

SERVICES AND ASSET
MANAGEMENT AGREEMENT
FOR
SOLID WASTE MANAGEMENT
SERVICES IN LAHORE

[VERSION 1.3]

SERVICES AND ASSET MANAGEMENT AGREEMENT FOR SOLID WASTE MANAGEMENT SERVICES IN LAHORE

THIS AGREEMENT is made and executed on this ____day of____, 2011 by and between:

The City District Government Lahore, a body established under Section 8 of the Punjab Local Government Ordinance, 2001. (Hereinafter referred to as “**CDGL**” which expression shall, where the context permits, includes its successors-in-interest and permitted assigns)

AND

All Town Municipal Administrations of Lahore, established under Section 50 of the Punjab Local Government Ordinance, 2001. (Hereinafter referred to as “**TMA**s” which expression shall, where the context permits, includes their successors-in-interest and permitted assigns)

AND

M/S Lahore Waste Management Company, a Company duly registered under Section 42 of the Companies Ordinance, 1984 having its registered office at Shaheen Complex, Egerton Road, Lahore. (Hereinafter referred to as the “**LWMC**”, which expression shall, where the context permits, includes its successors-in-interest and permitted assigns)

WHEREAS:

- i. The CDGL is statutorily mandated to manage, regulate and control generation, collection, separation, storage, reuse, recycling, transportation, transfer, reduction, treatment and disposal of Solid Waste and matters connected with or ancillary to the matters aforesaid; and
- ii. Exercise of executive authority of the CDGL is subject to general policy of the Government of the Punjab which is legally competent to issue directives and guidelines for promoting economic, social and environmental security of the Province and to require the CDGL to perform specific tasks provided, the Provincial Government makes available necessary resources for the purpose; and
- iii. The CDGL, desires to improve the system of Solid Waste Management in the City and the CDGL finds its existing organizational capability inadequate to achieve intended results to protect public health, safety and welfare through comprehensive and Integrated Solid Waste Management, and, upon its request, the Chief Executive of the Province has allowed formation and incorporation of the LWMC , inter alia, to effectively manage, regulate and control Solid Waste in Lahore City District; and
- iv. LWMC has been formed and incorporated for the purposes of establishing an Integrated Solid Waste Management System and it is also mandated through its Memorandum of Association to enter into Agreements with other entities. The Government of the Punjab has provided, and has committed to continue to provide, additional resources for the purpose to achieve the objectives of Integrated Solid Waste Management; and

- v. The CDGL is a statutory body authorized to perform its functions either through its officers and servants and persons working on its behalf or through other entities by means of contractual arrangements; and
- vi. According to Section 54-A(p)(iii) of Punjab Local Government Ordinance, 2001, the TMAs in City District Lahore have certain functions to perform in respect of Solid Waste Management but lack organizational capability to perform those functions. And hence they deem it expedient in public interest to exclusively entrust those functions to the LWMC for purposes of efficiency, economy and effectiveness in performance of those functions; and

NOW, THEREFORE, the CDGL (represented by the Administrator, under Section 179-A of the Punjab Local Government Ordinance, 2001), all TMAs in City District Lahore (represented by their Administrators, under Section 179-A of the Punjab Local Government Ordinance, 2001) and the LWMC (represented by its Managing Director on behalf of its Board of Directors), in order to synergize their efforts to give effect to the policy of the Chief Executive of the Province regarding Integrated Solid Waste Management in Lahore City District have decided, to enter into this Agreement today on _____ 2011 in terms specified herein below.

1. DEFINITIONS:

- a. **Integrated Solid Waste Management (ISWM):** - A systematic approach to the management of solid waste that combines and integrates source reduction, reuse, recycling, composting, energy recovery, landfilling and includes any other processes in order to conserve and recover resources and dispose of solid waste in a manner that protects human health and the environment.
- b. **Industrial Waste** – Industrial waste means waste resulting from any operation or process for manufacturing, making, formulating, synthesizing, altering, repairing, ornamenting, finishing, packing or otherwise treating any article or substance with view to its use, sale, transport, delivery or disposal, or for mining, for oil and gas exploration and development, or for pumping water or sewage, or for generating, transforming or transmitting power or for any other industrial or commercial purpose.
- c. **Hospital Waste** – Hospital waste includes waste medical supplies and materials of all kinds and waste blood, tissues, organs and other parts of the human and animal bodies, from hospitals, clinics and laboratories.
- d. **Construction and Demolition Waste** – Municipal solid waste originated from or use of building materials, dredging materials, and rubbles resulting from construction, re-modelling, repair, and demolition of homes, commercial buildings and other structures and pavements.
- e. **Solid Waste** – It is waste both hazardous and non-hazardous in nature generated from households, commercial, institutional, hospitals and industrial sources.
- f. **PLGO:-** means the Punjab Local Government Ordinance, 2001 as amended from time to time.
- g. **Agent:-** for the purposes of this Agreement, Agent means as defined under Section 182 of the Contract Act, 1872.
- h. **Agreement:-** means the Services and Asset Management Agreement for Solid Waste Management Services in Lahore.
- i. **Competent Authority:-** means the authority exercising powers under rule 4 of the Punjab Local Councils Servants (Service) Rules, 1997.

- j. **District Fund:-** means the fund established under Section 107 of the Punjab Local Government Ordinance, 2001.
- k. **WASA:-** means the Water and Sanitation Agency, Lahore established under section 10 (2) of the Lahore Development Authority Act, 1975.
- l. **De-Silting:-** means the process of removing silt settled at the bottom of road and street side open drains.

2. FUNCTIONS AND RESPONSIBILITIES OF LWMC:

On commencement of this Agreement, the following functions of the CDGL and the TMAs in the City District Lahore shall stand entrusted to the LWMC and shall exclusively be performed or managed to be performed by LWMC, the CDGL and the TMAs in City District Lahore shall not continue to perform or engage others to perform these functions on their behalf;

- a. Managing, controlling and monitoring existing procedures, processes, actions, activities, facilities, operations, schemes, plans, programmes and assets of the CDGL directly or indirectly related to generation, collection, separation, storage, reuse, recycling, transportation, transfer, reduction, treatment and disposal of Solid Waste;
- b. Developing and implementing framework for regulating Solid Waste Management service delivery.
- c. expansion, increase, enhancement and improvement in existing organizational capability for solid waste management; introduction of new schemes, plans, programmes, operations, activities, actions, procedures, processes for solid waste management and making and executing decisions to downsize or discontinue schemes, plans, programmes, operations, activities, actions, operations, procedures, processes for solid waste management;
- d. Managing, controlling, using and maintaining machinery, equipments, tools and plants, vehicles, lands, buildings, structures and other moveable and immovable assets owned, managed or controlled by the CDGL for solid waste management, except those assets which the LWMC and CDGL mutually agree to be retained by the CDGL; in furtherance to these powers the LWMC may act as an agent of the CDGL to dispose off the condemned movable assets of the CDGL and the amounts received therein shall be adjusted in the next financial claim of the LWMC.
- e. Managing, controlling and supervising persons engaged by the CDGL in connection with solid waste management and whose services are placed, at the disposal of the LWMC, repatriating such persons to the CDGL, incurring employee-related expenditures out of moneys received for the purpose and exercising other powers and functions in respect thereof;
- f. Receiving moneys from the CDGL for performance of functions assigned to the LWMC under this Agreement and appropriating and spending these moneys in accordance with standing operating procedures of the LWMC;
- g. Taking all such steps as are deemed necessary and expedient by the LWMC for effective management of solid waste in order to safeguard public health, ensure

that waste is reduced, collected, stored, transported, recycled, reused or disposed off, in an environmentally sound manner and promoting safety standards in relation to such waste and issuing specific directions to persons and entities to arrange solid waste management in the manner determined by the LWMC ;

