



Preliminary Information Memorandum

KAMPALA WASTE PPP PROJECT

Innovation shaping waste management in Uganda



MARCH 2020



International
Finance Corporation
WORLD BANK GROUP

Market Consultation PIM

Preliminary Information Memorandum
for the Development of the Ddundu Landfill
PPP Project

Kampala, Uganda
March, 2020

IMPORTANT NOTICE

This Preliminary Information Memorandum (“**PIM**”) has been prepared by the International Finance Corporation (“**IFC**”) on behalf of their client, the Kampala Capital City Authority (“**KCCA**”) in line with their mandate as Transactions Advisors to KCCA in the development, structuring and tendering of the Ddundu Landfill PPP Project (“**the Project**”) which forms part of the wider Kampala Waste Management Project (“**the KWMP**”).

This Preliminary Information Memorandum is being issued by KCCA solely for information purposes only for persons interested in participating in the market consultation in respect of the Project. This PIM does not purport to be all inclusive or to contain all of the information that a prospective bidder may require in making its decision to participate in the tender. Where this document describes any contractual, commercial or other legal arrangements which are not yet in force, those arrangements remain subject to change.

Nothing in this **PIM** is, or should be relied upon, as a promise or representation as to the future procurement of the Project.

KCCA reserves the right to change the procurement of the Project or any other proposals or information relating to the Project. In particular KCCA reserves the right at any time, to issue amendments or modifications to this PIM; to alter the timetable for the Project; and/or not to proceed with the Project. KCCA will not be responsible for the costs or expenses of any recipient of the PIM in relation to any matter referred to in this document, including costs relating to the consultation or in respect of the evaluation of, award, or any bid for the award, of a Project Agreement and/or any other contractual arrangements relating to the Project.

Neither KCCA, IFC nor their advisors make any representation, undertaking or warranty (express or implied) as to the accuracy, reasonableness or completeness of this PIM and no such body or person has any authority to make any such representation or warranty, whether on its own account or on behalf of any other. All such bodies and persons expressly disclaim any and all liability for or based on or relating to any of the information in this PIM or any errors or omissions in the same, or for any use made by the recipients of the PIM. Neither the receipt of this document by any person nor any information contained in it or distributed with it or subsequently communicated to any interested party or its advisers is or is to be taken as constituting the giving of advice by KCCA or IFC.

This PIM does not constitute a solicitation of bids for any aspect of the Project. Solicitations of bids and bidding guidelines will be issued separately.

Foreword

KCCA, the sponsor for the Kampala Waste Management Project (“**the KWMP**”), was established under the KCCA Act 2010 and has been operational since 2011. Its mandate is to provide services that enable residents and businesses operating in the city function in an environment that supports development.

KCCA’s 5 year strategy is “**Laying the Foundation for Kampala City Transformation**”.

The KWMP consists of five key components as described below and is critical for the attainment of the country’s vision 2040 aspirations and as such a top priority for KCCA. The KWMP benefits from very strong support from the Government of Uganda and interest from development partners such as Climate & Clean Air Coalition (“**CCAC**”), C40 Cities, Global Green Growth Institute (“**GGGI**”), Cities and Infrastructure for Growth (“**CIG**”) and the Private Infrastructure Development Group (“**PIDG**”).

As part of the KWMP, KCCA is seeking a private sector partner to develop a new sanitary engineered landfill at Ddundu on the basis of a Public Private Partnership (“**PPP**”) arrangement (the “**Project**”). KCCA’s specific objective for the Project is “the development, in partnership with a credible private operator, of a high quality waste treatment & disposal facility that aligns

with KCCA’s overall objective of improving sanitation in Kampala City whilst offering value for money”

In developing the Project, KCCA has taken into account the views of potential development partners, investors, contractors and operators and these views have been reflected in the Project structure set out in this PIM.

KCCA wants to see the closure of the existing Kiteezi landfill site happen as soon as possible therefore requires that the construction of the first landfill cell at the new Ddundu site must be fast-tracked. Successful bidders for the Ddundu component must therefore demonstrate technical and financial capability to commence construction by the end Q1 2021.

KCCA has spent a significant time developing this Project and are now looking for bidders who can offer proven experience and expertise together with the necessary capital investment to maximize Project benefits.

KCCA looks forward to the receipt of comments in response to this PIM that will allow finalizing of the Project structure and procurement documents in a manner that will facilitate procurement of a PPP contract that will deliver long term value to the residents served by KCCA.



Eng. Andrew Kitaka
Ag. Executive Director, KCCA

ACRONYMS

CCAC	Climate & Clean Air Coalition
CIG	Cities and Infrastructure for Growth
CPI	Consumer Price Inflation
DBFO	Design, Build, Finance and Operate
DFID	Department for International Development
GGGI	Global Green Growth Institute
GHG	Green House Gas
GKMA	Greater Kampala Metropolitan Area
GoU	Government of Uganda
IFC	International Finance Corporation
KCCA	Kampala Capital City Authority
KIIDP	Kampala Institutional and Infrastructure Development Projects
KFS	Kampala Faecal Sludge
KMW	Kampala Waste Management
KMWP	Kampala Waste Management Project
MSW	Municipal Solid Waste
NEMA	National Environment and Management Agency
PIDG	Private Infrastructure Development Group
PIM	Preliminary Information Memorandum
PPP	Public Private Partnership
RfP	Request for Proposals
RfQ	Request for Pre-Qualification
SPV	Special Purpose Vehicle
TAF	Technical Assistance Fund

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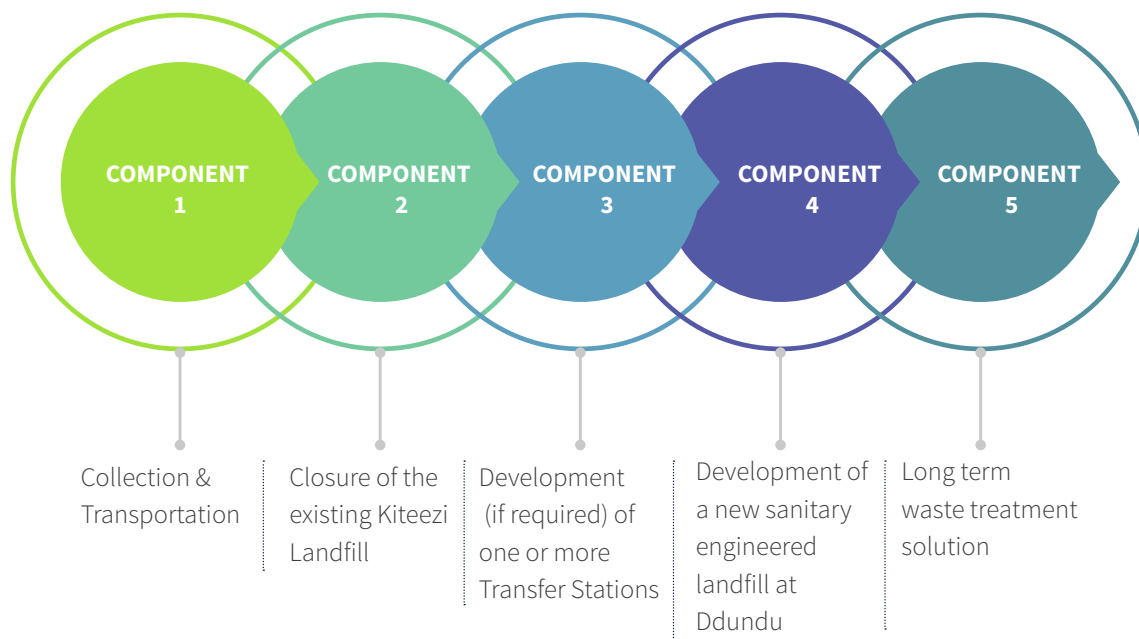
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1 INTRODUCTION

1.1 Kampala Waste Management Project *Innovation shaping waste management in Uganda*

KCCA's mandate is to manage municipal solid waste generated in Greater Kampala Metropolitan through efficient collection, transportation, treatment and safe disposal operations. KCCA's long term strategy for future investment is based on five key components, collectively the Kampala Waste Management Project (the "KWMP" where:



Uganda's consistent economic growth coupled with rapid industrialization and urbanization has seen the provision of key services and infrastructure lag behind demand. Kampala, as the capital city of Uganda and the main economic center, has a pathfinding role in solving this problem.

With a resident population of 2M and a transient population of nearly 5M, the management of municipal solid waste is critical to the city's success. Critical success factors for the **KWMP** include;

- *An optimum and sustainable design for the waste management & treatment facilities;*
- *Integrity and timeliness of all processes;*
- *Affordability for KCCA;*
- *Appropriate financial returns for the private sector;*
- *An efficient and robust procurement and construction phase that yields value; and*
- *A seamless transition from Kiteezi to Ddundu*

Upon successful implementation, the **KWMP** is expected to promote environmental sustainability and contribute to climate change mitigation & adaptation managing solid waste in GKMA. Benefits arising from the KWMP include;

- *Improvement in public health, environmental quality and ultimately reduction in preventable diseases with GKMA*
- *Climate change mitigation (through the reduction of Green House Gas emissions) and adaptation through pollution control*
- *Social economic gains through increased city attractiveness, cleanliness, tourism potential, educational tours and resource recovery.*

GoU and KCCA is committed to promoting a Project which makes the greatest contribution to the prosperity and wellbeing of its citizens. This is underpinned in the long term strategy within the Vision 2040 aspirations and the National Development Plan.

