

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **THE BAHAMAS**

### **SOLID WASTE MANAGEMENT PROGRAM**

**(BH-0008)**

**PROJECT PERFORMANCE MONITORING REPORT (PPMR)**

**2005**



## PROJECT PERFORMANCE MONITORING REPORT (PPMR)

### I. BASIC DATA (AMOUNTS IN US\$)

<b>PROJECT:</b> BH0008	<b>TITLE:</b> Solid Waste Management		
<b>Borrower:</b>	THE COMMONWEALTH OF THE BAHAMAS		
<b>Executing Agency:</b>	DEPARTAMENTO DE SERVICIOS DE HIGIENE AMBIENTAL		
<b>Country:</b>	BH	<b>Date of Board Approval:</b>	17 Feb 1999
<b>Loan(s):</b>	1170/OC-BH	<b>Date of Contract signature:</b>	29 Oct 1999
<b>Sector:</b>	PA	<b>Date of Contract Effectiveness:</b>	29 Oct 1999
<b>Loan Modality:</b>	Investment - Specific project	<b>Date of Eligibility for First Disbursement:</b>	10 Dec 1999
<b>CO Specialist assigned:</b>	JORGETO	<b>Date of Actual First Disbursement:</b>	
<b>HQ Specialist assigned:</b>	LUISMI	<b>Original Date for Final Disbursement:</b>	29 Apr 2003
<b>Date of Previous Update:</b>	07 Dec 2005 17:04:06	<b>Current Date for Final Disbursement:</b>	29 Apr 2006
<b>Date of Current Update:</b>	08 Dec 2005 11:07:21		
<b>Latest review by Representative:</b>	14 Dec 2005 17:07:31		
<b>Months in Execution</b>		<b>Loan Amount(s):</b>	
* from approval:	82	* Original amount:	23,500,000
* from signature:	74	* Current amount:	23,500,000
* from effectiveness:	74	* Pari Passu:	43
<b>Cummulative Extension of Final Disb. Date(months):</b>	36	<b>Disbursements:</b>	
<b>Quartely Cancellations:</b>	Not Applicable	* Amount to date:	14,126,670
		* Percent(%):	60%
		* Curr. disb. as % of original projection:	60%
		<b>Total Project Cost:</b>	
		* Current estimate:	33,500,000
		* Original estimate:	33,500,000
		<b>On Alert Status:</b>	
		Is project currently designated "on alert" by PAIS:	Yes
		Click here for access to the PAIS information	

### HISTORICAL PPMR RATINGS:

Month Year	Jun. 1999	Dec. 1999	Jun. 2000	Dec. 2000	Jun. 2001	Dec. 2001	Jun. 2002	Dec. 2002	Jun. 2003	Dec. 2003	Jun. 2004	Dec. 2004	Jun. 2005
IP	S	S	S	U	U	U	U	U	U	U	S	S	S
AS	H	H	H	H	H	L	L	L	L	L	L	H	H
DO	HP	HP	HP	HP	HP	LP	LP	LP	LP	LP	LP	P	P

Have objectives and indicators been agreed with borrower agencies?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Have original project development objective(s)and/or indicators been reformulated?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	# of times: 1
Have project components and/or indicators been restructured?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Is there a defined data gathering system in place with baseline information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Is the borrower maintaining performance data on agreed indicators?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Planned date of Mid -Term Evaluation			21 Jun 2002

### COFINANCING AND COUNTERPART FUNDS

Source:	Total Current	Disbursed to Date	
	Amount	Amount	%
Cofinancing		\$	%
Local Counterpart	\$10,000,000	\$18,424,764	184%
TOTAL	\$10,000,000	\$18,424,764	1,84%

### II. IMPLEMENTATION PROGRESS (IP)

Components/Outputs:	Key Delivery Performance Indicators:
1. Physical facilities built and in operation.  <b>Classification:</b> Satisfactory (S)	1.1 The first phase of the Harrold Road sanitary landfill built and in operation by Dec 2000.  Status: Construction of the landfill was completed in May 2000 and operations commenced in November 2000. The PEU is in the process of evaluating tenders for the upgrading of the Harrold Road Landfill. It is expected that the upgrading activities will begin during the first quarter of 2006.  Construction of the administrative and workshop buildings at the landfill site was expected to be completed by Dec 2000 but was not completed until September 2002. The new facilities were occupied in early 2003.  1.2 Eighteen modified sanitary landfills built and in operation by July 2002.  Status: Only five of the modified sanitary landfills have been built so far. The land ownership for the sites in the Family Islands was completed in June 2005. The status for

