functions which it is undertaking, e.g.
 - a. who developed the scheme?
 - b. who is involved in operations and maintenance?
 - c. what funds are used for operations and maintenance?
 - d. staff deployed at site;
 - e. technical details;
 - f. the present condition of the services provided; and
 - g. the present condition of equipment and assets relating to the municipal service.
- 3.7. This information will be shown separately for:
 - a. each union or Neighbourhood in the area under the Chief Officer Unit [CO Unit] (i.e. the former urban local councils), and,
 - b. each union or village in other areas of the tehsil.

Criteria for transfer

- 3.8. It is envisaged that it may be possible for the TMA to transfer the operations and maintenance of the following municipal service delivery functions to a lower tier of government:

No	Function	Specific area served	Transfer able to
a.	Water Supply		
a.1.	Source/ Treatment		
	Open well / hand pumps/pond	in a small settlement (village) in a Union	VC
	Tubewell	Serving single settlement (village) in a Union	VC
		Serving multiple settlements (2 or 3 villages) in a Union	UA
a.2.	Water bulk transportation	in a small settlement (village) in a Union	VC
		Serving single larger settlement (village) in a Union	VC
		Serving multi settlements (2 or 3 villages) in a Union	UA
a.3.	Water Distribution	in a small settlement (village) in a Union	VC
		in a small settlement (Neighbourhood) in a CO Unit	NC
		Within a single union CO Unit or within one union of a CO Unit	UA
a.4.	Water – Integrated System: (including source, bulk conveyance, treatment, storage, distribution to lane level, distribution to households)	in a small settlement (village) in a Union	VC
		In a larger settlement – in case the entire integrated system is within one Union of the CO Unit	UA
b.	Sewerage and Drainage		
b.1.	On site Sanitation/ disposal	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		in a small settlement (Neighbourhood) in a CO Unit	NC

No	Function	Specific area served	Transferable to
b.2.	Off-site Sanitation		
	b.2.1. House Connections and Lane Sewers	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		Small settlement (Neighbourhood) in a CO Unit – if it is a localized network	NC
		In a larger settlement – in case the entire integrated system is within one Union of the CO Unit	UA
	b.2.2. Main Sewers/ drains/ disposal	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		Small settlement (Neighbourhood) in a CO Unit – if it is a localized network	UA
c.	Sanitation and Solid Waste		
c.1.	Street Sweeping, Primary Collection at household level	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		Small settlement (Neighbourhood) in a CO Unit	NC
		In a larger settlement – in case of an entire Union of the CO Unit	UA
c.2.	Transfer from designated points to transfer stations	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		Small settlement (Neighbourhood) in a CO Unit	NC
		In a larger settlement – in the Union of a CO Unit	NC
c.3.	Transfer from transfer station to landfill site/ final disposal	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		In a larger settlement – in the entire Union of a CO Unit	UA
c.4.	Landfill site/ final disposal of solid waste	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		In a larger settlement – in the entire Union of a CO Unit	UA

No	Function	Specific area served	Transferable to
d.	Maintenance of Streets	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		Small settlement (Neighbourhood) in a CO Unit	NC
		In a larger settlement –in the entire Union of a CO Unit	UA
e.	Street Lights	In a small settlement (village) in a Union	VC
		Single larger settlement (village) in a Union	VC
		Small settlement (Neighbourhood) in a CO Unit	NC
		In a larger settlement –in the entire Union of a CO Unit	UA
f.	Parks, Playgrounds	In a small settlement (village) in a Union	VC
		At Neighbourhood level in a CO Unit	NC
		Serving a larger settlement – in a Union of the CO Unit	UA
g.	Arboriculture/ road side trees	In a small settlement (village) in a Union	VC
		At Neighbourhood level in a CO Unit	NC
		In a larger settlement – in the entire Union of a CO Unit	UA

3.9. The list of transferable municipal service delivery functions **will not cover:**

- a. all municipal service delivery functions that were being operated and maintained (or were required to be operated and maintained) by the Union or Village on 13th August 2001;
- b. all municipal service delivery functions that were being operated and maintained (or were required to be operated and maintained) by the community based organizations on 13th August 2001;
- c. all municipal service delivery functions set up by the Citizen Community Boards (CCBs) under the relevant provisions of the SBNP LGO 2001, (here the responsibility for operation and maintenance costs would be of the CCB and subject to the agreement between TMA and the CCB);
- d. rural water supply and sewerage/drainage schemes (PHED or LG&RDD and equivalent) that have already been transferred to the communities for operations and maintenance. These municipal services/schemes could