The various components of the KWMP will be delivered variously by public and private sector parties with funding expected to come from central government, development agencies and the private sector.

As described further in this PIM, KCCA is seeking a private sector partner to deliver **Component 4 of the KWMP on the basis of a PPP arrangement (the “Project”)**.

1.2 The Preliminary Information Memorandum

The distribution of this PIM, prepared in accordance with the Uganda Public Private Partnership (“PPP”) Act 2015, forms part of KCCA’s approach to promoting transparency and initiating formal dialogue with the private sector in respect of the proposed Project.

KCCA and IFC have previously engaged with various stakeholders including waste & environmental management companies, contractors, consultants, civil society, development partners, funders and potential investors through;

- *A Project teaser that was issued in October 2017;*
- *An investors conference that was held in Kampala in December 2017 to introduce the Project to the market;*
- *Project site visits to familiarize stakeholders with the Project’s key attributes;*
- *An online pre-bid market survey including interactions through emails and phone calls;*
- *Physical interactions through formal meetings, workshops, conferences and other similar forums within KCCA*

Through the engagements above, KCCA listened to the views presented (incorporating them as applicable) in order to finalise the Project structure set out below. The objective of this PIM is to set out KCCA’s current intent with regards to the Project and provide relevant information to the market prior to the formal launch of a Request for Pre-qualification (“RfQ”).

KCCA’s thinking and final position on a number of areas within the scope of the Project are still being developed and remain subject to final Government of Uganda (“GoU”) approval. As such, the information in this document should not be relied upon as an indication of KCCA’s final requirements for the Project.

Upon the formal launch of the **RfQ**, discussions will only be permitted in accordance with the prescribed tender rules. Prospective bidders are therefore encouraged to take this opportunity to provide feedback, views and suggestions to KCCA prior to the formal competitive process commencing.

The issuance of this **PIM** commences the final engagement prior to formal launch of the procurement for private sector partners for the respective components.

The anticipated timetable is highlighted in the table below

Activity	Date
Issuance of the PIM	Monday, March 16 th , 2020
Deadline for interested parties to request for a conference call with KCCA & IFC	Friday, March 27 th , 2020
Start of Conference Calls (45mins Max)	Monday, March 30 th , 2020
End of Conference Calls	Friday, April 3 rd , 2020
Deadline for the receipt of any written responses	Monday, April 6 th , 2020
Formal launch of the RfQ	May 2020

“

....With a resident population of 2M and a transient population of nearly 5M, the management of municipal solid waste is critical to the city’s success.

”

Interested Party Conference Calls

KCCA is proposing to make itself available for conference calls with interested parties including, but not limited to, potential bidders, consortia, financiers and any institutions who believe they can support the Project. The conference calls will take place during the period from **March 30th to 3rd, 2020**.

This dialogue is intended to allow for further clarification, raising of any commercially sensitive queries regarding the Project and for bidders to provide KCCA with feedback on the Project as set out in this PIM.

Allocation of slots for the conference calls will be on a first come first serve basis and as such, interested participants are strongly encouraged to submit their applications as soon as possible and in any case, no later than **April 6th, 2020**

Applications for the bilateral conference calls should be submitted by email as follows

1. **To the following email address; *nbateganya@kcca.go.ug* and a copy to *colobo@ifc.org***
2. **With the subject: KWM Application for a Bilateral Conference Call**
3. **Include details such as company name, attendees and nature of business**
4. **Preferred Date & Time**

Written Responses

KCCA welcomes written feedback on a number of matters set out in this PIM. In particular, views on the following are encouraged

1. **The overall proposed project structure & components;**
2. **The Ddundu Landfill outline design and related diversion targets;**
3. **Proposed procurement process and the use of competitive dialogue to maximize value;**
4. **The proposed financing and funding mechanisms;**
5. **Investment requirements; and**
6. **Alternative contractual & risk sharing mechanisms.**

Interested financiers, equity providers or credit enhancement institutions that so wish their details to be availed to prospective bidders are also encouraged to write to KCCA & IFC.

This information will be provided to prospective bidders (for them to initiate contact if desired) with neither KCCA nor IFC playing a match making role of any sorts.

Contact Details

All written responses, clarifications and other correspondences in relation to this PIM including requests for the conference calls should be sent to the following persons:

**Dr. Najib Bateganya
Lukooya, PhD**

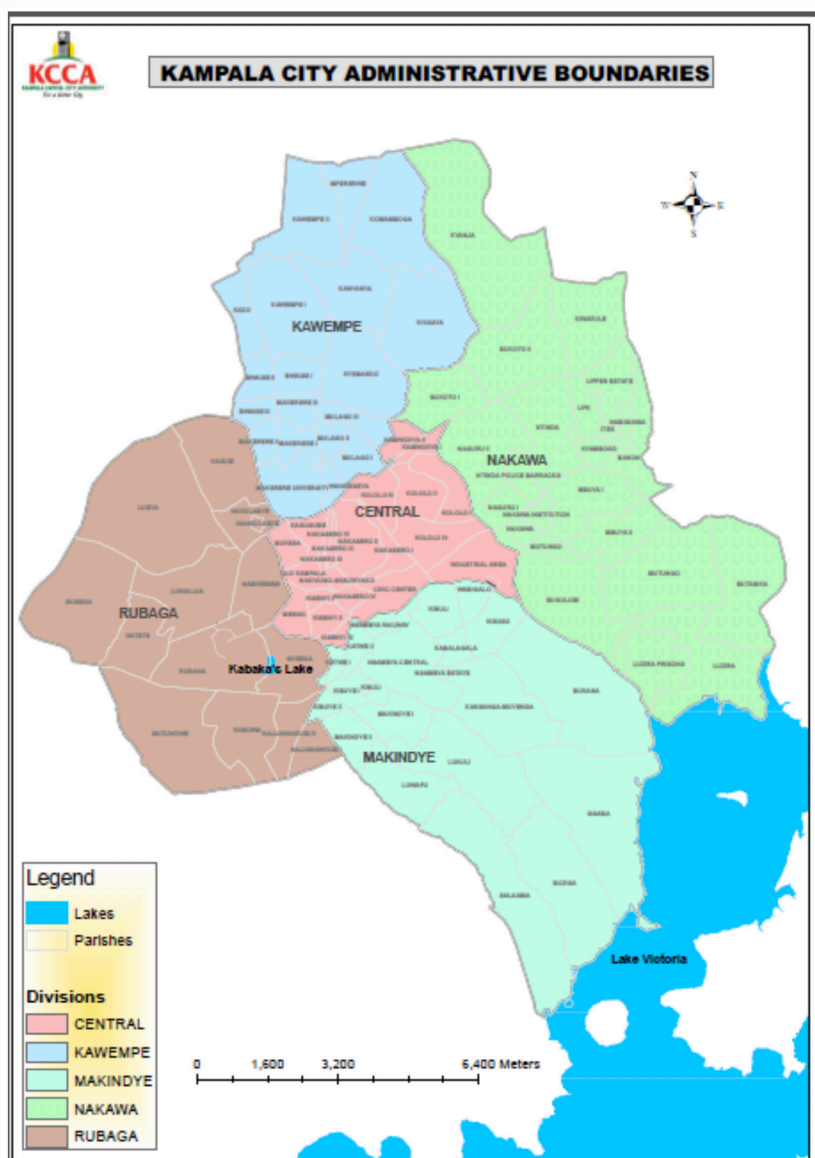
Deputy Director- Environment &
Sanitation, KCCA
nbateganya@kcca.go.ug

Christopher Olobo
International Finance
Corporation
colobo@ifc.org

2. AN OVERVIEW OF KAMPALA'S WASTE MANAGEMENT

2.1 The Outlook of Kampala City

Kampala is the capital and the largest city of Uganda. The city's population is estimated at about 5 million people including both resident and transient. It is divided into 5 divisions namely; Central, Kawempe, Makindye, Nakawa and Rubaga. The metropolitan areas of Wakiso District, Mukono District and Mpigi District complete the Greater Kampala Metropolitan Area (**GKMA**).



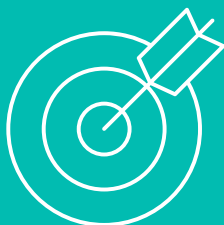
Kampala is a well-regarded city in which to live with a good quality of life and an extremely friendly population. Whilst much of the city can be regarded as middle class, small areas of deprivation do exist. The city has a comparatively thriving economy in terms of household incomes and a diversified commercial sector.

KCCA IS THE AUTHORITY THAT MANAGES THE CITY WITH ETHOS INSCRIBED BELOW



Vision

To be a Vibrant, Attractive
& Sustainable City



Mission

To Deliver Quality Services
to the City



Core Values

Excellence, Integrity,
Innovativeness, Team
Work & Client care

2.2 Analysis of Waste Generation & Composition

Since 2012 the total amount of Municipal Solid Waste (“MSW”) collected in Kampala has increased by a 7% compound annual growth rate. In 2014, KCCA signed concessions with private operators to collect and transport waste to Kiteezi. The impact of these private collection concessions is evidenced by a general increase in the share of waste collected by the private sector.

