



# Public-Private Partnership Stories

## Lesotho: Medical Waste



The Kingdom of Lesotho, a small landlocked country with a population of two million, has faced increasing demand to its health-care system because of AIDS, economic challenges and declining resources available for health care. In response, the government embarked on a long-term reform process to improve the efficiency of the sector. As part of this effort, it turned to the private sector to create a sustainable health-care waste management system that protects public health and the environment.

Mediwaste, a consortium between Ditau Health Solutions, a South African firm, and Matsete Investments, a local company, won the tender. Under the terms of the agreement, the consortium will create a pilot system to collect, treat and incinerate hazardous medical waste in an area serving 300,000 people. The management agreement was signed in October 2012.

*This series provides an overview of public-private partnership stories in various infrastructure sectors, where IFC was the lead advisor.*

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*IFC's advisory work was supported by technical assistance funds from the government of Japan.*

## BACKGROUND

The Kingdom of Lesotho is a small, landlocked mountainous country situated within the Republic of South Africa with a population of about two million. In recent years it has faced significant health-care challenges, including high levels of AIDS and tuberculosis. In 2002, growing demand for health services and a strain on resources led Lesotho's Ministry of Health and Social Welfare to reform its national health care system, which consists of 19 hospitals, 192 health centers, and three clinics operating across the 10 districts within the country.

As part of the health sector reform effort, the government of Lesotho, with the support of the Millennium Challenge Corporation (MCC) and the Millennium Challenge Account of Lesotho (MCA-Lesotho), prepared a Health Care Waste Management (HCWM) strategic plan in 2010 to improve national health-care waste management practices. In addition, the government introduced new policies, standards and regulations for managing waste in the health-care sector.

The Ministry of Health also wanted to test the improved HCWM system on a subset of health care facilities before nationwide rollout. To accomplish this, the government and MCA-Lesotho engaged IFC to design and develop a public-private partnership (PPP) for testing the HCWM system at facilities in three districts of Lesotho, including Leribe, Berea and Maseru.

## IFC'S ROLE

The government's objective was to find a qualified private sector partner to develop and manage a health-care waste management system to collect, transport, treat and dispose of hazardous medical waste at pilot facilities. This included infectious waste, anatomical waste, used needles and other sharp objects, and pharmaceutical, chemical and radioactive material. The private operator would also be responsible for monitoring and evaluating the system, and collecting extensive data so that the ministry could make informed decisions about the rollout of regulations and standards on medical waste.

IFC's project team worked closely with both the ministry and MCA-Lesotho through the inception, design and implementation of the project, which ran from February to October 2012. The team prepared a financial model to estimate project costs and proposed a transaction structure. IFC then assisted the government in the competitive bidding process, including the preparation of all tender documents, bid evaluation, and final selection.

## TRANSACTION STRUCTURE

The operator would be responsible for collecting, treating and incinerating health-care waste materials, as well as maintaining and operating the incinerators.

Bidders also had to meet minimum technical bid requirements in three areas:

- **Health care waste management capability.** Bidders were required to demonstrate capability and capacity for providing the required services. The minimum requirements were:

(i) experience in providing health-care waste management services for a period of at least two years; and (ii) compliance with local and international norms and standards, including licensing, certification, and approval or accreditation by health-care organizations.

- **Financial ability.** Bidders were required to provide evidence of their financial strength and ability to finance the operating cost of the project, as well as their ability to provide the necessary securities and guarantees.
- **Service delivery plan.** Bidders were required to include details regarding their plan, approach, and methodology to ensure that service levels and standards would be met. Bidders were also required to meet criteria for hiring and training local employees under Lesotho's Local Economic Empowerment requirements.

The financial bid price was expressed as a fixed amount per annum to be paid as a monthly lump sum by the ministry.

## BIDDING

Eleven bidders registered and participated in discussions on the tender documents. Two bids were received; both passed the technical evaluation and both financial offers were opened and reviewed. The contract was awarded to the bidder with the lowest financial offer, MediWaste Ltd., a consortium between Ditau Health Solutions, a South African firm, and Matsete Investments, a Lesotho company. The management agreement was signed in October 2012.

## POST-TENDER RESULTS

- Disposes of Lesotho's hazardous medical waste in a sustainable way that protects public health and the environment.
- Supports government health-care reform policy, thereby conserving limited resources.
- Improves health-care facilities serving 300,000 people.
- Prepares the groundwork for further PPP arrangement in facilities management, information and communication technology, and telemedicine at 168 health-care facilities in 10 districts of Lesotho.
- Allows the government to test the new HCWM regulations and standards before rolling out nationally.