

Water and Sanitation Concession / BOT / DBFO

Full Description

For general information on Concessions, see [Concessions, Build-Operate-Transfer \(BOT\) and Design-Build-Operate \(DBO\) Projects](#).

Existing Network - Concession

Typically water concessions are granted to a private concessionaire to supply water and/ or wastewater services to customers in a city or defined service area. Whilst these could involve greenfield new build systems, they have typically been concessions for existing systems, with obligations to upgrade and improve facilities and expand access.

- [Water and Sanitation Concession - Example 1](#) - concession agreement for concessionaire to run water and wastewater services previously run by a municipality. Long-term concession. Prepared by international law firm. Prepared for African country and contains provisions covering formalization of informal connections, extension of service to new areas, failure of authority to increase tariffs in accordance with assumptions. Suitable for common law or civil law jurisdictions, subject to modification and local legal advice. English language.
- [Wastewater Concession - Example 2](#) - concession agreement for concessionaire to establish and operate wastewater services in country where existing arrangements consisted of private septage and haulers. Long-term concession. Prepared by operator with input from international law firm and adapted by World Bank staff. Suitable for common law or civil law jurisdictions, subject to modification and local legal advice. English language.

Sample Publicly Available Documentation for Concession:

- Ecuador - Interagua Ecuador - [Contrato de Concesión \(Concession Agreement\)](#) for the operation, maintenance, financing and building of upgrades for the water and sewer system between the State of Guayaquil, Ecuador (Empresa Cantonal de Agua Potable y Alcantarillado de de Guayaquil - ECAPAG) and International Water Services of Guayaquil (Interagua), a project company sponsored by FCC and Viola. Documents in Spanish, summary in English and Spanish.
- Philippines - Manila Water - [Concession Agreement for Water and Sanitation Services](#) serving East Zone of Metro Manila - go to web site of [Manila Water](#) for more information. The Metropolitan Waterworks and Sewerage System was mandated to enter into PPP arrangements under [Republic Act No. 8041](#) (National Water Crisis Act of 1995). For more on the Manila water concession, see World Bank paper entitled [The Manila Water Concession - A Key Government Official's Diary of the World's Largest Water Privatization](#)
- Romania, Bucharest - [Concession Agreement for Water and Sanitation Services](#) (in Romanian) provided by Apa Nova București (a subsidiary of Veolia Water). The Bucharest Municipality assigned the rights and obligations to manage the public water supply and sewerage services as well as the related public assets to the company Apa Nova București, at the company's own risk and expense, in exchange for a fee payment referred to as "royalty". More information in English is available on the website of [Apa Nova București](#). For a description of the project and key features see the [IFC Advisory Note](#) as well as the Private Participation in Infrastructure (PPI) Project Database project summary.
- [Peru - Concession Agreement for Water and Sanitation Services in Tumbes](#) - final version (July 2005). Documentation in Spanish. Public concession contract to rehabilitate, improve, enlarge, maintain, operate and exploit Water and Sanitation infrastructure in city of Tumbes in Peru between the State and a legal private entity. The agreement is for a term of 30 years (extendable, subject to review).

- [Argentina - Salta - Concession Contract for Water and Sanitation Services in Province of Salta](#) - Concession contracts to service over 100 municipalities in Salta province. Concession regulated by [Ente Regulador de los Servicios Publicos \(ENRESP\)](#). There is also a Joint Working Commission involving the government and the concessionaire. The arrangement focuses on universal coverage and includes a targeted subsidy plan sponsored by the government and a menu of permissible service levels. The Provincial Government co-finances the investment plan and consumption subsidies from its own budget as well as approving tariff adjustments that allow concessionaire to reach financial equilibrium. Contract allows for renegotiation. The concessionaire is a local company that has additional concessions in Argentina and Peru.
- Nagpur, India [Water PPP Agreement](#) - PPP agreement for improvement and operation of a town's water supply network and provision of water.

New Build/ New Build + Refurbishment/ DBOs and BOTs

Municipalities are turning increasingly to the private sector for turnkey solutions to design, build and operate water and wastewater treatment plants, and in some cases provide financing. With new technologies such as desalination and in wastewater treatment, municipalities and utilities have faced challenges in finding the capacity to operate and maintain these facilities, and in selecting the appropriate technology.

Design, Build and operate (DBO) projects for water and wastewater treatment plants

Where a municipality or utility has the funds or obtaining financing to develop a water or wastewater treatment plant but wishes to draw on the private sector to design, build and operate a facility, then a DBO approach is used. IFIs are being asked to finance such approaches. In response, World Bank has recently developed a suite of documents for DBO in water and wastewater projects, including an initial selection document, an RFP with DBO document based on FIDIC Gold Book and a guidance note with guidance on when the DBO approach is appropriate and how to approach such projects, draft framework for Employer Requirements and draft terms of reference for consultancy support to carry out the requisite studies and develop the documents.

[World Bank Procurement website](#)

Design, Build and Operate (DBO) Water and Wastewater Treatment Plants

Initial Selection [October 2017](#)

Previous version: [July 2017](#)

Guidance Note [July 2017](#)

Request for Proposal [October 2017](#)

Previous version: [July 2017](#)

Build operate transfer (BOT), design build finance and operate (DBFO) and design build own and operate (DBOO)

These are the different forms of agreement used where the private sector is asked to provide some or all of the financing for the project. In BOT typical the facilities are transferred to the public sector at the end of the term, whilst with DBFO and DBOO the facility remains with the private operator and no transfer is made. The approach to be taken will depend on whether the public party wishes to take over the asset (it may not want to do so if it considers that the technology may become outdated), accounting issues etc., Typically the private operator will be paid a fee that would cover financing and operating costs - with a portion being fixed and a portion variable. Governments may decide to fund a portion of the financing through viability gap funding to reduce the overall cost of financing the project and the size of the fee, or subsidize the fee.

- Small Scale Projects.
- Medium/ Large Scale projects.

Small Scale Projects

- [Water Bulk Supply Agreement - BOT - New Build Only](#) - bulk supply agreement for provision of treated water. Drafted for small scale plants, whether for a utility or for an industrial customer. It could be adapted for use with mobile plant. Prepared by international law firm. Prepared for common law jurisdiction but could be adapted to civil law situation, subject to local law advice. English language.
- [Wastewater Bulk Supply Agreement - BOT - New Build Only](#) - Agreement for treatment of wastewater/effluent. Drafted for small scale plants, whether for a utility or for an industrial customer. Could be adapted for use with mobile plant. Prepared by international law firm. Prepared for common law jurisdiction but could be adapted to civil law situation, subject to local law advice. English language.
- [Wastewater Design Build Finance and Operate](#) - British Columbia, Canada, 2005. Agreement for developing a treatment plant to treat contaminated water flowing from the Britannia Mine site with a new acid rock drainage treatment plant. Once the largest copper mine producer in the British Commonwealth, the Britannia Mine has been a major source of acid mine water pollution in Howe Sound since its closure in the mid-1970's and up to development of the plant has been of the largest sources of acid rock drainage to a marine environment in North America. Prepared for common law jurisdiction but could be adapted to civil law situation, subject to local law advice. English language.

Medium/ Large Scale Projects

- [Wastewater Treatment Plant and Sludge Disposal - BOT - New Build + Refurbishment of Some Existing Assets](#) - prepared by international law firm. Prepared for common law jurisdiction but could be adapted to civil law situation, subject to local law advice. English language.
- [Bulk Supply Agreement - BOT concession - for Lima, Peru \(draft 2015\)](#) - Spanish - design, build, finance and operate enlarged dam, transmission lines, water treatment plant to distribution network for 30 years
- [Bulk Supply Agreement - BOT - water - new build - Philippines - sample agreement \(2009\)](#) - English - design, build, finance, manage, maintain and operate and transfer water intake, water treatment plant and transmission line to bulk supply point - developed for GoP by PERG - initiative of Australian and Philippine governments
- [World Bank Sample Bidding Documents for Design, Build and Operation for Water and Wastewater Treatment Plants](#) - This Standard Procurement Document (SPD) has been prepared by the World Bank for Initial Selection of Applicants for the Request for Proposals (RFP) for procurement of Works & Operation Service (Design, Build and Operations for Water and Wastewater Treatment Plants).

Desalination Plants

More countries are turning to desalination as a water source and prices for desalination are coming down as technologies are developing, particularly linked to running costs as facilities become more energy efficient.

Australia, Victoria - [PPP Desalination Project](#) - Project deed and ancillary documents with summaries for the design, construction and operation of a seawater desalination plant, 85 km transfer pipeline, delivery of power supply for the project, operations and maintenance, and the purchase of renewable energy credits.