The table below illustrates the waste generated since 2012.

Waste collected in tonnes	Year						
	2012	2013	2014	2015	2016	2017	CAGR 12-17
Waste collected by KCCA	229,771	218,527	252,576	260,612	284,991	263,126	3%
Waste collected by the private sector	114,378	131,605	128,491	111,608	143,165	217,956	14%
Total waste collected	344,149	350,132	381,067	372,220	428,156	481,082	7%
% collected by KCCA	67%	63%	73%	76%	83%	76%	
% collected by private sector	33%	38%	37%	32%	42%	63%	

Waste growth assumptions

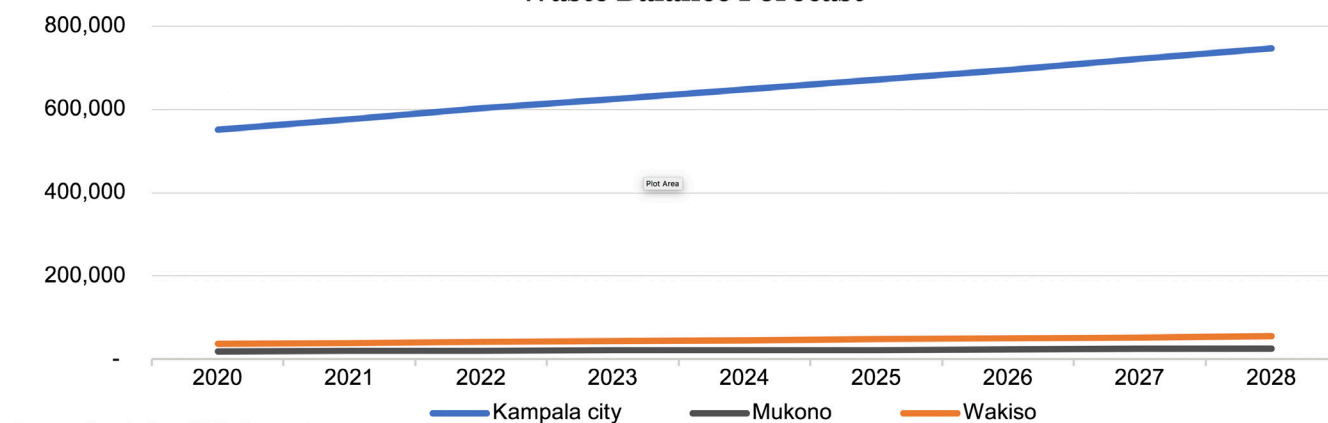
The primary sources of MSW are private households, transient population, market places, commerce, industry, public administration, kindergartens & schools, hospitals and tourists to be covered by the municipal waste collection system.

A forecast for MSW arisings in Kampala and the districts of Mukono and Wakiso has been prepared taking account of the anticipated per capita waste generation for both resident and transient populations. The per capita daily waste generation for Kampala and the districts are estimated at 0.55 kg and 0.37 kgs per day respectively. As a result, the forecast waste generation, taking account the population growth and economic growth among other variables, is a round up the numbers in the table below

“
The per capita daily waste generation for Kampala and the districts are estimated at 0.55 kg & 0.37 kgs per day respectively
”

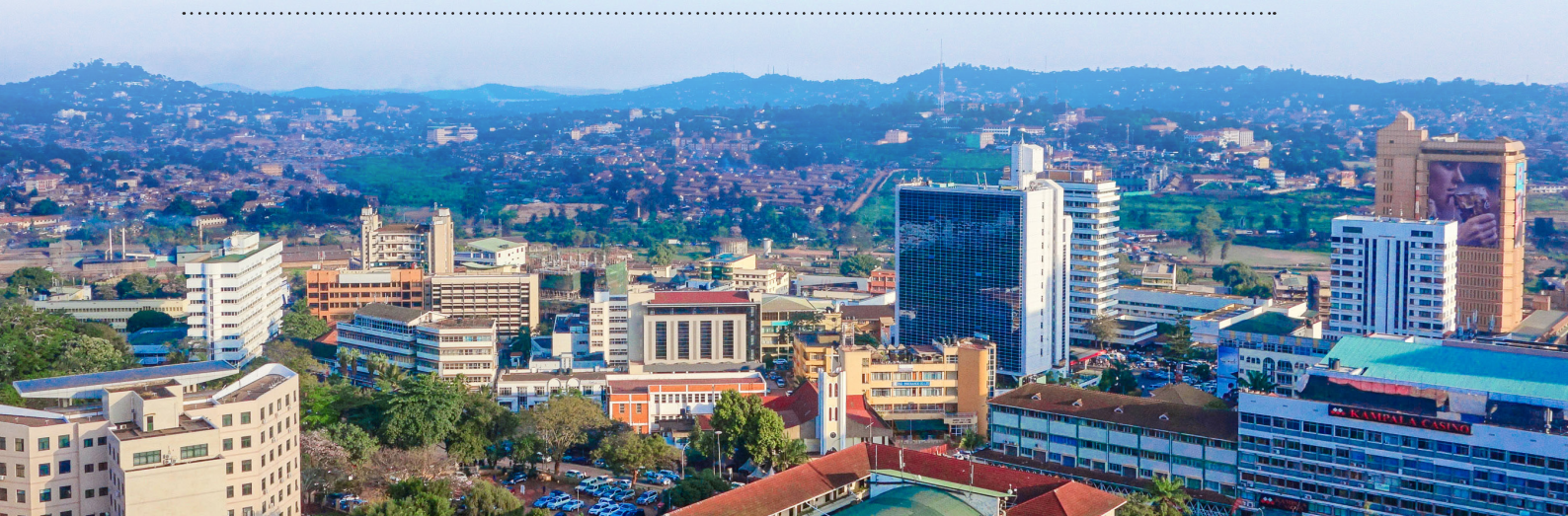
Tonnes	2020	2021	2022	2023	2024	2025	2026	2027	2028
Kampala city	550,967	576,449	603,110	624,973	647,628	671,104	695,432	720,641	746,764
Mukono	19,270	19,970	20,696	21,448	22,228	23,036	23,873	24,741	25,640
Wakiso	37,841	39,712	41,677	43,738	45,902	48,172	50,555	53,056	55,680
Total	608,077	636,132	665,483	690,159	715,757	742,312	769,860	798,437	828,084

Waste Balance Forecast



2.3 Municipal Solid Waste (“MSW”) Collection & Transport

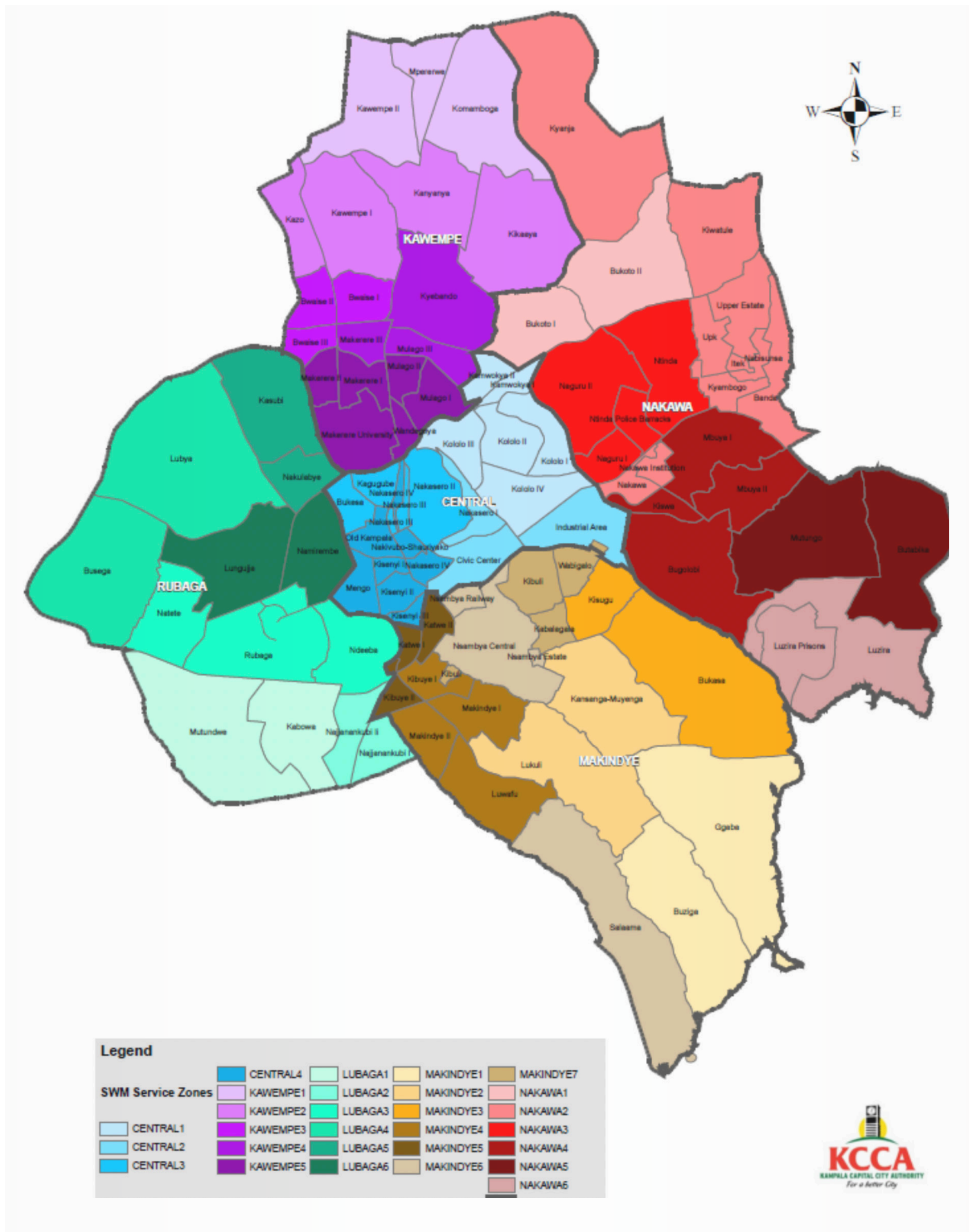
The waste collection efficiency within Kampala is 60% with nearly 1,300 tons of MSW delivered daily.