continue to be operated by the communities under existing agreements;
and

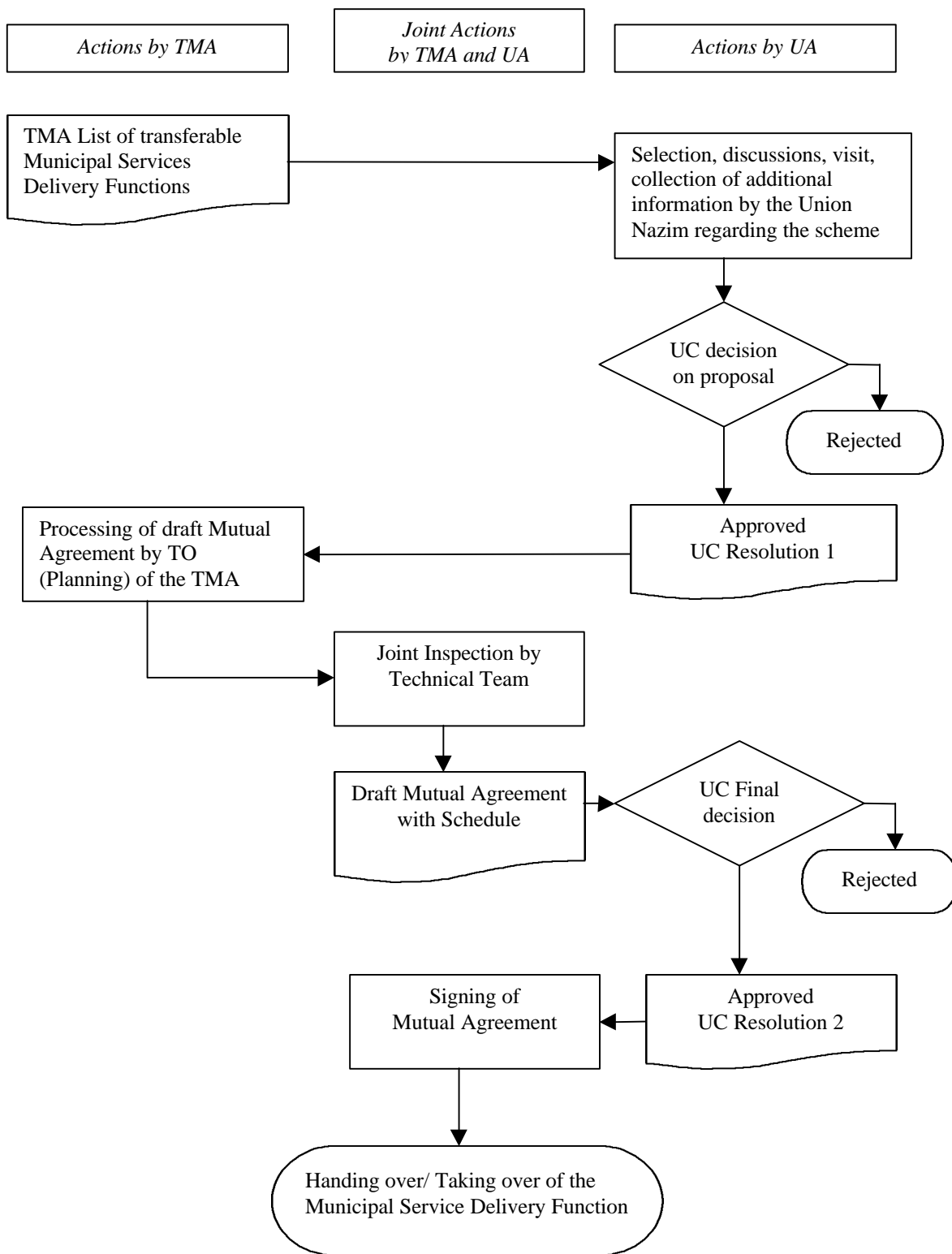
- e. rural water supply and sewerage/drainage schemes (PHED or LG&RDD or equivalent)/ on-going/ under construction/ constructed but not yet handed over to the communities for any reason/ under any agreement between the concerned provincial department and the communities. (These schemes are governed by the existing agreements under which the schemes have been or are being developed where normally the entire responsibility for operation and maintenance of the schemes after their completion and handing over lies with the communities).

TMA List of transferable municipal service delivery functions

- 3.10. On the basis of the inventory prepared by the TMA, a list of municipal service delivery functions that can be transferred will be prepared. This will present a summary of each municipal service delivery function, number of staff employed and O&M expenditure. A format for this list of transferable municipal service delivery functions is attached as Annex B.
- 3.11. This list will be presented by the Tehsil Nazim before the Tehsil Council as a resolution. The Tehsil Council will approve the terms and conditions for the transfer of municipal service delivery functions and authorize the Tehsil Nazim to enter into negotiations and sign the Mutual Agreement with the VC/NC for any of these municipal service delivery functions on the approved terms and conditions. (Draft Tehsil Council Resolution attached as Annex C).
- 3.12. After approval of the resolution by the Tehsil Council, the list of municipal service delivery functions that the TMA desires to transfer can be displayed on the notice board of the TMA and sent to all VCs/NCs in the Tehsil.
- 3.13. This list will provide each VC/NC with the basic data on which to base their decision of taking over the TMA municipal service delivery functions.

4. PROCESS FOR TRANSFER OF LISTED FUNCTIONS

5.1. The process for transfer of function by ‘Mutual Agreement’ according to the list of transferable services prepared by the TMA is detailed in this Part.



Starting the process

- 5.2. The Union Nazim will study these Guidelines to understand the system of transferring TMA services for operations and maintenance to the Union Administration.
- 5.3. The Union Nazim will examine the List of transferable municipal service delivery functions prepared by the TMA (refer Part 2 of these guidelines) to see if any function has been listed for transfer to the Union Administration. The information in the List will be, arranged according to Neighbourhoods or Unions within the CO Unit area, and, villages and Unions in the other areas, where the TMA proposes to transfer these municipal service delivery functions.
- 5.4. The Union Nazim:
 - a. will discuss this information with the Municipal Services Monitoring Committee of the Union to consider if the function can be undertaken and operated/maintained efficiently by the Union Administration (i) within the resources and funds that TMA will provide when the service is transferred, (ii) within the additional resources which can be generated by the UA, including additional funds that may be raised due to efficient billing and collection of user charges (iii) the other decision-making criteria pertain to improvements in service delivery through better supervision, quicker response to the service delivery problems, and, cost effectiveness;
 - b. alongwith the Municipal Services Monitoring Committee will visit the field/site to observe the actual working of the municipal service and the condition of the equipment and assets. This is important since UA will be responsible for the staff, equipment and other assets during the period of the Mutual Agreement;
 - c. in case after discussion and field/site visit any other information is required, will obtain this information from the office of the TO (Planning) of the TMA; and
 - d. on the basis of (a) to (c) above, will place the proposal before the Union Council for a decision whether or not to take over this municipal service delivery function from the TMA.
- 5.5. Where there is an agreement in the Union Council to take over the municipal service delivery function from the TMA, the Union Nazim will move a resolution expressing the Union Council's interest in taking over this function and the resolution will empower the Union Nazim to negotiate with the TMA in this connection. (Draft Union Council Resolution 1 attached as Annex D).
- 5.6. A copy of the Union Council resolution 1 will be sent to the TMA where TO (Planning) will be the focal person for dealing with the Union Nazim in connection with processing of the 'Mutual Agreement'.
- 5.7. The 'Mutual Agreement' will be prepared by the TMA within 7 working days of the receipt of the Union Council's Resolution 1 by the TO (Planning).

Inspection of the municipal services

- 5.8. Concurrently with the preparation of the ‘Mutual Agreement’, a technical team of the TMA and the concerned UA will be formed to inspect the relevant municipal service delivery function.
- a. This Team will have the following members:
 - i) Union Nazim or Naib Union Nazim;
 - ii) TO (Planning) of the TMA (or a nominee);
 - iii) Chief Officer (or nominee) – if the municipal service relate to a Union where these were being provided on the 13th August 2001 by a former Urban Local Council; **OR** the TO (Infrastructure) of the TMA (or nominee) if the services relate to a Union in any other area of the Tehsil; and
 - iv) Chairman Municipal Services Monitoring Committee.
 - b. The Team will:
 - i) inspect the condition of the relevant municipal services and make an assessment categorizing these as new/ excellent running condition/ functioning satisfactorily / repairable / non-repairable, etc;
 - ii) record the electricity meter readings where relevant (e.g. for water supply tubewell / street lights, etc) and obtain photocopies of the latest paid utility bills;
 - iii) meet the staff of the TMA who are to be deputed to the Union Administration for maintaining the municipal service. The staff will be instructed to continue their present duties but report to the Union Nazim; and
 - iv) enter the information in the ‘Schedule to the Mutual Agreement’ and sign the inspection portion so that the Union Administration has a clear understanding of the present condition of the municipal service and continues to maintain the assets and equipment in the same condition (or returns it in a properly functioning condition where currently it is not functioning but the TMA is providing funds to make it operational).

Approval of the arrangement by the Union Council

- 5.9. The proposal for taking over the municipal service and draft ‘Mutual Agreement’ will be presented by the Union Nazim to the Union Council to:
- a. approve the taking over of operation and maintenance of the municipal service by the Union Administration;
 - b. approve the terms and conditions detailed in the draft ‘Mutual Agreement’ and ‘Schedule to Mutual Agreement’;
 - c. authorize the Union Nazim to sign the ‘Mutual Agreement’ with the TMA on behalf of the Union Administration; and
 - d. The UC will pass a resolution in case of approval for taking over (Draft of UC Resolution 2 attached as Annex E).

Signing the Mutual Agreement

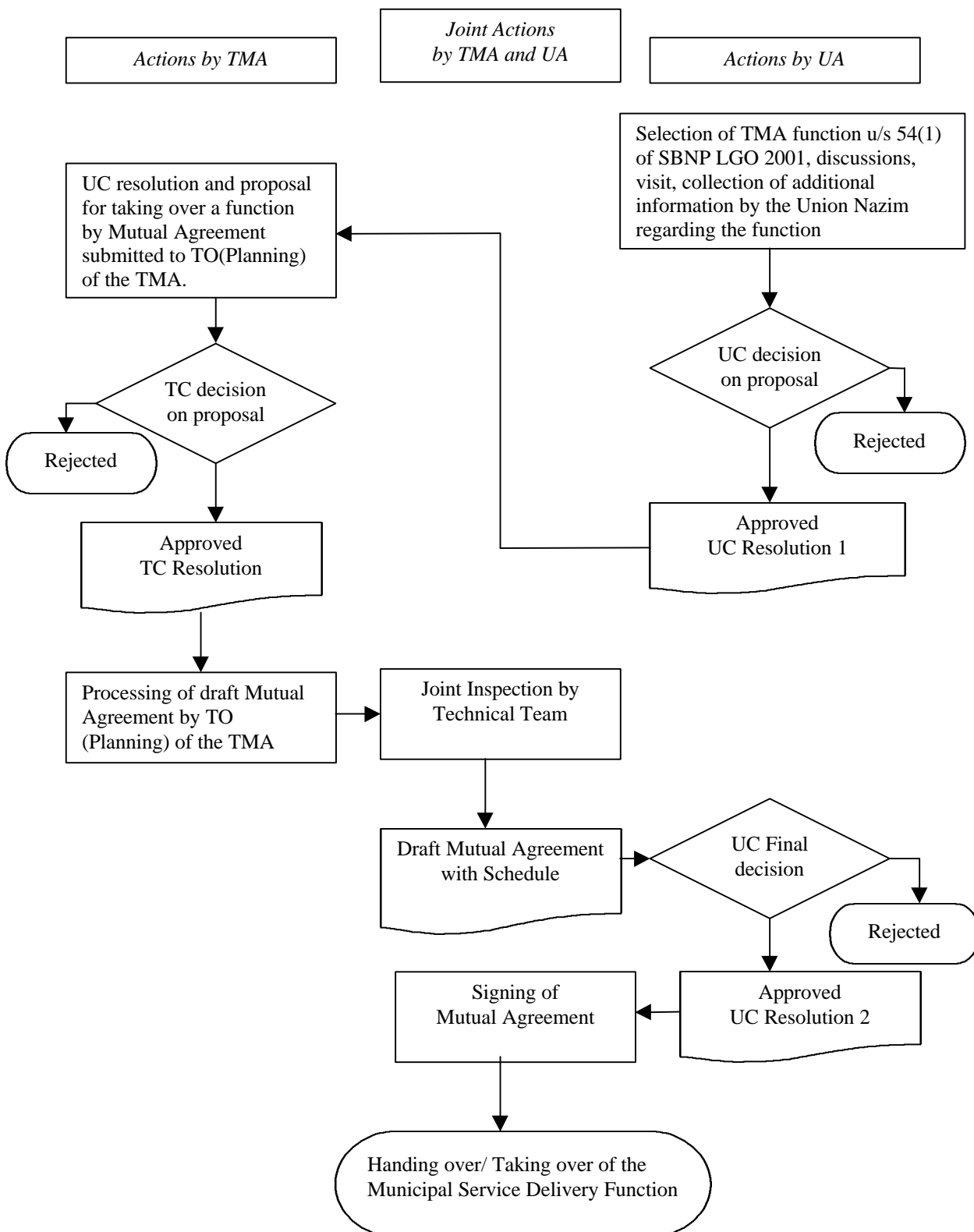
- 5.10. On approval of the terms and conditions through a resolution of the Union Council (the Tehsil Council having already approved the terms and conditions and authorizing the Tehsil Nazim to sign the 'Mutual Agreement' for transferring the function), the 'Mutual Agreement' will be signed (two original documents) on behalf of the Union Administration by the Union Nazim and on behalf of the TMA by the Tehsil Nazim (or nominated officer of the TMA).
- 5.11. One copy of the 'Mutual Agreement' will be kept with the TMA and the other with the Union Administration.

Handing over / taking over of the municipal service

- 5.12. The TMA will hand over and the UA will take over the municipal service delivery function on the date mentioned in the 'Mutual Agreement' and both will sign the handing over/taking over portion of the Schedule to the Mutual Agreement.
- 5.13. The relevant staff will be instructed to report to the Union Nazim (sample of instruction letter to the staff members is attached as Annex F).

5. PROCESS FOR TRANSFER OF ANY OTHER FUNCTION

5.1. The TMA may transfer “any other” function (i.e. a function not listed in the list of transferable functions prepared by the TMA) to the Union Administration (UA) through a ‘Mutual Agreement’ on the initiative of the Union Administration (UA). The following process may be followed for this transfer.



Starting the process

- 5.2. The Union Nazim will study these guidelines to understand the system of transferring a TMA municipal service delivery function for operations and maintenance to the Union Administration.
- 5.3. The TMA will circulate a 'List of transferable municipal service delivery functions' selected by it for Transfer to UA or VC/NC through Mutual Agreement. The Union Nazim may select any other function from the list of functions of the TMA [detailed in Section 54(1) of the SBNP LGO 2001]. He will collect the information from the TO (Planning) about the corresponding resources and funds for the function.
- 5.4. The Union Nazim:
 - a. will discuss this information with the Municipal Services Monitoring Committee of the Union to consider if the function can be undertaken and operated/maintained efficiently by the Union Administration (i) within the resources and funds that TMA will provide when the service is transferred, (ii) within the additional resources which can be generated by the UA, including additional funds that may be raised due to efficient billing and collection of user charges (iii) the other decision-making criteria pertain to improvements in service delivery through better supervision, quicker response to the service delivery problems, and, cost effectiveness;
 - b. alongwith the Municipal Services Monitoring Committee will visit the field/site to observe the actual working of the municipal service and the condition of the equipment and assets. This is important since UA will be responsible for the staff, equipment and other assets during the period of the Mutual Agreement;
 - c. in case after discussion and field/site visit any other information is required, will obtain this information from the office of the TO (Planning) of the TMA; and
 - d. on the basis of (a) to (c) above, will place the proposal before the Union Council for a decision whether to take over this municipal service delivery function from the TMA.
- 5.5. Where there is an agreement in the Union Council to take over the municipal service delivery function from the TMA, the Union Nazim will move a resolution expressing the Union Council's interest in taking over this function and the resolution will empower the Union Nazim to negotiate with the TMA in this connection. (Draft Union Council Resolution 1 attached as Annex D).
- 5.6. After approval of the resolution by the Union Council, the Union Nazim will send the proposal with a copy of the resolution to the TO (Planning) of the TMA.

Processing of 'UA's proposal' by the TMA

- 5.7. The TO (Planning) will be the focal person for dealing with the Union Nazim in connection with the processing of the proposal which may lead to a 'Mutual

Agreement'. He will collect the information from other officers of the TMA, keep track of the movement of the 'Proposal', and ensure that the information is available within the timeframe, and, presented before the Tehsil Council for approval.

- 5.8. The TO (Planning) will send the 'Schedule to Mutual Agreement' to the TO (I&S) for filling the technical details. In case the information relates to a Union in former rural areas this will be filled in by the office of the TO (I&S). If the information relates to a Union in a former Urban Local Council (former Municipal Corporation/ Municipal Committee or Town Committee) then it will be filled in by the relevant CO Unit.
- 5.9. As soon as the 'Schedule to Mutual Agreement' from the TO (I&S) is received, the TO (Planning) will send this to the TO (Finance) for filling in relevant financial information such as:
 - a. budget provisions for the current year and the previous two years;
 - b. actual expenditure incurred on various line items for providing the service (including the appropriation of expenditure at the yearend, if any); and
 - c. user charges currently being budgeted, levied and collected for providing the service. The Union Administration will also help in the recovery of arrears of user charges.
- 5.10. TO (Planning) will review the filled 'Schedule to Mutual Agreement' and prepare the case for presentation to the Tehsil Nazim through the TMO. Terms and conditions in addition to the normal terms and conditions of a Mutual Agreement may be added in case these are necessary to avoid a dip in service level. The TMO will review the complete case and submit it to the Tehsil Nazim for presenting it before the Tehsil Council for approval (TC Resolution attached as Annex C-1).

Approval by the Tehsil Council

- 5.11. The Tehsil Council will consider the case and pass the resolution to:
 - a. approve the transfer of the municipal service delivery function to the Union; and
 - b. authorize the Tehsil Nazim (or nominee) to sign the 'Mutual agreement' with the Union on behalf of the TMA.
- 5.12. After approval by the Tehsil Council, the 'Mutual Agreement' will be prepared by the TMA within 7 working days.

Inspection of the municipal service delivery function

- 5.13. Concurrently with the preparation of the 'Mutual Agreement', a technical team of the TMA and the concerned UA will be formed to inspect the relevant municipal service.
 - a. This Team will have the following members:
 - i) Union Nazim or Naib Union Nazim.

- ii) TO (Planning) of the TMA (or a nominee).
 - iii) Chief Officer (or nominee) – if the municipal service delivery function relate to a Union where this was being performed on the 13th August 2001 by a former urban Local council; **OR** the TO (Infrastructure) of the TMA (or nominee) if the services relate to a Union in any other area of the Tehsil.
 - iv) Chairman Municipal Services Monitoring Committee.
- b. The Team will:
- i) inspect the condition of the relevant municipal service and make an assessment categorizing them as new/ excellent running condition/ functioning satisfactorily / repairable / non-repairable, etc;
 - ii) record the electricity meter readings where relevant (e.g. for water supply tubewell / street lights, etc) and obtain photocopies of the latest paid utility bills;
 - iii) meet the staff of the TMA who are to be deputed to the Union Administration for maintaining the municipal service. The staff will be instructed to continue their present duties but report to the Union Nazim; and
 - iv) enter the information in the ‘Schedule to the Mutual Agreement’ and sign the inspection portion so that the Union Administration has a clear understanding of the present condition of the municipal service and continues to maintain the assets and equipment in the same condition (or returns it in a properly functioning condition where currently it is not functioning but the TMA is providing funds to make it operational).

Approval of the arrangement by the Union Council

- 5.14. The proposal for taking over the municipal service and draft ‘Mutual Agreement’ will be presented by the Union Nazim to the Union Council to seek approval of:
- a. taking over of operation and maintenance of the municipal service delivery function by the Union Administration;
 - b. terms and conditions detailed in the draft ‘Mutual Agreement’ and ‘Schedule to Mutual Agreement’; and
 - c. authorization for the Union Nazim to sign the ‘Mutual Agreement’ with the TMA on behalf of the Union Administration.
- The UC will pass a resolution in case of approval of the take over (Draft of UC Resolution 2 attached as Annex E).

Signing the Mutual Agreement

- 5.15. On approval of the terms and conditions through a resolution of the Union Council (the Tehsil Council having already approved the terms and conditions and authorized the Tehsil Nazim to sign the ‘Mutual Agreement’ for transferring the function), the ‘Mutual Agreement’ will be signed (two original documents) on behalf of the Union Administration by the Union Nazim and on behalf of the TMA by the Tehsil Nazim (or nominated officer of the TMA).

- 5.16. One copy of the 'Mutual Agreement' will be kept with the TMA and the other with the Union Administration.

Handing over / taking over of the municipal service

- 5.17. The TMA will hand over and the UA will take over the municipal service delivery function on the date mentioned in the 'Mutual Agreement' and both will sign the handing over/taking over portion of the Schedule to Mutual Agreement.
- 5.18. The relevant staff will be instructed to report to the Union Nazim (sample of instruction letter to the staff members is attached as Annex F).

6. IMPLEMENTATION OF AGREEMENT

Operation and maintenance

- 6.1. The TMA will:
 - a. transfer the funds in quarterly installments for operation and maintenance (other than for establishment expenses) to the Union Administration;
 - b. place the relevant municipal service delivery staff at the disposal of the Union Administration; and
 - c. (in case the salary is not being directly credited to the employees' bank account by the TMA) transfer the funds in monthly installments for establishment expenditure of the relevant staff to the Union Administration.

- 6.2. The Union Administration will:
 - a. operate and maintain the transferred municipal service delivery function for its optimum utilization and, as a minimum the existing level of service being provided by the TMA;
 - b. maintain the assets and equipment in the same condition as at the time of handing over/taking over;
 - c. return the assets and equipment in a properly functioning condition in case it was not functioning at the time of handing over but the TMA had provided funds to make it operational;
 - d. pay salaries and allowance to the deputed staff from the funds transferred by the TMA;
 - e. maintain separate accounts for the transferred municipal service delivery function;
 - f. keep the vouchers in support of payments safely. These would be open to inspection of the TMA before the release of each quarterly installment;
 - g. ensure that the utility bills are paid in time and arrears of bills payable do not accumulate; and
 - h. ensure that the bills for user charges (where applicable) are raised and collected in time by the Union Administration and the user charges receivable are not allowed to accumulate.

Regulating the municipal service delivery function transferred to the Union Administration:

- 6.3. Under the SBNP LGO 2001, the TMA continues to be responsible for regulatory oversight although the function is being performed by the UA. However, interference in the actual working of the UA is not intended.

- 6.4. One month before the release of a quarterly installment, the TO (I&S) (or nominee), or a technical person from the CO Unit may visit the UA to review the working of the transferred municipal service delivery function.

- 6.5. In case the TMA receives complaints from the residents of the UA regarding the quality of municipal service provision, the TMA would pass on these complaints immediately to the concerned UA without any direct interference

in the operational aspects. The complaints and the action taken on these would, however, be considered at the time of the quarterly review as detailed in para 6.4 above and 6.6 below.

- 6.6. In case the quarterly review by the TMA:
 - a. shows that the municipal service provision is continuing satisfactorily, there is no dip in service level, and that the TMA staff and assets placed at the disposal of the UA are properly deployed, the quarterly installment due after one month will be released automatically; and
 - b. if it shows that municipal service provision has deteriorated, there is a dip in service level compared to the level at the time of transfer, or that the TMA staff and assets placed at the disposal of the UA are not properly deployed, this may be brought to the notice of the Union Nazim in writing who may be asked for improvement within twenty five days, so that the quarterly installment can be released in time.

- 6.7. When a notice in writing has been sent to the UA asking for improvement in service level, a joint inspection by the TMA and UA will be undertaken at the end of the period of twenty five days specified in the said notice to ascertain that:
 - a. the service levels have improved to the desired level; and
 - b. the TMA staff and assets are properly deployed.

- 6.8. As a result of the joint inspection:
 - a. if it is observed that the municipal service delivery has improved to the agreed level and that the TMA staff and assets are properly deployed, the quarterly installment will be released; and
 - b. if it is observed that the municipal service delivery has not improved, the TMA may start the proceedings for cancellation of the ‘Mutual Agreement’.

- 6.9. The Monitoring Committee for municipal services of the Union will submit a quarterly report to the respective Union Council which may, through a resolution, require the Union Nazim to take appropriate action and remedial measures and the Union Nazim shall inform the Union Council within thirty days of the action taken. [Section 138 of the SBNP LGO 2001]. The unresolved issues i.e. those issues that can not be resolved at the Union level will be communicated to the Tehsil Monitoring Committee which shall make efforts to resolve issues. [Part 4.1(d) of “Guidelines for Monitoring Committees of Local Government, October, 2001]. In case the issues relating to the transferred municipal service delivery function remain unresolved, the TMA will bring this to the notice of the Union Nazim in writing who may be asked for improvement in accordance with Clause 6.b. of the Mutual Agreement.