- h. Promoting public awareness of importance of waste reduction, resource recovery and comprehensive and efficient solid waste management and fostering understanding of its importance for conservation, protection and proper use of environment and initiating, carrying out or supporting, by financial means or otherwise, research which, in the opinion of the LWMC , is relevant to any of the functions assigned to it;
- i. Proposing cost recovery measures for services provided by or on behalf of the LWMC and suggesting actions regarding taxes, fees, user charges, surcharges, cesses, rents, rates in respect of solid waste management, receiving and appropriating all receipts recovered in respect thereof;
- j. Proposing general standards, guidelines and codes of practice relating to solid waste management including minimum specifications of equipment used for solid waste management and ensuring compliance with such standards, guidelines and codes.
- k. Performing all functions assigned to the LWMC and such other functions which are connected with or ancillary to those functions or which are necessary for performance of those functions either directly or through other entities by making contractual arrangements.
- l. The LWMC will make arrangements to provide services for implementing integrated Solid Waste Management as defined in clause 1 (a) of this Agreement . However cleanliness arrangements at public facilities such as municipal bus terminals will be carried out on need basis as and when required by the CDGL. **List of Municipal Bus Stands is appended to this Agreement as Annexure-A.**
- m. Adequate resources shall be provided by CDGL to LWMC for payments to the regular employees of the CDGL or their legal heirs, on account of encashment of leave preparatory to retirement, four month's pay and financial assistance due to in-service death and other death-related liabilities to be accrued in future. Group Insurance of regular employees which are placed at the disposal of LWMC will also be paid by the LWMC after making deductions from their salaries.
- n. All audit reports of LWMC and audited accounts of the LWMC shall be submitted to the CDGL by the LWMC within one month of finalization thereof.
- o. All Agreements for procurement of goods and services duly executed by the CDGL and enforceable on the commencing date of this Agreement shall remain applicable to the LWMC unless completely performed, terminated, varied or novated in accordance with law and the LWMC shall have authority to exercise all powers available to the CDGL in respect thereof. **A list of these accrued liabilities is appended to this Agreement as Annexure-B.** A liability not included in the list shall be discharged by the CDGL.

3. FUNCTIONS AND RESPONSIBILITIES OF CDGL:

Notwithstanding anything contained in Clause 2 of this Agreement, the office of the District Officer (Solid Waste Management), CDGL shall continue to perform following residual functions;

- a. CDGL may by on its own or through third party carry out general monitoring of the agreed Key Performance Indicators as specified in clause 12 of this Agreement.
- b. Matters relating to payment of, pension contribution of regular employees, commuted value of pension, monthly pension, family pension, gratuity and reimbursement of medical charges to retired regular employees of CDGL or their legal heirs and in this regard the adequate resources shall be allocated by the CDGL each year in prescribed manner.
- c. CDGL shall exclusively be responsible for payment of all previous liabilities relating to pension payments, compensation in death cases and leave encashment of CDGL employees.
- d. Prosecution of Offenders, handling and defending pending court cases regarding Solid Waste Management and defending court cases regarding past transactions brought to litigation after signing of this Agreement;
- e. In all such court cases where CDGL and LWMC are jointly made parties as defendants, Legal Advisers of CDGL may act as joint attorney of the CDGL and LWMC and in such cases CDGL shall exclusively be responsible for payment of their services. However the Company may also engage its independent Legal Counsel in such cases where it deems necessary and will also bear the responsibility of payment of services.
- f. carrying out the disciplinary proceedings of regular and work charge employees of CDGL whether placed at the disposal of LWMC or retained by CDGL;
- g. CDGL shall provide fullest counterpart enforcement support to LWMC for implementation of ISWM. LWMC may in consultation with CDGL propose plans and models to improve enforcement mechanism of CDGL regarding ISWM which shall be readily placed before the competent forum to seek approval..
- h. The CDGL shall initiate action to get approval from the competent forums of any amendment or enact new, bye-laws, rules, regulations or guidelines to facilitate the objectives of ISWM, as and when requested by LWMC.
- i. CDGL shall be responsible for matters arising out of environmental liabilities relating to completed, on-going projects, schemes, plans, activities, operations etc completed or initiated by or under its office with respect to solid waste management;
- j. CDGL shall carry out regular promotion board meetings for consideration of promotion cases of regular employees placed at the disposal of LWMC as and when requested by the LWMC.
- k. The CDGL may ask LWMC to perform additional services, relevant to the functions of LWMC, during the currency of this Agreement. Such additional services shall be performed with the prior concurrence of LWMC. LWMC shall submit an estimate of the additional time (if any) and the additional remunerations for such additional

services which shall be approved in writing by the CDGL before the commencement of additional services.