KCCA currently has a number of contracts for the collection and transportation of waste with the primary disposal facility within Kampala being at the Kiteezi Landfill.

Existing contracts are with 3 concessionaires; Kampala Solid Waste Management Consortium, Homeklin (U) Ltd and Nabugabo Updeal Ventures. The contracts, that were signed for the collection and transportation within 7 zones in Kampala are due to expire in June 2020. **KCCA** is therefore in the process of commencing a procurement for collection and transportation of waste. The new contracts will be for the collection of waste within divisions and not zones as was the case of the earlier contracts. The new proposed division boundaries with the stipulated waste collection areas are shown below:

PROPOSED SOLID WASTE MANAGEMENT ZONES - JANUARY 2019



Successful collection & Transport companies will be expected to

1. **Provide daily collection schedules to KCCA**
2. **Sensitize the communities about collection schedules and prices**
3. **Acquire more and better fleets with higher carrying capacities**
4. **Comply with stringent monitoring and evaluation of performance by KCCA.**

2.4 Waste Recycling

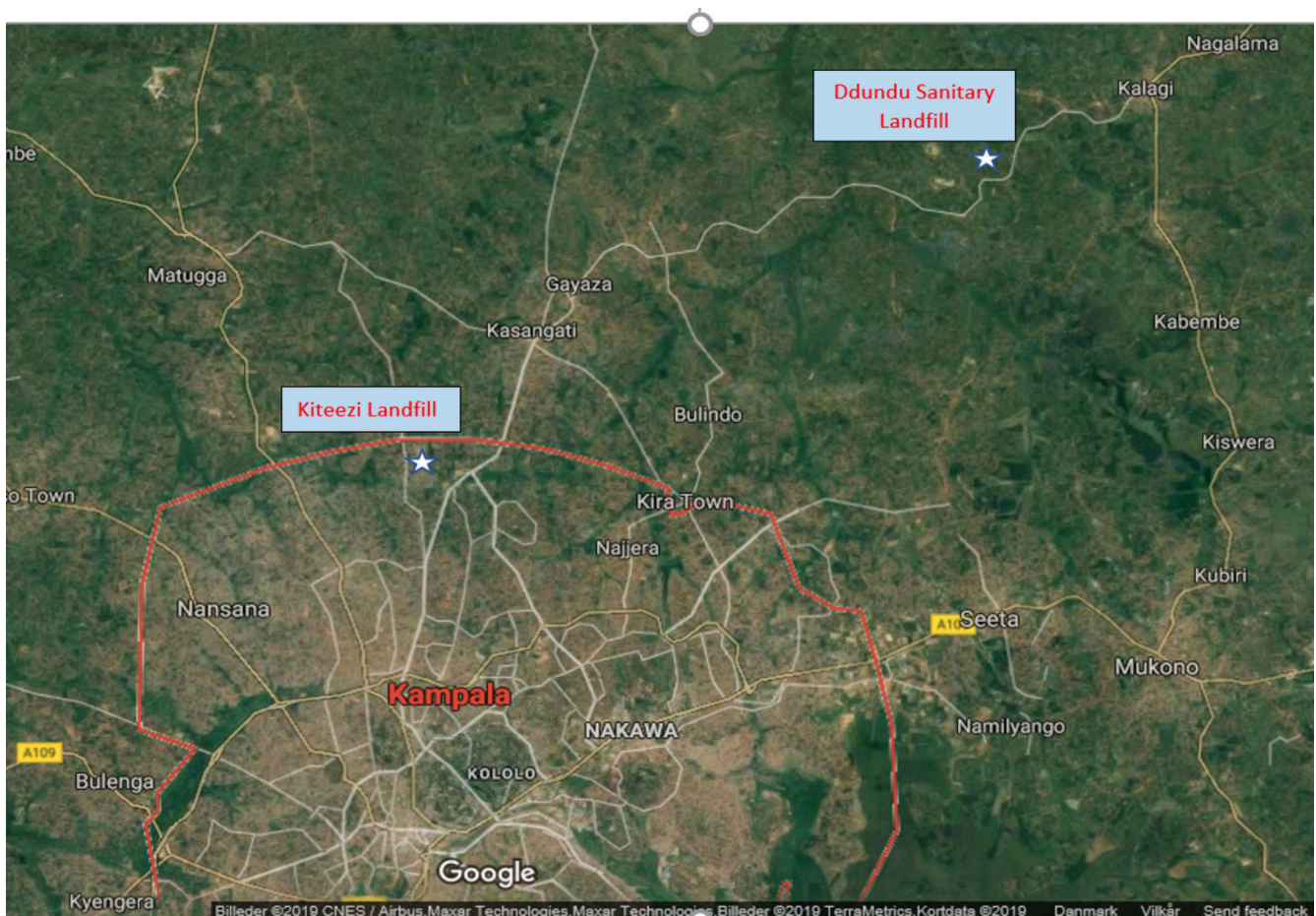
Recycling is at the heart of KCCA's efforts to achieve sustainability. Plastic recycling through the **"Make Kampala Plastic Free"** initiative is ongoing through a partnership between KCCA and Coca-Cola. The project is intended to provide a steady source of income to youth and women groups as they remove plastics and clean the environment.

Coca-Cola shall finance construction of plastic collection centers in the various divisions of Kampala. In addition, Coca-Cola shall provide seed funding for the youth/women groups who will be receiving and buying the plastics from individual collectors on "cash on delivery" terms. KCCA shall be in charge of transporting the plastics from the collection centers to the recycling plant and mobilizing communities.

2.5 MSW Treatment & Disposal

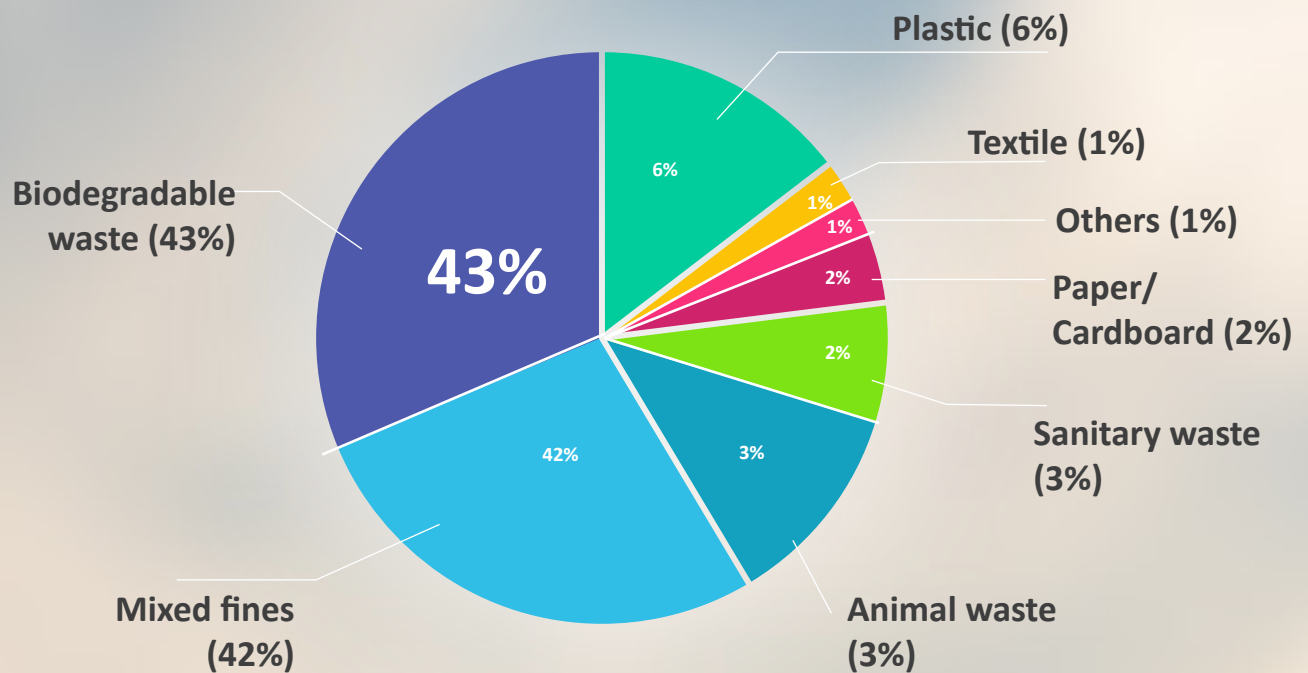
Currently, waste collected is transported and disposed at Kiteezi landfill, the only authorized waste disposal site in Kampala. The landfill constructed in 1995 is over about 12 ha and has now reached its maximum capacity.

