

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

THE BAHAMAS

SOLID WASTE MANAGEMENT PROGRAM

(BH-0008)

PROJECT PERFORMANCE MONITORING REPORT (PPMR)

2007



I. BASIC DATA (AMOUNTS IN US\$)

HISTORICAL AND CURRENT PPMR RATINGS:		
Month Year	Aug 2007	Current
Implementation Progress	S	U
Risk	M	M
Development Objectives	P	P

If the operation has multiple purposes (DOs) then enter each one in a separate field. In such a case, each DO must have individual DO ratings. *Progress towards achieving each DO should be rated individually based on the corresponding outcomes achieved. The relative weight of each individual DO in the summary DO classification should be discussed with the Executing Agency.*

Reformulation: Was the objective(s) of this project reformulated? ☐ Yes ☒ No

If yes, indicate date of Board Approval: _____

Briefly describe the consequences of these changes. (If any changes were made to the outcome indicators/targets, describe it under the next section.):

Hyperlink: _____ (Hyperlink through IDBDOCS to documentation approved by the Board.)

Were there any changes to the outcome indicators or targets? [X] Yes [] No

If yes, indicate most recent date 09 Dec 2004 and who approved these changes: Representative, CBH.

Briefly explain any changes that were made. (If this was part of a retrofitting exercise, see below.)

Four (4) new indicators were included, tqo (2) others were refined and the time table for the achievement of the development objective was revised.

Hyperlink: <http://CBH-APPS-01.reg.iadb.org/WSDocs/getDocument.aspx?DOCNUM=3763>
(Hyperlink through IDBDOCS to documentation approved by the Representative.)

Retrofitting: Was this PPMR retrofitted? [X] Yes [] No

If yes, indicate most recent date 17 Nov 2004

Briefly explain any changes resulting from this exercise.

As a result of the PPMR retrofitting exercise, four (4) new indicators were included, two (2) others were refined and a new timetable was set for the achievement of the development objective.

Summary Development Objective(s) Classification (DO):

[] Highly Probable (HP) [X] Probable (P) [] Low Probability (LP) [] Improbable (I)

Briefly justify the Summary DO Classification based on the degree planned targets were met, explaining the difference between planned and actual outcomes, as well as any other relevant factors. Cite reference for evidence that supports these results.

With the resolution of the outstanding procurement issues and the final round of the physical works ongoing, the critical factor in achieving the project's development objective is now the adoption of a technically and politically feasible model for institutional and financial sustainability and the passage of the Environmental Planning & Protection Bill. During the last year, good progress was achieved with the preparation of alternative scenarios for this purpose. These scenarios were reviewed by a Bank team and agreement was reached on the scope of the technical work required to inform a final decision.

At both the political and technical levels, senior authorities of the Ministry of Health and Environmental Services continue to be committed to the project and are providing the required support to the DEHS and the PCU.

Country Strategy: At the time of approval this project was expected to contribute to the following Country Strategy objective(s):

The project was expected to contribute to 2 elements of the the Bank's country strategy:

1. Support for the Government's efforts to improve competitiveness of the leading tourism sector and

2. Support for the strengthening of the country's environmental regulation framework.

Given the results described above, briefly discuss how the project has contributed or will contribute to the Bank's strategy in this country:

The project contributed to the strengthening the competitiveness of the tourism sector by providing for the safe, efficient disposal of solid waste through the construction of disposal facilities, the implementation of more efficient operational procedures, the strengthening of the role of the public sector in environmental regulation and monitoring and the introduction of cost recovery measures.

Hyperlink to Country Strategy: <http://CBH-APPS-01.reg.iadb.org/WSDocs/getDocument.aspx?DOCNUM=2281>

Sustainability Analysis:

The new organizational structure has not been fully implemented. This has resulted in the sub-optimal functioning of the DEHS and in delays in project implementation. Moreover, unless the reorganization agenda is completed, it would be difficult to achieve the separation of operational and regulatory responsibilities. In addition, the experience to date suggests that, in spite of the project funded training of staff, the DEHS is experiencing considerable difficulties in keeping the operation and maintenance of the Harrold Road facility up to the required standard. Similar challenges are being faced in the Family islands, albeit at a lessser scale. The first cell at the Harrold Road facility is now approaching full capacity and a new round of physical investments will be required in the short term. The key initiatives required to support the long term sustainability of the program financed investments are therefore: (i) the adoption of a technically and politically feasible institutional and financial mechanism and the completion of the legislative agenda and (2) new investments in expansion of the Harrold Road facility.

After a review of the experience to date and the sustainability issues facing the sector, the Bank's team is of the view that a final decision on this issue needs to be informed by further technical work involving: a study of the economics of the sector; recommendations for the strengthening of the regulatory framework and recommendations for a business model that could properly meet the needs of cost effectiveness and a transparent subsidy mechanism for the sector. Subject to Government's agreement, these issues could form the basis of a follow-on loan operation in the sector.

Sustainability Classification:

[] Highly Probable (HP) [X] Probable (P) [] Low Probability (LP) [] Improbable (I)

Externalities:

1) The potential contamination of the groundwater system by leachate generated by the landfill.

2) The impact of the proposed environmental levy on the cost of vacations and the competitiveness of the tourism sector.

3) Movement of staff trained under the project to other sectors of the economy.

III. IMPLEMENTATION PROGRESS (IP)

Components (Outputs):

Component Title: Disposal Facilities

Description: 1. Construction of Harold Road sanitary landfill. and acquisition of equipment.

2. Construction of 18 modified sanitary landfills and 4 transfer stations in 10 Family Islands.

Total cost of Component	21	Counterpart:	6	IDB:	15	Co-financing:	0
IDB Disbursement:	13	Total amount committed:	0				

Classification: Unsatisfactory

Key Indicators for Planned Outputs				Actual Outputs	
1. Description: First phase of sanitary landfill built and operational by December 2000					
Unit: no.	Baseline Target 0 (30 Dec 1999)	Annual/Intermediate Target	EOP Target 1 (30 Dec 2000)		
				1 (30 Dec 2000)	
2. Description: 19 modified sanitary landfills built and in operation by end of project					
Unit: no.					

Baseline Target 0 (30 Dec 1999)		Annual/Intermediate Target		EOP Target 19 (30 Dec 2007)		8 (30 Aug 2007)	
3. Description: Hazardous waste facility built and in operation by December 2001							
Unit: no. Baseline Target 0 (30 Dec 1999)		Annual/Intermediate Target		EOP Target 1 (30 Jun 2008)		0 (30 Nov 2007)	

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
Construction of the Harrold Road Sanitary Landfill was completed in May 2000 and operations commenced in November 2000. Activities for upgrading the landfill were started during 2006 and are continuing. These include the construction of a leachate pond and recirculation system, storm water detention pond and swales.

8 facilities (landfills and transfer stations) were completed on 7 Family Islands and cosntruction is ongoing on an additional 10 facilities on 6 different islands.

Construction of the hazardous Waste Facility was completed in 2006. Commissioning of this facility is targeted for the first quarter of 2008.

Restructuring: Indicate if this component was restructured (approved by Operational Department): [] Yes [X] No
If yes, date: _____
Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Component Title: Institutional Support for DEHS & Studies
Description: 3.1 New organizational structure of the Departmental of Environmental Health Services (DEHS) is operative;

3.2 Routing study completed and new system implemented.

3.3 Cost recovery mechanism implemented

Total cost of Component	1	Counterpart:	0	IDB:	1	Co-financing:	0
IDB Disbursement:	Total amount committed:			0			

Classification: Satisfactory

Key Indicators for Planned Outputs				Actual Outputs	
1. Description: New DEHS structure in place by December 2000					
Unit: no.	Baseline Target 0 (30 Dec 1999)	Annual/Intermediate Target	EOP Target 1 (30 Dec 2007)	0 (30 Nov 2007)	
2. Description: Vehicles collecting garbage on new routing system					
Unit: %	Baseline Target 0 (30 Dec 1999)	Annual/Intermediate Target	EOP Target 100 (30 Dec 2007)	100 (30 Dec 2004)	
3. Description: Plan of action for implementation of tipping fees and environmental levy approved					
Unit: no.	Baseline Target 0 (30 Dec 1999)	Annual/Intermediate Target	EOP Target 1 (30 Dec 2007)	1 (30 Aug 2007)	

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
(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.

Restructuring: Indicate if this component was restructured (approved by Operational Department): [] Yes [X] No
If yes, date: _____
Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Component Title: Environmental Awareness
Description: (i) Public education through media campaigns, printed materials & seminars; (ii) community level technical assistance; (iii) community clean-up contests.

Total cost of Component	1	Counterpart:	0	IDB:	1	Co-financing:	—
IDB Disbursement:	Total amount committed:			—			

Classification: Unsatisfactory

Key Indicators for Planned Outputs				Actual Outputs	
1. Description: Environment health & awareness program is launched by October 2000					
Unit: program	Baseline Target 0 (01 Jan 1999)	Annual/Intermediate Target	EOP Target 1 (28 Mar 2003)	1 (28 Mar 2003)	

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
The intermediate target of Oct 2000 was not achieved because of initial delays in the appointment of staff to manage the programs and subsequent delays in the engagement of consultants to advise on the setting up and implementation of the program. In light of the administrative and land acquisition costs of the communal depot system, the DEHS completed a pilot test of an alternative bulk waste collection system using clamshell trucks. This proposal was agreed to by the Bank in the first quarter of 2007. Construction is still in progress. A number of public education and awareness programs were successfully completed. These include: an aluminium can recycling program at all public health facilities; an environmental steward award program; development of community organizations & neighbourhood competitions; development of an environmental curriculum which was integrated into the police recruit training program.

Restructuring: Indicate if this component was restructured (approved by Operational Department): [] Yes [X] No

If yes, date: _____

Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Implementation Progress Summary Classification (IP):

☐ Highly Satisfactory (HS) ☐ Satisfactory (S) ☒ Unsatisfactory (U) ☐ Very Unsatisfactory (VU)

Briefly justify the Summary IP Classification based on the degree planned targets were met , explaining the difference between planned and actual outputs as well as any other relevant factors. Cite reference to evidence that support these results.

Construction of the Family Islands facilities was affected by major land acquisition and procurement delays. All outstanding land acquisition problems in the Family Islands have now been resolved. The hazardous waste facility had to be substantially re-designed. 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 in 2006 and and agreements have been reached with the Bank on the next steps for the completion of preparatory technical work. Ministerial support for the program objectives continues to be strong. To facilitate the completion of the contracted physical works, a special extension of the disbursement period to (June 30, 2008) will be required.

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.

Check off critical factors/reasons for Unsatisfactory/Very Unsatisfactory IP Classification or Low Probability/Improbable DO classification, and reflect in section IV (Risk Profile), as needed:

☒ Legislative approvals
☐ Borrower/executing agency commitment
☐ Counterpart funding shortfall/fiscal ceilings
☐ Executing agency institutional capacity
☒ Community/politial opposition
☐ Consultant services performance

☒ Inter-agency coordination
☐ Supplier/contractor performance
☐ Project/component design
☐ Bank efficiency (response delays)
☐ Environmental issues
☐ Cost overrun

☐ National policy changes
☐ Executing agency policy changes
☐ Bank policy changes
☐ Lack of monitoring/evaluation system
☒ Other: Land acquisition delays

FIDUCIARY ISSUES PROFILE

☒ **Contractual Condition Compliance Delays.** List any delay and/or other problems in compliance with other important contractual conditions:
☒ 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.

☒ **Audited Financial Statements (AFS).** List any important qualified options of the auditor presented in the AFS:
The AFS for the period ended December 31, 2006 were presented with a clean audit opinion.

Observations of Financial Specialist, including comments on AFS and/or factors affecting the development objectives:
The AFS were presented almost six (6) months after the April 31, 2007 deadline. The preliminary review found that statements of Cumulative Investments, and of Cash Received and Disbursements Made were not in strict conformity with the models provided in the Bank's guidlines (AF-300), so the EA has agreed to revisit the statements. The substance of the statements was however essentially correct, and we found no issues in the report that would negatively impact the development objectives of the Project.

Relevant Hyperlinks:

Qualified opinions given by external auditors (AFS): _____

Project AFS Review Guide(AF320): _____

Timeliness of AFP Submission(LMS40): <http://ops/lms/lms40.asp?UDRCCode=CBH&LoanType=LON&AuditYear=2006>

Documents/correspondence to and from the EA regarding non-compliance, if applicable: _____

☒ **Procurement difficulties, if applicable.** Briefly list any major procurement issues affecting implementation progress:
Delays in obtaining Cabinet approvals for the award of contracts.

Any additional observations of Financial, Sector and/or Procurement Specialist(s):
The financial record keeping on the project is satisfactory, the local counterpart contribution has been adequate and timely, and a plan of action has been agreed upon to effect the changes to the 2006 statements requested by the Bank.

IV. RISK PROFILE

Key Risk:	Category	(a) Severity of Impact	(b) Likelihood of Occurrence	(a x b) Classification
1. Stakeholders resistance to the new waste disposal arrangements and non-compliance with the relevant regulations.	Environmental, social, cultural and natural disaster	4	50	200
2. Financial and institutional sustainability arrangements will not be established in a timely manner.	Development effectiveness	4	60	240
3. Further delays in completing the infrastructure works.	Development effectiveness	4	75	300

Summary Risk Classification (RI):

☐ Very High ☐ High ☒ Moderate ☐ Low

ALERT STATUS PROJECTS

Comments on relevance of "on alert" status for this project (if applicable):

V.PLAN OF ACTION FOR RISK MANAGEMENT AND TO ADDRESS IMPLEMENTATION PROBLEMS

RISKS	
Risk:	Response:
0	The DEHS should agree on a realistic completion schedule with the respective contractors.

	<p><u>Responsible unit:</u> DEHS</p> <p><u>Date Action to be completed:</u> 30 Nov 2007</p> <p><u>Date Action Completed:</u> _____</p>
2	<p>Finalization of a technically sound and politically acceptable institutional and financial model is now critical to the achievement of the program's development objective. A decision on this issue will need to be informed by further technical work on (1) an analysis of the economics of the sector; (2) the strengthening of the regulatory regime and (3) the development of a suitable business model that could address the requirements of cost effectiveness and a more transparent subsidy arrangement for the sector. The use of a suitable Bank Instrument (e.g. INFRAFUND) could be explored for this purpose.</p> <p><u>Responsible unit:</u> IDB Project Team/Executing Agency</p> <p><u>Date Action to be completed:</u> 30 Apr 2008</p> <p><u>Date Action Completed:</u> _____</p>
2	<p>CBH to initiate dialogue with Government on a follow-on loan operation to support expansion of Harrold Road facility and the deepening of the institutional reforms.</p> <p><u>Responsible unit:</u> CBH</p> <p><u>Date Action to be completed:</u> 30 Mar 2008</p> <p><u>Date Action Completed:</u> _____</p>

IMPLEMENTATION PROBLEMS	
Implementation Problem:	Action Plan:
1. Indicators for the Development Objective were agreed during Retrofitting Exercise. A base line information and data gathering system is not in place. Information collection is sporadic. An information and data gathering system is being established. In order to support the medium to long term needs of an efficient solid waste management system, this exercise needs to be finalised.	<p><u>Responsible unit:</u> DEHS/PEU</p> <p><u>Date action to be completed:</u> 30 Dec 2007</p> <p><u>Date action completed:</u> _____</p>
2. Approval of the request for special extension of the program to June 30, 2008.	<p><u>Responsible unit:</u> COF/CBH</p> <p><u>Date action to be completed:</u> 30 Dec 2007</p> <p><u>Date action completed:</u> _____</p>

VI. LESSONS LEARNED

Add or fine-tune lessons learned that can be used to improve the programming, design, execution, as well as the monitoring and evaluation of other operations in the sector or country, as needed.

- For projects of this nature which involve the introduction of a new solid waste management business model, the policy and institutional reform agenda should address: (i) the separation of regulatory and operational responsibilities; (ii) policy reforms and complementary regulatory framework amendments that promote the adoption of environmentally sustainable disposal and collection practices by firms, public sector agencies and households; (iii) appropriate public policy incentives to encourage the development of competitive supplier markets and the development of appropriate skills within the public sector to properly discharge the oversight functions.
- 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. A key underlying factor here seems to be the organizational structure which restricts the operational autonomy of those responsible for landfill management. Management of a facility like this needs to have much more autonomy to make operational decisions within a framework of transparency and accountability.
- All land acquisition and facility siting arrangements should be finalized prior to project approval. This will allow for the development of realistic implementation schedules, greater transparency in the procurement process, informed decision making on environmental impact issues and the avoidance of the protracted and costly land acquisition delays that affected the implementation of this project.
- Process mapping techniques should inform the setting of policy and institutional reform targets. This will allow for a more realistic appreciation of the steps and time frame required for these targets to be met.
- The goal of financial sustainability was unrealistic and only attainable by artificial means. The introduction of the tipping fee system can make only a limited contribution to cost recovery and the pricing can be helpful for microeconomic reasons of correcting for externalities and promoting good solid waste management practices. Beyond this, it may not be practical to pursue financial sustainability targets without compromising the competitiveness of the economy.

VII. MONITORING AND EVALUATION

When was the baseline information gathered for at least one outcome indicator?

[X] Before Board Approval [] Other Date: _____

When was the baseline information gathered for at least one output indicator, if applicable?

[X] Before Board Approval [] Other Date: _____

Does the borrower have a defined data gathering system in place?

[] Yes [X] No

Is the borrower maintaining performance data on agreed outcome indicators?

[] Yes [X] No

Is the borrower maintaining performance data on agreed output indicators?

[] Yes [X] No

Are there any issues or problems related to the quality, validity and timeliness of the data gathering system?

[X] Yes [] No

Recommended actions are listed in Section V.

Start-up Mission:

[] Yes [X] No If yes, date: _____

Hyperlink(s) to relevant Aides Memoire(s): _____

Administration or Other Relevant Missions:

[X] Yes [] No If yes, date: _____

Hyperlink(s) to relevant Aides Memoire(s): _____

Mid-Term Evaluation (MTE):

[] N/A [] Planned [] Completed Date: 21 Jun 2002

Briefly describe the main findings and results, as well as the principal conclusions/recommendations of this evaluation:
A Mid-Term Review of the Project was undertaken in July 2002.

Hyperlink(s) to MTE: _____

Final Evaluation: Is a final evaluation for this project foreseen?

[X] Yes [] No If yes, date: 30 Mar 2008

Hyperlink(s) to relevant Aides Memoire(s) and/or report: _____

Ex-Post Evaluation: Is an ex-post evaluation for this project foreseen?

[] Yes [X] No If yes, date: _____