- l. In case of special circumstances or emergency the CDGL may by making requisition to the LWMC require manpower and machinery and the LWMC shall provide the required manpower and machinery to the CDGL on actual cost basis.
- m. The CDGL may request in writing to LWMC for providing special cleanliness services on certain locations or buildings etc. purely on administrative grounds or on emergent need basis which will not be more than ten times during a month. The LWMC shall provide these services without any demand for additional cost. The scope of such services during one day should not be more than four hundred man hours and commensurate machinery.
- n. Such other matters as the LWMC and the CDGL agree to be performed by the CDGL or by any TMA from time to time,
- o. Any additional task or function assigned by the Government of Punjab exclusively to the CDGL.

4. TERRITORIAL JURISDICTION FOR THE PROVISION OF SOLID WASTE MANAGEMENT SERVICES:

- (i) The LWMC shall provide SWM services in the areas falling within jurisdiction of CDGL. However, the LWMC may also make special arrangements with any of the following entities on the prescribed terms and conditions;
 - Lahore Cantonment Board;
 - Defence Housing Authority;
 - Co-operative Housing Societies;
 - Private Housing Societies/Schemes;
 - Areas managed by Pakistan Railways or by any other federal agency; and
 - Any other area where CDGL is not legally responsible to provide SWM services
- (ii) The LWMC may arrange de-silting of small road side drains falling outside the jurisdiction of WASA Lahore on urgent need basis on specific request of CDGL. The LWMC shall also provide de-silting arrangements for small street drains within the walled city till such time the CDGL requires the LWMC to perform such functions.

5. ENTRUSTMENT OF FUNCTIONS AND POWERS UNDER SOLID WASTE MANAGEMENT BYE-LAWS:

Persons to be notified by the LWMC shall perform functions and exercise powers of the District Officer (Solid Waste Management), Lahore or any other powers and functions as specified in the CDGL Solid Waste Management Bye-laws to the extent, from time to time, determined by the LWMC for the purposes of performance of functions assigned to the LWMC.

6. TRANSFER OF CDGL ASSETS:

- i. The CDGL hereby transfers possession, management, use, maintenance and control of machinery, equipments, tools and plants, vehicles, lands, buildings, structures and all other moveable and immovable assets owned, managed or controlled by the CDGL for solid waste management, **a list whereof has been appended to this Agreement as**

Annexure-C, to the LWMC on a lease money of Rs. 100,000/- for the period of currency of this Agreement and this Agreement shall be deemed to be the lease agreement for this purpose. The LWMC is further authorized to consume the consumable items.

- ii. For the purposes of disposal of unserviceable or condemned machinery, equipments, tools, plants, vehicles and other movable assets the LWMC shall act as agent of the CDGL and the proceeds of disposal of such movable assets shall be adjusted by the CDGL in the moneys required to be transferred to the LWMC in terms of this Agreement. Decision of the LWMC regarding condemned and unserviceability of machinery, equipments, tools and plants and vehicles shall not be called in question except on grounds of fraud or misappropriation
- iii. All offices and facilities owned by CDGL, TMAs and union councils which are presently under the use and control of SWM staff will continue to be used by the employees of LWMC without any encumbrance of rent or charge for a period of three years or till such time the LWMC manages its own alternate offices. The LWMC shall exercise reasonable care for proper use and necessary maintenance of assets transferred to it by the CDGL.

7. SUB-LEASE OF ASSETS:

The LWMC shall have power to sub-lease lands, buildings, structures and other movable or immovable assets transferred to it and to appropriate proceeds of lease for performance of functions assigned to it under Clause 2 of this Agreement. Sub-leasing of any asset of CDGL by LWMC shall only be made for the purposes of ISWM and such sub-lease agreement shall not be executed beyond the currency of Services and Asset Management Agreement.

