SPV Operation & Maintenance (O&M) Planning Guide
Template for O&M Commitment Plan to be submitted by SPVs
March 2021
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Intended Readership
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This note is essentially a template for those Special Purpose Vehicles (SPVs) of the Smart Cities Mission (SCM) which are participating in the City Investments to Integrate, Innovate and Sustain (CITIIS) program to declare their commitments for project O&M activities – in alignment with the core values and expectations of the program. It is expected that the SPV staff dedicated to CITIIS projects will use this note as reference when they plan, tender, contract and monitor their Operations and Maintenance (O&M) activities. Alongside the SPV, this note will also serve as the anchor for the Technical Assistance (TA)—Domestic Experts and Global Mentors—assigned to the CITIIS SPVs for their review of the implementation progress of the respective projects.
Scope of this Document
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Given the highly diverse nature of the 12 projects under CITIIS, it is difficult to standardise O&M approaches. What may be essential for a flyover construction in Ujjain will most likely be inapplicable, and unnecessary, for an e-health implementation in Kochi. With this in mind, it has been decided to mandate no particular O&M compliances from the SPVs during project implementation, but instead to request their rigorous adherence to standards and good practices that are enumerated through sector-specific guidelines and requisite policy/regulation of the federal government. Nevertheless, this note serves the important purpose of reinforcing the criticality of receiving concrete commitments from the SPVs towards O&M, including their assurances of making available the necessary resources, finances and institutional capital.

The reader should also be clear that this document is merely a template prepared under the ambit of, and for use, in the CITIIS program only. While it is hoped that certain management approaches that this template highlights are incorporated in future O&M planning at the local urban level, it is well appreciated that SPVs (and by extension, ULBs) have been performing the function of Operations and Maintenance (O&M)—either directly or through sub-contractors/operators—over the years. It is also acknowledged that extensive guidelines, procedures and templates for tendering processes, contractual agreements, and supervision of urban infrastructure works and services already exist. In that context, it is hoped that this template is able to institutionalise a few more additionalities that further ensure the sustainability of urban infrastructure and services in India.

The reader should also note that certain key features of an O&M strategy such as performance security, insurances, compliances, procurement procedures, governance and documentation, confidentiality, assignments, contract variations, subcontracting, force majeure, performance incentives, legal impediments, employees and HR policies, exclusivity, and warranty have not been considered for this template. These are presumed to be included by SPVs in their procurement processes, and hence, did not warrant special attention in this document.
Template for O&M Commitment Plan
**Template for O&M Commitment Plan to be submitted by SPVs**

**XX SPV CIFIIS project fact sheet**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Project name</td>
<td></td>
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<tr>
<td>Project duration</td>
<td></td>
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<tr>
<td>Executing/managing authority</td>
<td></td>
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<tr>
<td>Point of contact</td>
<td></td>
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<tr>
<td>Please mention the name of the Project In-Charge or SPV CEO</td>
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<tr>
<td>Total project cost</td>
<td></td>
</tr>
<tr>
<td>as finalised in the endorsed DPR</td>
<td></td>
</tr>
<tr>
<td>Overall budget for O&amp;M</td>
<td></td>
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<tr>
<td>O&amp;M budget as % of total project cost</td>
<td></td>
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</tbody>
</table>
Section 1: Project Details for O&M
Section 1: Project Details for O&M

1. Project-level O&M

<table>
<thead>
<tr>
<th>Project component</th>
<th>End date of Implementation (construction)</th>
<th>Duration of O&amp;M</th>
<th>O&amp;M activities envisaged</th>
<th>Budgeted opex in DPR (in INR lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Start date</td>
<td>End date</td>
<td></td>
</tr>
<tr>
<td>Component 1</td>
<td></td>
<td></td>
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<tr>
<td>Component 2</td>
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<tr>
<td>Component n</td>
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</tr>
</tbody>
</table>

2. Table of responsibilities and obligations

<table>
<thead>
<tr>
<th>O&amp;M activity / Project component</th>
<th>SPV</th>
<th>Contractor/Operator</th>
<th>Other parties, if any (give name/office of entity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component/Activity 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component/Activity 2</td>
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</tr>
<tr>
<td>Component/Activity n</td>
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</tr>
</tbody>
</table>
Section 2: Availability of Funds
Section 2: Availability of Funds

1. Please provide your rationale for the O&M budget identified in the DPR / total project costing.
   a. Please also provide an assessment of the sourcing and schedule of funding arrangements for O&M activities / project components for the O&M period.

2. Revenue generation and revenue-share arrangements: Is there going to be any revenue generation and/or revenue-sharing arrangement in the project, by way of tariffs, user charges, fees, etc.? If yes, please provide the necessary details and rationale for the same.
Section 3: Planning for O&M
Section 3: Planning for O&M

1. **Authority’s (SPV) obligations:** Are all the obligations of the SPV within its control (i.e. permits, licenses, rights, access to facilities, etc.)?
   a. If not, what is the administrative/co-ordination mechanism to ensure smooth implementation?