Kiteezi is not operated under sanitary landfill conditions as characterized by lack of a liner, containment; steep and unstable slopes (greater than 3:1), poorly maintained drainage channels, release of landfill gas and a dysfunctional leachate plant.



On average, the daily tonnage received at Kiteezi Landfill is **1,300 tons** translating to around **480,000 tons** per year. The primary composition of the waste received is shown below:

Waste Composition



“

The CV, or energy content, of the waste is low at 6.12 MJ/kg which has implications for the viability of Energy from Waste technologies

”

3. PARTIES, PARTNERS & SUPPORT

3.1 Key GOU Parties

Kampala Capital City Authority: The Contracting Authority

KCCA, established with the **KCCA Act 2010** is the Project sponsor. KCCA is mandated to provide services that enable residents and businesses operating in the city function in an environment that supports development. To complement its waste collection services, the Authority has licensed private companies to collect and transport waste from designated areas. Under KCCA's strategic plan, the Authority is committed to rolling out a comprehensive waste segregation, collection, transportation, safe disposal and improved treatment system by leveraging the private sector through the entire waste management value chain.

KCCA has extensive experience in developing, promoting and implementing significant infrastructure Projects. These range from minor modifications of existing infrastructure to major schemes. These major schemes developed, promoted and implemented by KCCA in recent years include the Kampala Institutional and Infrastructure Development Projects (**KIIDP**) to widen and upgrade roads and drainages in Kampala, the Kampala Faecal Sludge (**KFSM**) Project to improve faecal sludge management in the vulnerable urban poor areas of Kampala, among others. These projects have been progressed through the planning system entirely controlled by KCCA.

KCCA is the contracting authority for the Kampala Waste Management Project and the accountability for the success of this Project lies with the Executive Director of the **KCCA, Eng. Andrew Kitaka**. The delivery of this Project in line with the provisions of the Uganda PPP Act lies with the KCCA appointed **Project Officer, Najib Bateganya**.

KCCA's objective of the Project is **“The development, in partnership with a credible private operator, of a high quality waste treatment & disposal facility that aligns with KCCA’s overall objective of improving sanitation in Kampala City whilst offering value for money”**

Ministry of Finance, Planning & Economic Development

The Ministry of Finance plays an important role to ensure mobilization of public resources and to oversee how these resources are accounted for as they target to benefit all Ugandans.

The Ministry of Finance is organized with the directorates of Budget, Economic Affairs, Accountant General's Office and departments of Finance and Administration.

The Ministry of Finance plays a crucial role in this Project including

1. **Approval of the Project prior to KCCA commencing the procurement**
2. **Negotiating with Development Finance Institutions the public financing component of this Project and subsequently channeling the funds to the preferred bidder**

National Environment and Management Agency

The National Environment Management Authority (NEMA) is a semi-autonomous institution, established in May 1995, under the National Environment Act, Cap. 153, and became operational in December 1995, as the principal agency in Uganda, charged with the responsibility of coordinating, monitoring, regulating and supervising environmental management in the country.

NEMA spearheads the development of environmental policies, laws, regulations, standards and guidelines; and guides Government on sound environment management in Uganda.



3.2 Project Partners

International Finance Corporation

IFC, a member of the World Bank Group, is an international financial institution that offers investment, advisory, and asset management services to encourage private sector development in developing countries. IFC have been retained as the Transaction Advisor to KCCA for the Project and will provide advisory support to KCCA for Project preparation and procurement up until financial close. Whilst IFC is the lead transaction advisor to KCCA, a number of firms have been contracted by IFC with their key roles set out below.



3.3 Potential Project Partners



Climate & Clean Air Coalition (CCAC)

The **Climate and Clean Air Coalition** is a voluntary partnership of governments, intergovernmental organizations, businesses, scientific institutions and civil society organizations committed to improving air quality and protecting the climate through actions to reduce short-lived climate pollutants.

Potential support for the appraisal and financing of the closure of the existing landfill.



C40 Cities

C40 is a network of the world's megacities committed to addressing climate change. C40 supports cities to collaborate effectively, share knowledge and drive meaningful, measurable and sustainable action on climate change.

Working together with CCAC, they are potentially supporting the activities related to the closure of the existing landfill.



Global Green Growth institute (GGGI)

GGGI is a treaty-based international, inter-governmental organization dedicated to supporting and promoting strong, inclusive and sustainable economic growth in developing countries and emerging economies. It aims to deliver impact through six strategic outcomes: Green House Gas (“**GHG**”) emission reduction, creation of green jobs, increased access to sustainable services, improved air quality, adequate supply of eco system services and enhanced adaptation to climate change.

Potential support for the development of a transfer station.



Private Infrastructure Development Group (PIDG)

PIDG is an innovative infrastructure development and finance organization delivering pioneering infrastructure in the poorest and most fragile countries. With funding from six governments and **IFC**, **PIDG** operates along the Project life cycle and across the capital structure, to help Projects overcome financial, technical or environmental challenges – creating investment-ready, bankable infrastructure opportunities.

Through the Technical Assistance Facility (TAF) and Guarantco, PIDG is looking to support financing options for closure of the Kiteezi and a viability gap funding for the greenfield landfill at Ddundu.



“

The programme will deliver inclusive economic transformation and growth that is climate-resilient and contributes to poverty reduction...

”



Cities and Infrastructure for Growth

The Uganda Cities and Infrastructure for Growth (**CIG**) is a five-year **DFID** funded programme. It aims to strengthen the management of urban and energy sectors and boost investment into infrastructure in Uganda. In the Ugandan context, given its economic geography, this may include urban centers of varying sizes as well as sub-regions, especially where these are centers of prospective economic growth and where infrastructure may be a key enabling factor. The programme will deliver inclusive economic transformation and growth that is climate-resilient and contributes to poverty reduction and economic inclusion of disadvantaged groups.

Committing to support activities related to the development of a long term waste treatment solution for Kampala.



4. WIDER PROJECT COMPONENT DESCRIPTION

COMPONENT

1

KCCA is seeking to engage competent private sector firms with practical experience and proven capacity to deliver efficient and affordable waste management services within the city under the “**Kampala Private Municipal Waste Collection and Transportation Services**” concession

COMPONENT

2

Closure, rehabilitation, capping and the provision of aftercare services for the **Kiteezi landfill**. Any revenue obtainable from landfill gas and or change use pattern of the site will be shared with KCCA

COMPONENT

Development of one or more facilities that serve as recycling and waste prior to transport



COMPONENT

3

or more transfer stations sites
g centers and aggregation of
station to Ddundu for disposal

COMPONENT

4

Development through a PPP of a sanitary engineered
landfill at Ddundu and associated treatment to divert
a minimum of waste 35% from the landfill. A revenue
sharing mechanism with KCCA will be implemented

COMPONENT

5

Development of a long term diversion and or
treatment solution to divert significant quantities
of waste from landfill

3

**Cost of capital
USD 40 MILLION**

4

5



5. THE PPP PROJECT

5.1 A Design, Build, Finance and Operate (“DBFO”) for a sanitary engineered landfill

Project scope

KCCA proposes to appoint a Private Party to design, build, finance, operate, maintain and transfer a sanitary engineered landfill at Ddundu with associated treatment facilities capable of diverting a minimum of 35% of accepted waste from landfill.

Following the successful commissioning of the first landfill cell (“Cell 1”) and related treatment facilities, the Private Party will begin to receive payments from KCCA. The Project will be for a Contract Term of 15 years inclusive of an initial construction period not exceeding 12 months. The Project Agreement will require that the Project facilities be handed back in good condition at the end of the Contract Term. A clearly defined hand back protocol will be agreed with the Project company.

Conceptual Project Reference Design

KCCA will provide a clear design brief (including output specifications) in the tender and contract documentation. In addition to the design brief, KCCA will make available a highly conceptual reference design to the shortlisted bidders.

The reference design is based on the European Union Directive on the Landfill of waste (99/31/EC). Bidders will however be expected to develop designs that conform to local regulations and international best practice. The main infrastructure components to be developed by the Private Party include:

- **An access road;**
- **A waste treatment and disposal area including cells;**
- **A leachate treatment plant ;**
- **A landfill gas collection system and landfill gas-fired power plant;**
- **Water management infrastructure, including ditches, drain pipe and sewers;**
- **General infrastructure including fencing, gates, service roads;**

- **Site offices, maintenance building and weighbridge building;**
- **Landfilling machinery and equipment; and**
- **An Environmental Monitoring System.**

5.2 Commercial structure of the PPP

Component 4 will be delivered using a mix of privately financed solutions and public support.

The project circumstances are unique and a ‘one size fits all’ approach is bound to fail. KCCA has adopted a project structure which is tailored to deliver success. A 4x4 efficiency consideration was adopted when developing the structure that meets the objectives of the project:

The 4 key factors considered in proposing the structure

- **GoU expectations and affordability to KCCA**
- **A structure that aligns best with the outcomes/ recommendations of the project due diligence**
- **Lessons from past projects both successful and failed projects; and**
- **Market feedback on what the private sector is capable of delivering**

Stakeholder perspectives include

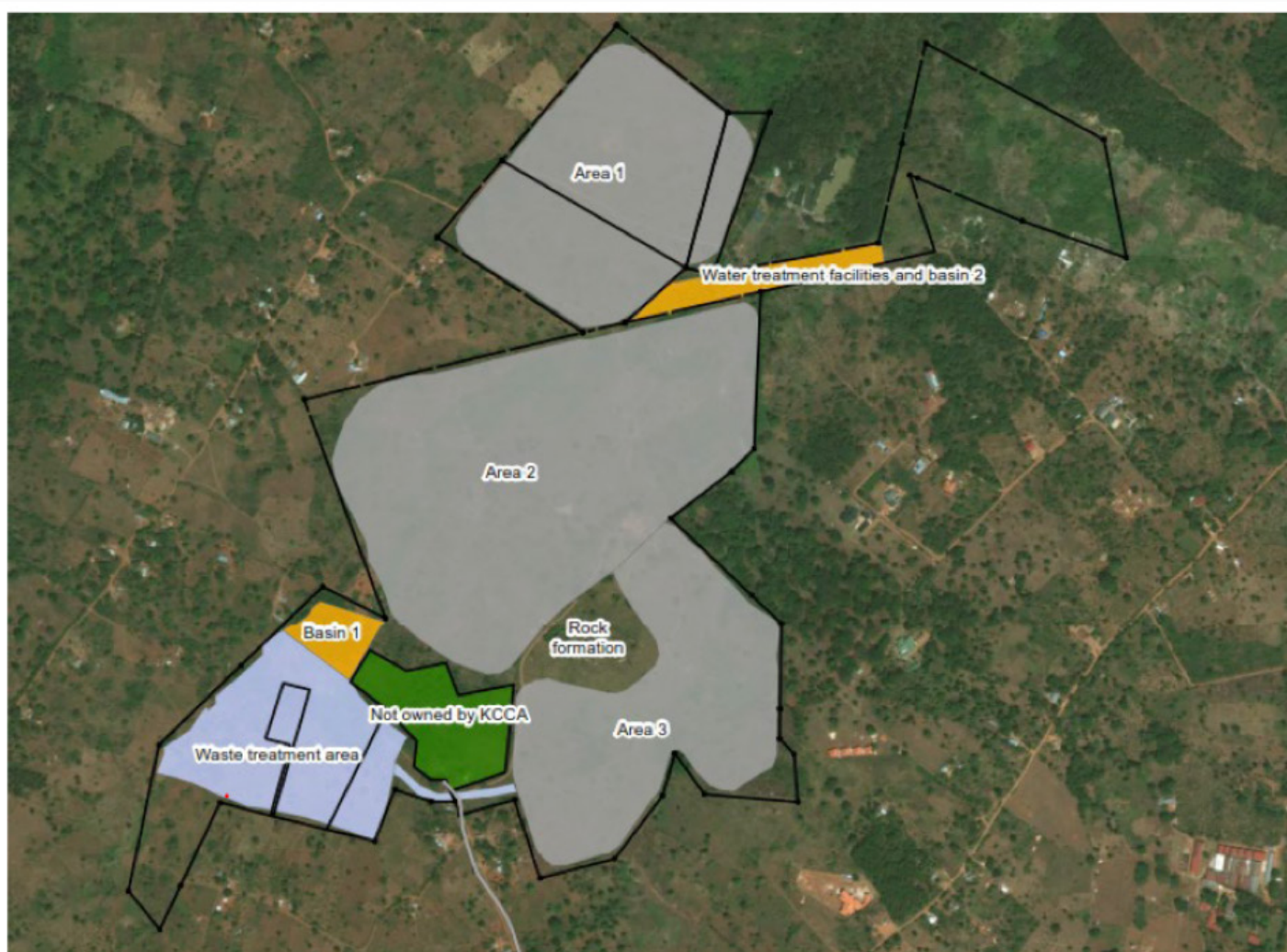
- **City Residents:** implement a project that satisfies their immediate need and safeguards public health
Deliver Cell 1 as soon as possible to allow for the closure of Kiteezi
- **KCCA:** demonstrate to municipalities across Africa how private sector participation can deliver a public good
Focus the PPP on greenfield activities
- **Ministry of Finance:** Minimize fiscal commitments and contingent liabilities
Seek development partner support and limit private sector exposure to legacy risks
- **Private Sector:** Not willing to take legacy environmental risks and comfort that the project is affordable to KCCA
Development partner support and split the project in manageable components

To achieve the delivery timelines, KCCA's stipulation is that the Project will be delivered in parallel with closure for the existing Kiteezi landfill activities as follows:

Ddundu Landfill Activity		Kiteezi Landfill Activities
Start construction of Cell 1 & associated infrastructure	December 2020	Start closure process for the Kiteezi Landfill
Complete construction of Cell 1 & associated infrastructure	December 2021	Final disposal of waste Kiteezi stopped
Waste delivery to Ddundu & subsequent cell construction	From Jan 2022	Rehabilitation & aftercare of Kiteezi commences

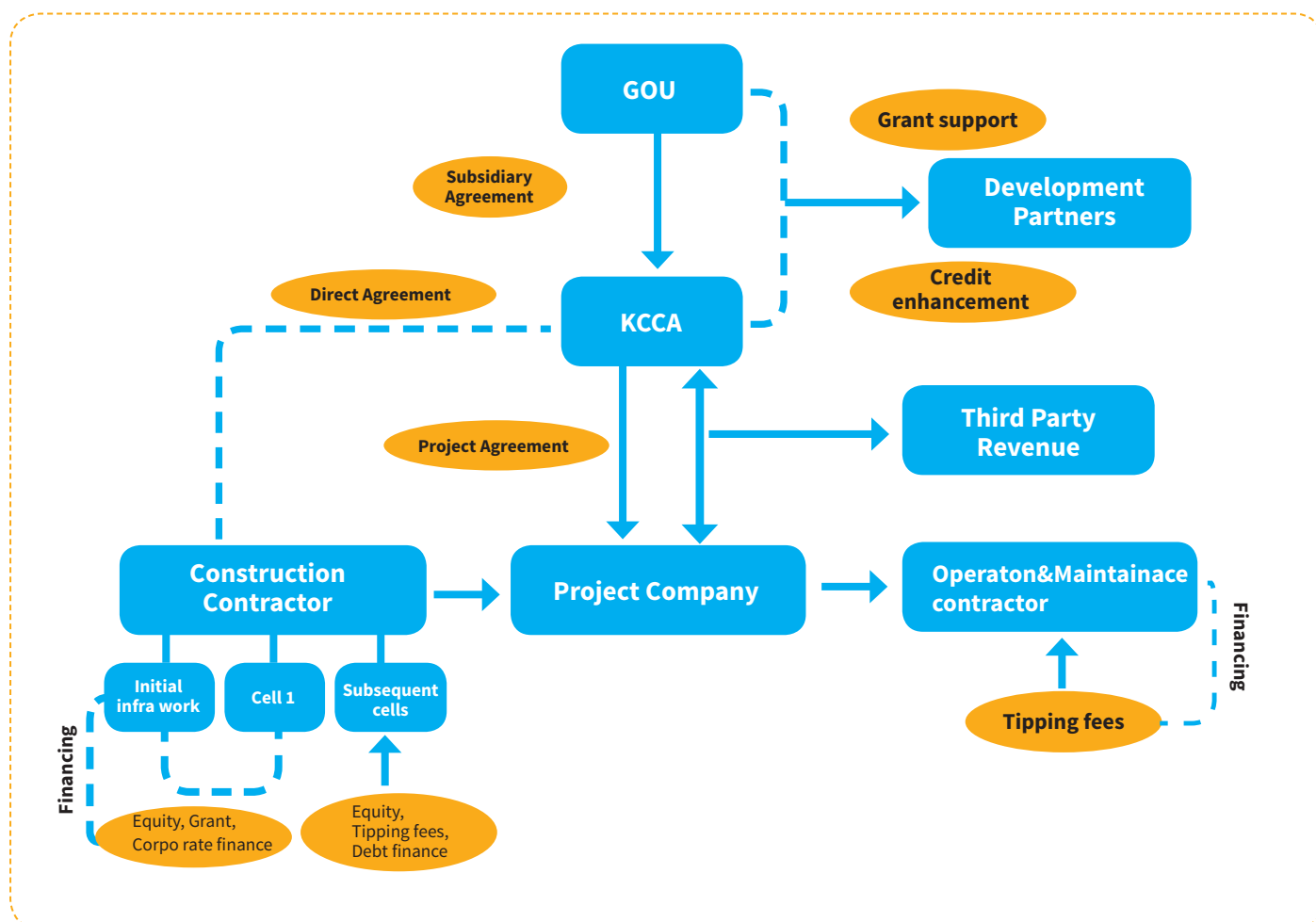
Note: Kiteezi is not part of the PPP Project and the above timelines are indicative

An aerial of the map showing Cells & infrastructure



5.3 PPP Project Structure

The Project will be implemented as a design build finance operate maintain and transfer contractual arrangement which is specifically authorized under the Uganda PPP Act. Following this contractual arrangement, the Project company will be expected to construct the landfill and assume construction related risks arising from cost overruns, delays and other performance risks connected with construction.