Cancellation of the Mutual Agreement

- 6.10. The Mutual Agreement may be cancelled by the TMA for failure of the UA to fulfil their obligation in case:

- a. If, as a result of review by the TMA under Clause 6.a. of the Mutual Agreement, it is found that the municipal service has deteriorated and is not according to the agreed level;
 - b. a notice is issued by the TMA to resolve the issues (relating to the transferred municipal service delivery function) raised by the Monitoring Committee of the Union;
 - c. a notice is issued for improvement of transferred municipal service delivery function to the UA under Clause 6.b. of the Mutual Agreement;
 - d. a joint review is done before the release of quarterly installment; and
 - e. the service delivery issues relating to the transferred function are not resolved (within 15 days of the written communication from the TMA to the UA) and there is no improvement in the service delivery level (para 6.9 above).
- 6.11. The Mutual Agreement may be cancelled by the UA in case of:
- a. failure of the TMA to fulfil its obligation of providing the resources and funds to the UA according to the 'Mutual Agreement', or not providing the resources and funds in time to the UA; and
 - b. the Union conveying its inability to continue providing the municipal service at the agreed level (within the resources and funds provided by the TMA).
- 6.12. In case of cancellation of Mutual Agreement by the TMA (para 6.10 above), the TMA will give a notice in writing to the UA allowing it fifteen days in which to improve the municipal service to the agreed level. A second joint review will be arranged and the 'Mutual Agreement' will be cancelled in case there is still no improvement in service delivery.
- 6.13. In case of cancellation of Mutual Agreement by UA (para 6.11 above), the Union will give a notice in writing to the TMA mentioning its intention to cancel the Mutual Agreement and allowing the TMA fifteen days to takeover the transferred municipal service delivery function.
- 6.14. The Union will, however, have to account for the transferred funds which have not been spent till the date of handing back of the municipal service delivery function to the TMA.
- 6.15. In case of cancellation, the procedure for handing over/ taking over of the function will be similar to that at the time of transfer from TMA to UA.
- 6.16. In case of damage to the equipment and assets (pointed out at the time of handing over/ taking over as per para 6.15) during the period when the municipal function was the responsibility of the UA, the UA will have to repair the damaged portions or provide funds to the TMA for getting these repaired.

Resolution of disputes

- 6.17. In case of any dispute the TMA or the UA may bring the issue to the notice of the Technical Team (Part 4 para 4.8 and Part 5 Para 5.13) for a decision after hearing both the parties. In case the matter cannot be resolved by the Technical Team, it will be referred to the two Nazims (Tehsil and Union) who will meet to discuss and resolve the issue. If the matter remains unresolved, it will be submitted to the Tehsil Council for a final decision.

AGREEMENT

This Agreement has been entered into on the ____ day of _____, 200__ at ____ of Tehsil _____, District _____, by and between:

The TMA of tehsil _____, a local government under the SBNP LGO 2001 (hereinafter called the TMA) through Mr/Ms _____ (the Tehsil Nazim / a person authorized in writing by the Tehsil Nazim to sign this Agreement on his behalf¹)

AND

Union Administration for Union Council No _____, namely _____, a local government under the SBNP LGO 2001 (hereinafter called the UA) through Mr/Ms _____ (the Union Nazim / a person authorized in writing by the Union Nazim to sign this Agreement²).

Whereas the TMA is desirous of transferring the operation and maintenance of the TMA municipal service delivery function presently performed by the TMA namely _____ in area _____ to the UA under section 54(2)(b) of the SBNP LGO 2001;

And whereas the UA is desirous of taking over the operation and maintenance of this TMA municipal service delivery function presently performed by the TMA;

And whereas the Schedule (which is an integral part of this Agreement) shows the relevant details of this municipal service delivery function;

And whereas the parties have mutually agreed to the terms and conditions for the transfer of this function, and, resolutions for transfer of this municipal service delivery function have been passed by the relevant Tehsil Council and Union Council;

Now this Agreement witnesseth as follows:

Transfer of Municipal Service Delivery Function

1. The TMA will hand over and the UA will take over municipal service delivery function namely _____ presently performed by the TMA in the area of _____.
2. The quantity and condition of the equipment and assets relating to the above municipal service delivery function have been inspected by both the parties (Details of equipment and assets are given in the Schedule).
3. The effective date for handing over/ taking over is ___ day of ___, 200__ after which the responsibility for the operation, maintenance and proper deployment of the assets will rest with UA during the period of this Agreement. Both the parties will sign the handing over/taking over part of the Schedule.

¹ Delete one.

² Delete one.

Responsibility of the UA

4. The UA will be responsible to:
 - a. operate and maintain the equipment and assets and keep them in working condition;
 - b. use the funds provided by the TMA in line with the budget line items as detailed in the Schedule;
 - c. in case the UA considers that the service delivery can be improved with reallocation of these funds or staff in a more efficient way it will present the budget reallocation plan to the TMA and get it approved;
 - d. ensure that the salaries of the staff transferred by TMA are paid in time;
 - e. ensure that the utility bills are paid in time and no arrears on this account are accumulated;
 - f. ensure that no liabilities on any account are accumulated;
 - g. ensure that the bills for user charges are raised and collected in time and the user charges receivable are not allowed to accumulate;
 - h. maintain separate accounts of the transferred function; and
 - i. keep the vouchers in support of payments safely and present these to the TMA for inspection before the release of each quarterly installment.

Responsibility of the TMA

5. The TMA will be responsible to:
 - a. transfer the funds, required for operation and maintenance of the municipal service, in four quarterly installments (detail of the budget is given in the Schedule);
 - b. depute the requisite staff to the UA for operation and maintenance of the service delivery function (detail of staff for the function is given in the Schedule); and
 - c. transfer the funds, required for paying the salaries of the deputed staff to the UA in time on the due dates as specified in the Schedule (detail of the establishment budget is given in the Schedule).

Regulation of the transferred function

6. Under the SBNP LGO 2001, the TMA continues to be responsible for regulatory oversight. This regulatory function will be performed in the following manner:

- a. One month before the release of each quarterly installment, the TMA will review the working of the transferred function;
- b. In case of deterioration in municipal service provision, or improper deployment of TMA staff and assets placed at the disposal of the UA, (or unresolved issues relating to the transferred municipal service delivery functions pointed out by the Monitoring Committee for municipal services of the Union) this will be brought to the notice of the Union Nazim in writing, allowing twenty five days for improvement/rectification; and
- c. After twenty five days a joint inspection by the TMA and UA will be undertaken to determine whether the service levels have improved to the desired levels or other matters mentioned in the notice have been attended to satisfactorily. The quarterly installment will be issued in case the matters have been satisfactorily attended to.

Cancellation of the Mutual Agreement

7. This Mutual Agreement may be cancelled by the TMA for failure of the UA to fulfil its obligation in case:
 - a. as a result of the joint review before the release of quarterly installment (clause 6.a. above), it is found that the municipal services have deteriorated and are not according to the agreed level; and
 - b. as a result of the communication of unresolved issues (those issues that can not be resolved at the Union Level) by the Union Monitoring Committee for municipal services to the TMA, it is observed that the service delivery is unsatisfactory.
8. The TMA will give a notice in writing to the UA allowing it fifteen days in which to improve the services to the agreed level. A second joint review will be arranged and the 'Mutual Agreement' will be cancelled in case there is no improvement in service delivery.
9. The Mutual Agreement may be cancelled by the UA:
 - a. for failure of the TMA to fulfil its obligation if the TMA does not provide the resources and funds to the UA according to the 'Mutual Agreement';
 - b. if the TMA does not provide the resources and funds in time to the UA; or
 - c. if the UA conveys its inability to continue providing the municipal services at the agreed level (within the resources and funds provided by the TMA)
10. The UA will give a notice in writing to the TMA mentioning its intention to cancel the Mutual Agreement and allowing the TMA fifteen days to takeover the transferred municipal function.
11. On cancellation of Mutual Agreement, the UA will have to account for the transferred funds which have not been spent till the date of handing back of the

municipal service delivery function to the TMA. In case the UA has spent out of its own resources due to delayed payment by the TMA, it will be entitled to recover the amount from the TMA.

12. In case of damage to the equipment and assets during the period when the municipal function was the responsibility of the UA, the UA will be responsible for repairs.
13. In case of cancellation, the procedure for handing over/ taking over of the function will be similar to that observed at the time of transfer.

Resolution of Dispute

14. In case of any dispute, the TMA or the UA may bring the issue to the notice of the Technical Team who will decide after hearing both the parties. The Technical Team will include (a) Union Nazim or Naib Union Nazim, (b) TO (Planning), (c) TO (I&S) or the relevant Chief Officer, and (d) Chairman Municipal Services Monitoring Committee of the Union.
15. In case the matter cannot be resolved by the Technical Team, it will be referred to the two Nazims (Tehsil and Union) who will meet to discuss and resolve the issue. If the matter remains unresolved it will be submitted to the Tehsil Council for a final decision.

IN WITNESS WHEREOF both the parties have signed this Agreement on the date mentioned above.

On behalf of the TMA

On behalf of Union Administration

()
Tehsil Nazim

()
Union Nazim

Witness 1: _____

Witness 2: _____

SCHEDULE TO THE MUTUAL AGREEMENT

GENERAL INFORMATION

S. No.		
	Name of TMA	
	Name of VC/NC	
	VC/NC No	
	Municipal Function	
	Area Served: (Mauza/revenue estate)	
	Municipal Service/ Scheme was developed by (ULC/DC/UC/Govt Dept)	
	O&M on 13 th August 2001 by ((ULC/DC/UC/Govt Dept/CBO/Community)	

TECHNICAL DETAILS

S. No.	Technical Details	Specifications	Condition of asset/equipment

FINANCIAL DETAILS

S. No.	Financial Details	Year before last	Previous Year	Current Year
	O&M – detail according to Budget Line Items			
	Establishment Budget (Current + two previous Years)			
	O&M - Actual Expenditure – Detail according to line items			
	Establishment – Actual Expenses			

DATES FOR ISSUE OF QUARTERLY INSTALLMENT FOR O&M

S. No.	Budget Line Items	Quarterly Installment due on			
		July 1	Oct 1	Jan 1	Mar 1
	Detail according to line items				

DETAIL OF USER CHARGES

S. No.	Particulars	Year before last	Previous Year	Current Year
	Number and type of consumers			
	Rates of User charges			
	Budgeted User Charges			
	User Charges actually recovered			
	Arrears of User Charges			

DETAIL OF STAFF

S. No.	Designation	BS	No of employees	Remarks

The monthly installment for establishment expenditure will be issued by the 1st. of each month

=====

JOINT INSPECTION

Date of Joint Inspection: _____
 Signatures of Technical Team:

HANDING OVER / TAKING OVER

Handed over / taken over on _____
 Handed over by TMA:

Taken over by VC/NC:

 Name ()
 Designation: _____

 Name ()
 Designation: _____

ANNEX A

The type of information required to be collected during the stock taking/ preparing an inventory of the municipal services of the TMA is given in the following example for “Water Supply Source – tubewell in a village” The exercise would cover all municipal services in the entire tehsil.

