



**GOVERNMENT OF KERALA**

**Abstract**

Local Self Government Department – Viability Gap Fund (VGF) to Integrated Solid Waste Management Projects with Waste to Energy plants in the State-guidelines for financial mechanism - Orders Issued

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**LOCAL SELF GOVERNMENT (W.M) DEPARTMENT**

**G.O.(Ms)No.269/2021/LSGD Dated,Thiruvananthapuram, 20/11/2021**

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- Read 1. G.O(Rt) No.3122/2017/LSGD dated 23.09.2017
2. G.O(Rt) No.499/2018/LSGD dated 21.02.2018
  3. G.O(Ms) No.82/2018/LSGD dated 11/06/2018
  4. G.O(Ms) No.174/2018/LSGD dated 22/11/2018
  5. G.O(Rt) No.805/2020/LSGD dated 30/04/2020
  6. G.O(Rt) No.1064/2020/LSGD dated 05/06/2020
  7. G.O(Rt) No.50/2019/LSGD dated 14/05/2019
  8. G.O(Rt) No. 2871/2019/LSGD dated 17/12/2019
  9. G.O(Rt) No 582/2020/LSGD dated 07/03/2020
  10. Minutes of Apex level meeting held on 05/08/2021 for finalizing the financial resources for providing Viability Gap Fund and Tipping Fee for Integrated Solid Waste Management project with waste to Energy Plants.

**ORDER**

As per G.O read 1 st and 2 nd paper above ,Government have constituted a State Level Advisory Committee (SLAC) chaired by Chief Secretary for decision making on establishing Integrated Solid Waste Management project with Waste to

Energy Plants and related matters.

2.As per G.O read 3rd above State Government have accorded sanction for the development of Integrated Solid Waste Management projects with Waste to Energy plant at identified locations in Thiruvananthapuram, Kollam, Thrissur, Palakkad, Malappuram, Kozhikode and Kannur districts in Design Build Finance Operate and Transfer basis under Public Private Partnership mode.

3.As per G.O read 4th above State Government modified the project structure & RFP by changing the criteria for bidding from power tariff to tipping fee model and to aggregate each project service area on cluster basis comprising LSGI's within 35-45 km radius of the identified project locations.

4.As per GO read 5th and 6th above State Government have directed Kerala State Industrial Development Corporation Ltd. (KSIDC), the nodal agency appointed for the coordination and implementation of Waste to Energy plants in the State to initiate tender process for the development of Waste to Energy Plant at Brahmapuram in Ernakulam district in accordance with the tender conditions approved for the development of such plants in other districts.

5.Accordingly KSIDC carried out tender procedure for the development of Integrated Solid Waste Management Projects with Waste to Energy plants in Kozhikode, Palakkad, Kannur, Kollam and Ernakulam (Brahmapuram) districts. Government as per G.Os read 7th, 8th & 9th paper above accorded approval to the final negotiated Tipping Fee offered by the successful bidders.

6.During the negotiations for the procurement of the concessions for development WtE projects in Kozhikode, Kollam, Palakkad, Kannur and Ernakulam districts, the bidders have been given a firm commitment for per capita based VGF as per Swachh Bharath Mission guidelines of Government of India. Based on the commitment given the bidders offered the negotiated final Tipping fee for the projects.

7.As per SBM guidelines the per capita based VGF has three source of funding namely Government of India share, corresponding State Government share and Urban Local Body share. The total VGF admissible for Solid Waste Management Project is as follows :-

- Central Share-Rs.240/- per capita (35%)
- State Share-Rs.160/-percapita(23.3%)
- ULB Share-Rs.286/- per capita (41.7%)

**Total VGF-Rs.686/-percapita.**

The inclusion of the instant provision in RFP under para 8.7 for VGF was sourced from availability of funding for this purpose from Swachh Bharat Mission, MoHUA in Government of India.