<b>Implementation Progress Summary Classification (IP):</b> (A satisfactory or higher classification indicates, among other things, that the project will be completed during the currently approved disbursement period)			
<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)
<b>Briefly explain major factors taken into account to justify the IP Classification based on performance indicators and relevance of assumptions:</b>			
<p>Progress has been made in solving the main problems experienced in project execution. The PEU has been strengthened with: (i) an Administrative Management Consultant, and (ii) surveying services to support the acquisition of land in the Family Islands. The main factor for delaying project implementation has been land ownership of sites for solid waste alternatives in the Family Islands. During the last year, PEU has received strong support from the MOHES to accelerate the process within the Office of the Prime Minister and the Department of Land and Surveys. Land ownership for all of the Family Islands was completed in June 2005.</p> <p>Since June 2005, four solid waste alternative projects in the Family Islands have been tendered, two are in the process of being tendered and seven are currently under design and will be ready to be tendered during January 2006. It is expected that all contracts will have been awarded by March 2006. Consequently, a special extension of the deadline for final disbursement will be required for project completion.</p> <p>A retrofitting exercise was held on November 16 and 17, 2004. During this exercise, indicators for the development objectives were re-defined and a new timetable for the implementation of the outstanding activities was agreed with the DEHS and PEU. An action plan for project completion was prepared by PEU and agreed with the Ministry of Finance in April 2005. This action plan and report on status of land ownership was revised after the Country Portfolio Review Mission (April 28-29, 2005). An additional 12-month extension of the disbursement period was granted, until April 29, 2006.</p> <p>The Bank has hired a short term Sanitation Specialist to assist with the technical specifications for the construction of solid waste alternatives for the Family Islands, the upgrading of Harrold Road Landfill and the hazardous waste storage facility.</p>			

### III. ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)

Development Objectives/Purposes:	Key Performance Indicators:
Safe and efficient disposal of solid waste in The Bahamas	1.1 Scheduled garbage collected at least once per week in all beats by August 2005.
<b>Classification:</b> Probable (P)	The next Progress Report will reflect the achievement of this indicator.
	1.2 Loader productivity rate increased from 28 to 50 lbs/man minute by January 2006.
	1.3 Compact Waste Density or 750 kgm/m3 achieved by March 2005.
	Achieved March 2005
	1.4 No increase in the base line groundwater contamination levels in the monitoring wells from December 2005.
	1.5 Budgetary support for operation of landfills reduced to zero by December 2008.
	1.6 Methane levels reduced to less than 5% at the landfill site by December 2005.
	The delay in the upgrading of the Harrold Road Sanitary Landfill will delay the achievement of the indicator.

Key Assumptions Related to Development Objectives/Purpose:	Classification:
1. Other environmental factors remain constant or improve	High
2. Key institutional issues are addressed in a timely manner	High
3. Key stakeholders remains committed to the Project	High
4. Facilities are operated and maintained in an effecent and effective manner.	Low

<b>Summary DO Assumptions Classification (AS):</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Low
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<b>Summary Development Objective Classification (DO):</b>
<input type="checkbox"/> Highly Probable (HP) <input checked="" type="checkbox"/> Probable (P) <input type="checkbox"/> Low Probability (LP) <input type="checkbox"/> Improbable (I)
<b>Briefly explain major factors taken into account to justify the DO Classification based on agreed performance indicators and relevance of assumptions:</b>
Substantial progress has been observed. Land acquisition, the main factor in delaying project implementation, has been resolved and since June 2005 all the sites for solid waste alternatives in the Family Islands have land ownership. PEU is working for completion of designs and it is expected that by March 2006, all construction contracts will have been awarded.
The collection of tipping fees initiated in April 2004 has been sustained and improvements are currently being introduced for making the process of weighing and collecting monies more efficient. A draft Cabinet Paper is in the final stages before presentation to Cabinet for approval.
The tenders for the upgrading of the Harrold Road Sanitary Landfill are under evaluation by the PEU and it is expected that works will initiate early 2006. The Department of Environmental Health Services continues having difficulties in efficiently managing the operation and maintenance of the Harrold Road Landfill in a sustainable way. Currently, PEU is in the process for awarding the contract for the training program and it is expected that training activities for the landfill operation and maintenance staff will start early 2006.
Senior authorities of the Ministry of Health and Environmental Services are committed with the project and are providing the required support to the DEHS and the PEU.

### IV. OVERVIEW OF PERFORMANCE ISSUES

<b>Check key reasons for Unsatisfactory/Very Unsatisfactory IP Classification or Low Probability/Improbable DO Classification, and reflect in Section V (Current Status and Perspectives) and Section VII (Issues and Actions)</b>		
<input checked="" type="checkbox"/> Legislative approvals	<input type="checkbox"/> Supplier/contractor performance	<input type="checkbox"/> Qualified external audit
<input type="checkbox"/> Borrower/executing agency commitment	<input checked="" type="checkbox"/> Project/component design	<input type="checkbox"/> National Policy changes
<input type="checkbox"/> Counterpart funding shortfall	<input type="checkbox"/> Contract condition compliance delays	<input type="checkbox"/> Executing agency Policy changes
<input type="checkbox"/> Executing agency institutional capacity	<input type="checkbox"/> Bank efficiency (response delays)	<input type="checkbox"/> Bank Policy changes
<input type="checkbox"/> Community/political opposition	<input type="checkbox"/> Procurement difficulties	<input type="checkbox"/> Lack of monitoring/evaluation system
<input type="checkbox"/> Consultant performance	<input type="checkbox"/> Environmental issues	<input type="checkbox"/> Other:
<input checked="" type="checkbox"/> Inter-agency coordination	<input type="checkbox"/> Cost overrun	

### V. CURRENT STATUS AND PERSPECTIVES

<b>Briefly explain the status of project execution, by component (Include reference to IP, assumptions and PAIS classification, if applicable)</b>	
1	Construction of the Harrold Road Sanitary Landfill was completed in May 2000 and operations commenced in November 2000. Activities for upgrading the landfill will be undertaken during 2006.
2	A consultant was hired to prepare an implementation plan for the Education and Public Awareness Program. The program was launched in February 2003. Education and promotional activities were started in September 2003.
3	(i) New organizational structure not fully implemented. The Bill for the Department of Environmental Planning and Protection is on the Agenda for Cabinet approval; (ii) A micro routing study was completed and the implementation of three beats of the new routing system has initiated; (iii) Cost recovery mechanism initiated in April 2004 with the implementation of tipping fees.
<b>Mid-Term Evaluation (MTE)</b>	
A Mid-Term Review of the Project was undertaken in July 2002.	
<b>Reformulations (Board approved)/Restructuring (Management approved):</b>	

Date of last reformulation of project objectives: <b>17 Dec 2004</b> . Briefly describe:
A retrofitting exercise took place on November 16 and 17, 2004. Indicators for the development objective were re-defined and a new timetable for the implementation of the outstanding activities was agreed with the Executing Agency.

<b>Compliance with financial reporting requirements</b>
<ul style="list-style-type: none"> <li>• Timeliness of submission of audited financial statements</li> </ul> <p>The AFS for the year 2004 were originally due on April 30, 2005. This deadline was not met, and therefore, in accordance with the new norms, the Borrower was advised that the statements should be submitted by June 15, 2005. The statements were eventually submitted on June 15, 2005. CBH's subsequent review highlighted areas for further review by the Auditor, and the due date was extended to September 15, 1005. The final version of the AFS for the project was submitted to the Bank on September 16.</p> <p>The quality of the financial statements was enhanced as a result of the recommendations and observations made by DEV/FMR in a sample review of the AFS for another project. However, timeliness in preparing financial statements, and subsequent submission of AFS continue to be a challenge.</p>
<ul style="list-style-type: none"> <li>• Qualified opinions given by external auditors</li> </ul> <p>The Auditor pointed out three internal control lapses but these were not considered serious enough to warrant a qualification (1. make prompt payments to providers of service; 2. seek reimbursements from the Bank in a timely manner; and 3. ensure that current contracts are in place to cover all project expenditure).</p> <ul style="list-style-type: none"> <li>• Observations of Financial Specialist (include comments on audited financial statements and/or factors affecting development objectives):</li> </ul> <p>Financial record keeping on the project is satisfactory. Local counterpart contribution has been adequate and timely. There are no financial issues affecting the development objectives.</p> <p>The last audit report did not reveal any significant problems on the project. The Auditor pointed out some internal control issues but these are considered as minor. CBH has suggested areas in which the Auditor can perform a more comprehensive exercise in keeping with the Bank's assurance expectations.</p>

<b>Problems in compliance with other important contractual conditions</b>
Currently, the Program is in non compliance with: (a) the implementation of the environmental levy, and (b) the report on efficiency and performance indicators.