5.4 PPP Payment Mechanism

KCCA intends to issue a draft payment mechanism as part of the Project Agreement to be circulated as part of the RFP documentation.

The broad principles of the payment mechanism will be as follows:

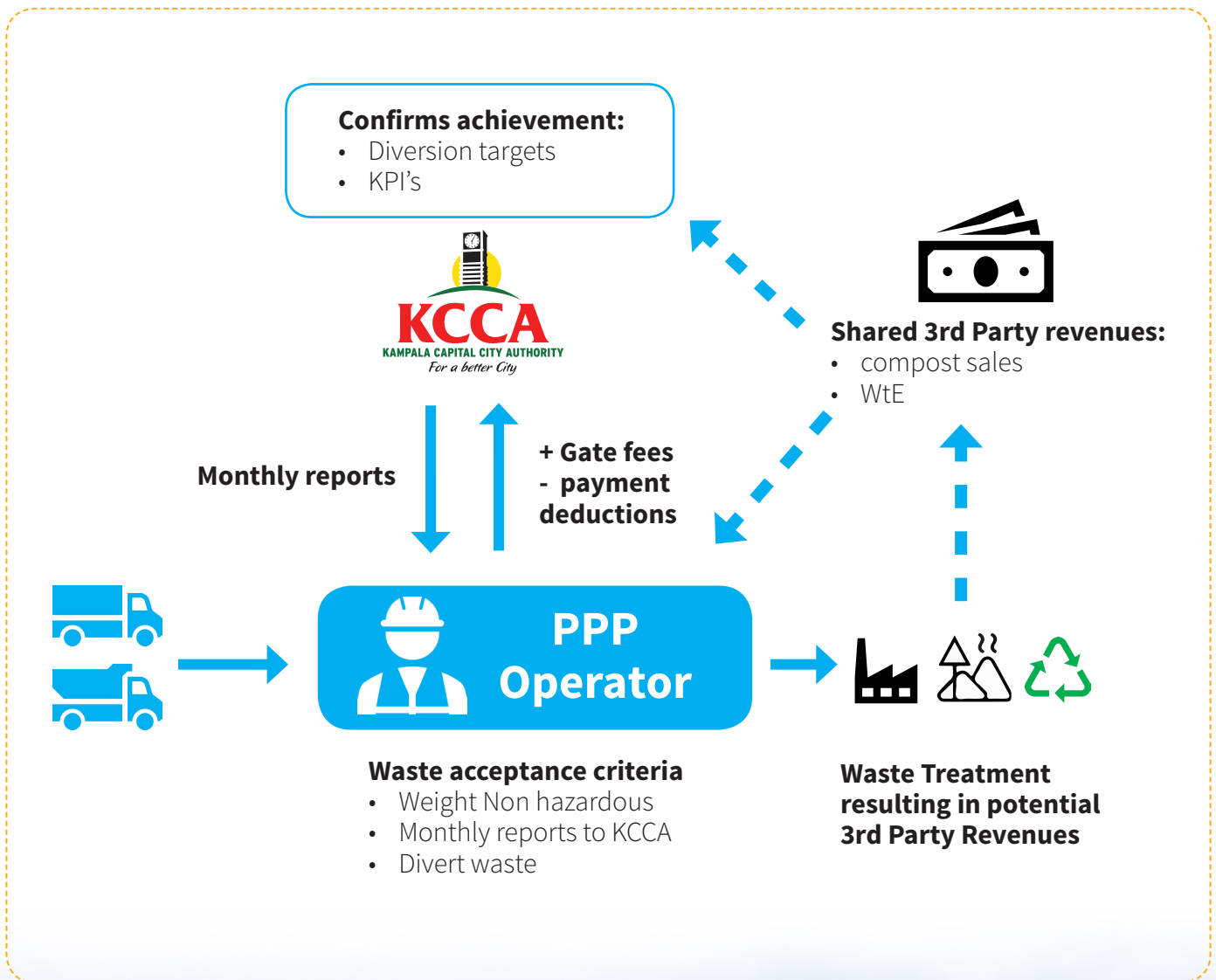
1. Private Party accepts and records quantities of all waste as per the Waste Acceptance Protocol
2. Private Party is remunerated on a per ton basis for all waste accepted
3. Payment will be dependent on the Private Party achieving the required levels of diversion;

4. Performance deductions will be made for unremedied breaches of the contract service levels
5. Third party revenue earned from the sale of materials/energy arising from the waste to be shared with KCCA (unless such guaranteed third party revenue was included in the original bid submission)

“All payments made to the Private Party by KCCA will be in Uganda shillings and subject to escalation in respect of Ugandan CPI.”



PAYMENT FLOWS DIAGRAM



5.5 The Legal Framework

The Ugandan legal system is largely a common law system with the constitution as the fundamental source of law within the country. In addition to the constitution, a number of acts are key for this transaction and these include

1. **The KCCA Act 2010:**
2. **The PPP Act 2015:**
3. **Public Finance Management Act, 2015:**
4. **The National Environmental Act, 2019:**
5. **Public Health Act, 1935, Cap. 281:**
6. **The Water Act, 1997, Cap. 152:**



Key Headline Details & Definitions	
1. Grantor	Kampala Capital City Authority
2. Project Agreement	The Project Agreement will be on a design build finance operate and transfer basis
3. Duration	15 years inclusive of a maximum 12months construction for Landfill Cell 1
4. Special Purpose Vehicle ("SPV") Structure	The Request for Proposal will require as a condition of award that the Project Agreement will only be awarded to a newly incorporated limited liability company (" Project Company ") that is able to collectively demonstrate capability to carry out survey, design, engineering, financing, procurement, construction, operation and maintenance of the landfill. Joint and several liability of the bidders will apply
5. Contract Waste	Contract waste is restricted to residual municipal and commercial waste, excluding construction and demolition waste
6. Commercial waste	Waste from premises used for the purposes of trade or business or for purpose of sport, recreation, education or entertainment but excluding household, agricultural or industrial waste
7. Maximum tonnage	Residual municipal and commercial waste up to 850,000 tonnes annually
8. Scope of Project Agreement	The Project Agreement will reflect the scope of the two Sections in the following two stages: i. the survey, design, engineering, financing, procurement and construction ii. operations and maintenance of the Project and transfer to KCCA at the end of the term
9. KCCA Obligations	KCCA's principal obligations under the contract shall include: i. making the site and permits available to the contractor ii. arranging for Contract Waste to be delivered to the contractor iii. paying amounts calculated pursuant to the payment mechanism
10. Conditions Precedent	The contract shall be conditional upon and shall only take effect upon an agreed list of Conditions precedent being satisfied by the contractor
11. Contractor due diligence	The contractor shall be deemed to have gathered all information necessary to perform its obligations including: i. information as to the nature, location and condition of the site ii. current and projected tonnages, trends and composition of contract waste
12. Performance bond	The contractor shall provide KCCA with a performance bond or other security acceptable to KCCA to support the due performance of its obligations
13. Key Performance Indicators	The Project Agreements shall contain a comprehensive performance regime including KPIs such as: i. Works including design & construction ii. Commissioning iii. Contract waste landfill diversion iv. Environmental management v. Operational interface vi. Facilities & contract management vii. Hand back
14. Exclusivity	The contractor can exercise its exclusive right to receive and accept residual waste generated in the Project area and which is collected by the companies responsible for collection up to the maximum tonnage
15. Landfill Aftercare Fund	The contractor shall be required to set up a landfill aftercare fund in accordance with the requirements of the contract
16. Payment Mechanism	KCCA will pay the contractor a service payment in respect of each payment period calculated based on expected performance
17. Capital contribution	KCCA reserves the right to make one or more lumpsum capital contributions at any time after the effective date.
18. Currency	All payments made under the contract shall be in Uganda Shillings
19. Inflation indexation	The service payment shall be adjusted annually using the Uganda CPI
20. Governing Law	The Project Agreement shall be governed by, and construed in accordance with, the laws of Uganda.



6. THE JOURNEY AHEAD

6.1 Project Governance

KCCA will put in place governance and contract management arrangements which:

- Ensure that **KCCA** can perform the roles and responsibilities required to effectively manage its retained risks; and
- Ensure that **KCCA** can perform its various duties as a party to the Contract including carrying out all of the contract administration and monitoring functions.

The overriding arrangements have been stipulated by the PPP Act which requires contracting authorities like KCCA constitute Project teams for each PPP Project being procured.

The Acting Executive Director of **KCCA, Eng. Andrew Kitaka**, will have overall responsibility for the delivery of this Project.

The Project Officer, Dr Najib Bateganya, will manage the procurement process and ensure that the private operator is operating as per the expectations during construction and during operations with respect to any potential availability deductions.

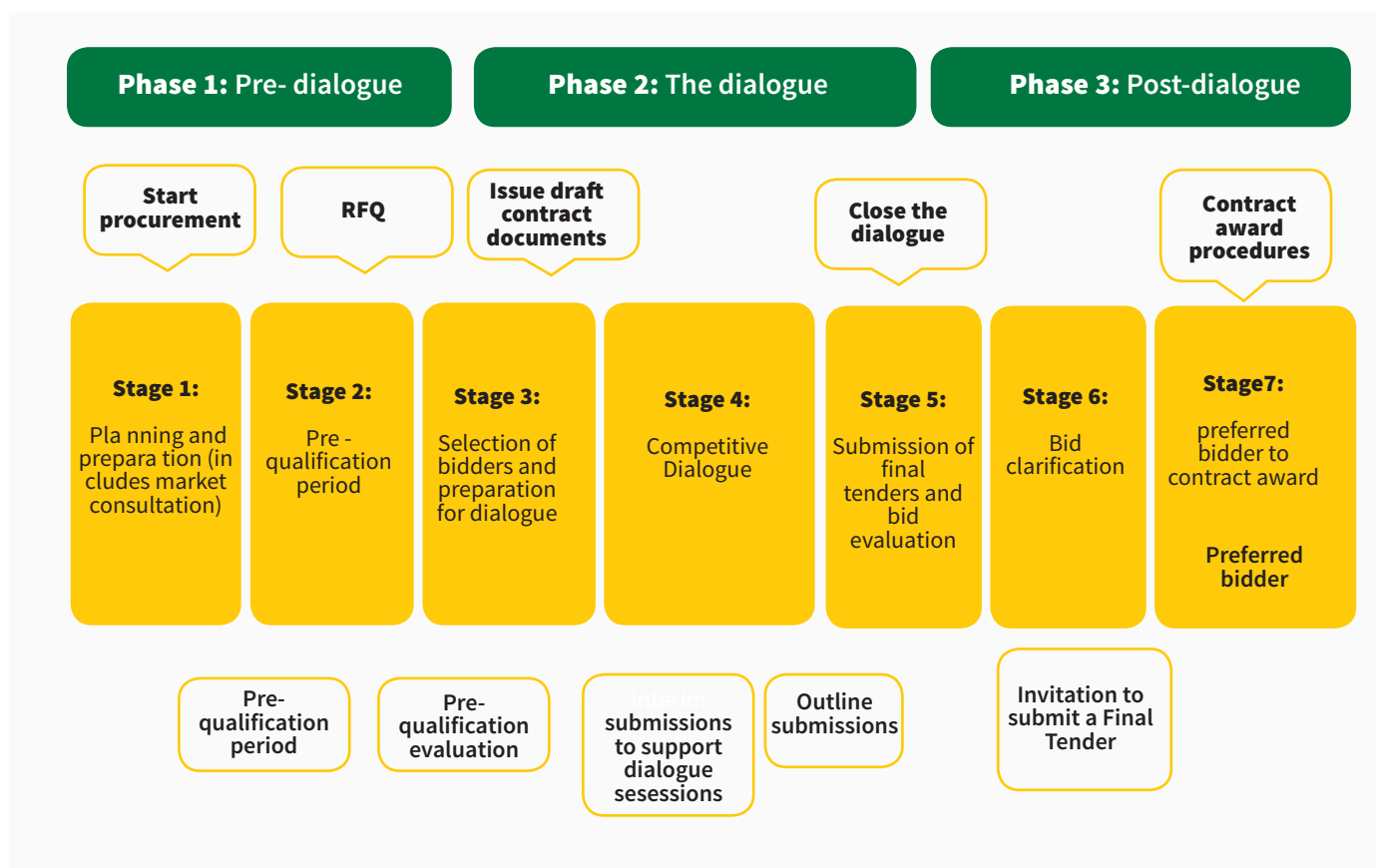
For the procurement phase, KCCA is being supported by the IFC as transaction advisors with **Christopher Olobo** as the lead transaction advisor.

Additionally, a project team supports the Project and an Independent Engineer will be procured for the Project.



6.2 Procurement Process

On account of the complexity of the Project and the potential for bidders to propose different technical, financial and legal solutions, KCCA will adopt the competitive dialogue procedure in accordance with the requirements of the Uganda PPP Act to procure the Project.



Procurement approach

As noted above, the PPP Act was passed in 2015 and the Kampala Waste Management PPP is one of the pioneer Projects to be procured under the Act and KCCA intends to follow international best practice in the procurement. Competitive dialogue can lead to significant costs for bidders and as such, KCCA is keen to develop a process that ensures that costs are incurred appropriately depending upon the stage of dialogue. KCCA therefore intends to conduct this procurement to a realistic timeline and in an efficient manner.

KCCA alongside its transaction advisors, IFC, will ensure there is sufficient capacity and capability within the procurement teams at all stages of the procurement. Prospective bidders should note that KCCA will not underwrite nor reimburse bid costs of any bidder or associated party.

Effective communication is an essential element of KCCA's procurement strategy to ensure that bidders understand each stage of the procurement process; what is required of the bidder and KCCA's role at each stage of the dialogue.

This will ensure that each stage of the dialogue is clearly focused, with all parties understanding the requirements expected of them.

This market sounding stage, which is permitted under the PPP Act, will play an important role in ensuring that KCCA fully understands what different prospective bidders may be able to offer during the dialogue, to ensure that the process is carried out in a fair and non-discriminatory manner whilst providing the flexibility for bidders to propose innovative and value for money solutions to the Project.

Request for Pre-qualification (RfQ)

The RfQ document will set out sufficient information to enable potential bidders to form a realistic judgment about their interest in the Project and potential investment program so as to meet the requirements of the RfQ. The RfQ stage will be used to select bidders who will be invited to participate in the next stage of the procurement process.

The purpose of the **RfQ** is to assess each bidder's financial strength and technical ability to comply with the obligations contained in the Project agreement and will therefore specify minimum qualification requirements for all bidders. This will generally be assessed on a pass/fail basis for the RfQ stage. This will enable KCCA to draw up a shortlist of bidders who will be invited through to the RFP stage.

Request for Proposal (RfP)

The RfP will be issued to all pre-qualified bidders at a time pre-determined by KCCA. It will likely consist of the following:

- The Invitation to Tender: this will define the Project and the tender process and give bidders background as to what is required of them and when;
- A draft Project Agreement / KCCA's Requirements: this will include the draft Project agreement (including Schedules) and any other relevant contractual documents. It may be that these documents are issued shortly after bidders have been sent the RfP;
- Bid Deliverables: this will set out the various forms that bidders must complete and submit in order for their bid to be considered compliant; and
- Evaluation Guidance Notes: these will provide bidders with a guide to the procedure that will be used in

evaluation of the responses to the RfP. Shortly after the RfP is issued, KCCA will host an interactive workshop with the Bidders. At this workshop, KCCA will provide further detail on the information and documentation relating to the Project and respond to initial queries in the presence of all potential bidders.



Effective communication is an essential element of KCCA's procurement strategy



KCCA will then operate a clarification process to enable bidders to submit questions on the Project and the bid documents, during which it shall ensure that bidders are treated fairly and objectively, and that non-confidential information regarding the Project is provided on a fair and non-discriminatory basis.

Competitive Dialogue

As part of the RfP stage bidders will be invited to participate in a competitive dialogue process in accordance with the PPP Act, through the invitation to make an interim submission. This will consist of a non-binding and non-evaluated mark-up and commentary of the draft Project agreement (and any other related technical documentation).

During the dialogue phase, KCCA will review the interim submissions and consider what amendments

(if any) should be made to the Project agreement and other technical documents to reflect the consensus opinion in the bidders.

KCCA will not be obliged to make any amendments if it does not wish to do so, although it is anticipated that some amendments will be made as a result of market-driven solutions offered by bidders. A revised draft Project agreement and other technical documents may then be issued to bidders with bidders being told at this point that:

- The revised draft Project agreement reflects what KCCA considers to be a reasonable and market standard risk allocation and includes those amendments proposed by the market that KCCA intends to make;
- Bidders will therefore be strongly encouraged to refrain from further significant mark-ups of the Project agreement and technical documentation as part of their final bids; and
- Any mark up so submitted as part of the final bid will form part of the evaluation process and, if unacceptable to KCCA, could result in the expulsion of the bidder from the tender process.

Submission of Final Bids

Following the final tender submission consisting of both technical and financial proposals, KCCA will first open and evaluate the technical tenders in accordance with the evaluation criteria. KCCA reserves the right to seek clarification of the technical tender submissions and following such clarification process may invite bidders to submit a best and final offer.

KCCA may reserve the right to seek for variant bids that consider an alternative implementation schedule of a longer term treatment solution.

Once the revised bids, if any, have been received the Evaluation Committee will open the technical proposal and provided that is compliant they will then proceed to open the financial proposals and thereafter evaluate the final bids

Preferred Bidder Selection

KCCA will rank bidders in accordance with the evaluation criteria and methodology as set out in the RfP and KCCA will decide which final proposal represents the best overall value for money for the Government. Once determined KCCA will announce the preferred bidder and with the assistance of the transaction advisors, will then engage in a negotiation process with the preferred bidder on the issues arising out of their proposals. In the event any issues cannot be resolved in a timeframe that KCCA regards as reasonable in the circumstances, the negotiation process with that provisional preferred bidder shall cease and negotiations with the next ranked bidder will start.

6.3 Indicative Timetable

ACTIVITY	DATE
Issue Preliminary Information Memorandum	March - 2020
Issue Request for Pre-qualification (RfQ)	May - 2020
Issue Request for Proposals (RFP)	July - 2020
Competitive Dialogue	August - 2020
Deadline for Final Bid Submission	November - 2020
Announcement of Preferred Bidder	February - 2021
Commercial/Financial Close	April - 2021