8. TRANSFER OF CDGL STAFF:

- i. Services of regular employees of the CDGL and employees engaged on work-charged basis working in solid waste management department along with their sanctioned strength, are hereby , placed at the disposal of the LWMC except employees mutually agreed to be retained by CDGL for the performance of residual functions of CDGL as specified in Clause 3 **Separate lists of (i) regular employees of the City District Government along with their sanctioned strength (ii) employees engaged on work-charged basis along with their sanctioned strength have been appended to this Agreement as Annexure-D**
- ii. Last payment certificates, service books and other service records, if any, of employees specified in Sub-Clause (i) of clause 8 of this Agreement shall be provided to the LWMC by the CDGL within one month from the commencement of this Agreement.
- iii. The LWMC may repatriate any person whose services are placed at the disposal of LWMC by the CDGL without assigning any reason thereof. In such cases LWMC will also surrender its post and budgetary allocation made for this post. If repatriation is ordered on account of charges of inefficiency, misconduct or corruption, the competent authority of CDGL shall initiate and complete disciplinary proceedings and intimate results thereof to the LWMC within two months of the repatriation and the LWMC shall not bear the remuneration cost of the employee beyond two months.
- iv. If an employee is repatriated to the CDGL by the LWMC, the LWMC shall issue a last payment certificate in his respect, return his duly completed service book and other service records, if any, to the CDGL.

- v. The CDGL may retain such number of posts and their present or future incumbents connected with solid waste management as mutually determined by LWMC and CDGL. **A list containing number of posts in each basic pay scale along with their present incumbents mutually agreed by the LWMC and the CDGL to be retained by the CDGL and its organogram is appended to this Agreement as Annexure-E.**
- vi. Conditions of service of employees of CDGL whose services are placed at the disposal of LWMC by the CDGL shall remain the same as would have been applicable to them had their services not been placed at the disposal of the LWMC.
- vii. Conditions of service of the regular employees of the CDGL, whose services are placed at the disposal of the LWMC by the CDGL, shall not be varied to their disadvantage during the period their services remain at the disposal of the LWMC and these employees shall render their services in the manner and in accordance with such standing operating procedures as are framed and made applicable to them by the LWMC and they may receive remuneration not less than what would have been admissible to them had their services not been placed at the disposal of the LWMC and in case an inquiry is deemed necessary on account of inefficiency, misconduct or corruption of these employees, a person or employees nominated by the Managing Director of the LWMC shall act as inquiry officer or, as the case may be, inquiry committee in respect of those employees and the competent authority will in the light of inquiry report decide the case within sixty days of the submission of report.
- vii. Regular employees of the CDGL whose services are placed at the disposal of the LWMC shall communicate with their competent authorities through designated employees deputed by the LWMC for the purpose save in situations where initiation of disciplinary proceedings has started on the demands of the LWMC without repatriating the employees to the CDGL.
- viii. Powers of leave sanctioning authority of the regular employees of the CDGL, whose services are placed at the disposal of the LWMC, shall be exercised by designated employees deputed by the LWMC for the purpose during the period these employees remain at the disposal of the LWMC.
- x. The LWMC shall intimate the CDGL, twice a year, names of the regular employees who would be superannuating within coming six months and shall return duly completed service books, other service records, if any, and presumptive last payment certificates of those employees for preparation and processing of their pension cases. The same exercise shall be completed within two weeks of intimation of in-service death of a regular employee.
- xi. Services of existing work-charged employees of the CDGL shall be placed at the disposal of the LWMC which may execute a separate Agreement with each of them on conditions not less favorable than those admissible to them on the commencing day. Extension in period of employment of existing work-charged employees and termination of their employment shall be made by the competent authority in the CDGL on the recommendation of the LWMC.
- xii. Notwithstanding anything contained in this Agreement, conditions of service of the existing work-charge employees whose services are placed at the disposal of the LWMC by the CDGL shall remain intact and their right of regularization of service, if any, with the CDGL shall not be adversely affected by joining the LWMC. However the status of work charge employees with respect to being skilled or unskilled will be

reviewed by the LWMC and any change in such status shall not be deemed as a change in condition of service. The CDGL may, on recommendations of the LWMC, decide to regularize services of some or all existing work-charged employees whose services are placed at the disposal of the LWMC in accordance with the applicable rules, procedure and criteria for the time being in force.

- xiii. The posts of regular employees of CDGL, whose services are placed at the disposal of LWMC will be deemed to be notionally retained in CDGL budget for the purpose of their promotions and retirement. The LWMC will make recommendations to the competent forum for promotion considerations.

9. FINANCIAL AND BUDGETARY PROVISIONS:

- i. Amounts budgeted in the approved annual budget of the CDGL for the financial year 2011-12 for solid waste management shall be transferred to the LWMC for credit into commercial bank account of the LWMC with effect from 1st July, 2011 on monthly basis after subtraction therefrom the amounts already spent till commencing day and amounts agreed to be retained for residual solid waste management functions to be performed by employees mutually agreed to work under the District Officer (Solid Waste Management), CDGL.
- ii. The amounts to be transferred to the LWMC from the approved annual budget of the CDGL for the financial year 2011-12 shall be placed under object "Transfer Payments" by the CDGL and released to LWMC within one week of approval of CDGL budget by competent forum and, in future, budgeting for functions transferred to the LWMC shall be made on single line transfer basis under object "Transfer Payments".
- iii. The LWMC shall receive amounts from the CDGL in monthly instalments during a financial year through submission of simple receipt form, by a designated functionary of the LWMC, to the Accountant General, Punjab and the CDGL undertakes to ensure that cheque is issued to the LWMC within three working days of submission of the simple receipt form and to issue standing directions to all concerned for the purpose. The LWMC shall submit simple receipt form to the Accountant General, Punjab within first week of every month and the amounts required to be transferred through such simple receipt form shall be deemed to be amounts needed for immediate disbursement.
- iv. If during a financial year, salary of the employees specified in Sub-Clause i of clause 8 of this Agreement is increased and financial impact of that increase has not been included in the approved budget for that financial year, the budget for that financial year shall be revised to enhance allocations to meet with the increased expenditure and additional amounts not less than amounts equal to increase in salary shall be transferred to the LWMC and the LWMC shall not make payments of increased salary unless it has received additional amounts not less than financial impact of the increased salary for a period of four months. For the purpose of this Agreement, budget on account of salary and increases in salary shall be calculated on the basis of sanctioned strength of posts of all categories of employees specified in Sub-Clause i of Clause 8
- v. Amounts received by the LWMC from the CDGL during a financial year, which remain unspent on the close of that financial year, shall be retained by the LWMC and shall be utilized, in addition to the amounts budgeted for the ensuing financial

year, for performance of the functions assigned to the LWMC under Clause 2 of this Agreement.

- vi. The increase in non-salary portion of the budget of the CDGL for solid waste management shall be made after two years with the mutual consent of parties and till that time the allocation shall remain fixed as during financial year 2011-12.
- vii. The amounts transferred to the LWMC by the CDGL shall be spent by the LWMC for the functions assigned to it under Clause 2 of this Agreement in accordance with its own standing operating procedures and the CDGL shall have no authority to require the LWMC to seek any sanction from any functionary of the CDGL before or after incurrence of expenditure or to prohibit the LWMC to incur expenditure in accordance with its standing operating procedures.
- viii. The LWMC shall be responsible to prepare and submit to the CDGL budgetary estimates, revised budgetary estimates, statements of excesses and surrenders and reports regarding execution of budget in respect of functions assigned to it regarding solid waste management on such forms and in accordance with such time-frame as the CDGL, may, from time to time, require provided that the budgetary allocations meant to be transferred to the LWMC shall be one-line under Object "Transfer Payments" and the CDGL shall exercise its authority only for upward revision of the budget through revised budgetary estimates and statements of excesses and surrenders and not downward.
- ix. The CDGL shall intimate the LWMC not later than 30th of May each year the amounts proposed to be budgeted for transfer to the LWMC during the ensuing financial year and shall inform the LWMC about amounts specified in the Authenticated Schedule of Authorized Expenditure for transfer to the LWMC not later than five days after authentication of the said Schedule. This clause of the Agreement shall not be construed to mean that moneys not intimated in the manner aforesaid shall not be transferable to the LWMC.
- x. The LWMC shall not be liable to pay arrears of pay and allowances or arrears due to less drawn pay and allowances of the employees specified in Sub-Clause i of Clause 8 of this Agreement for the period prior to the commencing day.
- xi. If after meeting all present and future liabilities of LWMC, any surpluses are available with the LWMC at the end of financial year as reflected in the audit reports of LWMC. The CDGL will have exclusive right to utilize the surpluses.

10. COLLECTION AND REIMBURSEMENT OF RECEIPTS:

- i. Estimates of receipts on account of taxes, fees, user charges, surcharges, cesses, rents, rates, fines and forfeitures leviable in connection with solid waste management shall be prepared by the LWMC for inclusion in annual or revised budget estimates of the CDGL.
- ii. The LWMC shall, from time to time, propose cost recovery measures in respect of Solid Waste Management Services and may propose to CDGL imposition of new taxes, fees, user charges, surcharges, cesses, rents, rates, fines and forfeitures or revision of their rates or their abolition. The CDGL shall initiate action on the recommendations of the LWMC and will inform the LWMC of the final outcome of action taken not later than four months of the proposal. The LWMC may also make arrangements, by its own human resource or through private entities, for the collection of taxes, fees,

user charges, surcharges, cesses, rents, rates, fines and forfeitures leviable in connection with solid waste management services.

- iii. Monies collected from taxes, fees, user charges, surcharges, cesses, rents, rates, fines and forfeitures leviable in connection with solid waste management shall be credited to the District Fund of the CDGL in the prescribed manner.
- iv. Monies not less than monies shown in collected receipts, on account of taxes, fees, user charges, surcharges, cesses, rents, rates, fines and forfeitures leviable in connection with solid waste management shall be transferred to the LWMC in monthly instalments during a financial year in the manner specified in Sub-Clause iii of Clause 9 of this Agreement. Amounts not less than amounts shown in collected receipts on account of taxes, fees, user charges, surcharges, cesses, rents, rates, fines and forfeitures leviable in connection with solid waste management shall be budgeted for transfer to the LWMC under object “Transfer Payments”.
- v. The CDGL and the LWMC shall carryout reconciliation of figures of receipts realized during a quarter and the budgeted amounts to be transferred during the ensuing month shall be readjusted on the basis of actual collection as ascertained through such reconciliation.

11. BENCH MARKING OF EXISTING SWM SERVICES:

The LWMC shall within 3 months after the signing of this Agreement, complete the bench marking of existing solid waste management services and also fix targets for the improvements in SWM services for the next year. The LWMC shall submit a report to the CDGL containing details of Bench Marking of existing SWM services and Targets of LWMC for the future.

The LWMC shall ensure judicious use of resources provided by the CGDL, bring in efficiency in waste collection, treatment and disposal and enhance the level of SWM service delivery as mutually agreed between CDGL and LWMC.

12. KEY PERFORMANCE INDICATORS:

The LWMC shall, on the 1st day of June of every financial year submit a list of mutually agreed **key performance indicators as specified in Annexure-F** along with the claims for claiming finances and budgets for that year.

13. TERM OF AGREEMENT:

The currency of this Agreement is twenty years reckonable from the date of commencement which is extendable. Date of signing of this Agreement shall be the date of commencement of this Agreement.

14. DISPUTE RESOLUTION:

Any dispute or difference arising out of this Agreement shall be referred to the Secretary to the Government of the Punjab, Local Government and Community Development Department who shall act as sole arbitrator in respect of that dispute and will deliver an award not later than thirty days of receipt of reference from any party to this Agreement or jointly from more than one parties. The award of the arbitrator shall be final and binding for the parties.

15. FORCE MAJURE:

Neither Party shall be liable for any failure or delay in performance of his obligations under this Agreement which is caused by circumstances beyond the control of the Parties e.g. emergency, war, civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, nationalization, requisition, change of law and prohibitive governmental regulations.

16. INDEMNIFICATION:

The LWMC agrees to indemnify the CDGL, its officers, agents and employees against, and will hold and save them and each of them harmless from, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities that may be asserted or claimed by any entity arising out of or in connection with negligent performance of work, operations or activities of the LWMC, its agents, employees, sub Contractors, or invitees, or arising from negligent acts or omissions of the LWMC, or arising from the LWMC's negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement but excluding such claims or liabilities arising from negligence or wilful misconduct of the CDGL, its officers, agents or employees and environmental liabilities of completed or on-going solid waste management activities initiated by the CDGL. The LWMC will defend any action or actions filed in connection with any of the said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith.

17. AMENDMENT IN AGREEMENT:

- i. This Agreement may be amended at any time by the mutual consent of the Parties by an instrument in writing signed by duly authorized representatives of the Parties.
- ii. Either party to this Agreement shall, at the request and expenses of the other Party, execute and do any acts, deeds or other things reasonably necessary to carry out the purposes and provisions of this Agreement or to make it easier to enforce.

18. BREACH OF AGREEMENT:

A breach of this Agreement will be a material breach by either Party of its obligations under this Agreement. The aggrieved Party may, through a notice in writing, require the other party to perform its obligations under this Agreement within such reasonable period as may be specified in the said notice and if the breach still persists, refer the issue to the sole arbitrator for action in accordance with Clause 14 of this Agreement. The sole arbitrator shall, besides deciding the issues referred to him, also determine the quantum of loss caused by the defaulting party through breach of this Agreement to the aggrieved party and shall set aside that loss through imposition of penalty on the defaulting party which shall be payable to the aggrieved party.

19. REMOVAL OF DIFFICULTIES:

- i. If a part of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties to this Agreement unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

- ii. For removal of difficulties, as may arise from time to time in implementation of this Agreement, the District Coordination Officer, Lahore and the Managing Director of the LWMC may take measures as deemed appropriate for implementation of this Agreement.

20. NOTICES:

Any notice to be given under this Agreement shall be in writing and shall be sent by air mail, or by facsimile, to the address of the other Party or to the relevant facsimile number, or such other address or facsimile number as that Party may from time to time notify to the other Party. Notices sent as above shall be deemed to have been received two working days after the date of posting (in case of air mail), or on the next working day after transmission (in the case of facsimile messages, but only if a transmission report is generated by the sender's facsimile machine recording a message from the recipient's facsimile machine, confirming that the facsimile was sent to the number indicated therein and confirming that all pages were successfully transmitted). In proving service of a notice, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted, or that the applicable means of telecommunication was addressed and dispatched and dispatch of the transmission was confirmed or acknowledged as the case may be.

21. CONFLICT OF INTEREST:

No officer or employee of the CDGL or the TMAs in City District Lahore shall have any personal or private financial interest, direct and indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporations, partnership or association in which he is, directly and indirectly interested, in violation of any law, rule or regulation. The LWMC declares that it has not paid or given and will not pay or give any third Party any money or other consideration for obtaining this Agreement.

22. GUARANTEES / ASSURANCES:

The CDGL and the TMAs in the City District Lahore shall, on demand of the LWMC, provide such guarantees / assurances as determined by the LWMC to any local or foreign entity with whom the LWMC transacts for solid waste management but these guarantees/assurances shall not be beyond the agreed financial liabilities of the CDGL.

23. TERMINATION OF AGREEMENT:

- i. This Agreement may be terminated by either party, with prior written orders of the Chief Executive of the Province, by issuing a show-cause notice to the other party on grounds of breach of duties as agreed in this Agreement, material illegalities, unsatisfactory performance, massive frauds and misappropriations, at least 90 days prior to the date specified in the said show-cause notice.
- ii. The Chief Executive of the Province may also before issuing any written order refer the matter to the Local Government Commission for giving its recommendations after hearing the concerned parties and, on receipt of recommendations of the Local Government Commission, may set aside the show-cause notice or issue orders for termination of this Agreement.

24. SUCCESSOR-IN-INTEREST:

In case of termination of this Agreement or winding up of the LWMC , the Local Government and Community Development Department of the Government of the Punjab shall determine and pass appropriate orders for the successor-in-interest in respect of all Agreements lawfully executed by the LWMC for solid waste management and all assets held and liabilities lawfully incurred in consequence of those Agreements.

IN WITNESS WHEREOF, the Parties have, through their authorized representatives, executed and entered into this Agreement on the date first above-written;

For and on Behalf of CDGL,
ADMINISTRATOR/DCO,
City District Government
Lahore.

For and on Behalf of LWMC,
MANAGING DIRECTOR
Lahore Waste Management
Company , Lahore.

ADMINISTRATOR
Data Gunj Bukhsh Town

ADMINISTRATOR
Gulberg Town

ADMINISTRATOR
Ravi Town

ADMINISTRATOR
Allam Iqbal Town

ADMINISTRATOR
Aziz Bhatti Town

ADMINISTRATOR
Wahga Town

ADMINISTRATOR
Nishtar Town

ADMINISTRATOR
Saman Abad Town

ADMINISTRATOR
Shalamar Town

WITNESSES:

1. _____

2. _____

Dated. ___/___/2011.