<b>Comments on relevance of on alert classifications for this project (if applicable)</b>
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<b>Sustainability issues / Indicate whether issues are external or internal to the project.</b>
<ul style="list-style-type: none"> <li>• Institutional development issues</li> </ul> <p>The new organizational structure has not been fully implemented. This has resulted in the functioning of the DEHS and in delays in project implementation. The bill for the Department of Environmental Planning and Protection is still on the agenda for Cabinet approval. The trainig program is expected to initiate early 2006.</p>
<ul style="list-style-type: none"> <li>• Financial issues</li> </ul> <p>The cost of developing and operating the disposal facilities is very high. A key element in ensuring sustainability of the disposal facilities is the establishment of cost recovery measures. The tipping fees were implemented in April 2004 and financial followup is being done to determine the % of cost recovery.</p> <ul style="list-style-type: none"> <li>• Maintenance of works and/or infrastructure:</li> </ul> <p>The DEHS has experienced significant difficulties in keeping the operation and maintenance of the Harrold Road facilities up to the required standards. In addition, operation and maintenance of the sites already completed in the Family Islands have been below the level expected. To address these issues there is an urgent need to start training personnel at different levels.</p>
<ul style="list-style-type: none"> <li>• Environmental issues</li> </ul> <p>The activities of the Environmental Health Education and Public Awareness Program are being an effective tool in creating environmental consciousness within the communities and schools which have been benefited.</p> <p>In order for DEHS to be in a position to adequately, safely and effectively manage the solid waste in The Bahamas, the training of inspectors and operators of the solid waste management process should be initiated as soon as possible.</p> <ul style="list-style-type: none"> <li>• Other issues that may affect project sustainability</li> </ul> <p>On November 23, 2005, the Government made a decision to discontinue using the Revolving Fund as a mode of disbursement because some of the expenses made therefrom where not being captured in the country's public accounts. Disbursements will now be sought from the Bank via reimbursements to the Borrower into a central fund. For project sustainability this raises the question of timely access to resources to pay for project activities, and the rate at which reimbursements are sought. The Government is confident that it has ready access to budgetary resources to promptly advance payments for eligible project activities, and seek reimbursements later. The Ministry of Finance has undertaken to ensure that project reimbursements are sought in a timely manner, thus contributing to a positive cash flow to the country, and the replacement of resources to fund other project activities in an expanding portfolio.</p>

<b>Status of cofinanced/parallel operations (if applicable)</b>
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VI. LESSONS LEARNED

<b>Lessons Learned that can be used to improve the design and execution of other operations:</b>
<p>Difficulties encountered to date in the the acquisition of land for the construction of the landfill in the Family Islands have resulted in significant delays in the project. The lesson to be learned from this problem is that the possession of land for projects should be secured as soon as possible from the outset of the project and certainly before project approval.</p> <p>The experience to date has shown that the DEHS is having difficulty in efficiently managing the operation and maintenance of the Harrold Road Sanitary Landfill in a sustainable way. Proper training needs to be addressed since project inception.</p> <p>Experience has also shown that there is need for training personnel to have a better oversight in the operation and maintenance of the regional landfills and transfer stations in the Family Islands.</p> <p>It is also observed that unless the institutional issues are addressed in a comprehensive manner, there will always be difficulties in project implementation and the consequent non achievement of project development objectives.</p>

VII. ISSUES AND ACTIONS

Issue:	Action:
Indicators for the Development Objective were agreed during Retrofitting Exercise. A base line information and data gathering system not in place.	<p>PEU is collecting information for the base line and identifying coordination mechanisms for data gathering. An information and data gathering system is in the process of being established and in operation.</p> <p><b>Responsible Unit:</b> DEHS/PEU</p> <p><b>Date Action to be taken:</b> 31 Jan 2006</p> <p><b>Completed:</b> No</p>
The PEU is not in compliance with contractual clauses related to the establishment of an environmental levy.	MOHES is in the final stages of preparing a Cabinet Paper which will be submitted to Cabinet for approval.

Responsible Unit: GOBH/DEHS

Date Action to be taken: 28 Feb 2006

Completed: No

2002 DEV/PMP, MIF, ITS/ITC