8. The development of projects in Kozhikode, Kollam and Palakkad districts are scheduled to commence this financial year and those of Kannur and Ernakulam by next Financial Year. The response of Government of India does not deny or preclude the financial assistance to meet central share of VGF from allotted SBM Grants provided WtE is an approved component of SBM for which approved DPR is required. The prescribed procedure for approval of DPR for these WtE projects is one and the same as for existing WM Projects under SBM. The per capita based VGF is a vital component for the Concessionaires to tie up necessary financing of their projects and to commence the construction of the plants. Delay/ lack of clarity about the non availability/disbursement of VGF may adversely affect the development of the projects in the state. In addition the mechanism for the disbursement of Tipping fee during the operational phase of the plants also has to be explicitly prescribed.

9. The SBM – I implementation period is in terminal year and SBM-II is about to be launched and WTE remains an approved component of SBM and there is a definite provision for fund flow from MoUHA under SBM – II to meet spill over requirements of approved DPRs under SBM- I which are in the implementation stages. The available central fund allocated under SBM- Urban is to be utilized along with State and LSGI shares as provided in WTE projects at all the locations. Of the funds allotted to the state under SBM - I as Central share for implementation of various solid waste management projects in the state, the state has so far spent Rs. 25 Crores only. As per SBM guidelines the implementation of waste to energy projects are eligible for VGF/ financial support.

10. The details of per capita based VGF as per SBM guidelines to be provided as capital grant to these projects are shown below (Central with state, ULB share )

**Table I Central, State & ULB share break up**

Sl No	Participating LSGIs in the Cluster	Estimated population in 2019*	Per capita based VGF as per SMB Guidelines			
			Central share (in Rs)	State share (in Rs)	LSGI share (in Rs)	Total (in Rs)

	Kozhikode	850000	20,30,00,000	13,50,00,000	24,18,00,000	58,00,00,000
	Kannur	691102	16,59,33,494	11,04,64,298	19,76,97,906	47,40,95,698
	Palakkad	527686	12,66,97,264	8,43,44,178	15,09,50,740	36,19,92,182
	Kollam	700000	16,80,00,000	11,18,00,000	15,01,00,000	45,00,00,000
	Brahmapur am	1488336	35,73,49,473	23,78,92,649	42,57,56,372	102,20,99,849
	TOTAL		101,04,80,23 1	67,27,51,125	120,38,55,01 8	288,70,86,374

**Table II**

SI No	Milestone	Percentage of VGF (including central, state and LSGI share) to be released.
1	On completion of 25% of plant construction activities	20%
2	On completion of 50% of plant construction activities	20%
3	On completion of 75% of plant construction activities	20%

4	On completion of 100% of plant construction activities	20%
5	On achieving the COD	20%

11. In the meeting vide minutes read as 10th paper above all the aspects with respect to the payment of VGF and Tipping Fee to the Concessionaires during the development and operational phase of the projects in detail was reviewed and it was decided that unutilized fund available with Suchitwa Mission and ULBs under SBM Urban I for solid waste management (projects of ULBs which have not been awarded for execution) shall be utilized for meeting the Central share of the VGF payable to the Concessionaires for the development Waste to Energy projects in Kozhikode, Kollam, Kannur, Palakkad and Ernakulam districts. The State share of VGF payable to the Concessionaires for the development of Waste to Energy projects in Kozhikode, Kollam, Kannur, Palakkad, Ernakulam Malappuram, Thrissur and Thiruvananthapuram districts shall be sourced from the budgetary support under Major Infrastructure Development Projects (MIDP) in Annual Plans or from the budgetary support under any other scheme if MIDP funds are not available. The ULB share of the VGF to the Concessionaires for the development of Waste to Energy projects in Kozhikode, Kollam, Kannur, Ernakulam, Malappuram, Thrissur and Thiruvananthapuram districts shall be sourced from the XVth Finance Commission grant earmarked to the state for urban agglomeration for waste management and that for Palakkad from Major Infrastructure Development Projects (MIDP).

12. The Government of India share for VGF, as per SBM 2017 guidelines, for development of Waste to Energy projects in the pipeline for development in Thiruvananthapuram, Thrissur and Malappuram district shall be met from the Grant funds to be allotted to the State under SBM Urban II or in case SBM Urban II does not provide for any component to meet this cost, this would be met from State resources. The RFPs for pipeline projects would be appropriately amended.

