



A Company Set-Up Under Section 42
of the Companies Ordinance 1984



**TERMS AND CONDITIONS FOR
AUCTION OF SOLID WASTE
OF
CITY OF FAISALABAD**

October 2011

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Efforts are underway by the Government of Punjab to transform the existing Solid Waste Management (SWM) system into an improved sustainable community based Solid Waste Management System in the major cities of the Province of Punjab.

With the objective to transform the existing SWM system into an efficient and environmentally friendly system, a strategy has been devised, whereby the private sector is invited to play its role for proper treatment and disposal of waste in the city of Faisalabad through segregation of recyclable materials, production of compost, waste to energy or establishment of a RDF Plant and Landfill Facility.

The City of Faisalabad, home to 2.8 million people, produces about 1344 tones of solid waste each day. The waste is presently being disposed off at open dump sites. City District Government, Faisalabad (CDGF) aims to achieve the following objectives by improving the waste management function:

- Gradual improvement of waste collection efficiency.
- Assurance of proper treatment and disposal of waste
- Revamping and modernization of existing waste management systems in an environment friendly manner along with the principles of best practices.
- Raising awareness among the waste generators regarding universally accepted principles of waste avoidance, reduction, reuse, recycling and final disposal.
- Creation of opportunity for introduction of appropriate cost recovery mechanisms and targets
- Enhancement of satisfaction of waste generators with respect to collection and management of waste.
- Improvement of aesthetic look and scenic beauty of the city through effective waste management.

1.1 Waste generation

A study conducted by MM Pakistan (Pvt.) Limited in February, 2010 suggests a per capita waste production of 0.48 Kg/day for the city of Faisalabad. With the implementation of transformation measures in collection and transportation system, CDGF aims to gradually increase its collection efficiency. The efficiency may further be increased in future with privatization of collection and transportation function.

Accordingly, existing and forecast waste generation of the city of Faisalabad for the first five years have been estimated as follows. These estimates are only indicative and are being provided without any responsibility whatsoever:

Table 1: Waste generation of city of Faisalabad

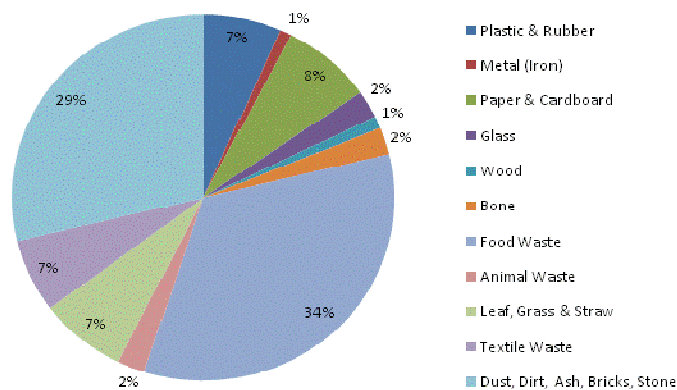
	Existing	Year 1	Year 2	Year 3	Year 4	Year 5
Urban Population (Millions)	2.80	2.85	2.90	2.95	3.00	3.05
Daily Waste Generation	1344	1368	1392	1416	1440	1464

Source: Punjab Development Statistics 2005, MM Pakistan (Pvt.) Limited and Ernst & Young analysis

1.2 Waste composition

The present waste composition estimate, as indicated by a study conducted by MM Pakistan (Pvt.) Limited in February, 2010 is as follows:

Figure 1: Present waste composition estimate



1.3 Project output specifications

The waste is being auctioned by CDGF for treatment and disposal for a period of twenty years, which shall be divided at least into three stages, the initial sale period, shall not be more than 10 years and the remaining period shall not be extended for a period exceeding five year at a time. The successful bidder is expected to ensure set up of following facilities:

- 1) Set up a municipal waste recyclables recovery facility;
- 2) Develop Operate and maintain a Landfill Facility meeting the requirements of applicable laws and ensuring safe disposal of residual waste in accordance with applicable environment laws
- 3) Make suitable arrangements for collection of Waste from designated Mini Transfer Stations in the city of Faisalabad on daily basis
- 4) Use technology for treatment of Solid Waste which is environment friendly.

1.4 Exclusion of Responsibility

These terms and conditions does not address concerns relating to diverse investment objectives, financial situation and particular needs of any party. These are not intended to provide the basis of any investment decision to any Bidder and each prospective Bidder must make its own independent assessment in respect of the Project. The information, including any figures or estimates, are only for general guidance purposes and the same are being provided without assuming any responsibility for the same, including its completeness, accuracy or updation. No person has been authorized by CDGF or IPDF to give any information or to make any representation not contained in these terms and conditions or to take any responsibility in respect of any piece of information which responsibility is being hereby excluded to the fullest extent.

Period for Sale of Solid Waste

- (1) The maximum period for sale of solid waste shall be twenty years which shall be divided into at least three stages, the initial sale period shall not be more than ten years and the remaining period shall not be extended for a period of exceeding five years at a time.

Auction Committee

- (2) A committee headed by the District Coordination Officer and comprising the Executive District Officer (Municipal Services), Town Municipal Officers and Town Officers (I&S) and District Excise & Taxation Officer shall conduct the auctioning of solid waste.
- (3) The committee shall conduct the auction of solid waste and after completing the auction proceedings shall forward its recommendations to the Zila Council for confirmation or rejection of the auction.

Reserved Price and Earnest Money

- (4) The Auction committee has fixed a reserve price of Pak Rs. 50 per ton of the waste and every bidder shall deposit Pak Rs. 500,000 as earnest money in the funds of the local government to enable him to take part in the auction proceedings and the local government shall retain the earnest money of the successful bidder as security for successful completion of the sale contract.
- (5) Earnest money will be deposited in the shape of a deposit at call/pay order issued from a scheduled bank. The earnest money of unsuccessful bidders shall be returned immediately after completion of auction proceedings.

Confirmation/Rejection of Auction Proceeding

- (6) As far as possible, the Zila Council shall confirm or reject the auction proceedings within fifteen days after receipt of the case referred to it by the committee and if the Council rejects the auction proceedings, the solid waste may be re-auctioned and the process may be initiated within one month.

Successful Bidder

- (7) The auction price for the first year shall be deposited by the successful bidder in advance within ten days of the communication to him of confirmation of his offer and he shall execute a written agreement containing the terms and conditions of the sale.

Provided for each subsequent year, the auction price shall be paid in advance by the bidder by 10th day of the first month of each auction year.

- (8) In case the successful bidder does not make payment within the stipulated period, his earnest money shall stand forfeited and the solid waste may be placed for re-auction.

Default in Timely Payment

- (9) In case of default in timely payment, a penalty at the rate of fifteen percent per annum shall be charged, in addition to the amount of default; provided that the agreement shall stand automatically cancelled in case default continues for more than ninety days.

Expiry of Entire Auction Period

- (10) Three months before the expiry of the entire auction period, solid waste shall be put to open auction in accordance with the procedure mentioned above and the existing contractor, subject to payment of outstanding dues, if any, shall have the first right of refusal of the highest bid.

Extension within the Contract Period

- (11) Where the initial or extended contract period has expired, further extension within the total contract period may be granted on the current market price assessed by the auction committee and approved by the local government.

Conformity of all Laws, Rules, Regulations and Byelaws

- (12) The contractor shall be responsible for the safe recycling, treatment and disposal process of the solid waste after collection from the local government and he shall follow all laws, rules, regulations, byelaws and other mandatory requirements such as the relevant local government and environmental approvals.

Environmental Measures

- (13) The contractor shall take adequate measures to minimize the possible pollution of air, water and soil.

Inspection by CDGF

- (14) The employees, agents and contractors of the local government may visit or inspect facilities of the contractor established for the recycling, treatment and disposal process of the solid waste.

Third Party Audit

- (15) The local government may conduct a third party audit of the solid waste recycling, treatment and disposal process facilities of the contractor on annual or biannual basis.

A specimen agreement for the sale of Solid Waste is enclosed as per Appendix – 1.