



## **TUNISIAN REPUBLIC**

**MINISTRY OF LOCAL AFFAIRS AND ENVIRONMENT**



**THE NATIONAL SANITATION UTILITY (OFFICE NATIONAL DE L'ASSAINISSEMENT – ONAS)**

## **PUBLIC-PRIVATE PARTNERSHIP FOR THE OPERATION OF WASTEWATER FACILITIES**

February 2017



# THE PROJECT AND ITS ENVIRONMENT

## A PUBLIC-PRIVATE PARTNERSHIP

In order to establish a dynamic of modernization in the sanitation sector in the country, the Tunisian government instructed the ONAS to develop a public-private partnership (PPP) through **regional PPP contracts**. In the long term, the government plans to delegate the management of more than 50% of the wastewater infrastructure.

## THE OBJECTIVES OF THE PARTNERSHIP

Through this partnership, the Tunisian government aims to:

- limit the increase in operating costs related to the achievement of the environmental performance required by the regulations;
- achieve improved cost-performance efficiency;
- develop a dynamic national private sector by capitalizing on the know-how developed within the framework of these Contracts;
- implement asset management through major maintenance and renewal programs;
- regulate the cost-performance efficiency of the selected private companies by means of a comparison of their respective performance.

## THE STAKEHOLDERS IN THE ENVIRONMENT SECTOR

The Ministry of Local Affairs and Environment, on which depend:

- The General Directorate of the Environment and the Quality of Life (DGEQV);
- The Directorate of International Cooperation and Partnership;
- The National Agency for Environment Protection (ANPE);
- The Agency for Protection and Development of the Coastline (APAL);
- The National Sanitation Utility (Office National de l'Assainissement – ONAS);
- The National Agency for Waste Management (ANGED);
- Tunis International Center for Environmental Technologies (CITET).

## THE ONAS, A MAJOR PLAYER IN ENVIRONMENTAL PROTECTION

The ONAS is the main player in the field of water environment protection and the fight against all sources of pollution in Tunisia. As such, it builds, operates and maintains the wastewater facilities and manages wastewater services.

At the end of 2016, it had built and operated 115 wastewater treatment plants, including 107 urban wastewater treatment plants, with a total treatment capacity of **9.0 million population equivalent**. 167 municipalities are connected to these wastewater treatment plants, i.e. 96% of the 173 municipalities covered by ONAS. 10% of the stations treat almost half of the effluents, 30% of the stations treat about 40% and 60% treat the remaining 10% of the effluents. Finally, the oldest or most saturated treatment plants are being rehabilitated or will be replaced by new ones.



ONAS headquarters in Tunis



Choutrana 2 treatment plant



Northern Sfax treatment plant

## A SECURE LEGAL FRAMEWORK

This legal framework is composed of the following texts:

- Law No. 2008-23 of 1 April 2008 on the regime of concessions.

The purpose of this text is to define the legal regime of concessions and to lay down the fundamental principles relating to their granting, execution, monitoring and control, as well as to define the legal regime for the buildings, facilities and installations necessary for their implementation (Article 1).

It is supplemented by the following decrees:

- Decree No. 2010-1753 of 19 July 2010 establishing the conditions and procedures for granting concessions,
  - Decree No. 1185-2016 of 14 October 2016 establishing the organization and powers of the general body for public-private partnerships.
  - Decree No. 2013-4631 of 18 November 2013 amending and supplementing the Decree 2010-1753 of 19 July 2010 establishing the conditions and procedures for granting concessions.
- Law No. 71 of 30 September 2016 relating to investment
  - Law No. 2004-70 of 2 August 2004 supplementing the Law No. 93-41 of 19 April 1993 on the National Sanitation Utility supplemented by the following decree:
    - Decree No. 2005-3280 of 19 December 2005 establishing the conditions and procedures for granting concessions for the financing, construction and operation of wastewater facilities to private parties.
  - Law No. 2007-35 of 4 June 2007 supplementing the Law No. 93-41 of 19 April 1993 on the National Sanitation Utility, supplemented by the following decree:
    - Decree No. 2008-2268 of 9 June 2008 establishing the list of services in the scope of ONAS missions that may be granted under concession.

## LEGAL DEFINITION OF THE CONCESSION CONTRACT

The concession is defined as a "written contract whereby a public person called "licensor" delegates, for a limited period of time, to a public or private person called "concessionaire", the management of a public service or the use and operation of public equipment in return for the remuneration it receives from users for its own benefit under the conditions of the contract (Article 2 of Law No. 2008-23)."

The concession holder may also make, modify or extend the constructions, facilities and installations or acquire the goods necessary for the execution of the contract.

The licensor may be the State, a public company or a public institution whose creation text allows it to grant concessions (Article 3 (b) of Law No. 2008-23): Law No. 2007-35 authorized the ONAS to "grant concessions for the operation of its wastewater facilities and for certain services it provides in the course of its missions".

Decree No. 2008-2268, specific to ONAS, specifies that concessions may be granted for services covered by ONAS missions and relating to the reuse of treated wastewater or the recovery of sludge and biogas from wastewater treatment plants.



# THE PILOT PROJECT

## CONTEND OF THE PILOT PROJECT

The pilot project consists in delegating the completion of rehabilitation works and the operation of wastewater services over a period of 10 years. The contracts exclude the financing of the rehabilitation works and the major maintenance and renewal by the concession holder, which will continue to be supported by the Tunisian government according to the current mechanism.

The project is divided into two lots:

- **Lot No. 1:** it is located in the northern part of Greater Tunis and will include the following assets: approximately 1,230 km of networks, about 51 pumping stations, 1 WWTPs with a total nominal hydraulic capacity of 40,000 m<sup>3</sup>/d – for an estimated total population of 450,000 people and 185,000 subscribers in 2015;
- **Lot No. 2:** It covers the governorates of Gabes, Medenine, Sfax and Tataouine and will include the following assets: approximately 1,780 km of networks, 107 pumping stations and 14 WWTPs with a total nominal hydraulic capacity of 134,000 m<sup>3</sup>/d, of which 2 will be integrated after the start of the contract.

These two Contracts account for 17% of the total length of the sewage network and for 24% of the wastewater treated by ONAS.

## THE MISSIONS ENTRUSTED

Each Contract shall include the initial rehabilitation works and major maintenance and renewal works on the one hand, and the operation and maintenance of the facilities on the other hand:

- The concession holders will be required to define and complete all the rehabilitation works for the wastewater facilities entrusted to it (during the first year of the Contracts), as well as additional deodorisation and disinfection works (implementation over the first two years of the Contracts).
- The concession holders will also be required to define and complete the major maintenance and renewal of pumping stations and treatment plants equipment.
- Finally, the concessionaire holders will provide wastewater services to users while respecting the minimum operational and environmental performance levels defined in the Contracts.

## REMUNERATION OF THE CONCESSION HOLDERS

The concession holders will be paid:

- for rehabilitation work: directly by the ONAS, depending on the progress of the works, from international funding and the State budget,
- for major maintenance and renewal: directly by ONAS, on a quarterly basis, from international funding and the State budget,
- for the operation of the facilities: directly by the ONAS from the fee collected from the users.

## STAFF RECRUITMENT

The concession holders will not be required to take over the staff of the ONAS currently assigned to the facilities that will be delegated to them. However, they will have to take over the subcontracting staff currently assigned to the facilities that will be delegated to them.

## THE TRANSACTION

### ADVICE AND SUPPORT TO THE ONAS

The IFC, a member of the World Bank Group, and the consortium Artelia-Bird&Bird, have been retained by the government to support the ONAS in the structuring and implementation of the two Contracts.

### SELECTION PROCESS OF THE CONCESSION HOLDERS

The stages in the selection of the concession holders are:

- a common pre-qualification stage for both lots, which will enable to establish a list of pre-qualified candidates who can tender, at their convenience, to the two lots or to only one of the two lots
- a selection stage following the submission of an application file for each lot. This will include a technical proposal and a financial proposal, both of which will be rated.

A single bidder may not be awarded the two (2) lots. The successful bidder of the first lot will not be able to bid for the second lot.

### PROVISIONAL TIMETABLE

The pre-qualification phase is launched in February 2017.

The selection phase will take place during the second quarter of 2017.

### REQUEST FOR INFORMATION

Requests for information regarding this PPP pilot project should be sent to:

**ONAS**

**bot@onas.nat.tn**

**avec copie pour IFC**

**mdraz@ifc.org**

**avec copie pour Artelia**

**valerie.audibert@icea-consulting.com**