13. At the meeting it was also resolved that Budgetary provision shall be made to create a pool fund under LSGIs for disbursing the Tipping Fee to the Concessionaires. The pool fund will be paid for in beginning from budgetary allocation for the payment of tipping fee in the first year of each project when operational. Participating ULBs/Panchayats would collect user fee from all the households and

institutions and deposit in this pool fund. In case of failure or shortfall of funds payable towards tipping fee in the pool fund, the required amount would be deducted from the plan allocation of each of such ULBs/Panchayat.

14.Government have examined the matter in details and are pleased to approve the following:

- I. Mechanism for the payment of per capita based Viability Gap Fund (VGF) as per SBM Guidelines to the Concessionaires for the development of Integrated Solid Waste Management Projects with Waste to Energy Plants in the state as capital grant.
  - a. The unutilized fund available with Suchitwa Mission and ULBs under SBM Urban I for solid waste management projects of ULBs which have not been awarded for execution) shall be utilized for meeting the Central share of the VGF payable to the Concessionaires for the development of Waste to Energy projects in Kozhikode, Kollam, Kannur, Palakkad and Ernakulam districts. In case GoI does not permit to utilize the SBM – I fund and/ spill over from SBM- II, the amount would be provided by the State Government.
  - b. The State share of VGF payable to the Concessionaires for the development of Waste to Energy projects in Kozhikode, Kollam, Kannur, Palakkad, Ernakulam Malappuram, Thrissur and Thiruvananthapuram districts shall be sourced from the budgetary support under Major Infrastructure Development Projects (MIDP) in Annual Plans or from the budgetary support under any other scheme if MIDP is not available.
  - c. The ULB share of the VGF to the Concessionaires for the development of Waste to Energy projects in Kozhikode, Kollam, Kannur, Ernakulam, Malappuram, Thrissur and Thiruvananthapuram districts shall be sourced from the XVth Finance Commission grant earmarked to the state for urban agglomeration for waste management and that for Palakkad from Major Infrastructure Development Projects (MIDP).
  - d. The Government of India share for VGF, as per SBM guidelines, for the development of waste to energy projects in the pipeline for development in Thiruvananthapuram, Thrissur and Malappuram districts shall be met from the Grant funds to be allotted to the State under SBM Urban II or in case SBM Urban II does not provide for any component to meet this cost, this would be met from State resources. The RFPs for pipeline projects would be appropriately amended.

II)Mechanism for the disbursement of tipping fee during the operational period for the development of Integrated Solid Waste Management Projects with Waste to Energy

plants in the state - Budgetary provision shall be made to create a pool fund in LSG Department for disbursing the Tipping Fee to the Concessionaires. The pool fund will be paid for in beginning from budgetary allocation for the payment of tipping fee in the first year of each project when operational. Participating ULBs/Panchayats would collect user fee from all the households and institutions and deposit in this pool fund. In case of failure or shortfall of funds payable towards tipping fee in the pool fund, the required amount would be deducted from the planned allocation of each of such ULBs/Panchayats.

(By order of the Governor)  
Bishwanath Sinha  
Principal Secretary

To:

All District Collectors.

The Director of Urban Affairs, Thiruvananthapuram.

The Director of Panchayats, Thiruvananthapuram.

The Executive Director, Suchitthwa Mission.

Managing Director, KSIDC.

Managing Director, M/s Zonta Infra Tech Pvt Ltd, Bangalore (Through MD, KSIDC)

The Principal Accountant General (Audit, A&E/LBA

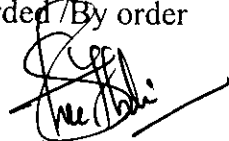
& A) Kerala, Thiruvananthapuram.

The Executive Director, Information Kerala Mission.

The Director, I&PRD/web & New Media

Stock File/Office copy

Forwarded /By order



Section Officer

Copy to

PS to Minister of LSGD

PA to ACS,LSGD

PA to Principal Secretary(WtE Projects)

CA to Special Secretary,LSGD