

IMPACT STORIES

PPIAF Supports Private Sector Participation in the Solid Waste Sector in the West Bank



PPIAF has supported the Joint Services Council for Hebron and Bethlehem (JSC-H&B) in the West Bank and Gaza to implement its vision of leveraging private sector expertise for the delivery of improved solid waste management services in the Hebron and Bethlehem governorates. The Public-Private Infrastructure Advisory Facility (PPIAF) provided funding in 2011 to support legal and regulatory due diligence for the structuring of a public-private partnership (PPP) project, and provided follow-up funding in 2013 for capacity building and institutional strengthening to JSC-H&B.

As a result of the PPIAF support, in September 2013 the JSC-H&B signed a management contract for the operation and maintenance of the Al Minya landfill, and the Hebron and Tarquomiya transfer stations and associated transportation services, with a Greek consortium of W.A.T.T. S.A.-MESOGEOS S.A. & EPEM S.A.

Decades of political and economic instability in the West Bank and Gaza have been reflected in years of inadequate infrastructure investment and poor provision of public services to the Palestinian people. At a municipal level, the provision of solid waste management services was a particular concern, given that unsanitary waste disposal practices presented a serious public health threat and environmental hazard due to the contamination of land and ground water.

The majority of solid waste generated in West Bank, of which 34% stemmed from Hebron and Bethlehem governorates, was being disposed of at various unregulated dump sites. In order to address the negative environmental impacts of an inefficient solid waste management system, several international multilateral agencies and donors, including the World Bank, European Commission, United States Agency for International Development, and the Government of Italy, provided grant funding for the construction of a landfill, transfer station and related infrastructure to serve the Hebron and Bethlehem governorates.

In order to leverage private sector efficiency and expertise, and given that this was to be the first sanitary landfill in the southern West Bank, the JSC-H&B expressed interest in exploring PPP options to operate and maintain the donor-funded infrastructure.

PPIAF SUPPORT

In late 2011 the JSC-H&B requested support from PPIAF, through the International Finance Corporation's (IFC) Advisory Services in Public-Private Partnerships team, to conduct legal and regulatory due diligence in support of a management contract for the operation and maintenance of the Al-Minya Landfill, and the Hebron and Tarquomiya transfer stations and associated transportation services. The PPIAF support was provided in the context of a comprehensive structuring process encompassing legal, technical, and financial due diligence to attract private sector operators to the project.

Given the unique legal context of the West Bank, PPIAF assistance was vital to understand the legal and regulatory issues that could impact the private sector's ability to implement the project. The legal support also included the drafting of the legal documentation for the project, including the request for pre-qualification, the request for proposals, and the PPP contract, and additional assistance for the legal evaluation of bids.

In addition, PPIAF funded further assistance in October 2013 to provide capacity building and institutional strengthening to JSC-H&B to support the implementation of the project. The objective of the follow-up activity was to transfer implementation know-how to the JSC-H&B to ensure the long-term success of the project by building the capacity of the staff of the JSC-H&B and municipalities in Hebron and Bethlehem governorates responsible for managing, controlling, and resolving any issues related to the commencement and execution of the project and the provision of solid waste management services in general.

OUTCOMES

Following the PPIAF-supported transaction due diligence, the JSC-H&B agreed to pursue a PPP for the operations and maintenance of the project, the first such competitively tendered PPP in the West Bank. Following the request for proposals, three bids were received for the project, and a winning bidder was selected in August 2013, with the PPP contract signed in September 2013. The follow-up PPIAF activity is helping to improve the technical capacity of the staff of the JSC-H&B and municipalities in Hebron and Bethlehem governorates to implement the project.

DONOR COORDINATION

The project benefitted from significant donor coordination. The construction of the landfill, transfer station and related infrastructure was made possible through grants from the World Bank, European Commission, United States Agency for International Development, and the Government of Italy totaling \$30 million.

Since 1999 PPIAF, a multidonor technical assistance facility, has helped developing countries use public-private partnerships to improve their infrastructure. A key focus has been upstream technical assistance to support the development of an enabling environment for such partnerships.

This series highlights how PPIAF's support has made an impact on the ground.

In addition, \$8.3 million in output-based aid from the Global Partnership for Output Based Aid (GPOBA) was also secured to support the project. The GPOBA grant aims at helping service providers (municipalities and joint service councils) improve the quality of solid waste management services to end users (such as primary collection of waste) as well as improving the financial sustainability of the solid waste management sector in the southern West Bank. The grant funds will be disbursed over a four-year period based on the achievement of these two goals, gauged through a set of targets against which service providers' performance is measured. The improved level of service and financial sustainability of the sector, supported through the GPOBA grant, are key factors in ensuring the success of the PPP project.

Transaction advisory services for the PPP project, which integrated the GPOBA subsidy, were provided by the IFC team. Funding for the advisory work was contributed by PPIAF, DevCo, and the Spanish Trust Fund (as part of the IFC's Technical Assistance Trust Funds Program).

IMPACTS

In September 2013 the JSC-H&B signed a management contract for the operation and maintenance of the Al Minya landfill, and the Hebron and Tarquomiya transfer stations and associated transportation services, with a Greek consortium of W.A.T.T. S.A.-MESOGEOS S.A. & EPEM S.A. Once operational, the project will provide improved services to more than 840,000 people and reduce greenhouse gas emissions by 13,400 tons over 7 years.

The project is the first competitively tendered PPP to successfully close in the West Bank, and its long-term success will set a precedent for leveraging private sector expertise for the delivery of infrastructure services across infrastructure sectors.

RELATED PPIAF ACTIVITIES IN WEST BANK

- 2011: Southern West Bank Solid Waste Management Project, **\$199,975**
- 2013: Solid Waste Management Capacity Building and Institutional Strengthening Support, **\$83,510**