

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**THE BAHAMAS**

**SOLID WASTE MANAGEMENT PROGRAM**

**(BH-0008)**

**PROJECT PERFORMANCE MONITORING REPORT (PPMR)**

**2006**



# PROJECT PERFORMANCE MONITORING REPORT (PPMR)

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

<b>PROJECT:</b> <u>BH0008</u>		<b>TITLE:</b> <u>Solid Waste Management</u>	
<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>Date of Actual First Disbursement:</b>	
		<b>Original Date for Final Disbursement:</b>	29 Apr 2003
		<b>Current Date for Final Disbursement:</b>	29 Apr 2007
<b>CO Specialist assigned:</b> MICHAELBA			
<b>HQ Specialist assigned:</b> LUISMI			
<b>Date of Previous Update:</b> 11 Dec 2006 14:38:21			
<b>Date of Current Update:</b> 11 Dec 2006 14:43:50			
<b>Latest review by Representative:</b> 27 Dec 2006 15:42:18			
<b>Months in Execution</b>		<b>Loan Amount(s):</b>	
* from approval:	94	* Original amount:	23,500,000
* from signature:	86	* Current amount:	23,500,000
* from effectiveness:	86	* Pari Passu:	45
<b>Cummulative Extension of Final Disb. Date(months):</b> 48		<b>Disbursements:</b>	
		* Amount to date:	16,450,814
		* Percent(%):	70%
		* Curr. disb. as % of original projection:	70%
<b>Quartely Cancellations:</b> Not Applicable		<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	Dec. 2005	Jun. 2006
IP	S	S	S	U	U	U	U	U	U	U	S	S	S	S	S
AS	H	H	H	H	H	L	L	L	L	L	L	H	H	H	H
DO	HP	HP	HP	HP	HP	LP	LP	LP	LP	LP	LP	P	P	P	P

Have objectives and indicators been agreed with borrower agencies?	[X] Yes [ ] No	
Have original project development objective(s)and/or indicators been reformulated?	[X] Yes [ ] No	# of times: 1
Have project components and/or indicators been restructured?	[ ] Yes [X] No	
Is there a defined data gathering system in place with baseline information?	[ ] Yes [X] No	
Is the borrower maintaining performance data on agreed indicators?	[ ] Yes [X] 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	\$20,388,494	204%
TOTAL	\$10,000,000	\$20,388,494	2,04%

## II. IMPLEMENTATION PROGRESS (IP)

Components/Outputs:	Key Delivery Performance Indicators:
1. Physical facilities built and in operation.  <b>Classification:</b> Satisfactory (S)	<p>1.1 The first phase of the Harrold Road sanitary landfill built and in operation by Dec 2000.</p> <p>Status: Construction of the landfill was completed in May 2000 and operations commenced in November 2000. A contract was awarded in November 2006 for the construction of a leachate and stormwater management system. Work is in progress and scheduled for completion by March 2007.</p> <p>Construction of the administrative and workshop buildings at the landfill site was completed in September 2002 and the new facilities were occupied in early 2003.</p> <p>1.2 Twenty one modified sanitary landfills (including transfer stations) will be built and in operation by the end of the project implementation period.</p> <p>Status: Six of the modified sanitary landfills have been built so far. All land acquisition problems have now been resolved. Following a 6 month administrative delay, contracts</p>

	<p>were awarded for the remaining sites in the Family Islands in November 2006 and works are in progress with a targeted completion date of April 2007.</p> <p>1.3 Hazardous waste disposal facilities built and in operation by December 2001.</p> <p>Status: Construction of the hazardous waste disposal facility was completed in December 2006 and commissioning is scheduled for January 2007.</p> <p>1.4 A compaction target of 750kg/m<sup>3</sup> is achieved.</p> <p>Status: The landfill compactor is currently in operation. The targeted compaction rate was achieved during March 2005.</p>
<p>2. Environmental Health Education and Awareness Program implemented</p> <p><b>Classification:</b> Satisfactory (S)</p>	<p>2.1 Environmental health education and awareness program is launched by October 2000.</p> <p>Status: A consultant was hired in order to help prepare an Action Plan. The Environmental health education and awareness program was launched in February 2003.</p> <p>2.2 Promotions on T.V, radio and newspapers by October 2000.</p> <p>Status: Promotions are continuing on TV, radio and in the print media.</p> <p>2.3 Communal depots in operation.</p> <p>Status: In light of the increased administrative and land acquisition costs of the communal depot system, the DEHS has completed a pilot testing of an alternative bulk waste collection system involving the use of clamshell trucks. Following a review of the program's budget, a proposal for the implementation of this alternative system will be submitted to the Bank in the first quarter of 2007</p>
<p>3.1 New organizational structure of the Departmental of Environmental Health Services (DEHS) is operative;</p> <p>3.2 Routing study completed and new system implemented.</p> <p>3.3 Cost recovery mechanism implemented</p> <p><b>Classification:</b> Satisfactory (S)</p>	<p>3.1 New DEHS structure in place by December 2000.</p> <p>Status: A proposal for the creation of the Department of Environmental Planning and Protection (DEPP) has been sent to Cabinet and is pending approval.</p> <p>3.2 Vehicles collecting refuse on new routing system by October 2000.</p> <p>Status: The micro- routing study to determine the new routing system was undertaken during the period, May to August 2002. The new system involves an increase in the number of "beats" operated from 22 to 71. This new system is now fully operational and the subject of continuous evaluation.</p> <p>3.3 Plan of action for implementation of tipping fees and environmental levy approved.</p> <p>Status: The collection of tipping fees was initiated in April 2004 and legislation for the implementation of the environmental levy was passed in October 2006. Several options have been prepared for institutional and financial sustainability have been prepared and submitted for the Bank's comments ahead of submission for Cabinet consideration.</p>

Key Assumptions Related to the Implementation of Components:	Classification:
1. Facilities are well operated and maintained.	Low
2. Legislation is enforced.	Low
3. Public attitude to environmental health matters are maintained or improved	High
4. Adequate counterpart resources are available	High

<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>All outstanding land acquisition problems in the Family Islands have now been resolved. Construction work at the affected sites is now in progress. With technical support from a consulting engineering firm, a master plan is being developed for New Providence. Sustainability options have been developed and should be submitted for Cabinet consideration by the first quarter of 2007. Ministerial support for the program objectives continues to be strong.</p> <p>A special additional 12-month extension of the disbursement period was sought and granted, until April 29, 2007 based upon the Action Plan proposed by the Executing Agency to complete the remaining project implementation activities within the extended period.</p>			

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

Development Objectives/Purposes:	Key Performance Indicators:
<p>Safe and efficient disposal of solid waste in The Bahamas</p> <p><b>Classification:</b> Probable (P)</p>	<p>1.1 Scheduled garbage collected at least once per week in all beats by August 2005.</p> <p>Status: This target has been achieved and, with the introduction of night time collection, productivity has increased.</p> <p>1.2 Loader productivity rate increased from 28 to 50 lbs/man minute by January 2006.</p>

Compliance with financial reporting requirements
<ul style="list-style-type: none"> <li>• Timeliness of submission of audited financial statements</li> </ul>

The AFS for the year 2005, originally due on on April 30, 2006 was submitted 3 months late - on August 02, 2006.
<ul style="list-style-type: none"> <li>• Qualified opinions given by external auditors</li> </ul>
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).
<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>
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.
The last audit report did not reveal any significant problems on the project. The Auditor pointed out some internal control issues but these were not considered significant enough for COF/CBH to withhold compliance. CBH suggested areas in which the Auditor can perform a more comprehensive exercise in keeping with the Bank's assurance expectations.
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.

<b>Problems in compliance with other important contractual conditions</b>
In October 2006 the enabling legislation was approved for the implementation of the environmental levy. This was an important step forward in addressing one area of non-compliance that has been affecting the project.
Systems have been set up for the collection of efficiency and performance indicators. The institutional arrangements for maintaining this system now need to be agreed upon.
<b>Comments on relevance of on alert classifications for this project (if applicable)</b>

<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>
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 training program for DEHS operation and maintenance staff has commenced.
<ul style="list-style-type: none"> <li>• Financial issues</li> </ul>
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. Options have been developed for long term financial sustainability and are being reviewed prior to submission for Cabinet consideration. In response to a Borrower request for the Bank's technical input on this issue, the options are being reviewed by the Bank and a dialogue mission is bein planned for late January 2007.
<ul style="list-style-type: none"> <li>• Maintenance of works and/or infrastructure:</li> </ul>
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 a program has been launched with the assistance of a specialised firm to train personnel at different levels.
<ul style="list-style-type: none"> <li>• Environmental issues</li> </ul>
The activities of the Environmental Health Education and Public Awareness Program are proving to be an effective means of creating environmental consciousness within the communities and schools which have been benefited.
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.
<ul style="list-style-type: none"> <li>• Other issues that may affect project sustainability</li> </ul>
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.

<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>
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.
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.
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.
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.

VII. ISSUES AND ACTIONS

Issue:	Action:
Indicators for the Development Objective were agreed during Retrofitting Exercise. A base line information and data gathering system is 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. A review of and direction towards finalising this exercise should be finalised during the preparatory meeting for the PCR for this loan operation scheduled for the second quarter of 2007.</p> <p><b>Responsible Unit:</b> DEHS/PEU</p> <p><b>Date Action to be taken:</b> 30 Apr 2007</p> <p><b>Completed:</b> No</p>
Finalization of a technically sound and politically acceptable institional and financial model is now critical to the achievement of the program's development objective.	<p>Based on the sustainability options developed, the Bank and the relevant Government agencies need to arrive at a shared understanding on the most viable approach to securing institional and financial sustainability.</p> <p><b>Responsible Unit:</b> IDB Project Team/Executing Agency</p>

	<p><b><u>Date Action to be taken:</u></b> 28 Feb 2007</p> <p><b><u>Completed:</u></b> No</p>
<p>The PEU is not in compliance with contractual clauses related to the establishment of an environmental levy.</p>	<p>The Ministry of Energy and the Environment is in the final stages of preparing a Cabinet Paper which will be submitted to Cabinet for approval.</p> <p><b><u>Responsible Unit:</u></b> GOBH/DEHS</p> <p><b><u>Date Action to be taken:</u></b> 31 Oct 2006</p> <p><b><u>Completed:</u></b> Yes</p>

2002 DEV/PMP, MIF, ITS/ITC