

## IMPACT STORIES

# PPIAF Supports Private Sector Participation in the Maldives' Solid Waste Sector



In 2009 PPIAF helped the government of Maldives review options to introduce best practices in solid waste management through private sector participation. At the time, poor waste management practices in Malé were both threatening its tourism industry and putting the health of the country's population at risk.

As a result of this activity, the government—with the help of the International Finance Corporation (IFC) as lead transaction advisor—successfully implemented a solid waste management public-private partnership (PPP) in May 2011. The transaction was structured as a 20-year build-operate-transfer project and mobilized \$50 million in private investment. The project will benefit 120,000 people, process up to 70% of the country's solid waste, and reduce annual greenhouse gas emissions by 16,000 tons.

The Republic of Maldives, a country of 192 inhabited islands with a population of 395,000, is well known for its white-sand beaches. Tourism, the Maldives' largest economic activity, accounts for 28% of GDP and more than 60% of foreign exchange receipts. Over 90% of government tax revenue comes from import duties and tourism-related taxes. In this context, tourism-related infrastructures are critical to ensure economic growth.

### PPIAF SUPPORT

In 2009 the Public-Private Infrastructure Advisory Facility (PPIAF) provided a \$145,000 grant to the government of Maldives to review options to introduce best practices in solid waste management through private sector participation, in conjunction with the IFC's mandate as lead transaction advisor to implement a waste management PPP project.

At the time, poor waste management practices were threatening both the environment and the tourism industry. Waste was collected in an ad-hoc manner and dumped at the shore, disposed of in the ocean, or transported to Thilafushi Island, where it was burnt openly. These practices destroyed the environment, and put the health of the country's 395,000 people at risk.

PPIAF technical assistance consisted of carrying out detailed due diligence on the technical aspects of the waste management project such as waste generated, waste characterization, suitable treatment and disposal technologies, waste transfer logistics, and development of PPP options.

Specifically, PPIAF technical assistance recommended an institutional and regulatory framework to promote PPPs; an optimal collection, segregation, treatment, and disposal technology; measures to enhance the project's financial viability; and PPP options for the management of the solid waste services. The due diligence work also included drafting technical sections and performance obligations for the bidding, pre-qualification, and evaluation of the waste management PPP award.

## OUTCOMES

In May 2011, the government of Maldives, with the help of IFC as lead transaction advisor, successfully implemented a solid waste management PPP. The transaction was structured as a 20-year concession to build, operate, and transfer an integrated waste management system.

Following project implementation, PPIAF has been providing since 2011 post transaction support to assist the government of Maldives in managing the PPP contract.

## DONOR COORDINATION

The PPIAF-funded study, with IFC's help as lead transaction advisor, complemented a number of studies and projects funded by other donors, including the World Bank and European Union.

## IMPACTS

The solid waste management PPP mobilized \$50 million in private investment that will improve waste collection, transportation, and disposal; reduce marine and air pollution; and generate power through a 2.7 MW waste-to-energy plant. The project will benefit 120,000 people, process up to 70% of the country's solid waste, and reduce annual greenhouse gas emissions by 16,000 tons.

Through this project, PPIAF and the IFC supported the Maldivian government's goal to become a carbon-neutral country by 2020, while helping it to comply with good global practices on the treatment and disposal of solid waste.

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.



### RELATED PPIAF ACTIVITIES IN THE MALDIVES

- 2006: Options to Develop a New Port with Private Sector Participation in Malé, **\$424,000**
- 2010: Communication Program for Solid Waste Management PPP, **\$50,000**
- 2011: Contract Management Support for Solid Waste Management PPP, **\$75,000**