Advisory No. 15

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**Tripartite Agreement between Smart Cities SPV, Government Line Departments / Agencies and the prospective Bidder in smart city projects**

Smart city SPVs have appointed Project Management Consultants (PMCs) to assist Cities in design, development, implementation and management of Smart City Projects as per Smart Cities Mission Guidelines. It has been observed that for certain projects, the respective line departments / Government agencies in the city possess strong technical expertise and execution capabilities which can be leveraged in executing Smart Cities projects faster, instead of depending solely upon the PMC. Moreover, in cities where there is no PMC, or the domain expertise is not available with them, the line departments / Government agencies can support the project development efforts of the SPV.

2. Considering the challenges that some of the Cities are facing due to lack of capacity in project design, execution, and supervision, it is advised that for execution of specific projects which have been pending for implementation, the respective cities may explore arrangement of an appropriate Tripartite Agreement between the SPV, Government line department/ agency and prospective Bidder for the project. The salient features of such an arrangement may be as under.

i. Project may be identified through joint meeting of SPV and Government line department/ agency as per the Smart Cities Proposal (SCP) / Mission Guidelines / circulars/ OMs/ New project as approved by SPV Board.

ii. Such projects may be approved as per the delegations of power of the SPV. Thereafter, the SPV may issue administrative and financial sanction to the project.

iii. On receiving administrative and financial sanction of the SPV, the Government line department/ agency shall prepare the estimate and DPR if required, and put up for vetting and technical sanction of SPV. The estimate should be in consonance with SCP and include smart cities features as per the mission guidelines.

iv. After SPV’s technical sanction, the Government line department/ agency may take up tender process management and supervision of the project. The SPV approval
is necessary for placement of the work order on the contractor and for variations, if any.

v. A draft tripartite agreement should be drawn under approval of the SPV and be part of the tender document for each such project which will be awarded to the successful bidder.

vi. The Government line department/agency shall ensure effective and efficient implementation of the project including supervisions, quality control arrangement & mechanism adhering to the rules of financial propriety and schedule of powers and should submit monthly progress report to the SPV.

vii. SPV should, at all times, have the power to monitor and supervise implementation of the project in accordance with contract conditions and give such directions to the Government line department/agency as may be necessary for this purpose.

viii. SPV should ensure that the Government line department/agency maintains complete records of works for the purpose of inspection of any agency authorised by SPV/State Government/Government of India.

ix. There shall not be any transfer of funds from SPV to Government department/agency. The payments should be disbursed directly by the SPV to the contractor on completion of each milestone as per the terms of the tender. The Government line department/agency shall check and verify contractor’s bills as per standards of financial rules & schedule of powers and submit to SPV for payment.

x. The Government department/agency shall maintain the created/developed assets during Defects Liability Period (DLP) or handover of possession to any agency designated by the SPV.

xi. The Smart Cities may decide upon reasonable supervision charges, if required, that may be paid to the Government Department/Agency under such arrangement.

xii. The selected Bidder shall follow all terms & conditions of bid documents & the agreement entered into with the Government line department/agency. It shall ensure timely execution of work as per scope and specifications, within all quality control measures.

xiii. The selected Bidder should keep and maintain site record and allow inspection by any authorized person/authority and provide full assistance during inspection.

3. This advisory is aimed at reducing time lag in issuing tenders and implementation supervision, thereby facilitating faster and sustainable implementation of the projects, ultimately helping in the success of the Mission program. While formalising this arrangement, SPV may ensure adequate safeguard to ensure strict adherence to the SCM Guidelines and prevent any potential issues that can arise between the involved parties with regard to interpretation. The Smart Cities may take necessary measures accordingly, in adopting this advisory.

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