2. **Environmental and Social (E&S) safeguards:** How will the E&S impacts and mitigation measures identified in the ESIA/ESMP be identified and actioned upon during the O&M period?

3. **Communications and Outreach activities:** Will there be any communication and outreach/awareness generation/branding activities during the O&M period?
4. **Coordination with third parties**: Which third parties (ULB/State Government/private sector/CSR) will be engaged during the O&M period?
   a. What will the nature of cooperation and/or collaboration be?
   b. Will any citizens, RWAs, NGOs, local civic bodies be engaged? Will they have any compensation?

5. **Financing by third parties for O&M**: Is there any financing being undertaken by third parties (ULB/State Government/CSR) for O&M activities? If yes, please provide details, and the exact nature of obligations/responsibilities.

6. **Are there any social, cultural, archaeological or historical sensitivities that must be observed during O&M?**
7. Risk management: What risk management protocols will be put in place for all parties?
Section 4: O&M Contracts/Agreements
Section 4: O&M Contracts/Agreements

1. **Statement of Integrity:** Kindly provide an undertaking that the SPV shall mandate that all the contractors/operators (including sub-contractors) which are responsible for O&M activities sign the Statement of Integrity

2. **Maintenance Schedule:** Is a schedule for O&M going to be created?
   a. If yes, what are the fundamental requirements that the SPV and/or contractors/operators are supposed to comply with?
   b. What is the frequency of the schedule?

3. **Performance standards:** Are performance standards for O&M activities clearly defined (e.g. these could be building/maintenance standards. For instance, in a building which has been built by the contractor – if there is a leakage or a crack, it is mandatory that the contractor fixes the problem as per the building standard.) Please list down the major standards to be achieved/maintained during the O&M period. Which of these standards are enforceable by law/regulation?
4. **Replacement of assets**: Is there a provision to replace assets created under the project?
   a. Is there a budget for the same in the overall O&M budget? Under what circumstances is replacement required, and whose responsibility shall it be?
   b. Is there a mechanism to protect the assets?

5. **Expiry of contracts and handover**: What is the process to be followed regarding the handover of project assets?
   a. What verification checks will be in place?

6. **Termination/suspension**: Under what circumstances will termination/suspension be triggered? Please describe briefly.
7. **Requirement of Technical/Procurement experts:** Are there any areas of O&M planning (e.g. drafting agreements/contracts, supervision of operations, incentive mechanisms, monitoring and evaluation) that require inputs from technical experts / advisers?
   a. If yes, have inputs from technical experts been sought and incorporated in the O&M lifecycle?
   b. Conditions precedent: Should there be any additional conditions precedent or technical criteria included in the necessary agreements for contractors/operators beyond existing guidelines/regulations?

8. **Liability and damages:** What will be the regime for non-performance by the operator? Are there to be limitations on liability?
Section 5: O&M Execution
Section 5: O&M Execution

1. **Data collection, reporting and storage:** What data will be collected during the O&M period?
   a. What will be used for reporting purposes in the CITIIS program?
   b. How will this data be managed and stored?
   c. Who will own this data?

2. **Review process:** Will there be a review process to monitor the performance of the SPV itself; contractor/operator; other parties? Please describe.
   a. What would be the indicators to measure performance?
   b. Will there be any third-party evaluation undertaken during the O&M period? If yes, when will this occur?
   c. **Financial monitoring:** How will financial/fiscal monitoring be done? Will it be through a government audit / SPV audit? Are there going to be any other mechanisms?
   d. Does the SPV have prior experience in operations and maintenance for these types of projects? If yes, what systems are normally used?
Section 6: Adherence to CITIIS Values
Section 6: Adherence to CITIIS Values

1. How is this O&M Plan ensuring that the CITIIS project is sustainable and has long-term impact? Please provide brief rationale on the following metrics:
   a. Economic and financial viability: For the duration of the O&M period, will there be enough funding sources and revenue streams to adequately cover expenses in order to ensure high-quality O&M? What sustained economic and/or financial benefits will this lead to?

   b. Inclusion and socio-cultural considerations: For the duration of the O&M period, how will the local community and citizens be affected, consulted and engaged?
      i. How will the cultural and heritage character of the project area be preserved/restored?
      ii. Will there be any pro-poor initiatives during this period?
      iii. How will gender be mainstreamed in the process?
c. **Intellectual property:** Will any intellectual property be created in the project implementation or O&M period? What provisions are to be made to appropriately preserve, utilise, disseminate and operate the same?

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Date:

Signature of the CEO, XX SPV
Notes:
About CITIIS

City Investments To Innovate, Integrate, and Sustain (CITIIS) is the main component of the ‘Supporting Smart Cities Mission for a more Inclusive and Sustainable Urban Development in India Initiative’ launched by the Ministry of Housing and Urban Affairs (MoHUA), Government of India in 2018. The program is supported by the Agence Française de Développement (AFD) and the European Union (EU), and is being coordinated and managed by the Program Management Unit (PMU) at the National Institute of Urban Affairs (NIUA). External aid to the tune of EUR 100 million has been provided to twelve Smart City SPVs in the form of loan, and EUR 6 million has been made available for technical support to the program.