FORM FOR INVENTORY OF TMA MUNICIPAL SERVICES

NAME OF TMA _____
 DATE OF INVENTORY _____
 PERSON INCHARGE OF STOCK TAKING _____
 MEMBERS OF THE TEAM PREPARING INVENTORY _____

1.0.	TYPE OF FUNCTION	
1.1.	Type of Function	Water Supply
1.2.	Sub-Function	Source of water supply
1.3.	Detail	Electric Tubewell

2.0.	GENERAL:	
2.1.	Name and number of Village	
2.2.	Number of mauza/ revenue estate	
2.3.	Name and Number of UC where situated	
2.4.	Distance from TMA HQ place	

3.0.	SCHEME DEVELOPED BY:	
3.1.	Former Urban Local Council	Name _____
3.2.	Former District Council	Name _____
3.3.	former Union Council	No _____ Name _____
3.4.	a Government Department devolved to the tehsil	Name _____

4.0.	SCHEME WAS OPERATED AND MAINTAINED ON 13th August 2001 BY:	
4.1.	Former Urban Local Council	Name _____
4.2.	Former District Council	Name _____
4.3.	Former Union Council	No _____ Name _____
4.4.	Government Department devolved to the tehsil	Name of Dept. _____
4.5.	CBO – under an agreement between Government Department and CBOs for operation and maintenance	Name of CBO _____
4.6.	Community under self help	Name of Community _____

5.0.	TECHNICAL DETAILS AND CONDITION OF THE SCHEME	
5.1.	Tubewell Pump	Installed in _____ Make _____ Pumping Capacity _____ Condition _____ _____
5.2.	Well and casing etc	When constructed _____ Condition _____
5.3.	Electric connection	Connected load _____ Tariff _____ Consumer No _____ Meter Number _____ Connected / disconnected _____ Disconnected due to _____
5.4.	Tubewell room and other buildings (separate information for each building)	When Constructed _____ Size _____ Covered area _____ Condition of building _____ _____
5.5.	Recommendation of the team regarding unavoidable repairs to make the system functional	Details:

6.0.	PRODUCTION DATA	
6.1.	Pump daily operated for	Hours _____
6.2.	Quantity of water pumped	Gallons _____
6.3.	Quantity of water supplied to consumers	Gallons _____
6.4.	Number of paying consumers	Number _____
6.5.	Number of connections	Numbers _____
6.6.	Number of stand posts	Numbers _____

7.0.	FINANCIAL DETAILS	Year before last	Previous Year	Current Year
7.1.	O&M Budget – line items wise detail			
7.2.	Establishment Budget – line item wise detail			
7.3.	O&M - Actual Expenditure - line item wise detail			
7.4.	Establishment – Actual Expenses - line item wise detail			
NOTE	Detail of Funds for operation and maintenance and for establishment expenditure for three years are to be attached according to the line items.			

8.0. STAFF DEPLOYED FOR THE FUNCTION

S. No.	Name	Designation	BS	Posted at	Remarks

RECOMMENDATION:

This scheme may be / may not be included in the list of TMA functions that may be transferred to the UA/VC/NC.

Signatures: Person Incharge of Stock Taking

Approved for submitting before the Tehsil Council for final approval:

Signatures: TMO

Signatures: Tehsil Nazim

FORM FOR TMA LIST OF TRANSFERABLE FUNCTIONS

S. No.	Name and Location of Scheme	Areas Served	Name of UA	Brief particulars of the Scheme	Staff (Number)	Budget for O&M (Rs.)	Budget for Salaries (Rs.)	Transferable to ¹

¹ Name of UA to which the function is transferable

Tehsil Council Resolution

Tehsil Council's Resolution

At a meeting of the Tehsil Council _____ held on _____ at _____ it has been resolved that:

1. The list prepared for transferring municipal service delivery functions of the TMA to the Union Administrations, Village Councils or Neighbourhood Councils for O&M is approved (Each page of the list has been signed by the Naib Tehsil Nazim).
2. The terms and conditions of the draft 'Mutual Agreement' (and its annexed schedule) for transferring the municipal service delivery function in the specified areas are approved.
3. The TMA is authorized to negotiate with the Union Administrations, Village Councils and Neighbourhood Councils for the 'Mutual Agreement'.
4. The Tehsil Nazim is authorized to sign the 'Mutual Agreement' on behalf of the TMA on the approved terms and conditions.

This resolution has been entered on page ____ of the Tehsil Council's Minutes Book.

Signatures of Secretary of the Tehsil Council _____

Signatures of the Naib Tehsil Nazim _____

Stamp:

Tehsil Council Resolution¹**Tehsil Council's Resolution**

At a meeting of the Tehsil Council _____ held on _____ at _____ it has been resolved that:

1. The proposal for transferring municipal service delivery function namely _____ in the _____ area to the UA _____ is approved (Each page of the proposal has been signed by the Naib Tehsil Nazim)
2. The Terms and Conditions of the Mutual Agreement are approved.
3. The Tehsil Nazim is authorized to sign the 'Mutual Agreement' on behalf of the TMA.

This resolution has been entered on page ____ of the Tehsil Council's Minutes Book.

Signatures of Secretary of the Tehsil Council _____

Signatures of the Naib Tehsil Nazim _____

Stamp:

¹ This resolution will have to be passed in case of transfer of "any other function" (i.e. a function not included in the TMA's notified list of transferable functions).

Union Council Resolution 1

Union Council's Resolution

At a meeting of the Union Council _____ held on _____ at _____ it has been resolved that the Union Nazim or a person deputed by him/her is authorized to deal with the TMA u/s 54(2)(b) of the SBNP LGO 2001 regarding transfer of the following municipal service delivery function by the TMA to the Union Administration in the area specified below:

Municipal Service Delivery Function _____
Area _____

This resolution has been entered on page ____ of the Union Council's Minutes Book.

Signatures of Secretary (Committees) of the Union Council _____

Signatures of the Union Nazim _____

Stamp:

Union Council Resolution 2

Union Council's Resolution

At a meeting of the Union Council _____ held on _____ at _____ it has been resolved that the Union Council:

1. agrees and allows the Union Administration to take over the following municipal service delivery function in the particular area specified below u/s 54(2)(b) of the SBNP LGO 2001 regarding transferring the municipal service delivery function by the TMA to the Union Administration;
2. approves the terms and conditions detailed in the draft Mutual Agreement (and its Schedule) presented before the Union Council; and
3. authorizes the Union Nazim (or a person authorized by him/her) to sign the Mutual Agreement on behalf of the Union.

Municipal Service Delivery Function _____
Area _____

This resolution has been entered on page ____ of the Union Council's Minutes Book.

Signatures of Secretary (Committees) of the Union Council _____

Signatures of the Union Nazim _____

Stamp:

