

## Joint SDG Fund – Component 2 – SDG Financing

Template for the Joint Programme Final Progress Report (preparatory funding)

**Purpose:** to provide the UN Joint SDG Fund’s donors with evidence that preparatory funding provides good value for money - so that we can continue allocate resources to your programming.

**Instructions:** be succinct and to the point; emphasize only results and issues that you want to bring to the attention of the Fund; do not go over the max number of pages.

**Deadline:** January 31<sup>st</sup>, 2021

### Cover page

**Reporting period: June 30 – December 30, 2020**

**Country: Libya**

**Joint Programme (JP) title: Public-Private-Community Partnership for Solid Waste Management**

**Short title: Libya SWM JP**

**List of PUNOs: UNDP, UNICEF**

**RC (name): Georgette Gagnon, ASG-RC/HC**

**Representative of Lead PUNO (name and agency): Gerardo Noto, RR, UNDP**

**Government JP Focal Point (name and ministry/agency): H.E. Faraj Abdulrahman Faraj, Minister in charge, Ministry of Economy**

**RCO JP Focal Point (name): Naeun Choi E-mail: Naeun.choi@un.org**

**Lead Agency JP Focal Point (name): Gozde Avci-Legrand, DRR, UNDP E-mail: gozde.avci@undp.org**

**Budget** (Joint SDG Fund contribution): **175,000 USD**

**Budget Expenditures:** **175,000 USD**

**Delivery Rate 100%** - *Prep Funding Rate (%) = 100%*

## **Short Description of the Joint Programme (1 paragraph for each section)**

*This description will be used to update your country page in our online platform (please scan the website before answering) <https://sdginvest.jointsdgfund.org/proposals>*

In the context of the extended conflict in Libya, the SDG-F JP will support advancing in the SDGs through de-risking investment in management of solid waste collection, providing immediate reduction to health and environmental risks in pilot areas, and supporting growth of recycling business, primarily SMEs. Success of the pilot efforts will demonstrate that actual risks are significantly less than they may appear and that the market for solid waste service contracts and investment is quite large. This will enable collection of data essential for negotiation with investors interested in social impact with profit.

All three activities are expected to provide improved results for the public, to prove significant revenue streams for the private sector, and to accelerate the identified SDGs. Scaling up to the national level will require establishing governance and accountability frameworks including policy reforms, development of standards, and strengthening public sector management of service delivery contracts. UNDP and UNICEF will provide support to development of the respective enabling regulatory environments.

*Financial leverage (estimated target in US\$):* **Minimum USD 2.2 mil** (based on conservative estimates, and can be increased more as the security and political situations improve in the country and the project attracts more private sector).

This JP will pilot improvement in public solid waste management through engagement with private sector, chiefly SME firms. It has two principal financial mechanisms. First, by providing an UN-protective bubble for procurement, contracting and payments, the JP will greatly reduce the main business risk identified by private sector firms, thus enabling their participation and the flow of public funds to private firms providing public services. Second, the JP will provide recycling separation infrastructure and zero-interest loans to private recycling companies to upgrade and expand their businesses, with loans repayable from revenues. Together these measures will demonstrate the value to the public of such private sector engagement, and the large market

opportunity for further private investment, while improving the current solid waste collection situation, reducing waste stream flowing to landfills, and increasing gender equity in employment (work safety conditions and income).

The JP will be implemented over a four-year period beginning in 2021. The municipal and medical solid waste collection components will begin with the SDG-F funding for a period of two years each, with UNDP and UNICEF contracting of private service providers in the first year. The bulk of activities of the recycling component will also be in the first two years, with loans to support upgrading and expansion of private recycling business in the second year and with years three and four for monitoring and eventual provision of further loans to expand recycling businesses, if additional funding can be obtained. UNDP/UNICEF presence in all regions enables rapid start of implementation once funds are approved.

*Challenge:*

*Explain the key challenge(s) the JP aims to tackle with reference to both development and financing challenges and how they interconnect.*

Libya faces a serious solid waste management problem, with unreliable local collection services available in only 62% of municipalities, and landfills nearing capacity with waste including hazardous and commercially recyclable materials which create health and environmental risks. This is the result of population growth, urbanization, changing consumption habits and insufficient capacity, with lack of incentives to improve service or efficiency, exacerbated by the protracted conflict since 2011 and worsened with COVID-19.

The Government's capacity to address the challenges is shrinking. While sector-specific information is limited, the Government's overall budget situation was significantly affected by the protracted conflict and decreasing oil revenue. Its allocation towards Chapter II (development and reconstruction) decreased from LYD 19.3B (or 29% of total budget) in 2013 and LYD 9B (or 16%) in 2014 to LYD 3B (or 9%) in 2019, vis-à-vis the budget for Chapter I (salaries), Chapter III (operating expenditures) and Chapter IV (subsidies). In addition, the Government is not borrowing from IFIs now<sup>1</sup>, and private sector investment is extremely limited due to high risks.

*Innovation (financial instrument/mechanism/approach):*

*Summarize the financial mechanism(s) proposed and why the approach is different from conventional and/or alternative approaches and how it is fit for purpose to address the challenge described above.*

This JP will pilot improvement to public solid waste management through engagement with private sector firms. It has two principal financial mechanisms. First, by providing a UN-protective bubble for procurement, contracting and payments, the JP will greatly reduce the main business risk

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<sup>1</sup> IFI's support to Libya is limited to technical advisory support.

identified by private sector firms, thus enabling their participation in solid waste collection and increasing the flow of public funds to private firms providing public services. Second, the JP will provide recycling separation infrastructure and zero-interest loans to private recycling companies to upgrade and expand their businesses. Together these measures will demonstrate the value of such private sector engagement to the public, and the large market opportunity open to further private investment, while improving the current solid waste collection situation, reducing waste stream flowing to landfills, increasing gender equity in employment (work safety conditions and income), and generating data to support further investment.

#### SDG Impact:

*Please describe the development impact the JP aims to achieve. Do not list the SDGs.*

The SDGs are palpable in Libya. Lack of proper collection of medical and domestic solid waste results in piles of garbage on the streets and deterioration of health and environmental conditions of life in Libyan cities and undermining confidence in public services and institutions. Lack of recycling from collected waste makes the environmental impact of cities and consumption progressively less sustainable. These problems could be addressed by partnership between the public and private sectors, but the private sector does not trust government contracting. With this JP, UN contract umbrella for PPP in solid waste sector will enable profitable private sector engagement in public SWM market, thereby improving domestic and medical SW collection, which in turn provides higher quality inputs for increased scale of recycling and ensures improved work opportunities for migrant and women workers and profitability of SME firms. Together these improve environmental condition of cities, resulting in improved quality of life for Libyans and supporting sustainable urban growth with reduced environmental impact. The PPP modality, which is at the very nascent stage in Libya, can be replicated across different sectors that deliver social service and accelerate the SDG achievement. Sustainability of these improvements beyond the SDG-F will depend on government reform of the contract process to sustain private sector confidence in continuation of the lowered business risk piloted with the UN contracts.

#### Partners:

*Please list key partners involved in implementation as well as secured investors. Do not mention more than 4-5 partners. Do not mention generic stakeholders (e.g. Government, private sector), but only specific institutions/partners.*

- National authorities: Ministry of Local Government, Ministry of Health, Ministry of Economy, Ministry of Planning, Environment General Authority,
- Municipalities: Tripoli Center, Abu Saleem, Benghazi and Sebha
- Private sector: scrap and recycling business; solid waste collection firms
- Civil society organizations: Local health sector (Doctors' Syndicate, Allied Medical Professions Syndicate); Pilot community CSOs
- National financial institutions: Libya Investment Fund, national banks
- Bilateral donor partners: GIZ, USAID/Pragma

## Final Progress Report (MAX 3 PAGES)

### 1.1. Progress achieved

Provide brief description of the project's developments, results and achievements during the preparatory phase including 1) financial vehicle design; 2) market assessment; 3) feasibility study; 4) pipeline assessment; 5) legal assessment; 6) investor mapping and matching; 7) others. Please list the names of strategic documents developed (if any).

During the preparatory phase, information was gathered and utilized to further define the programme's financial mechanisms and implementation modalities, taking into consideration feasibility and discussions with stakeholders.

First stage of implementation will include verification of information used in the proposal preparation phase, including to finalize agreement with MoLG and MoH for the specific pilot operational areas, and baseline studies on gender, current status of solid waste collection services, citizen expectations, capacity building and participation in each pilot area, and private firms interested to participate.

### 1.2. Challenges faced

Did the UNCT face any major challenges in the preparatory phase? Briefly explain the challenges, their impacts, and how you overcame those.

The Libyan context itself was a challenge in designing an innovative financing mechanism. Libya is still undergoing a protracted conflict since 2011. The volatile security and political situations, such as the recent significant devaluation of Libyan Dinar, create a significantly limited enabling environment for private sector's operation and investment in Libya. Also, the government's efforts are focused on the protracted conflicts, hence there are very limited discussions on longer-term planning such as developing its first-ever national development plan or implementing SDGs in the country. In other words, much of the basic assumptions by the SDG-F's call for the SDG financing are missing in Libya, which led to the final proposal's limited capacity to leverage financing. For the next call, it would be good if a call can suggest different criteria and assumptions depending on country contexts, as a mean to ensure LNOB.

Due to the security situations, compounded with COVID-19, consultations with the private sector and the government institutions became another challenge. Given the extremely limited data available in the country, the consultations with beneficiaries and stakeholders were identified as a key stage to collect much needed information to design the project. However, the originally planned site visits had to be conducted by national colleagues only, and online consultations were often disrupted or delayed due to the internet connectivity issues. If more time had been allowed for the project design, it would have been much helpful to refine the project more.

### 1.3 Partnerships leveraged

Did you leverage new partnerships during the preparatory phase (e.g. government, private investors, IFIs, bilateral/multilateral banks, etc.)?

- Yes  
 No

Provide in bullet points the main highlights on strategic partnerships and with whom.

- Ministry of Economy
- Ministry of Health
- Municipality of Sebha
- Municipality of Benghazi
- Municipality of Tripoli Center
- Municipality of Abu Slim
- Other development cooperation partners (Germany and USAID)

During the preparatory phase, discussions were held with bilateral donors and IFIs to identify existing projects or interest in the areas of decentralization and solid waste management. Both USAID and Germany have related projects, while the IBRD, AfDB and IsDB who indicated that while they do not anticipate lending to Libya at this time, they expressed interest to stay informed about the programme.

UNDP and UNICEF have had discussions with key IFIs (AfDB, IsDB, IBRD) and cooperation agencies (USAID, Germany, EU) related to their potential involvement. All have confirmed their interest to be kept well informed of the JP's progress and interim results. Furthermore, they have identified potential interest for future programme of nation-wide upgrading of SWM infrastructure assuming successful assessment of the JP pilots.

Key stakeholders include:

- PUNOs: UNDP and UNICEF
- National Government: Ministry of Economy, Ministry of Planning, Ministry of Local Governance, Ministry of Health, Environment General Authority
- Municipalities: Tripoli Center, Abu Saleem, Benghazi and Sebha
- Civil Society Organizations: local health sector (Doctors Syndicate, Allied Medical Professions Syndicate), Community Associations in pilot areas
- Private solid waste collection firms: multiple firms currently providing medical and domestic solid waste collection to private customers and interested to expand to public sector
- General Services Company: parastatal responsible for municipal waste collection
- Private Recycling Companies: existing and new firms interested in commercial recycling
- Libya Investment Fund: potential investor in expansion of private sector waste collection
- Others: GIZ, USAID/Pragma

#### 1.4. Co-funding mobilized

Did you secure additional funding or in kind support for the proposal during the preparatory phase?

- Yes  
 No

If yes, please include amounts committed during the prep-phase.

Source of funding	Yes	No	Type? (\$ or in kind support)	Name of organization	Amount (USD)	Comments
Government	<input type="checkbox"/>	<input type="checkbox"/>				
Donors/IFIs	<input type="checkbox"/>	<input type="checkbox"/>				
Private sector	<input type="checkbox"/>	<input type="checkbox"/>				
UN/PUNOs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>USD</i>	<i>UNICEF</i>	<i>100,000</i>	
				<i>UNDP</i>	<i>2,100,000</i>	<i>(100,000 cash and 2.1 MM in kind)</i>
Other partners	<input type="checkbox"/>	<input type="checkbox"/>				

1.5. Budget changes (if relevant)

If there were changes in the actual budget from the one shared as part of the Fund Transfer Request, please briefly justify these changes.

Please, explain briefly: